118TH CONGRESS
2d Session

COMMITTEE PRINT

S. PRT.
118–25

VIEWS AND ESTIMATES

WITH RESPECT TO

THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2025

AS SUBMITTED TO THE COMMITTEE ON THE BUDGET PURSUANT TO SECTION 301(d) OF THE CONGRESSIONAL BUDGET ACT OF 1974

TOGETHER WITH
SUPPLEMENTAL MATERIALS

COMMITTEE ON THE BUDGET
UNITED STATES SENATE

Sheldon Whitehouse, *Chairman*

SEPTEMBER 2024

This document was prepared for the use of the Committee on the Budget and has not been officially approved by the Committee and may not reflect the views of its members

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C O N T E N T S

INTRODUCTION

Section 301(d) of the Congressional Budget Act of 1974 states that, when requested by the Committee on the Budget:

> Any Committee of . . . the Senate that anticipates that the committee will consider any proposed legislation establishing, amending, or reauthorizing any Federal program likely to have a significant budgetary impact on any State, local, or tribal government, or likely to have a significant financial impact on the private sector, including any legislative proposal submitted by the executive branch likely to have such a budgetary or financial impact, shall include its views and estimates on that proposal to the Committee on the Budget.

This volume includes a template of the letter signed by the Chair and Ranking Republican Member of the Committee on the Budget requesting other committees to submit their views and estimates pursuant to section 301(d), followed by the letters received in response to that request.

In addition, this volume includes the legislative text of Title III of Division A of the Fiscal Responsibility Act of 2023, which enabled the Chairman of the Committee on the Budget to establish enforceable budgetary levels and limits for Fiscal Years 2024 and 2025; a section-by-section analysis of that title; and the Chairman's filing in the *Congressional Record* on May 14, 2024, establishing those levels and limits.

United States Senate
COMMITTEEON THE BUDGET
WASHINGTON, DC 20510-6100
TELEPHONE: (202) 224-0642

March 22, 2024

The Honorable
Chairman
Committee on
United States Senate
Washington, DC 20510

The Honorable
Ranking Member
Committee on
United States Senate
Washington, DC 20510

Dear Chairman and Ranking Member

We are writing to solicit your committee's "views and estimates" in accordance with section 301(d) of the Congressional Budget Act of 1974, 2 U.S.C. § 632(d). Section 301(d) requires committees to submit their views and estimates "within 6 weeks after the President submits a budget . . . or at such time as may be requested by the Committee on the Budget." To allow for adequate time to consider carefully the input of each committee, we ask that you submit your views and estimates to us no later than Friday, April 19.

The views and estimates letter is one important way your committee participates in the budget process and provides an opportunity to present your ideas and priorities for the budget and appropriations process. The Senate Budget Committee traditionally includes these views and estimates in its committee report or print on the budget resolution, and it sometimes publishes these views and estimates as a separate document.

Section 301(d) requests that any committee "that anticipates that [it] will consider any proposed legislation establishing, amending, or reauthorizing any Federal program likely to have a significant budgetary impact ... shall include its views and estimates on that proposal" in this views and estimates letter. In addition, section 4201 of the fiscal year 2018 budget resolution directed all committees to review programs and tax expenditures within their jurisdictions to identify duplication, waste, fraud, or abuse, giving particular scrutiny to issues raised by Office of Inspector General and Government Accountability Office reports. Finally, we request that you include specific recommendations as to programs and/or agencies within your committee's jurisdiction whose funding you would substantially reduce or increase, and the level of reduction or increase you believe is appropriate. If your committee has the authority to affect revenues, we similarly request specific recommendations as to proposals to decrease or increase revenues.

We look forward to reviewing your suggestions, as well as your views on the President's fiscal year 2025 budget proposals for programs in your committee's jurisdiction. Thank you for your assistance and contributions to the congressional budget process.

Sincerely,

Sheldon Whitehouse
Chairman
Committee on the Budget

Charles E. Grassley
Ranking Member
Committee on the Budget

United States Senate
SPECIAL COMMITTEE ON AGING
WASHINGTON, DC 20510–6400
(202) 224–5364

April 19, 2024

The Honorable Sheldon Whitehouse
Chairman
Senate Committee on the Budget
624 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Chuck Grassley
Ranking Member
Senate Committee on the Budget
624 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Whitehouse and Ranking Member Grassley:

Thank you for the opportunity to provide views and estimates regarding funding for programs and issues of importance to the Senate Special Committee on Aging in the FY 2025 budget resolution process. I appreciate the opportunity to highlight priorities for seniors and people with disabilities as they seek to secure strong health and economic outcomes and thrive in their communities.

Robust Funding for Medicaid Home and Community Based Services

Medicaid home and community-based services play a key role in our country's long-term care system to enable older adults and individuals with disabilities to remain and thrive in their communities, where they prefer to live. Robust funding for these services will lift up the home care workforce by paying workers a living wage and beginning to address the workforce shortage. The President's budget for FY 2025 allocates $150 billion for home and community-based services. The Budget Resolution should provide robust funding for Medicaid home and community-based services so that more individuals can receive long-term services and supports in the setting of the choosing, often the home.

Phasing Out Subminimum Wage

Approximately 850 employers currently hold certificates that allow them to pay people with disabilities subminimum wage, on average, according to a February 2023 GAO report, approximately $4.15 per hour and some as low as $0.50 per hour. Fifteen states have phased out the use of subminimum wage certificates, but over 43,000 people with disabilities continue to be paid below the minimum wage. Funding should be allocated to the Administration on Community Living within the Department of Health and Human Services to provide grants to states to phase out subminimum wage and to increase competitive integrated employment (CIE) among adults with disabilities.

Preparing for a Rapidly Aging Population through Robust Funding for the Older Americans Act

The United States is in the midst of a significant demographic shift, with projections indicating that by 2060, nearly one in four Americans will be 65 years and older. As the population rapidly ages, there is a need for a coordinated response and corresponding funding to support older adults in remaining in their homes and communities, where most prefer to age. The Budget Resolution should provide sufficient budgetary authority for programs authorized by the Older Americans Act to keep pace with the increased demand for services and supports.

Nursing Home Survey and Certification

State survey agencies are integral to ensuring the health and safety of Americans reliant on our Nation's health care providers, ranging from hospitals to nursing homes to intermediate care facilities and more. These agencies play a particularly important role in oversight of the country's more than 15,000 nursing homes. Current and former state survey agency officials have reported challenges hiring and retaining surveyors, which affects the frequency and quality of nursing home surveys. The Budget Resolution should provide robust funding for nursing home survey and certification to best protect the health and safety of residents in nursing homes across the country.

The National Institute on Disability, Independent Living, and Rehabilitation Research (NIDILRR)

NIDILRR is the research arm of the Administration on Community Living, a rigorous research entity that also provides translational research and training to the Nation. However, its budget is small compared to its charge. The funding for NIDILRR has been approximately $119 million per year, with small increases during the COVID-19 pandemic. More funding is needed for research grants, ADA Centers, and research and rehabilitation centers. The Budget Resolution should provide a robust funding increase to at least $150 million for FY25.

Strengthening Elder Justice Resources to Prevent and Respond to Abuse

Elder abuse impacts an estimated one in ten adults over the age of 60 each year in the United States. The COVID-19 pandemic exacerbated many of the risk factors for abuse, including social isolation, financial instability, and reliance upon a family caregiver. As such, there is a significant need for a coordinated response and funding to prevent and respond to elder abuse and neglect. The Budget Resolution should provide sufficient budgetary authority for efforts authorized by the Elder Justice Act, including the Adult Protective Services Program and the Long-Term Care Ombudsman Program.

Addressing Food Insecurity Among Older Adults, Adults with Disabilities, and Grandfamilies

For many older adults, including grandparent and kinship caregivers, and adults with disabilities, access to federal nutrition assistance programs supports their ability to remain healthy and independent, while also improving their overall economic well-being. Yet, they often face preventable barriers to accessing critical nutritional benefits, which can result in significantly lower participation rates than other groups. The Budget Resolution should provide sufficient budgetary authority for efforts to foster and address barriers to food security among older adults, adults with disabilities, and grandfamilies, including through programs authorized by the Farm Bill and Older Americans Act.

Coordination for Falls Prevention, Management, and Surveillance

Falls are a largely preventable cause of injury and death that impact a quarter of adults aged 65 and older and a significant number of adults with disabilities each year. There are four federal agencies that administer falls prevention programming and, according to a July 2022 GAO report, there is a need for greater federal coordination to address modifiable risk factors among both older adults and adults with disabilities. The Budget Resolution should provide sufficient budgetary authority for efforts to support falls prevention, management, and surveillance efforts and to incentivize coordination across federal agencies.

Ensuring Accessible Federal Technology for People with Disabilities

Aging Committee oversight has shined a light on the failure of federal departments and agencies to make their technology accessible for people with disabilities, as required by Section 508 of the Rehabilitation Act of 1973. The Government Services Administration (GSA) plays a critical role in making federal technology accessible. GSA provides technical assistance to federal agencies on Section 508, prepares an annual report on the federal government's Section 508 compliance, and leads the development of tools to help agencies develop and acquire accessible technology. The Budget Resolution should provide sufficient funds to GSA's Office of Technology Policy and Initiatives for ensuring that federal technology is accessible.

Thank you for your consideration of these requests, and I look forward to working with you and others in Congress to ensure sufficient funding for programs that serve people with disabilities and older Americans.

Sincerely,

Robert P. Casey
United States Senator
Chairman, Special Committee on Aging

ROBERT P. CASEY, JR., PENNSYLVANIA, CHAIRMAN

KIRSTEN E. GILLIBRAND, NEW YORK
RICHARD BLUMENTHAL, CONNECTICUT
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United States Senate

SPECIAL COMMITTEE ON AGING
WASHINGTON, DC 20510-6400
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April 18, 2024

The Honorable Sheldon Whitehouse
Chairman
Committee on the Budget
United States Senate
624 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Charles E. Grassley
Ranking Member
Committee on the Budget
United States Senate
624 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Whitehouse and Ranking Member Grassley,

I am writing in response to the Committee on the Budget's request for views and estimates of programs under the jurisdiction of the Special Committee on Aging as required by Section 301(d) of the Congressional Budget Act of 1974. While the Senate Special Committee on Aging ("the Committee") does not have legislative authority, the Committee conducts oversight and provides recommendations for legislation on a range of issues that impact older adults. It is projected that by 2030, seniors will outnumber children for the first time in our nation's history.[1] The Committee Minority will prioritize policies that sustain and safeguard safety net programs that are essential to our nation's seniors, protect older Americans' retirement funds, grow the workforce needed to care for seniors, and lower health care costs through competition and transparency.

Since my Fiscal Year (FY) 2024 views and estimates response, the national debt has grown from $31.6 trillion to over $34.6 trillion. Under President Biden's FY 2025 budget request, it would reach $52.7 trillion by 2034.[2] His proposal would spend $86.6 trillion over 10 years, which is 24.4 percent of gross domestic product (GDP).[3] Despite President Biden's dubious claims about reducing the deficit, the Congressional Budget Office (CBO) projects that deficits between 2021 and 2031 will be $5.5 trillion higher than the CBO estimated when he took office.[4] This reckless overspending will increase interest costs from $658 billion in 2023 to $1.5 trillion in 2034.[5] President Biden also proposes major tax increases to the tune of $4.9 trillion along with other

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[1] Kimberly Bonvissuto, *Older Adult Population Will Surpass Younger Age Groups in 2029 as 'Notable Shifts' Occur,* McKnights Senior Living, November 22, 2023, https://www.mcknightsseniorliving.com/home/news/older-adult-population-will-surpass-younger-age-groups-in-2029-as-notable-shifts-occur/#:~:text=The%20US%20older%20adult%20population,to%20366%20million%20in%202100.

[2] House Budget Committee, *The President's Budget - Executive Summary*, March 11, 2024, https://budget.house.gov/press-release/four-years-of-fiscal-failuresthe-presidents-budget_-executive-summary.

[3] Ibid.

[4] Press Release, Chuck Grassley, *Grassley Redlines President Biden's Budget Proposal*, March 11, 2024, https://www.grassley.senate.gov/news/news-releases/grassley-redlines-president-bidens-budget-proposal#:~:text=We%20must%20reverse%20course%20and,economic%20harm%2C%E2%80%9D%20Grassley%20said.&text=Doubling%20down%20on%20irresponsible%20spending,for%20new%20mandatory%20spending%20proposals.

[5] Ibid.

budget gimmicks so he can tout that he is “reducing the deficit”.[6] In reality, this budget request does nothing to reduce the deficit and harms working families and Main Street through excessive tax hikes.

President Biden’s budget includes reckless spending, but Congress is also to blame for our national deficit. Congress is supposed to pass a budget resolution and 12 spending bills every year, but this has not been done since 1996. Congress should pass my bipartisan *No Budget, No Pay Act*, which would require Members of Congress to pass an annual budget resolution and appropriations bills by the start of the fiscal year or they will not receive pay until they do.[7] Congress should also pass the *Fight Inflation through Balanced Budgets Act.* This would require balanced budgets in concurrent resolutions on the budget, establish limits on the waiver of budget points of order, and prevent appropriations in excess of the amount authorized to be appropriated.[8] Finally, Congress should not be able to so easily waive rules that are designed to enforce fiscal discipline by passing the *Make Rules Matter Act*.[9] These are commonsense steps Congress can take to improve the budget and appropriations process.

When defense and non-defense spending are equal, both parties vote for massive spending bills. Of the 972 mandatory baseline spending items, 645 of them are unrelated to Social Security, Medicare, Medicaid, public pensions, or food security. These programs are essential to our nation’s seniors and most vulnerable populations, but reckless spending is putting the fiscal health of these programs in jeopardy. Both Medicare and Social Security will be insolvent within the next decade.[10] Rather than massive tax increases, President Biden and Congress should be calling for reduced spending to sustain these vital programs. That is why in the 117th Congress I released my own budget, which would balance the budget in 10 years without touching programs that are essential to our most vulnerable populations like Medicare and Social Security.[11] President Biden’s budget fails to put these programs on a sustainable path. My budget would extend the life of the Social Security, Medicare, and Medicaid trust funds, ensuring that the millions of seniors who rely on these programs can continue to count on them.[12]

One of the ways we can improve the sustainability of these programs is to eliminate waste, fraud, and abuse. For Medicare, it is estimated that fraud, errors, and abuse cost over $60 billion annually.[13] This is funding that could be used for essential services for seniors, but a lackadaisical approach to scrutinizing spending has pulled money directly from their pockets. Following a request by the Committee, the Government Accountability Office (GAO) has

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[6] Ibid.
[7] S.219, 118th Cong. (2023)
[8] S.575, 118th Cong. (2023)
[9] S.Res.88, 118th Cong. (2023)
[10] Eric Revell, *CBO offers Congress options for saving Social Security, Medicare, Highway Trust Fund from insolvency,* Fox Business, February 7, 2023, https://www.foxbusiness.com/politics/cbo-offers-congress-options-saving-social-security-medicare-highway-trust-funds-from-insolvency.
[11] S.Con.Res.43, 117th Cong. (2022)
[12] Senator Mike Braun, *The Braun Budget*, https://www.braun.senate.gov/newsroom/braun-budget.
[13] Press Release, Mike Braun, *Braun, R. Scott, and Vance Demand Full Audit of Medicare Over $2.7 billion Catheter Fraud, March 13, 2024, https://www.braun.senate.gov/news/press-releases/braun-r-scott-and-vance-demand-full-audit-of-medicare-over-2-7-billion-catheter-fraud/#:~:text=WASHINGTON%E2%80%94Senator%20Mike%20Braun%2C%20Ranking,billion%20Medicare%20catheter%20fraud%20ring*.

announced an investigation into Medicare fraud.[14] Congress can also act by adopting my *Medicare Transaction Fraud Prevention Act,* which would direct the Center for Medicare and Medicaid Services (CMS) to test the use of predictive risk-scoring algorithms in finding fraud similar to credit card companies.[15] This would help protect beneficiaries and taxpayers by analyzing transactions instantly to better stop fraud.

Along with pushing for sustainability of essential programs, the Committee plans to focus on improving retirement security as well as supporting older adults that want to continue to work and save. The Committee released a report that found Americans are increasingly unretiring due inflation caused by reckless federal spending.[16] Adding to this is the Biden Administration's final rule explicitly permitting ERISA retirement plan fiduciaries to consider environmental, social, and corporate governance (ESG) factors when selecting investments and exercising shareholder rights.[17] By doing so, this rule rescinds an existing rule that focused solely on financial factors. ESG investing policies have worse rates of return and higher fees. Congress should pass the *Maximize Americans' Retirement Security Act,* which would require fiduciaries to prioritize returns above all else.[18] The Committee also found that older adults are increasingly turning to the "gig economy" for the flexibility that being an independent contractor provides.[19] The Biden Administration finalized a rule that could eliminate a bulk of these jobs and limit the ability of older Americans to supplement their incomes and savings.[20]

Congress not only needs to remove barriers for older adults that want to work, it also needs to make it easier for people to enter the health care workforce. By 2060, the population of adults aged 65 and older is expected to increase to 94.7 million.[21] This massive increase in older adults will further strain the health care workforce. Congress must pass bipartisan solutions that improve recruitment, training, and retention for the jobs that care for our nation's seniors. The *JOBS Act* would make short-term education and training programs eligible for federal Pell grants.[22] The *Train More Nurses Act*, which has already passed the Senate, would review all nursing grant programs to find ways to increase nursing pathways.[23] The *Skills Investment Act*[24] and the *Freedom to Invest in Tomorrow's Workforce Act*[25] would expand Coverdell and 529 education savings accounts so Americans can use the funds for training and credentialing. These

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[14] Ibid.
[15] S.3630, 118th Cong. (2024)
[16] Special Committee on Aging, *Americans are "unretiring" – Braun releases new report on older workforce*, May 18, 2023, https://www.aging.senate.gov/press-releases/americans-are-unretiring_braun-releases-new-report-on-older-workforce.
[17] Employee Benefits Security Administration, Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights, 87 FR 73822 (December 1, 2022)
[18] S.1563, 118th Cong. (2023)
[19] Special Committee on Aging, *Americans are "unretiring" – Braun releases new report on older workforce*, May 18, 2023, https://www.aging.senate.gov/press-releases/americans-are-unretiring_braun-releases-new-report-on-older-workforce.
[20] Ibid.
[21] *Promoting Health for Older Adults*, Centers for Disease Control and Prevention, September 8, 2022. https://www.cdc.gov/chronicdisease/resources/publications/factsheets/promoting-health-for-older-adults.htm#:~:text=By%202060%2C%20it%20will%20reach,death%2C%20and%20health%20care%20costs.
[22] S.161, 118th Cong. (2023)
[23] S.2853, 118th Cong. (2023)
[24] S.3816, 118th Cong. (2024)
[25] S.722, 118th Cong. (2023)

bills address the needs of our workforce and of our growing aging population in a bipartisan way, without a steep cost.

Finally, the Committee plans to prioritize increasing health care options and access to care for individuals. In particular, the focus will be on making health care more affordable through competition and transparency. Congress should pass my bipartisan *Health Care PRICE Transparency Act 2.0*. This bill would finally introduce true transparency into health care pricing by requiring all negotiated rates and cash prices between plans and providers to be accessible.[26] We will also seek to lower health care costs by reducing prescription drug costs and promoting biosimilar competition, encouraging state flexibility and innovation, supporting telehealth, strengthening Medicare, and increasing innovative treatments for those struggling with serious and life-threatening illnesses. Congress should pass the bipartisan *Promising Pathway Act,* a cost neutral bill which establishes a rolling, real-time priority, review pathway at the Food and Drug Administration (FDA) to evaluate provisional drugs intended to treat, prevent, or diagnose rare or progressive diseases.[27] The Committee will explore avenues to speed up treatment for older Americans and make health care more efficient and affordable for everyone.

The Special Committee on Aging looks forward to continuing to work with the Committee on the Budget on these issues and others to ensure prosperity and security for older Americans.

Sincerely,

Mike Braun
Ranking Member
U.S. Senate Special Committee on Aging

[26] S.3548, 118th Cong. (2023)
[27] S.1906, 118th Cong. (2023)

United States Senate

COMMITTEE ON
AGRICULTURE, NUTRITION, AND FORESTRY
WASHINGTON, DC 20510–6000
202–224–2035

April 19, 2024

The Honorable Sheldon Whitehouse
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Chairman Whitehouse and Ranking Member Grassley:

In response to your March 22, 2024, letter and pursuant to section 301(d) of the Congressional Budget Act and Section 4201 of the Fiscal Year (FY) 2018 budget resolution, we write to provide the views and estimates of the U.S. Senate Committee on Agriculture, Nutrition, and Forestry regarding the Fiscal Year 2025 budget. We appreciate the opportunity to share these recommendations, views, and estimates for programs within the jurisdiction of our Committee.

The Committee has jurisdiction over significant mandatory and discretionary programs covering farm income support, risk management, voluntary conservation, nutrition assistance, child nutrition, local food systems, organics, agricultural research, energy, rural development, forestry, and commodity derivative markets. The Committee's approach to these issues reflects a long-standing history of bipartisan oversight to ensure Federal programs are implemented effectively and transparently, and that Federal resources reach farmers, families, rural communities, and other stakeholders.

According to the most recent projections of mandatory spending from the Congressional Budget Office (CBO), outlays in the Committee's jurisdiction are expected to total $175.6 billion in FY2025, $916.8 billion over FY2025 – FY2029, and $1.88 trillion over FY2025 – FY2034. The authorization for many of the programs under our jurisdiction will expire on September 30, 2024. We expect to reauthorize most of those programs in the next farm bill and have been working with our colleagues to ensure timely passage.

Thus far in the 118th Congress, the Committee has passed a one-year extension of the farm bill and is currently engaged in efforts to pass a five-year farm bill reauthorization. As we work to do so, we plan to consider past fiscal and streamlining measures undertaken as we review and develop policies that continue to make judicious use of taxpayer resources. The Committee has completed our hearings on the 12 titles of the farm bill and through that process it became clear that additional funds are necessary to increase the investment in our support for farm risk management, conservation, nutrition assistance, agricultural research, energy, and rural development programs, among others.

As the Committee on the Budget considers recommended spending authority in the budget resolution, we would ask you to recognize that since the passage of the 2018 farm bill, the Federal government has approved more than $100 billion in ad hoc assistance for farmers and ranchers in response to Chinese tariffs on U.S. agricultural exports, the pandemic, and increasingly unpredictable catastrophic weather events. Even in the face of historic volatility in the farm economy, food supplies remain abundant and food insecurity rates remain stable. The ad hoc assistance that helped to ensure this stability is not a reliable solution, and as a result a commitment to additional financial resources for the farm bill would help ensure the long-term stability in our domestic food supply and anti-hunger efforts. We look forward to working with the Committee on the Budget to pursue funding options for inclusion in the farm bill. The Committee also respectfully requests the inclusion of a reserve fund in the FY2025 budget resolution to provide flexibility should our budget authority later need to be increased beyond levels established in the resolution.

The Committee also requests that the Committee on the Budget continue supporting our efforts in working with the Congressional Budget Office (CBO) as we negotiate the farm bill. The Committee has a long history of working in a bipartisan manner as responsible stewards of taxpayer dollars as we allocate resources to the many mandatory and discretionary programs in our jurisdiction. In this work, we rely on accurate information from CBO, and appreciate your efforts to ensure that we receive scoring estimates in an accurate and timely manner.

The Committee is also responsible for oversight of the Commodity Credit Corporation (CCC), which provides a significant portion of mandatory spending to important farm bill accounts and direct farm assistance under the Committee's jurisdiction. This resource also grants authority to the Secretary of Agriculture to respond in real time to stabilize and strengthen agricultural markets. Recently, the CCC has been authorized to develop and expand both local and international markets for commodities and invest in efforts to reduce input costs and strengthen global and local supply chains. According to the most recent audit of the CCC from USDA's Office of the Inspector General (OIG) for FY2022 and FY2023, all net costs, changes in net position, and budgetary resources met the Federal Government budget requirements. The Committee will continue to work closely with USDA to ensure that the agency is properly managing resources, including those available through the CCC, to guarantee taxpayer accountability and identify waste, fraud, and abuse.

As rural populations continue to decline, we know that the farm bill is an opportunity to invest in critical infrastructure to support and grow rural economies. The Committee will continue to work on improving access to high-speed internet, rural water and electric infrastructure, and rural business development because the health of the U.S. farm economy and rural communities depend on the actions taken by the Committee to secure the future.

The United States remains a global leader in assisting those facing global malnutrition due to conflict, natural disasters, climate change, and poverty. This has taken on renewed importance as global food prices remain high following the pandemic and Russia's invasion of Ukraine. The farm bill provides an opportunity to strengthen our international food aid programs and increase support for foreign market development and market access programs to help U.S. farmers and agribusinesses feed the world.

The Committee on Agriculture, Nutrition, and Forestry serves an important role in the regulation of derivative markets through our oversight of the Commodity Futures Trading Commission (CFTC). Given the important risk management function that derivatives markets serve for farmers and ranchers, and as the markets for digital assets and other new products continue to expand, the Committee expects that the CFTC will play an increasingly essential function in ensuring that these markets operate lawfully, resiliently, and for the benefit of American consumers and end-users. We will also work to reauthorize the CFTC to ensure the agency is able to appropriately identify and address any market weaknesses and regulatory uncertainty that require regulatory fixes.

As the Committee continues working in a tradition of longstanding bipartisanship with a commitment to efficient spending, we ask that you recognize our dedication and the unique challenges we face in providing food and federal support to families, farmers, and rural communities. As the Committee on the Budget considers federal spending for FY2025, we appreciate your continued support and acknowledgement of our funding challenges as we pursue legislation that keeps farmers farming, families fed, and rural communities strong.

Thank you for this opportunity to provide views, estimates, and recommendations to the FY2025 budget resolution process.

Sincerely,

Debbie Stabenow
Chairwoman

John Boozman
Ranking Member

United States Senate

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

WASHINGTON, DC 20510–6075

April 19, 2024

The Honorable Sheldon Whitehouse
Chairman
Senate Committee on the Budget
624 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Chuck Grassley
Ranking Member
Senate Committee on the Budget
624 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Whitehouse and Ranking Member Grassley:

Through this letter, I am transmitting the views and estimates of the Committee on Banking, Housing, and Urban Affairs Majority regarding the funding of programs in our jurisdiction, as required by Section 301 of the Congressional Budget Act of 1974. As requested, this letter comments on funding levels relative to Congressional Budget Office's Fiscal Year (FY) 2025 baseline. We support a Budget that provides for robust investments in our people, communities, and a healthy financial system and economy. We offer the following information on the needs and issues in our jurisdiction to inform your Committee in its work.

American national security and global stability faces threats every day. With sophisticated international cartels trafficking fentanyl, Russia's brutal invasion of Ukraine, and Iran financed terrorist proxies wreaking havoc in the Middle East, we must use all available economic tools to defend American interests and American values. We ask that the Budget fully fund the critical agencies that sanction bad actors, root out illicit finance, impose export controls, and examine the national security risks associated with direct foreign investment.

A stable, well-regulated financial services industry is critical. Last year's fallout from three of the four largest bank failures in U.S. history is a reminder of the importance of a strong banking system that supports consumers and investors, small businesses, and their communities. It is also critical that we continue to invest in programs that support all Americans. Federal assistance plays a critical role in meeting the housing and economic development needs of families and communities. Federal housing credit programs support the economy and the middle class by ensuring broad access for creditworthy borrowers and countercyclical support for the housing market. Public transportation plays a vital role for millions of Americans who need affordable and accessible options to travel to work, or to access healthcare and other services.

<u>We ask that the FY 2025 Budget Resolution provide significant additional resources over the specific amounts recommended here to address the long-term unaddressed housing, community development, resilience, and transit infrastructure needs across the country.</u> Decades of underinvestment in our housing, community infrastructure, resilience, and public transit systems have left millions of households overburdened by housing and utility payments, living in housing

with lead paint and other health hazards, struggling to access homeownership opportunities, and without sufficient access to reliable transit. Too many neighborhoods, often those that were formerly redlined, have seen decades of disinvestment, and the quality of one's life and access to opportunity is too often limited by the zip code where we live. Underinvestment has also left our communities and households vulnerable to the threats of a changing climate. Increased investments in affordable housing, community development, and transit will help address climate change and increase the energy-efficiency and safety of our homes and resilience of our homes and communities, while creating good jobs in the future economy. This will create thriving and equitable communities for the 21st Century. It is with these goals in mind that we put forward the following recommendations.

Strengthening Financial Oversight and Protections for Consumers and Investors

As U.S. and global financial markets continue their recovery, increased analysis and oversight will be critical to maintain financial stability, protect consumers, enhance market confidence, and ensure investor protections. With respect to the congressional budget and appropriations in FY 2025, funding for the Securities and Exchange Commission (SEC) would help the agency meet the challenges of today's global, round-the-clock, and technology-driven markets. Primarily, the request would enable the SEC to add staff to strengthen transparency and accountability and address initial public offerings, evolving crypto-asset related developments, oversight of private funds, and other issues. It would also equip the SEC to improve cybersecurity, prepare for the increasing deployment of artificial intelligence tools in financial markets, and protect working families. With the continued growth and complexity of the securities markets, please support a budget of at least $2.594 billion consistent with the FY 2025 Administration request. Finally, funding the SEC at that level will allow the agency to vigorously enforce securities laws, deter misconduct, and punish bad actors – including by adding new positions across the agency to help address priorities.

The FY 2025 Administration funding level for the Commodity Futures Trading Commission (CFTC) would help the agency continue to address the size, breadth, and increasing complexity and interconnectedness of the markets it oversees. The over $500 trillion U.S. derivatives market regulated by the CFTC touches every aspect of the economy and has created many new responsibilities for the agency. In recent years, the CFTC has also continued its regulatory and enforcement efforts over the trillion-dollar market in digital assets. Funding the CFTC with at least $399 million would help provide the resources necessary to address the breadth of the CFTC's regulatory responsibilities across the futures, options, swaps markets, and continue to address developments in cryptocurrencies.

In particular, the Administration's request would support increased focus on retail investor participation in the derivatives and related cash markets. Accordingly, we strongly urge you to provide full funding for the SEC and CFTC.

In order to protect the stability of our economy and the lives of our people, the Committee is considering legislation to better regulate digital assets, and to enhance the supervision and regulation of large banks and stability of the banking sector to protect consumers' money. Please include a deficit neutral reserve fund to support these efforts to provide consumer and investor protection, to ensure financial stability and to provide market oversight and regulation of digital asset markets.

Advancing U.S. National Security and Foreign Policy

Terrorism, Financial Intelligence, and National Security
I urge you to fully fund the Treasury Department's Office of Terrorism & Financial Intelligence (TFI) and the Financial Crimes Enforcement Network (FinCEN). TFI is responsible for leading the policy, enforcement, regulatory, and intelligence functions of Treasury aimed at identifying and disrupting financial support to international terrorist organizations, proliferators of weapons of mass destruction, narcotics traffickers, and other illicit actors. FinCEN's mission is to safeguard the financial system from illicit use, combat money laundering and promote national security through the collection, analysis, and dissemination of financial intelligence and strategic use of its financial authorities.

The President's FY 2025 Budget requested $231 million for TFI and $216 million for FinCEN. While TFI funding has increased slowly in recent years, demands on its staff and resources have grown substantially, prompting a need for increased funding to modernize the sanctions process; implement and enforce a major expansion in sanctions efforts worldwide, including on Russia; and implementation of various statutorily-mandated initiatives. TFI focuses on enforcing important Congressionally-mandated sanctions on Russia as well as those on Syria, North Korea, Iran and terrorist organizations like Hezbollah and HAMAS. The FY 2025 budget prioritizes funding for Treasury's targeted financial tools that protect the U.S. and international financial system from abuse, and counter the financial networks that support terrorists, weapons proliferators, organized transnational criminals, rogue regimes, and other threats.

I also strongly urge you to meet the Administration's funding request of $216 million for FinCEN to support its important and urgent work, including implementation and ongoing sustainment efforts of landmark reforms codified in the bipartisan Anti-Money Laundering Act of 2020 (AMLA) and the Corporate Transparency Act (CTA). I strongly support this increase of $26 million above the FY 2023 enacted level.

Thus, I urge you to support not less than the Administration's FY 2025 request for TFI and FinCEN to ensure that they remain agile and innovative in responding to our most pressing national security concerns.

Committee on Foreign Investment in the United States (CFIUS)
I also urge you to support the President's FY 2025 budget request of $21 million for the interagency Committee on Foreign Investment in the United States (CFIUS), which Treasury chairs. CFIUS's workload increased significantly following the enactment of the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA), which expanded the authorities of the President and CFIUS and reformed the CFIUS process. To evaluate and respond to notified transactions and to identify non-notified transactions that fall within the jurisdiction of CFIUS and may present a national security risk and to conduct resource-intensive reviews, investigations, mitigation agreements, and other work related to foreign investment originating

from the People's Republic of China, CFIUS receives, tracks, and analyzes information and data, including CFIUS case data, third party industry and merger and acquisitions data, and other information relevant to national security reviews. CFIUS also engages with U.S. allies and partners on investment security trends and transactions. Fully funding the President's budget request will enable CFIUS to continue its essential national security work.

Bureau of Industry and Security (BIS)
The President's FY 2025 budget request of $223 million recognizes BIS's increasing role in addressing strategic national security and foreign policy threats and an acknowledgement that the agency needs more resources to achieve its critical mission. These resources would help BIS expand export enforcement domestically and overseas, bolster the Bureau's capacity to identify critical and emerging technologies eligible for export control and evaluate the effectiveness of export controls, and increase regional expertise to enhance cooperation on export controls with allies and partners. The Committee believes that a significant increase in funding for BIS's export control work beyond the President's request is warranted to ensure the Bureau has additional resources to address current geopolitical tensions that, in recent years, led to significant increases in export controls, export license applications, and enforcement activity. As technology continues to evolve, it is critical that BIS have the resources and personnel needed to identify technologies that could be used for malign purposes and to implement export controls that enable the U.S. to continue its leadership, in the development of such technologies while mitigating the risks they pose.

Housing and Community Development Programs

The Administration's FY 2025 budget proposal calls for long-overdue increases in investments in housing and community development programs, including additional mandatory funding to increase housing supply, provide down payment assistance to first-generation homebuyers, support certain vulnerable extremely low-income renters, and prevent evictions and homelessness. Millions of families are just making ends meet and are too often only one paycheck – or one dramatic rent increase – away from losing their home. Federal assistance plays a critical role in meeting the housing and economic development needs of families and communities – particularly those who now face even greater challenges in today's housing market.

It is critical that we make substantial investments in housing – to address the challenges posed by aging homes and the need to build new homes. Lack of investment in housing infrastructure presents real challenges to urban, rural, and tribal communities. Families across the country do not have access to safe and affordable housing due to rapidly rising costs and a shortage of the supply of available homes.

The shortage of affordable housing options has been years in the making. Years of underbuilding following the financial crisis has led to a shortage of homes in rural, suburban, urban, and Tribal communities across the country. According to Zillow, the nation faces a deficit of 4.3 million units of housing. The gap is even wider for those with lower incomes. The National Low Income Housing Coalition estimates that the country is 7.3 million affordable and available homes short of the number needed to serve the lowest-income families, seniors, and persons with disabilities.

The market alone does not provide sufficient affordable housing for working families and those on fixed incomes. A person with a full-time job would need to earn an hourly wage of $28.58 in order to afford a modest, two-bedroom rental at HUD's national average fair market rent. This is an amount far above the federal minimum wage or income available to persons with disabilities who rely upon Supplemental Security Income. In fact, the median wage in 13 of the 20 largest occupations in the U.S. do not pay enough to afford a two-bedroom apartment. Half of all renters – 22.4 million – paid more than 30 percent of their incomes towards housing in 2022, and more than a quarter of renters – 12.2 million households – paid more than half their incomes for housing. Over the last two decades, renters at all income levels have experienced increase rates of being cost-burdened.

Families burdened by housing costs have fewer resources available to meet other essential needs like transportation to work, food, and medicine, and may even face homelessness. Despite this need, only one-in-four eligible renter households receives federal rental assistance. The nation's limited stock of federally-assisted housing is under threat due to physical obsolescence and expiring affordability contracts. Given the need for affordable housing, it is vital that we both preserve the investments in resources we currently have and expand access to affordable housing in the FY 2025 Budget Resolution.

High home prices combined with rising rents and lack of available, affordable homes also keep many families from becoming homeowners. According to the Federal Housing Finance Agency House Price Index monthly report, even amid rising interest rates, house prices increased 6.3 percent from January 2023 to January 2024 on top of an18.4 percent price growth in 2021 and 12 percent price growth in 2020. That growth comes on top of sustained home price appreciation each quarter since 2012. In some markets, prices have increased even more. Investors have also purchased a larger share of single-family homes for rental in recent years, with heavy concentrations in select areas, squeezing more and more individual homeowners out of the market. While prices have begun to see small declines in some markets, prices remain far higher than in prior years.

Federal housing and community development programs play a vital role in the lives of individuals and families across the country. While not meeting every need, the housing and community development funds in this Budget Resolution will preserve the country's existing affordable housing assets; save costs in other government programs; create jobs; invest in the future of our communities; and provide safe, stable, and affordable housing options for America's seniors, children, and families.

I urge you to provide the necessary increases to sustain and improve our housing and community development assistance to families and communities within the appropriated programs of HUD, the USDA's Rural Housing Service, and related agencies, as well as mandatory funding to increase critical housing supply and support housing assistance, in the FY 2025 Budget Resolution. These should be at least the discretionary and mandatory amounts provided in the President's FY 2025 budget request, with targeted increases as discussed below. I also ask that you provide a deficit-neutral reserve fund for legislation to improve, preserve, or create housing and community development initiatives to address the country's housing, community, and economic development needs.

Strengthening the Housing Market and Helping Responsible Homeowners
Many of the communities hit hardest by the economic effects of the pandemic were still suffering the economic consequences of the last financial crisis. Black and Latino borrowers lost their homes at almost twice the rate of white borrowers at the height of the 2008 recession, and these same communities lost an additional 20 percent of their wealth beyond white households. As a result, the racial wealth gap widened following the recession, and Black and Latino homeownership rates have fallen to nearly 28 percent and 24 percent below the white homeownership rate, respectively.

Would be homeowners may face significant barriers. The burdens of high rent and student loan debt have kept many households from saving for a down payment. In addition, rapidly rising home prices and interest rates and competition from investors and corporate owners are putting homeownership further and further out of reach. It is critical that we preserve and expand access to affordable homeownership opportunities and ensure that homeowners can secure sustainable mortgage products and modification opportunities to remain in their homes, particularly in a high interest rate environment. In order to help responsible homeowners secure sustainable mortgage products and plan for sustainable homeownership, including seniors seeking reverse mortgages, Congress has funded housing counseling through HUD. This funding will be critical as low- and moderate-income households and seniors try to access housing and keep their homes. Please include strong funding of at least $70 million for housing counseling in the FY 2025 Budget Resolution.

Please also provide administrative funding necessary to support the Federal Housing Administration's (FHA) role in the housing market and continued investment in appropriate technologies to strengthen the FHA's oversight and processing of its lending programs. FHA has played an important countercyclical role in the American mortgage market, and it must have the tools to continue to do so responsibly. According to witness testimony, absent FHA lending, home values would have fallen by an additional 25 percent during the 2008 housing downturn, resulting in 3 million more job losses. FHA also provides access to homeownership for creditworthy borrowers who go underserved by the mortgage market. FHA requires significant, sustained investments to be able to continue this role in a rapidly evolving housing system. Please also provide adequate funding to allow HUD and its Inspector General to conduct proper oversight reviews and audits of all HUD programs and to address remaining deficiencies in program administration.

Project-Based Rental Assistance
HUD's Section 8 Project-Based Rental Assistance (PBRA) program provides critical affordable housing to over 1.3 million households through contracts with private building owners. While PBRA is a powerful tool to help finance the production of new housing that is affordable to families, seniors, and people with disabilities, Congress has not appropriated funds to expand PBRA for new production in years. In addition, many properties are aging and in need of upgrades to better conserve energy and water and ensure that they are resilient to natural disasters. Failure to fully fund contracts with private owners in FY 2025 may discourage

private sector participation and investment, which could lead to less assistance for families, disinvestment, and higher costs in the future. For FY 2025, please provide at least $16.7 billion to fully renew PBRA contracts and provide additional resources to preserve and expand this valuable housing resource, including $25 million for loans to preserve critical affordable housing that has become distressed, and sufficient funding for HUD staff for program oversight to ensure the safety and quality of assisted housing. I also request that you provide mandatory funding, discussed below, to increase this critical source of long-term affordable housing.

Tenant Based Rental Assistance
The Section 8 Tenant Based Rental Assistance (TBRA), or "voucher" program is a public-private partnership that has successfully allowed millions of families to live in stable, safe, and affordable housing on the private market. Nearly 40 percent of the over 2.3 million households receiving voucher assistance are families with children. Given the demand for affordable rental housing, the housing voucher program is so oversubscribed that waiting lists in most communities are months or years long, or closed completely.

Please provide at least $32.756 billion as requested by the President's Budget to renew all existing assistance for families, and to expand voucher assistance to at least an additional 50,000 low-income households. These additional vouchers requested in the budget would support households in finding affordable housing, including in areas of opportunity. This should include full funding of local agency administrative fees to enable local agencies to ensure housing quality, program integrity, and housing search counseling for families searching for opportunities. These funds are critical to the effective, efficient use of voucher funds. Please support this request to fully renew, expand, and administer assistance to struggling families and individuals through appropriated funds in FY 2025, and provide the $22 billion in mandatory funding, discussed below, to make housing vouchers available to vulnerable populations, including veterans with extremely low incomes and all youth aging out of foster care.

Public Housing
Federal investment is essential to operating and preserving public housing, which provides affordable homes to 856,000 low-income American families, more than half of which are headed by an elderly person or person with disabilities, and over one-third of which include children. The Public Housing Operating Fund supports the daily public housing operational activities – including maintenance, security, and utilities – necessary to provide safe, decent housing to these families. Please provide full funding of at least $5.8 billion for housing agency operations in the FY 2025 Budget Resolution.

Despite the federal investment necessary to create public housing, the federal government has not provided adequate funding to maintain this valuable affordable housing, threatening its long-term viability. The public housing inventory faces an estimated $70 billion backlog of capital repair needs. HUD estimates that we are losing 10,000 units of public housing every year due to physical obsolescence. Additional investments will help preserve these affordable units, improve safety, energy-efficiency, and resilience of these homes, and create good-paying jobs that cannot be exported. Please continue to improve public housing and create jobs by providing adequate funding of at least $5 billion for the Public Housing Capital Fund in the FY 2025 Budget Resolution to make necessary repairs and keep public housing units safe for residents. In addition, please also include $7.5 billion in mandatory funding, described below, to address deferred maintenance in severely distressed public housing.

Homeless Assistance

In 2010, *Opening Doors*, the first federal strategic plan to prevent and end homelessness, set out goals to end homelessness for veterans, the chronically homeless, and families, children, and youth. From 2010 to 2016, a combination of dedicated federal investments in appropriate housing solutions and evidence-based practices helped the nation make progress toward these goals, including a more than 55 percent reduction in veterans' homelessness between 2010 and 2020.

But homelessness has been increasing again in recent years in the face of rising housing costs. Between 2016 and 2020, overall homelessness increased by 6 percent, and unsheltered homelessness increased by 28 percent. Between 2022 and 2023 there was a 12 percent increase in the number of people experiencing homelessness. According to HUD's 2023 Annual Homeless Assessment Report to Congress, more than 653,100 people were homeless on a given night in January 2023, including approximately 186,100 families with children.

While we know how to prevent and end homelessness through affordable housing and access to services, the resources available have fallen short of what is necessary to ensure that we can help more people escape homelessness than are entering it in today's difficult housing market. Homelessness has both direct, negative effects on the adults and children affected and broader costs to taxpayers when the disruptions of homelessness emerge as increased service demand and costs in other public systems such as child welfare, schools, hospitals, and justice systems. To end this cycle, we must continue our investments in evidence-based strategies to prevent and end homelessness. Please continue to support robust investments in ending homelessness for FY 2025 with at least $4.06 billion for Homeless Assistance Grants to renew and expand services and housing interventions for people experiencing homelessness. In addition, please provide additional mandatory funding investments to expand rental assistance to vulnerable populations and support eviction and homelessness prevention, as discussed below.

Please also continue to support the work of the USICH, which coordinates the efforts of federal agencies with state and local partners to prevent and end homelessness across the nation. Please provide at least the Administration's USICH budget request of $4.3 million for FY 2025.

Housing for Special Populations

Please provide full funding for housing programs serving our nation's seniors, persons with disabilities, and persons with AIDS in the FY 2025 Budget Resolution. Much of this housing comes with accessibility features or access to services that are difficult to find on the private market and help people with disabilities or the elderly live in integrated community settings rather than in more expensive institutions.

Section 202 is the only federal program dedicated to addressing the need for affordable housing for the elderly. To date, the program has produced 400,000 units of housing for low-income households. Many of the residents living in Section 202 properties could be considered "frail" or "near-frail." However, often with the assistance of service coordinators, most of these residents are able to access community-based services that are designed to help them stay longer in their housing and avoid more expensive institutional settings. According to HUD's most recent *Worst Case Housing Needs* report, 2.35 million very-low income households headed by seniors are facing worst-case housing needs, meaning that they pay more than 50 percent of their incomes for housing or have inadequate housing. HUD is only able to provide assisted housing to one-in-three seniors who need it. These challenges will increase as the Baby Boom generation ages over the next two decades. Between 2020 and 2040, the number of renter households headed by a person age 65 and older is expected to increase by 5.5 million. Please provide full funding to fully renew existing housing and service coordinator assistance and an additional $600 million to expand these important resources for FY 2025.

The Section 811 program creates critical affordable housing for persons with disabilities. Low-income people with disabilities have great difficulty in finding and paying for suitable affordable housing with access to appropriate features and services. The national average rent is higher than the average SSI payment, so a person receiving SSI benefits is unable to afford housing without substantial additional income. Over 1 million very low-income, non-elderly persons with disabilities pay over half of their incomes for housing, and approximately 2 million more are living in more restrictive, institutional environments than they would choose or are living with an aging caregiver. Please provide sufficient funding to renew existing housing services for people with disabilities and $600 million to expand this important resource.

The Housing Assistance for Persons with AIDS (HOPWA) program provides critical housing and supportive services for 100,000 households with citizens living with HIV/AIDS, but the need for this assistance is significantly higher. HUD estimates that 383,000 low-income people living with HIV/AIDS qualify for assistance through HOPWA but do not currently receive it, and over 100,000 people with HIV/AIDS are experiencing homelessness. A growing body of research suggests that stable housing provides affected persons with both better health outcomes and reductions in risky behaviors. Please continue our national commitment to HOPWA by providing $505 million for FY 2025.

Rural Housing Programs
The housing programs of USDA's Rural Housing Service support homeownership, rental housing development, and affordable housing efforts in rural communities across the nation. The Section 502 and Section 538 loan programs provide access to affordable mortgage credit for creditworthy homeowners and rental housing in rural communities. RHS programs, including Section 515 rural rental loans, the Multi-Family Housing Revitalization Demonstration Program, and Section 521 Rental Assistance program are also critical to preserving affordable rental housing and protecting low-income tenants in rural areas. And the Section 504 program provides critical grants and loans to support home repairs for very low-income families and seniors in rural areas. Failing to keep pace with renewal needs and growing housing needs in FY 2025 will result in loss of assistance for these residents and further housing burdens for rural families. Please provide robust funding for RHS activities in

the FY 2025 Budget Resolution, including at least $1.258 billion for Section 502 Single Family Direct Home Loans, $62 million for home repair through Section 504 and Section 533, and $32 million for the Section 523 Mutual Self-Help Housing program. Please also provide at least the amounts requested for RHS rental housing programs in the President's FY 2025 budget. This includes at least $70 million for new construction and preservation of affordable rental housing through the Section 515 and Multifamily Preservation and Revitalization programs, and at least $1.690 billion to provide rental assistance for residents of USDA properties under the Section 521 Rental Assistance program.

Community Development
The FY 2025 Budget must continue to assist our state, local, and tribal government partners to make critical housing, community, and economic development investments in the coming year. Please provide robust funding for NeighborWorks and HUD community development programs in your FY 2025 Budget Resolution. The Neighborhood Reinvestment Corporation (NeighborWorks America) provides financial and programmatic support for a network of nearly 250 NeighborWorks organizations across the country to further their work in housing rehabilitation, housing counseling, and broader community-based development efforts. Please provide at least $185 million for NeighborWorks's core programs to enable the organization and its network to support a range of housing and community development activities, including: supporting and maintaining over 45,000 jobs, owning or managing 204,600 units of affordable rental housing, providing 111,600 financial and housing counseling sessions, supporting home repairs that help seniors age in place, and providing training for community development organizations across the country.

The Community Development Block Grant (CDBG) program helps States, localities, and tribes to meet their urgent housing and community development needs through investments in housing and community infrastructure, job creation, blight elimination, and addressing poverty. Every $1 invested in CDBG generates $2.80 in additional public and private funding. Please provide at least $4.2 billion in CDBG formula funding in the Budget Resolution to support housing and community development activities through the CDBG program. Please also continue to support funding for the Preservation and Reinvestment Initiative for Community Enhancement (PRICE) program to provide infrastructure repairs in manufactured housing communities that will remain affordable to residents. Manufactured housing is an important source of affordable housing, including for residents in more than 43,000 manufactured housing communities. But many of these communities are aging and in need of infrastructure repairs, and residents or nonprofits who want to keep these communities affordable may lack the resources to do so while making the necessary repairs. The PRICE program provides critical resources to maintain these communities as an affordable housing resource.

HOME Investment Partnerships Program
Since its inception, the HOME program has provided over 1.372 million units of affordable housing for low-income Americans. HOME leverages nearly $5.00 for every dollar appropriated, often providing critical gap funds that enable Low Income Housing Tax Credit and other affordable housing developments to move forward, as well as direct assistance to low-income homeowners, including for essential home repairs. Given the importance of these funds to affordable housing production and maintenance and their successful use in so many

communities, please continue to support the HOME program in the FY 2025 Budget Resolution with at least $2.5 billion in new funding.

Assistance to Native American, Alaska Native, and Native Hawaiian Communities
Native American communities face ongoing challenges stemming from high unemployment and poverty, unique difficulties in financing housing and community improvements, and economic development needs. Many of these communities suffer from a severe shortage of decent quality, affordable housing and homeownership opportunities. Compared with the national average, American Indian and Alaska Native households in large tribal areas were eight times as likely to live in housing that was overcrowded and four times more likely to live in housing that did not have adequate plumbing facilities.

To address these challenges, and to meet the federal government's treaty and trust responsibilities to federally-recognized tribes, HUD offers both grants and loan guarantee programs to provide necessary capital and liquidity to create and improve housing in Indian Country. Funding for the Indian Housing Block Grant helps alleviate the lack of adequate housing in these communities and maintains existing housing resources, while the Section 184 mortgage loan guarantee program facilitates homeownership in Indian Country. HUD also provides housing block grant funds and loan guarantees targeted to Native Hawaiians through the Native Hawaiian Housing Block Grant and Section 184A programs, respectively.

Please provide sufficient funding to fulfill our treaty and trust responsibilities to these communities, including at least $1.6 million in credit subsidy and $1.2 billion in loan commitment authority for the Section 184 home loan guarantee program, $75 million for the Indian Community Development Block Grant (ICDBG) program, $970 million for the Indian Housing Block Grant Program, and $22.3 million for the Native Hawaiian Housing Block Grant program in the FY 2025 Budget Resolution.

Lead Hazard Control and Healthy Homes
Please provide strong support for HUD's Office of Lead Hazard Control and Healthy Homes programs, which combat lead poisoning and other unhealthy housing conditions. Although the nation has made great progress in reducing childhood lead poisoning, lead exposure remains a threat to American children. While we have made critical investments to address lead in our water supply, lead hazards stretch far beyond our water systems. Lead-based paint remains the most common source of lead exposure. Too many children are exposed to hazards from homes built before 1978, when the Federal government banned use of lead in paint. Deteriorating paint in these homes turns into paint chips and dust that are easily ingested or inhaled by children under six, whose developing brains are most vulnerable to its effects. HUD estimates that 29 million homes in the U.S. have significant lead-based paint hazards, including many homes with young children. The CDC reports that approximately 500,000 children under the age of six have elevated blood lead levels.

A 2011 study estimated that childhood lead poisoning cost the country over $55 billion due to health care and lost economic productivity resulting from lasting cognitive and behavioral effects. In addition to reducing the human costs of lead exposure, expenditures to prevent lead poisoning are cost-effective. For every $1 spent to reduce home lead hazards, there is a benefit of at least $17 and up to $221. Investments in other healthy housing interventions, such as removing conditions that trigger allergies and asthma, also result in high rates of return – up to $16.50 per dollar invested.

HUD's lead hazard control and healthy homes program has addressed lead hazards in hundreds of thousands of homes since its inception. Yet rates of lead poisoning in some communities are shockingly high. In Cleveland, for example, 25 percent of kindergarteners have had elevated blood lead levels at least once by the age of six. Please ensure that the FY 2025 Budget Resolution provides at least $350 million to protect children from lead and other health hazards in their homes.

Choice Neighborhoods Initiative

The Choice Neighborhoods Initiative (CNI) transforms neighborhoods of concentrated poverty through improvements in blighted public and HUD-assisted housing. CNI grantees develop comprehensive neighborhood plans addressing schools, economic development, public safety and other needs in addition to revitalization of federally-supported housing. These efforts will improve neighborhoods and provide greater opportunities to residents while creating jobs. For every $1 in Choice Neighborhoods implementation grants, an additional $8 is leveraged in the community. Please provide at least $150 million in Choice Neighborhoods funding in the FY 2025 Budget Resolution.

Fair Housing

The National Fair Housing Alliance estimates that there are more than 4 million instances of housing discrimination on the basis of race, national origin, religion, familial status, or disability each year. In 2022, the most recent year for which data is reported, there were more than 33,000complaints of housing discrimination, 5.7 percent higher than in 2021 and the largest number of complaints ever filed. It is critical that state, local, and private fair housing organizations around the country have the resources they need to adequately educate and assist people and to enforce the Fair Housing Act, particularly given the increased stresses and threat of displacement resulting from the drastic increase in home prices. To that end, please provide at least $198.2 million, including $153 million for Office of Fair Housing and Equal Opportunity staffing, $75.7 million for the Fair Housing Initiatives Program, and $36.6 million for the Fair Housing Assistance Program, to support fair housing activities in FY 2025.

Preserving and Expanding our Affordable Housing and Supporting Local Efforts to Expand Supply

The President's FY 2025 budget includes $35 billion in mandatory funding in the jurisdiction of the Committee to preserve and expand housing supply affordable to low-income renters and support local efforts to reduce barriers to housing development. As noted above, there is a critical shortage of all types of housing, particularly housing that is safe and affordable to lower-income households. Low supply has contributed to significant increases in home prices and rents, leaving more people vulnerable to experiencing homelessness. The President's request includes $7.5 billion for new project-based rental assistance contracts to help finance the development of new rental units and to maintain those units as affordable for low-income renters. It also includes $7.5 billion to modernize or repair severely distressed public housing. By providing funds for predevelopment costs, as well as development activities and improvements to surrounding areas, these resources would help to preserve existing public housing units as high-quality, long-term affordable housing for the future.

The President's Budget also calls for $20 billion to support communities who want to evaluate and carry out changes to local barriers to new affordable housing development, and to provide financing to help communities that have reduced these barriers increase their housing supply. The Committee has repeatedly heard testimony from housing advocates, homebuilders, and economists about ways that local barriers reduce affordable housing supply and exacerbate housing cost burdens. The mandatory funding proposed in the budget would be a critical tool to help local governments address their housing shortages by giving communities the tools they need to develop their own policies to meet their housing needs. Please include $35 billion in mandatory funding to support these three important proposals to maintain and expand our affordable housing supply.

Supporting Homeownership for First-Generation Homebuyers
Homeownership provides stability and economic security for families by locking in fixed monthly housing payments. It is also one of the primary mechanisms for families to build intergenerational wealth. But there can be significant barriers to homeownership for aspiring homeowners, particularly for people of color whose parents or grandparents may have been locked out of homeownership and do not have the financial ability to help with a down payment. Even as interest rates rise, Freddie Mac estimates that, even in a higher interest rate environment, nearly 10 million people are "mortgage ready" – meaning they have the credit history and debt levels required to qualify for a mortgage – but haven't purchased one yet. One significant barrier to making a home purchase is a down payment. The proposed $10 billion First Generation Down Payment Assistance Program would help more families move from mortgage ready to homeowners and ensure that they have equity in the home at purchase. This program is an important tool to stabilize housing costs for working families and begin to address inequities in our housing system. Please provide at least $10 billion in mandatory funding for this important proposal.

Providing Affordable Rental Housing for Vulnerable Low-Income Populations
The President's Budget requests $22 billion in mandatory funding to make housing vouchers available to vulnerable populations, particularly all veterans with extremely low incomes and all youth aging out of foster care. These populations are particularly vulnerable to experiencing homelessness. This mandatory funding, coupled with program flexibilities to increase utilization of these vouchers, will help to provide stable housing for these populations and advance our national priorities of ending veteran and youth homelessness. Please provide the mandatory funding necessary to ensure that vouchers are available to these two populations to that we can ensure they have the housing they need.

Preventing Evictions and Homelessness
Despite years of progress in preventing and ending homelessness, rates of homelessness have increased since 2017 amidst rising housing costs. During the pandemic health emergency, many communities – often with the help of federal funding, federal emergency rental assistance, established local eviction prevention programs. As a result, evictions fell in many parts of the country, preventing the negative financial, emotional, and health consequences that result when

a family loses their home. Most COVID-related legal protections and sources of funds have expired or been exhausted, contributing to rising rates of evictions and homelessness. It is critical that the country and communities do not lose the benefit of the local infrastructure and lessons learned on eviction prevention and homelessness response.

In addition to critical investments in expanding housing supply and rental housing assistance, the Administration has proposed $14 billion in mandatory funding for FY 2025 to build on successful models to address the immediate crisis of homelessness and housing instability and prevent evictions and homelessness. The President's FY 2025 budget requests $3 billion in mandatory funding to help state, local, tribal, and territorial governments establish the types of permanent policy changes that can improve landlord-tenant communication, stabilize families during short-term economic hardships, and prevent evictions. The budget also calls for $3 billion to provide targeted emergency rental assistance for older adults, who are increasingly at risk of experiencing homelessness, many for the first time. These funds will provide communities with the resources to divert older adults from experiencing an eviction or help them to become stably housed again.

Finally, the President's Budget proposes $8 billion for competitive grants to help States, communities, and Tribes to rapidly expand temporary and permanent housing solutions for those experiencing or at risk of homelessness. Innovative strategies funded by this initiative could include conversations of motels and other vacant commercial buildings to housing, and partnerships between housing and service organizations to offer programs that meet the needs of special populations such as youth, older adults, or survivors of domestic violence and trafficking. Please provide at least $14 billion in mandatory funding to help communities support housing stability for renters and prevent and end homelessness.

Community Development Financial Institutions (CDFI) Fund

Please support strong funding for CDFI Fund programs in the FY 2025 Budget Resolution. The CDFI Fund was established to serve the nation's most economically distressed communities by providing capital, credit, and other financial services that are typically unavailable from mainstream financial institutions. Within the CDFI program, the Native American CDFI Assistance program has been instrumental in helping fund effective organizations that address the economic development needs of these underserved and distressed communities. The Small Dollar Loan Program helps CDFIs provide alternatives to the high-cost small dollar loans for lower-income consumers. The loans and investments made by CDFIs have leveraged billions of dollars from the private sector in development activities in financially underserved and low-wealth communities. Demand for CDFI funding has grown and far surpasses amounts available. Please continue to support this important program with at least $341million for FY 2025, including $10 million to support the CDFI Bond Guarantee Program. CDFIs are critical to serve our most underserved communities.

Flood Insurance

Please support substantial funding for the activities of the National Flood Insurance Program in the FY 2025 Budget Resolution. Robust funding is vital to fulfill Congressional mandates and efforts to improve national disaster resilience, including improved floodplain mapping, mitigation, community engagement, and supporting the Office of the Flood Insurance Advocate and to provide appropriate administrative support and oversight for the National Flood Insurance Program (NFIP).

FEMA reports that flooding is our country's most costly natural disaster. Catastrophic flooding threatens the safety and finances of millions of Americans and presents a challenge to all taxpayers, as the nation seeks to help victims recover and repair critical infrastructure. Adequately updated flood maps are critical to the ability of families and communities to accurately assess their flood risks and take steps to mitigate them to avoid future damages. In 2012, Congress directed the Federal Emergency Management Agency to undertake a comprehensive effort to improve the quality and accuracy of its flood maps and established an expert Technical Mapping Advisory Council to advise FEMA's efforts. Congress also authorized up to $400 million per year to make such improvements, but, flood mapping funding has remained inadequate to meet the need. The Association of State Floodplain Managers estimates that FEMA will need $3.2 billion to $11.8 billion to finish mapping the nation, in addition to funds to keep existing maps up to date. This increase in the quality and funding of flood maps is critical to the NFIP, local community land use planning and construction, and emergency management efforts, and millions of Americans who need to know if they are in harm's way. Please support at least $400 million in annual appropriations for flood mapping in the FY 2025 Budget Resolution.

Additional investments are also necessary to improve our home, community, and national resilience efforts. These include investments in technical assistance and capacity building for floodplain management, $175 million in Flood Mitigation Assistance in annual appropriations to help NFIP policyholders in harms' way reduce their risk, particularly those that have suffered losses, and addressing the program's debt to the Treasury from previous catastrophic disasters. The NFIP now spends over $400 million annually on interest payments to the U.S. Treasury, funds that would otherwise be used to pay claims or contribute to our national resilience efforts. These interest payment expenditures are likely to increase further as debt is refinanced under new interest rates. Finally, please include $5.5 billion in mandatory funding from FY 2025 – FY 2034 for the creation of a new, means-tested NFIP affordability program. This program would provide means-tested premium discounts that will help more homeowners obtain and maintain the insurance they need to safeguard their properties and recover in the event of flooding.

The Committee will examine these and other issues as it considers the reauthorization of the NFIP. Please include a deficit neutral reserve fund to accommodate the reauthorization of the NFIP in the FY 2025 Budget Resolution.

Public Transportation

Robust federal support for public transportation is an essential component of efforts to improve the nation's transportation system and its underlying infrastructure. Transit enhances individual mobility for work and personal travel, reduces traffic congestion and reduces transportation-related emissions, including greenhouse gas emissions. Public transportation is particularly valuable to low-income Americans and disadvantaged communities because it offers affordable and reliable transportation.

The U.S. Department of Transportation reports there is a $101 billion backlog of unfunded repair and maintenance projects facing the nation's public transportation systems. Deteriorated infrastructure and aging vehicles contribute to significant delays and service outages for transit riders, and delayed repairs increase the risk of riders and workers being exposed to unsafe conditions. Transit systems have also fallen behind in expanding capacity: the pace of construction to build new transit lines and expand capacity on existing routes has been insufficient to meet future ridership needs.

Addressing these challenges is necessary to deliver the mobility that our economy and society requires. The average American household spends 13 percent of their income on transportation – but low-income workers spend between 20 and 30 percent of their wages on commuting. Demand for public transportation will also increase as the nation's senior population grows and more seniors utilize transit services for their daily travels and access to medical care, particularly in rural areas.

Congress and President Biden took a historic step toward addressing investment needed in public transportation in the "Infrastructure Investment and Jobs Act" also known as the "Bipartisan Infrastructure Law." The law reauthorizes federal transit programs for FYs 2022-2026 and provides advance appropriations for key programs. In total, the Bipartisan Infrastructure Law authorizes up to $108 billion for transit programs, including $91 billion in guaranteed funding from the Mass Transit Account and advance appropriations.

We recommend that the FY 2025 Budget Resolution support full distribution of funds made available under the Bipartisan Infrastructure Law and continuation of the supplemental discretionary funding for transit programs that was included in the FY 2018 to FY 2024 appropriations laws. The FY 2024 appropriations law provided $237 million of supplemental funding for congressionally directed investment in transit projects and FTA research and technical assistance activities, which support the efficient delivery of transit services. We recommend further support for these activities.

The FY 2025 budget resolution should also support increases in funding for FTA programs that receive annually appropriated discretionary funds. The Sec. 5309 "Fixed Guideway Capital Investment Grants" program supports multi-year grant agreements for transit expansion projects and received $2.205 billion in FY 2024, but additional funds are needed in FY 2025 to accelerate construction of meritorious, well-rated projects after applicants meet the statutory requirements to advance through the program's project pipeline.

We understand you will face difficult choices, but now more than ever it is critical that your FY 2025 Budget Resolution promotes economic recovery and growth, community development, housing and public transportation investments, and funding for programs that support the well-being of our citizens. Adequate funding for these priorities will help our economy and build a stronger, more prosperous future. Thank you for your consideration of these views.

Sincerely,

Sherrod Brown

Chairman Sherrod Brown

United States Senate
COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION
WASHINGTON, DC 20510–6125
WEBSITE: https://commerce.senate.gov

April 23, 2024

The Honorable Sheldon Whitehouse, Chairman
The Honorable Chuck Grassley, Ranking Member
U.S. Senate Committee on the Budget
624 Dirksen Senate Office Building
Washington, DC 20510

Chairman Whitehouse and Ranking Member Grassley:

This letter provides my views and estimates to the Senate Committee on the Budget on matters within the jurisdiction of the Senate Committee on Commerce, Science, and Transportation ("Commerce Committee") regarding the fiscal year ("FY") 2025 budget resolution.

I look forward to working with you and others in Congress to ensure that the spending levels ultimately enacted for programs under the Commerce Committee's jurisdiction are as effective and efficient as possible. The Commerce Committee may act this year on a number of legislative proposals that may have budgetary implications.

Department of Commerce

National Oceanic and Atmospheric Administration ("NOAA")

The Commerce Committee has broad jurisdiction over federal issues related to the oceans and the atmosphere, including NOAA. The environmental observation and prediction missions at NOAA provide critical public services that save lives and property. Meanwhile, the marine resource management missions support our robust and sustainable domestic seafood and outdoor recreation industries. As such, the Committee anticipates actively working towards enactment of legislation to authorize NOAA, as well as a number of bills to authorize and improve NOAA programs. The President's budget requests $6.56 billion, an increase of $241 million above the FY 2024 enacted levels, to ensure the continuation of NOAA's critical work. I strongly support further investment for climate science, weather observation and forecasting, natural disaster preparedness and response, community resilience and adaptation, habitat restoration, protection, and restoration efforts for endangered and threatened species, and the sustainable management of fisheries and other resources that drive our support for rural coastal economies and the national blue economy as a whole. To advance NOAA's forecasting and climate related modeling, I support increased funding for high performance computing ("HPC"). Better climate modeling and projections through HPC are key to understanding the expected impacts of climate change, such as record-breaking storms, forest fires, droughts, heat waves, and floods, and informing the steps necessary to adapt appropriately. Furthermore, I support increasing investments in efforts at

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NOAA to address permitting backlogs and recover endangered and threatened Pacific salmon, which are economic, cultural, and ceremonial drivers in our region. Salmon recovery is not only an economic issue, but an equity issue.

The United States has a federal trust obligation to federally recognized tribes, and NOAA must meet its obligations to those tribes by enhancing government to government consultation. NOAA has struggled to meet its existing government to government consultation obligations, in a time when climate change and other anthropogenic stressors are exacerbating challenges facing indigenous communities across the nation. Engagement and investment in tribal governments should be one of the top priorities of the Administrator across all NOAA line offices and missions. Pacific salmon recovery and restoration must be a top priority, as well as NOAA activities to enhance tribal government engagement in awarding grants, providing resources and staff to improve capacity building, emergency response and preparedness, sustainable fisheries management, coastal resilience activities and infrastructure support, and growing the blue economy. This challenge will only be met with additional resources, personnel, and on the ground staffing.

In addition, a critical need facing NOAA is the replacement of the aging W-P3 hurricane hunter aircraft that will reach the end of their service life in 2030. The National Defense Authorization Act of 2023 (P.L. 117-263) authorized six aircraft to replace the W-P3 because the agency requires a minimum of six C-130 aircraft to sustain the rapidly increasing extreme weather forecasting operational tempo. Between December 2022 and January 2023, a series of nine atmospheric rivers released trillions of gallons of rainfall and snow across the western United States, causing over 700 reported landslides, at least 21 deaths, and more than 1,400 landslide rescues. Extreme weather events resulting from a rapidly changing climate underscore the importance of accurate forecasting for potentially life-threatening storms and justify the need for these new replacement aircraft. Due to the complexity of this specialized aircraft, it will take six years to construct and deliver an operational C-130 NOAA Hurricane Hunter. Therefore, it is of the utmost importance that the budget reflects NOAA's need to receive the necessary funding in FY 2025 to successfully contract the procurement and build-out of six C-l 30Js to prevent a gap in operation of this critical lifesaving asset. Furthermore, NOAA requires additional funds to secure the second G-550, which was partially funded in the Inflation Reduction Act. Completion of this second G-550 would bring NOAA into compliance with the Weather Research and Forecasting Innovation Act of 2017 (P.L. 115-25, Section 413 of title 5, U.S. Code).

Moreover, cuts and lack of sufficient funding extend to many areas in the Administration including the Office of Atmospheric Research ("OAR") and the National Ocean Service ("NOS"). Specifically, OAR faces a budget cut of $111 million and NOS a cut of nearly $142 million. The Integrated Ocean Observing System program ("IOOS") would receive a 77% cut under the President's FY 2025 budget request. IOOS is a partnership that spans across 17 federal agencies and 11 regional associations and provides critical ocean and Great Lakes observation data with its network of aquatic sensors to local shippers, fishermen, emergency response personnel, natural resource managers, public health officials, aquaculture farmers, coastal communities, and recreators. It is imperative for OAR and NOS, and their critical programs such as IOOS, to receive increased funding FY 2025.

We also request increased resources to protect, restore, and research marine mammal populations that are facing increased threats from climate change and other factors, such as ship strikes. Additionally, the John H. Prescott Marine Mammal Rescue Assistance Grant faces elimination in the FY 2025 President's budget request and has received stagnant funding over the last 6 years, with $4 million appropriated between FY 2018-2022 and $4.5 million in FY 2023 and 2024, despite being authorized at $6 million. The Prescott Grant program is the sole source of funding for the National Marine Mammal Stranding Network which operates in 26 states, the District of Columbia, two territories, and two tribes. Prescott Grants, which require a 25% match from recipients, provided funding to support response to over 5,000 sick and injured marine mammals a year on average between 2000 to 2017, represent a fundamental step in improving the long-term health of marine mammal populations.

The Committee will continue to work to authorize NOAA through an Organic Act, maintain and upgrade our national weather and climate infrastructure, improve services for extreme weather events and natural disasters such as wildfires, address infrastructure and capital needs, expand the fishery stock assessment and survey program, strengthen protections and restoration of fish habitat, bolster the recovery and rebuilding of Pacific salmon populations, support oil spill prevention and response and ocean acidification research and mitigation efforts, and develop and diversify the scientific workforce.

Economic Development Administration ("EDA")

The EDA plays a crucial role in fostering economic growth and competitiveness across the United States. Through the American Rescue Plan, EDA helped create or save an estimated 220,000 jobs. The CHIPS and Science Act of 2022 (P.L. 117-167) supported EDA's role in regional economic development by creating the Recompete Pilot Program and the Regional Technology and Innovation Hubs ("Tech Hubs") program. I recommend the budget reflect at least $200 million for the Recompete Pilot Program in FY 2025, in line with the funding level authorized by Congress in the CHIPS and Science Act. To date, the EDA has designated 31 Tech Hubs nationwide, including Washington's American Aerospace Materials Manufacturing Hub. I recommend the budget reflect at least $2.34 billion for the Tech Hubs in FY 2025, in line with the funding level authorized by Congress in the CHIPS and Science Act. Tech Hubs will support regional innovation in key technology focus areas across the United States and strengthen our country's global competitiveness.

National Institute of Standards and Technology ("NIST")

As the nation's premier standards and measurement laboratory, NIST drives American commerce and innovation by advancing measurement science, standards, and technology. NIST's work impacts many key technologies, including artificial intelligence ("AI"); cybersecurity and privacy; forensic science; building codes; advanced manufacturing; climate and environmental

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science; and quantum information science and technology. The CHIPS and Science Act of 2022 authorized significant increases in NIST's budget authority, particularly for NIST's programs related to improving the nation's manufacturing competitiveness.

I recommend the budget reflect funding NIST at $2.039 billion for FY 2025, the level authorized in the CHIPS and Science Act. My recommendation includes significant funding increases in line with the FY 2025 President's Budget Request for NIST's work on artificial intelligence, quantum information and technology readiness, and for construction of research facilities. I recommend the budget reflect at least $82.7 million for NIST's work on AI-related standards development, trustworthy AI evaluation, and measurement, including funding for the NIST U.S. AI Safety Institute. I also recommend at least $67.91 million for NIST's work on advancing quantum information science and technology readiness and continue to implement their role in the National Quantum Initiative. Finally, multiple reports in 2023 and 2024 have found that facilities deficiencies and aging equipment are preventing NIST from achieving its mission and making it difficult to recruit and retain world-class talent. As a result, I support the administration's request of $311.5 million for NIST's construction of research facilities to ensure that NIST can continue to advance U.S. innovation in critical and emerging technologies and protect staff safety.

This also includes robust funding for the Hollings Manufacturing Extension Partnership ("MEP") and Manufacturing USA ("MUSA") programs. The funding for MUSA will support at least one new institute in 2024 and the creation and operation of manufacturing testbeds. Testbeds will serve as workforce training centers and provide manufacturers access to specialized equipment and new manufacturing techniques. Notably, MUSA still lacks an institute focused on aerospace manufacturing. According to the International Trade Administration, the aerospace sector provides the largest positive trade balance and second highest export level of all U.S. manufacturing industries and has done so for decades, making the sector an ideal candidate for a new institute.

Office of Space Commerce ("OSC")

In twice passing the Space Preservation and Conjunction Emergency (SPACE) Act, the Senate affirmed its desire for the Office of Space Commerce to improve the collection, processing, and dissemination of space situational awareness data ("SSA"), information, and services. Consistent with Senate guidance and Biden Administration policy, OSC has defined an SSA architecture and development program, in partnership with industry, known as the Traffic Management System for Space ("TraCSS"). OSC has also gained oversight of commercial Earth-observing satellite licensing and intends to increase efforts to support the safety and competitiveness of the U.S. commercial space industry. I expect this effort to be reflected in legislation from the Committee focused on support to, and oversight of, commercial space activities. OSC needs additional funds to accomplish these tasks. As a result, I recommend a funding level of $80 million for the Office of Space Commerce.

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Minority Business Development Agency ("MBDA")

The MBDA fosters the growth, development, and competitiveness of minority-owned businesses in the United States. The agency's network of 88 business development centers, specialty centers, and grant programs – located across 34 states, the District of Columbia, and Puerto Rico – provide technical and management assistance to minority-owned businesses nationwide. In FY 2023 alone, the MBDA helped minority-owned businesses secure over $1.2 billion in capital; $1.6 billion in contracts; and create and retain over 14,000 U.S. jobs. The MBDA's work is crucial to addressing historical, structural barriers to growth and access to capital that continue to disproportionally impact minority-owned businesses and contribute to their underrepresentation in the U.S. economy. The MBDA was permanently codified on November 15, 2021, in P.L. 117-58 and FY 2022 marked the first full, calendar year of the MBDA's existence as a permanent level entity.

I support the administration's request to fund the MBDA at its request for $80 million. Such funding will allow the MBDA to continue to expand its programs and reach and make historic investments in minority entrepreneurs' businesses.

National Telecommunications and Information Administration ("NTIA")

The National Telecommunications and Information Administration focuses its efforts on expanding broadband Internet access, expanding the use of spectrum, and ensuring that the Internet continues to grow. While pursuing these goals, NTIA keeps the federal government's interests in mind, managing the use of spectrum by federal agencies and evaluating when spectrum can be made available for non-federal use or shared federal and non-federal use. NTIA also represents the views of the Executive Branch in telecommunications policy in domestic and international bodies; supports states transitioning to modernized 911 systems; and provides research, development, and testing on spectrum technologies at its Institute for Telecommunications Sciences. To support the increased demands of modern spectrum sharing research, NTIA is proposing a new $2 million Facility Management and Construction account to restore and modernize NTIA government-owned facilities, telecommunications infrastructure, roads, and grounds; this funding will ensure it can meet modern research, accessibility, safety, reliability, and energy efficiency requirements.

Through the Infrastructure Investment and Jobs Act ("IIJA") (P.L. 117-58), NTIA was given the additional responsibility of managing the Broadband Equity, Access, and Deployment ("BEAD") Program, the Enabling Middle Mile Broadband Infrastructure Program, and Digital Equity Programs. In addition, NTIA is tasked with implementing certain provisions of Executive Order 14110, "Safe, Secure and Trustworthy Development and Use of Artificial Intelligence." Beyond this, NTIA continues to oversee the Tribal Broadband Connectivity Program, the Broadband Infrastructure Program, and the Connecting Minority Communities Pilot Program, established through the Consolidated Appropriations Act, 2021.

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Due to the additional programs that NTIA has been tasked with administering, I support an increase in the agency's funding for FY 2025. The President's FY 2025 budget requests $67 million, allowing the NTIA to perform these critical tasks, monitor grants, and conduct oversight.

Department of Transportation

Office of the Secretary

At the Department, the Committee recommends prioritizing funding for civil aviation programs at the DOT Office of the Secretary ("OST") including, but not limited to, the Office of Aviation Consumer Protection ("OACP"), the Small Community Air Service Development Program ("SCASDP"), the Essential Air Service ("EAS") Program, and ensuring compliance with the Americans with Disabilities Act.

To ensure a better passenger experience for the flying public and stronger regulatory enforcement, I recommend the inclusion of $400,000 in FY 2025 for the Office of General Counsel to be used for the hiring of four new general attorney positions. The additional positions will allow the OACP to respond to an increased amount of air travel service complaints that have not yet returned to pre COVID-19 pandemic levels. And if the President signs into law a 5-year FAA reauthorization bill, I support appropriating $12 million in FY 2025 for the newly created Office of Aviation Consumer Protection.

I strongly recommend the inclusion of at least $20 million for the Small Community Air Service Development Program ("SCASDP") to improve air service access for small and rural communities that may not be eligible for the Essential Air Service ("EAS") program. The Committee believes demonstrated need for the program across the nation necessitates a larger investment. I also strongly support the DOT OST budget request to include a topline figure of $587 million to ensure eligible small and rural communities remain connected to the national air transportation system through the EAS program.

The Committee supports the President's budget request for an increase of $4.36 million for the Departmental Office of Civil Rights' ("DOCR") contractual services to support its mission deliverables including addressing compliance, technical assistance, and execution of Title VI and the Americans with Disabilities Act ("ADA") to advance the DOT's goals of advancing equity and opportunity for all individuals and communities.

Federal Aviation Administration ("FAA")

In support of the Commerce Committee's Federal Aviation Administration's (FAA) Reauthorization Act of 2024, which was reported out of committee in February 2024, the Committee is prioritizing additional investments in FAA resources to ensure the continued safety and modernization of the National Airspace System ("NAS"). To best position FAA to carry out its safety mission, I strongly support strong investments in:

- Enhancing aviation safety, including hiring additional safety critical staff such as aviation safety inspectors to strengthen FAA's oversight of aircraft operators and aviation manufacturer production lines;
- Ensuring the agency closes the current air traffic controller shortage and hires the maximum amount of air traffic controllers that can be trained at the FAA's Air Traffic Controller Academy in fiscal year 2025;
- Upgrading in FAA systems to guarantee proper redundancies in place to improve the resiliency and modernization of the NAS;
- Researching, developing, and applying low- and zero- emission aviation technologies to improve fuel efficiency and reach net-zero aviation emissions by 2050.

Dedicating funding to support the full implementation of the Aircraft Certification, Safety, and Accountability Act ("ASCAA"), adopted in the Consolidated Appropriations Act of 2021 should continue to be a top priority. The law strengthens FAA oversight, reforms the certification process for manufacturers, and provides new resources to enhance both the FAA's and Congress' capacity to oversee the approval of emerging aviation technologies and evaluation of safety issues. Pursuant to the law, the FAA is required to exercise direct oversight of aircraft certification, implement new integrated systems analyses of new and derivative aircraft, require aircraft manufacturers to disclose safety critical technological changes to their aircraft, and implement new safety reporting requirements and whistleblower protections. The law also prioritizes and enhances FAA's safety leadership globally through the International Civil Aviation Organization ("ICAO") and its relationship with bilateral partners. In total, ACSAA authorizes $268.5 million over five years in new and strengthened aviation safety programs.

I strongly support the inclusion of $6.7 million in the President's budget request to continue implementing ACSAA and $32.6 million in discretionary funding for the Office of Aviation Safety ("AVS") to strengthen FAA's aviation safety oversight. This request would provide the budget authority to support Safety Management Systems implementation associated with FAA's recently finalized SMS rule for aircraft manufacturers, commuter airlines, charter airlines, and air tour operators, support additional safety oversight of aviation manufacturing production lines and airlines, and also complete the modernization of the Aircraft Registry system to digitize FAA issued documentation. I also support continued funding in the FY 2025 budget request to enable FAA's continuation of the Samya Rose Stumo National Air Grant Fellowship Program, a program which is already providing critical aviation technical expertise to inform both the Commerce Committee and the House Transportation and Infrastructure Committee in the FAA reauthorization process.

Closing the current shortage of approximately 3,000 air traffic controllers is critical to the safety of our national airspace system (NAS) and the ability for the air traffic system to handle growing air travel and user demands. I strongly support the $43 million included in the budget request to support FAA's goal to hire and train at least 2,000 controllers in FY 2025 but note that additional funding will be crucial to support a consistent increase in controller hiring and throughput over at least the next five years to ensure sufficient Certified Professional Controller (CPC) staffing at air traffic facilities across the NAS. Investing additional funding to ensure FAA can hire at a minimum the maximum number of air traffic controllers that can be educated and trained at the FAA Air Traffic Controller Academy per fiscal year should be a top priority. That's why I also support $22.4 million to increase training capacity at the FAA's ATC Academy and in the field.

The FAA's Notice to Air Missions ("NOTAM") system outage in January 2023 underscored the need for all FAA systems to have true redundancy, resiliency, and stability. The FAA should accelerate its modernization of air traffic control through its "NextGen" initiative with an eye towards completing the work of NextGen and transitioning to a more modern organizational structure to advance airspace innovation. I support the FY 2025 budget request for $562.1 million to continue NextGen implementation including $70.0 million to replace the unsupportable operating system for En Route Automation Modernization (ERAM); $80.9 million for System Wide Information Management (SWIM) to transition services to a new platform; and $53.7 million for replacement and continued enhancements to the Notice to Air Missions (NOTAMs) system. I also support the FY 2025 budget request of $81.2 million for targeted NAS modernization investments, including $73.2 million for the Wide Area Augmentation System (WAAS) for Global Positioning System to replace ground-based navigation aids with satellite navigation technology, $5 million for Data Communications services between pilots and air traffic controllers, and $3 million for Information Management system improvements. Advancing NextGen and integrating new entrants requires resolving complex implementation challenges, including effectively prioritizing programs, integrating interdependent capabilities, and utilizing advanced technology to achieve benefits. Congress must ensure that the FAA has sufficient resources and organizational capabilities to complete NextGen, transition to meeting future airspace modernization needs, and keep pace with innovation for years to come.

Expanding Federal research to help inform the development of standards and certification of alternative aviation fuels and propulsion systems to decarbonize the domestic aviation sector is included in the 2024 FAA Reauthorization bill. Achieving net-zero aviation emissions by 2050, a target shared by the Biden Administration and industry leaders alike, will require Federal support to meet this goal. Research investments that will test and prove out innovative and sustainable aviation technologies are crucial to not only develop aircraft that will reduce emissions and save on fuel costs, but also to maintain the nation's leadership in global aerospace competitiveness and lessen dependency on foreign and conventional fuel sources.

To continue leadership in low-emission technologies, I strongly support the Continuous Lower Energy, Emissions, and Noise ("CLEEN") Program, administered by FAA's Office of Environment and Energy. This public-private partnership between FAA and industry develops innovative technologies to reduce aviation emissions, noise, and fuel burn. The successful program has accelerated the development and integration of these new technologies into current and future aircraft since 2010. While the FAA's budget to carry out the most recent phase of the program (Phase III) is approximately $100 million to conduct research and development between 2021 and 2025, it is clear that more investment is needed to increase the United States' ability to innovate and compete in the net-zero aviation emissions segment of the aerospace sector. I strongly support $71 million in the budget request to fund the CLEEN Program and the continued operation of the Center of Excellence for Alternative Jet Fuels and Environment

(ASCENT). Additionally, I strongly support a substantial increase in dedicated funding for the next phase of CLEEN, Phase IV, to accelerate the development of zero-emissions aircraft and propulsion technologies in the United States.

As part of the Committee's reconciliation title of the Inflation Reduction Act, I created a $297 million competitive grant program at DOT, to increase the domestic production and deployment of sustainable aviation fuel, now known as the FAST-SAF program ($244.5 million), and the development, demonstration, and application of low-emission aviation technologies, now known as the FAST-TECH program ($46.5 million). The FAST-SAF program will incentivize the mass production of SAF at scale and provide critical funding to build a domestic sustainable aviation fuels supply chain. The FAST-TECH program will provide eligible recipients with access to capital to support the development of low-emission innovations but did not receive the level of funding necessary to make influential awards. I strongly support increasing topline funding for FAST-SAF and FAST-TECH to reach $1 billion collectively over five years to scale up SAF production and support necessary infrastructure, as well as tech-neutral technology development to achieve higher aviation carbon emissions reductions.

Relating to the nation's aviation infrastructure, the Infrastructure Investment and Jobs Act ("IIJA") provides $25 billion in guaranteed supplemental advanced appropriations for aviation infrastructure programs. This includes $15 billion for airport infrastructure grants, $5 billion for the competitive airport terminal development program, and $5 billion for modernizing air traffic control facilities. The Committee will be continuing to conduct regular oversight of the IIJA. While the IIJA has provided a strong down payment to address the air traffic facilities backlog, I support the consideration and evaluation of making additional funding available relating to the FAA's new Facility Replacement and Radar Modernization proposal that would make further investments in upgrading aging FAA facilities and infrastructure. This proposal would also address concerns that come with the agency's efforts to further maintain and sustain towers or air route traffic control centers that are as much as 60 years old. Developing another source of reliable funding for infrastructure upgrades warrants further attention and consideration to strengthen safety across the NAS.

Finally, the Committee's commercial space legislation will emphasize the need for the FAA's Office of Commercial Space Transportation to improve the efficiency of its space launch and reentry licensing process while developing a path forward in partnership with industry to maintain the safety of commercial human space flight participants. To ensure sufficient staff and resources, I recommend a FY 2025 appropriation of $55 million.

Multimodal Infrastructure Investments

The IIJA provided historic funding for freight mobility, but we must ensure that we continue to make crucial investments in our multimodal infrastructure to remain economically competitive in the 21st century. Recent events have highlighted the critical role our multimodal infrastructure plays in ensuring that people and freight can safely reach their destinations, whether by car, truck, train, or ship. The tragic collapse of the Francis Scott Key bridge disrupted vessel traffic into and out of one of the largest ports in the nation and required the over 30,000 vehicles that traveled across the bridge daily to take alternative routes. For the second year in a row, we have also seen historically low water levels in the Mississippi River, which transports 60 percent of U.S. grain exports, resulting in reduced barge loads, delayed shipping, and higher transportation costs for American farmers. In 2023, the Panama Canal experienced the driest October in 73 years, resulting in a 36 percent drop in capacity and wait times up to 21 days.

Long term projections from the Bureau of Transportation Statistics show that U.S. freight movement is expected to grow by 50 percent by 2025, meaning a greater number of trucks, trains, and ships traveling through our freight network. To ensure that our freight system is equipped to handle this unprecedented increase in freight and to protect our national supply chain from future shocks, we must continue to invest in our national freight infrastructure.

The IIJA reauthorized several existing grant programs that have the potential to play a pivotal role in improving freight efficiency in the United States, including the INFRA grant program and the RAISE grant program. Together, these programs provide discretionary grant funding opportunities for projects of both national and regional significance, including projects to help alleviate freight congestion. The IIJA also created and authorized a new grant program - the Mega Projects grant program - targeted at providing funding for projects of national economic significance. In addition to these specific grant programs, the IIJA also authorized funding for freight research and planning programs, which will play a pivotal role in improving the efficiency of our transportation systems. I support funding these programs at authorized levels. Additionally, we must address the impact that our transportation infrastructure has on the environment. In communities across the country, we are seeing culverts that are outdated, overwhelmed, and blocking crucial fish passages. Fish passage is not only beneficial for state and local economies, but it is also extremely important for many of our Tribal communities. That's why I fought so hard to include in the IIJA a new Culverts Removal, Replacement, and Restoration program. This authorized program will ensure passage for fish, which will benefit local and Tribal economies. I support funding the Culverts Removal, Replacement, and Restoration program at or above its authorized level.

Rail Safety

In 2022, there were 10,362 rail incidents, resulting in 1,016 fatalities and 6,518 injuries. Of these fatalities, roughly 70 percent were trespasser deaths and roughly a quarter of all train incidents occurred at grade crossings. Railroad crossings are dangerous intersections for pedestrians, drivers, and rail operators. In 2022, there were 248 fatalities and 752 injuries at railroad crossings across the country. Highway-rail grade crossings also often serve as an economic bottleneck for our country's freight movement. In my home state of Washington, the worst 50 grade crossings are blocked by trains for an average of two hours every day. As trains get longer and move more freight, they will block crossings for longer periods of time, increasing risk and congestion. That is why I fought so hard to make sure the new Railroad Crossing Elimination grant program was authorized in the IIJA. This program will allow DOT to award funds to projects designed to eliminate railroad crossings across this country. Providing continued financial support to this program yields two significant benefits: (1) decreasing railroad crossing accidents; and (2) reducing freight congestion. Every death at a railroad crossing is one too many, and I support robust funding for this program at or above the authorized levels. The budget should also provide strong funding for the Federal Railroad Administration ("FRA") to ensure they have the resources necessary to hire additional rail safety inspectors to further improve safety outcomes.

The derailment in East Palestine, Ohio, on February 3, 2023, was a stark reminder of the dangers hazardous materials trains can pose to our communities. The FRA requires robust funding to hire additional inspectors to improve the agency's oversight over railroads' compliance with rail safety regulations.

Intercity Passenger Rail

The Environmental Protection Agency estimates that transportation emissions make up the largest percentage of greenhouse gas emissions across all sectors. Of transportation emissions, 82 percent come from light, medium, and heavy-duty vehicles and trucks, and 10 percent come from aircraft - only 2 percent of transportation emissions come from rail. According to Amtrak, rail travel produces 83 percent fewer emission than travelling by car and 73 percent fewer emission than air travel. I support robust funding for Amtrak and the Federal-Partnership for Intercity Passenger Rail grant program to help address climate change and ensure that rural communities continue have access to long-distance rail service.

National Highway Traffic Safety Administration ("NHTSA")

The nation is seeing a tragic increase in motor vehicle fatalities. According to the National Safety Council, an estimated 40,990 people died in motor vehicle crashes in 2023, a five percent increase from 2020 when traffic fatalities reached their highest point since 2007. While the IIJA contains 11 motor vehicle safety mandates to help address this rise, NHTSA recently reported that 17 of 46 congressionally mandated rulemakings from the 2012 and 2015 surface transportation reauthorization bills are overdue, and 8 of the 11 IIJA mandates are incomplete NHTSA requires robust resources to address this significant backlog.

Pipeline and Hazardous Materials Safety Administration ("PHMSA")

In 2023, there were 613 reported pipeline incidents, resulting in 23 fatalities, and 39 injuries. Since PHMSA began reporting on pipeline incidents, no less than 7 people have died every year due to pipeline incidents, with 2023 tied as the highest year of fatalities on record. We must strive to eliminate fatalities caused by pipeline accidents, and PHMSA funds several crucial programs targeted at meeting that goal of zero fatalities. Funded by PHMSA grants, state enforcement agencies inspect pipeline systems and conduct essential oversight of pipeline operations. The PIPES Act of 2020-which passed the Senate by unanimous consent and was signed into law as part of the 2020 Omnibus bill-included a 40 percent increase in funding for state pipeline inspection agencies, as well as a requirement to hire additional safety inspectors. I

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support funding for PHMSA programs at or above $400.6 million, the level in the President's budget proposal, to strive toward the goal of reaching zero fatalities from pipeline incidents.

Maritime Administration ("MARAD")

MARAD supports America's maritime infrastructure and promotes waterborne transportation to ensure that maritime transport easily integrates with intermodal transport. For FY 2025, the Committee recommends at least $1.73 billion for MARAD Maritime Infrastructure. This funding would be divided into three areas. For the Port Infrastructure Development Grant Program ("PIDP") which supports port development, resilience, environmental remediation, and the transition towards decarbonization of the maritime sector $750 million is needed. This program could also help retrofit and improve the resiliency of ports, as well as other projects needed to meet the demand of expanding offshore wind farms. The Bipartisan Infrastructure Law (P.L. 117-58) invests $450 million towards this program annually for five years, however, further investment in modernizing and increasing resilience to climate change of U.S. ports is needed. The BIL investment is intended to be in addition to annual appropriations for the PIDP.

Committee members support investments in additional programs to invest in the maritime supply chain and port infrastructure, as well as investments to support the decarbonization of the maritime sector by 2050. In addition to port infrastructure, the United States is in dire need of investments in domestic shipbuilding capacity including through programs such as the MARAD Small Shipyard Grant program, a competitive grant program for small shipyards. In addition, the Committee may consider legislation to expand the Title XI program to enable increased investment in ships to reduce emissions from vessels, while investing in expanding capacity of the U.S. flag fleet.

The Maritime Security Program ("MSP") is a vital component of the United States military strategic sealift and global response capability. MSP provides and maintains a versatile fleet of U.S. flagged vessels available to meet national defense needs and support a global transportation network of terminals, merchant mariners, and facilities. $390 million is requested in FY 2025 for the MSP to maintain a viable commercial fleet of 60 U.S. flagged vessels engaged in international trade, while also meeting the Nation's need for military sealift capacity. An increase to $390 million (and maintaining the same number of statutory slots) would raise the stipend per ship to $6.5 million for FY 2025, which is in need of being raised to account for the increased financial burden of operating a U.S. flagged ship in this program.

As the Committee moves forward with the MARAD reauthorization legislation, the Committee may also consider legislation to support training and incentivizing workers to join the United States Merchant Marine. That effort may include financial support for education, credentialing programs, loan forgiveness, and other proposals. A key component of developing the Merchant Marine workforce is to ensure the industry is a safe, diverse, and equitable environment. That means ensuring additional resources for the *Every Mariner Builds a Respectful Culture* ("EMBARC") program, as well as the United States Merchant Marine Academy at Kings Point.

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Department of Homeland Security

United States Coast Guard ("USCG")

The Coast Guard is in dire need of increased resources to meet existing mission requirements which are critical to homeland security, lifesaving search and rescue operations, and the facilitation of the maritime supply chain of the United States. One unfunded challenge facing the Coast Guard in FY 2025 is the need to expand sexual misconduct prevention, response, and survivor support services in response to Operation Fouled Anchor. Last Fall, the Commandant released the Accountability and Transparency Review which aims to address workforce support through a new recruit preparatory course, increased leadership courses, Integrated Primary Prevention, a victim mentor program, and core values updates and communication in response to Operation Fouled Anchor. The Committee plans to enact additional legislative measures aimed at addressing sexual misconduct in the Coast Guard this year. These initiatives are critical to expanding the Coast Guard's legal support and oversight, including travel and expert witness support for courts martial, training and coordination, recruiting, reserve support, licensure requirements, technology modernization, and advice related to sexual assault and sexual harassment in the Coast Guard.

The Coast Guard estimates its infrastructure recapitalization needs are $1 billion for FY 2025, which is woefully inadequate. We strongly urge the budget to reflect funding for the Coast Guard shore infrastructure account at $3 billion in FY 2025 - $1 billion current recapitalization and $2 billion to buy down the growing shore backlog cited in the 2019 GAO study titled Coast Guard Shore Infrastructure: Actions Needed to Better Manage Assets and Reduce Risks and Costs. One significant infrastructure gap is the homeport needs of the nation's Arctic fleet. The Coast Guard, which is statutorily designated to conduct ice operations, maintains the nation's only polar icebreaking capability. However, its capabilities are currently limited to a single 46-year-old cutter, and one medium icebreaker which is primarily a research platform. The first two Polar Security Cutters ("PSC") have been funded, with the first ship expected to be delivered in late 2028. The President's budget request includes a $180 million in the unfunded priorities request to support the homeporting infrastructure needs at Coast Guard Base Seattle for these critical ships. Committee members also strongly support funding a Coast Guard Great Lakes Icebreaker at least as capable as the Mackinaw at $25 million to help meet critical winter maritime commerce and safety needs in the Great Lakes. Lastly, we urge funding at $24 million for the replacement of the 52-foot motor lifeboat, a critical lifesaving and commerce enabling asset for the Pacific Northwest.

The Coast Guard's aviation fleet is in critical need of modernization. The MH-65 short range helicopter fleet suffers from airframe parts shortages requiring a significant fleet-wide reduction in flight hours at the cost of aircrew training and puts the Coast Guard at risk of not meeting mission demands. The Coast Guard has started transitioning some of its MH-65 units to the more capable and sustainable MH-60T. The FY 2024 Appropriations Legislation put $58.25 million towards this effort, and increased funding at $168 million in FY 2025 is needed to continue this necessary project for further expansion of the Coast Guard's MH-60T fleet. Modernizing the Coast Guard's fixed-wing fleet and replacing the legacy HC-130H with the larger, longer range, and more capable HC-130J is also imperative for maritime law enforcement and search and rescue. Further investments are needed in the MH-60T fleet expansion, service life extension of older MH-60Ts, and acquisition of new HC-130Js. We strongly urge full funding of the President's request for MH-60Ts at $168 million and HC-130Js at $153.5 million.

It is essential that the Congress provide the Coast Guard with resources needed to invest in its most valuable resource: its people. The Committee supports the President's budget request to increase operations and support ("O&S") funding, and requests O&S for FY 2025 raised by 7 percent over FY 2024 enacted levels to $11.2 billion. We urge this funding request be matched or exceeded to keep pace with emerging operational demands, including increased operational tempo due to extreme weather and other impacts as a result of climate change. These funds are crucial for investments in family support services such as childcare access, which is a significant need. Funding is also required for sufficient investments in Coast Guard medical operations.

The Committee is working to enact Coast Guard reauthorization legislation that will address a number of the challenges discussed in this section. In addition, the legislation would put an emphasis on reducing challenges facing Coast Guard families stationed in remote locations where access to medical services are extremely limited. Increased funding is crucial to address these workforce challenges, while making progress on recruitment and retention of a diverse and world-class workforce.

The Committee is concerned about increasing demands on the Coast Guard that are not captured in the service's budget in support of Department of Defense ("DOD") operations. With respect to DOD funding challenges, since 2014, the Coast Guard has received only $530 million per year from DOD to cover the Coast Guard's support to national security missions under the jurisdiction of the DOD. Over that time, the Coast Guard has spent almost a billion dollars annually supporting those DOD activities, far surpassing annual reimbursements from DOD. We urge the Committee to increase the Coast Guard's funding in line with other topline budget increases to raise the Coast Guard budget to keep pace with increasing national security mission demands, or support efforts to allow the Coast Guard to recoup those expenditures so that the service may redirect those resources back into Coast Guard missions above the topline.

Transportation Security Administration ("TSA")

Before the COVID-19 pandemic, U.S. transportation systems annually accommodated approximately 965 million domestic and international aviation passengers, over 600 million passengers traveling on over-the-road buses, and more than 10.1 billion passenger trips on mass transit. U.S. air travel has fully rebounded from the pandemic as indicated by domestic passenger traffic. For example, TSA throughput numbers on April 3, 2024 were recorded at 2,258,815 passengers, as compared to 2,151,626 in 2019. TSA must have appropriate staffing and resources to ensure efficient connectivity and commerce that supports America's economy while protecting the nation's transportation systems from emerging and dynamic threats.

Transportation Security Officers ("TSOs") have been on the frontlines of our transportation system, keeping the flying public safe and the economy moving in a time of unprecedented crisis. I fully supported the workforce compensation reforms included in the Further Consolidated Appropriations Act of 2024, which fully annualized the new compensation system for the entire TSA workforce leading to a 20 percent drop in attrition, ensuring that TSA employees are paid at a level commensurate with their federal agency counterparts. I support the inclusion of $377 million to annualize TSA's compensation plan adjustment for FY 2025. Congress must build on the progress made by the Further Consolidated Appropriations Act of 2024 and continue to fund a compensation structure that can better recruit and retain TSOs as well as recognize and reward them for their contributions to our safety and security.

Protecting the security and safety of the U.S. transportation system includes funding adequate resources to support the continued deployment of Credential Authentication Technology ("CAT") and Computed Tomography ("CT"), innovative technology used for identity verification and the screening of accessible property, respectively. Funding these detection capabilities at the checkpoint will allow efficient security screening with significantly reduced physical contact.

To provide additional security resources at airports, I strongly recommend continued funding for TSA's Visible Intermodal Prevention and Response ("VIPR") program, and do not agree with its proposed elimination in FY 2025. This program has provided a visible deterrent and response capability at transportation hubs that face the greatest threat of attack and has strengthened security throughout the duration of the program.

Additionally, I support appropriate funding to prevent disruptions to our transportation system from cybersecurity attacks which could cripple the U.S. economy and cause severe safety issues. TSA should receive stable and reliable funding to protect and defend against such attacks, and to enforce cybersecurity requirements with private transportation providers.

Independent Agencies

Federal Maritime Commission ("FMC")

The FMC is an independent agency that regulates the international ocean transportation supply system. The primary goals of the Commission are to maintain a competitive and reliable international ocean transportation supply system and to protect the public from unlawful, unfair, and deceptive practices. We respectfully request that the FMC be funded at a level of $48.452 million to support their obligations under the Ocean Shipping Reform Act of 2022 (P.L. 117-146), which was signed into law on June 16, 2022.

All sectors of the U.S. economy have been impacted by increasing shipping costs and delays. Between 2020 and 2022, 22 percent of agricultural export sales were lost to transportation issues (e.g., shipping delays and cancellation, increasing shipping costs). The FMC is charged with protecting the interests of U.S. businesses that rely on ocean transportation under the Shipping

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Act. This is done through oversight of ocean carrier contracts, the practices of U.S. ports and marine terminal operators, and by investigating claims of shippers and U.S. carriers of unfair practices by international ocean carriers. The bipartisan Ocean Shipping Reform Act of 2022 levels the playing field for American exporters and importers by providing the FMC the tools it needs to improve oversight over international ocean carriers and crack down on rising shipping fees facing consumers. We are concerned the FMC is not increasing the capacity of their investigations workforce which is needed to respond to additional oversight measures of industry as directed in the Ocean Shipping Reform Act of 2022 (P.L. 117-146), which identified additional areas of attention for the Commission investigation, enforcement, and compliance activities. We urge full funding of the FMC at $48.452 million so the commission can enhance its investigatory and enforcement programs that identify, deter, and stop unlawful activities of regulated entities in maritime shipping.

Marine Mammal Commission ("MMC")

Funding for the Marine Mammal Commission has been stagnant since FY 2023, during which they only received a $0.3 million increase over FY 2022 levels. The MMC provides oversight of domestic and international marine mammal policy across the executive agencies. Through review of laws, policies, and regulations, as well as reviewing the status of marine mammal stocks, the MMC works with the agencies charged with recovery of marine mammals. The MMC's work is critical to ensure that the agencies working on marine mammals are well coordinated and meeting the objectives of the Marine Mammal Protection Act, among other authorities. The Committee supports increase FY 2025 Presidential Budget request of $5.04 million to enable the MMC to meet ongoing activities, to engage in emerging needs, such as North Atlantic right whale conservation, and the impact of sound on marine mammals such as Southern resident orcas, and to provide critical oversight of offshore wind permitting and construction activities.

National Science Foundation ("NSF")

U.S. technological and economic leadership faces significant pressure, as other nations increase their support for science, technology, engineering, and mathematics ("STEM"). To improve our technological position, the United States must significantly grow investments in basic science, translational research, and education. As the only agency dedicated to funding all fields of science and engineering, NSF's competitive research grants, STEM education programs, scholarships, seed funds for small businesses, and multi-user research facilities demand sustained funding growth. In response, the CHIPS and Science Act sought to double total NSF funding over five years, triple NSF workforce development efforts, and accelerate the translation of American research from lab to market.

The Administration recommended $10.18 billion for NSF. This minimum funding level will help NSF avoid the catastrophic research cuts that would occur were NSF funding to stagnate or decline. To achieve the goals of the CHIPS and Science Act, however, I recommend at least $15.65 billion for NSF in FY 2025, at least $2.2 billion of which should go to the Director for

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Technology, Innovation, and Partnerships. This should include at least $670 million to support the TIP Regional Innovation Engine program, which promises to drive transformational national security innovations nationwide and $670 million to technology transfer programs, such as collaborative incubators, authorized under the CHIPS and Science Act. Investments in technology transfer are critical to protecting American research-through patenting, entrepreneurial education, and enabling groups of smaller universities to collectively hire expert technology transfer staff. Outside of TIP, the funding increase should ensure growth within NSF's core basic research portfolio. This funding level will enable NSF to achieve the goals Congress established in the CHIPS and Science Act and revive the budget doubling path originally recommended by the National Academies in 2005.

National Aeronautics and Space Administration ("NASA")

The President's FY 2024 budget request of $27.2 billion was largely consistent with the NASA Authorization in the CHIPS & Science Act, articulating an ambitious vision for the future of American space exploration, science, aeronautics, and space technology. Unfortunately, due to the discretionary spending budget agreement, NASA was appropriated only $24.875 billion, an 8.5% decrease. Consistent with the spending caps, the FY 2025 President's Budget is requesting $25.384 billion, only a 2% increase over FY 2024. I commend the Administration for requesting very modest increases over this year's appropriated levels for Aeronautics, Science, Space Technology, Space Operations, and STEM, and a significant increase of 30 % in the Construction and Environmental Compliance and Restoration account, which was significantly underfunded in FY 2024 appropriations. However, the requested FY 2025 funding level for Exploration is a decrease of approximately $50 million over appropriated levels in FY 2024. The Committee will be investigating whether this level of funding is sufficient to maintain the September 2025 and September 2026 launch dates for the Artemis II and Artemis III missions while ensuring crew safety and preventing negative supply chain and workforce impacts that could delay launches beyond Artemis III and increase long term program costs.

Federal Trade Commission ("FTC")

The Federal Trade Commission protects against unfair, deceptive, and anticompetitive practices that imperil the economic well-being of our nation's economy and hard-working Americans. Unfair and deceptive acts and practices pose a continued and growing threat to consumers-who, in 2023 alone, reported 2.6 million cases of fraud, and losses totaling more than $10 billion (an increase of more than 14 percent over the previous year).

The FTC also is the agency charged with protecting American's privacy and securing our data against malign purposes. This Congress, the Commerce Committee advanced legislation to protect children and youth online—the Children's and Teens' Online Privacy Protection Act and the Kids Online Safety Act—both of which direct the FTC to exercise new and expanded authority. While the President has proposed an increase over the FY 2024, enacted appropriations level, I would support a greater increase to ensure the FTC will have sufficient resources to enforce these new laws, as well as increased rulemaking and enforcement over consumer privacy. I recommend an even greater increase in appropriations.

Despite the agency's broad mandate and the increased volume and complexity of cases, Congress has fallen short in providing the resources the FTC needs to the police the dozens of laws it enforces and protect consumers. Because of the AMG Capital Management v. Federal Trade Commission decision, where the Supreme Court held that the FTC lacks the authority to seek equitable monetary relief for consumer harms under Section 13(b) of the Federal Trade Commission Act, the Commission must undertake resource-intensive proceedings to secure consumer redress. Increased funding will provide the FTC with the staff and resources it needs to continue providing consumers with refunds and other remedies when they have been harmed by unfair and deceptive practices, such as deceptive fees, scams targeting vulnerable populations, a lack of transparency regarding pricing practices, and collection and use of private consumer data without proper consent or security protocols.

Consumer Product Safety Commission ("CPSC")

While I would welcome an even greater increase, I support the President's budget request of $183.05 million, which represents a necessary increase of $30.55 million over the CPSC's FY 2024 Continuing Resolution level of $152.50. The CPSC is a small but critically important agency, charged with ensuring the safety of over 15,000 different consumer products, including many used primarily or exclusively by children. The CPSC plays a key role in removing defective and dangerous products from the stream of commerce and works proactively to identify and address new and emerging product safety risks. In the past year, the CPSC has taken action to protect children from defective sleeping products, provided grants to help reduce drowning deaths and injuries in pools, and alerted consumers to dangers posed by water beads, magnetic balls, bike helmets, portable fuel containers, and other dangerous products. The CPSC is integral to protecting the public's health and safety and I strongly recommend increasing the funding available to the CPSC as it moves into FY 2025.

Federal Communications Commission ("FCC")

The FCC is an independent regulatory agency that is responsible for regulating interstate and international communications by radio, television, wire, satellite, and cable. The FCC carries out a wide range of tasks including the following: licensing spectrum for wireless and broadcast services, developing consumer protection policies, ensuring public safety through network resiliency, and developing policies to foster the availability of broadband and an open internet. The FCC's budget for FY 2025 requests $448.1 million, a 14.8% increase from FY 2024 enacted levels. However, the budget request prepared by the FCC is based on a proposal to extend the agency's spectrum auction authority for ten years, through FY 2034. Since spectrum auction authority expired on March 9, 2023, the amount of revenue from auctions the FCC expected to receive to subsidize agency activities may be reduced. I anticipate that the FCC may need additional appropriations for FY 2025 to continue to conduct its operations.

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The budget did not reflect any additional funding for the Affordable Connectivity Program ("ACP"), which was authorized by the Bipartisan Infrastructure Law, and provides eligible households with a discount on broadband service and connected devices. This program is expected to run out of funding next month, and I expect Congress to consider legislation to provide funding to the FCC for the program to be maintained.

Corporation/or Public Broadcasting ("CPB")

CPB is a private, nonprofit corporation that manages federal government investment in public broadcasting. The organization aims to ensure universal access to non-commercial, high- quality content and telecommunications services, and provides funding to organizations like the Public Broadcasting Service ("PBS"), local public television and radio broadcast stations, and the Independent Television Service ("ITVS"), a nonprofit corporation that produces film and television content by and for diverse and underrepresented creators and audiences. CPB, unlike other federal entities, has a two-year advance appropriation model, as a way of protecting public media's independence from political influence. I support the President's funding request of $595 million for CPB for FY 2027, which represents a 3.4% increase from the amount requested for FY 2026. Increasing CPB's advance appropriations provides a national commitment to public and the assurance that we will continue to have access to diverse programs and services that inform, educate, enlighten, and enrich the American people.

I also support CPB's annual appropriations request for $60 million to continue maintaining and modernizing the public television and radio interconnection systems that allow CPB to distribute programming throughout the country. Local public television and radio stations—especially in rural America—rely on these systems to ensure emergency alerts can be transmitted, and this funding will ensure the maintenance and reliability of this important public safety function.

Surface Transportation Board ("STB")

The STB is responsible for the economic regulation of the railroad industry to ensure the shippers are adequately served and provided reasonable rail service rates. There have been increasing concerns about the service adequacy provided by the freight rail industry. Railroads continue to face challenges providing adequate service. For instance, in April, the Board finished proceedings admonishing Union Pacific for imposing 1,081 service embargos on their network in 2022, 10 times more than the next largest railroad and found that the 181 embargos used in 2023 was still more than every other railroad combined. To ensure the STB can adequately oversee the freight railroads, I support robust funding for the agency.

National Transportation Safety Board ("NTSB")

Transportation-related fatalities continue to plague American communities. Even as the transportation sector has expanded and the size of the U.S. Department of Transportation has increased by more than 2,000 employees over the last 10 years, NTSB has remained at the same staffing levels of around 400 employees. NTSB's FY 2025 budget request is for $150 million.

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The funding will support the employment of 455 skilled investigators and staff, responsible for investigating and issuing safety recommendations after civil transportation accidents. Particularly in light of events such as the East Palestine Norfolk Southern train derailment, Boeing safety investigations, and recent collapse of the Francis Scott Key Bridge in Baltimore, the Board's work is a timely and critical investment for Congress. I support robust funding for the National Transportation Safety Board.

Sincerely,

MARIA CANTWELL
Chair

United States Senate
COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION
WASHINGTON, DC 20510–6125
WEBSITE: https://commerce.senate.gov

May 14, 2024

The Honorable Sheldon Whitehouse, Chairman
The Honorable Charles E. Grassley, Ranking Member
U.S. Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Whitehouse and Ranking Member Grassley:

This letter provides the minority views of the Committee on Commerce, Science, and Transportation (the Committee) regarding the fiscal year (FY) 2025 Budget Resolution. These views are provided in response to your March 22, 2024 letter. Thank you for the opportunity to provide these views and recommendations regarding the FY 2025 budget resolution process.

As you know, the Committee has a broad jurisdiction covering multiple departments and agencies. Given the Committee's reach, many, but not all, agencies within the Committee's jurisdiction are reflected in this letter.

Department of Transportation (DOT)

The President's FY 2025 budget request proposes $25.4 billion for DOT in discretionary spending and a total of $109.1 billion when mandatory spending and offsets are included. The Infrastructure Investment and Jobs Act (IIJA) provided $36.8 billion in FY 2025 in advanced appropriations, which is separate from the President's budget request. Therefore, the total budget resources for DOT for FY 2025 would be $145.9 billion, a nearly $1 billion increase from the President's FY 2024 budget request and about $2 billion more than Congress provided in FY 2024. In addition, this request is 68 percent higher than the total budgetary resources for DOT in FY 2021, prior to the passage of IIJA.

In FY 2025, the Committee expects DOT to focus on its mission as prescribed in statute, which includes effectively administering U.S. transportation programs, making easier the development of transportation service provided by private enterprise to the greatest extent feasible, encouraging cooperation among public and private transportation stakeholders, and stimulating technological advances in transportation. DOT must prioritize its work to advance transportation safety, ensure its policies support a reliable and efficient transportation system, and provide a prompt and effective permitting process.

The IIJA included many new mandates for DOT. DOT must focus on implementing those mandates as required by Congress. The Committee remains concerned that the administration continues to inject extraneous, unrelated priorities on top of IIJA which is inconsistent with the law and congressional intent. The President's FY 2025 budget request also contains a number of policy proposals that would violate the compromises reached in the IIJA.

The DOT Office of Inspector General (OIG) will have a critical role overseeing the implementation of IIJA and the significant increase in funding for infrastructure. The Committee supports an increase in funding over the FY 2024 enacted amount of $116.5 million to ensure the OIG has the resources it needs to carry out this oversight. The Committee has received reports of telework abuse at DOT and supports robust oversight of telework practices by OIG.

Office of the Secretary of Transportation (OST)

OST is responsible for establishing policy for DOT, coordinating among the modal administrations, administering major infrastructure grant programs, and directing the Department's technology research and development. The FY 2025 budget requests $1.1 billion for OST, which, in addition to $3.8 billion in IIJA advanced appropriations, would be total budgetary resources of $4.9 billion. Policies developed in this office impact transportation across the country.

OST administers major infrastructure grant programs, including Local and Regional Project Assistance (RAISE, formerly BUILD), Infrastructure for Rebuilding America (INFRA), and National Infrastructure Project Assistance (Mega). DOT requested $800 million to be repurposed from unobligated balances of Transportation Infrastructure Finance and Innovation Act (TIFIA) contract authority for the RAISE and Mega programs that were already funded in the IIJA. The Committee opposes this request.

DOT's budget request makes clear its bias toward funding projects in urban areas over rural ones, as well as funding priorities not under its purview. For example, DOT wants to be released from the congressional constraint that half of the Mega funding go to projects between $100 million and $500 million in an obvious attempt to direct more funding to favored constituents in the largest cities. Separately, DOT is requesting funding to enter into agreements with entities to provide technical assistance for transportation and "community revitalization activities" outside DOT's jurisdiction, such as improving "housing conditions" and "health outcomes" with grants under Titles 23, 46, and 49. Such activities exceed DOT's statutory authorities and mission, and the Committee believes no funding should be provided for them.

OST's Transportation Planning, Research, and Development budget request and goals section includes several partisan statements and goals that go beyond congressional direction in the IIJA. For example, OST makes the claim that, "Equitable access to transportation is a civil right." The Committee suspects this imagined "right" is merely a cover to disfavor certain modes of transportation, such as cars, in favor of walking, bicycling, and other "micromobility" that creates a competitive advantage for grant applications from urban communities. OST's work also may be duplicative of other current programs at FHWA and NHTSA. Any funding provided to DOT's Transportation Planning, Research, and Development budget should have clear congressional direction, and implementation should be consistent with enacted law.

Federal Aviation Administration (FAA)

Over the past year, the aviation industry has experienced acute challenges, highlighting the critical mission of the FAA. As the Committee worked on legislation to reauthorize the authorities of the FAA and the Airport and Airway Trust Fund through FY 2028, which passed the Senate on May 9, 2024, the Committee prioritized the following areas: (1) ensuring the safety of the aviation system; (2) delivery of air traffic control (ATC) modernization and improvements in aviation system capacity; (3) safe and efficient integration of unmanned aircraft systems and advanced aviation mobility aircraft into the national airspace; and (4) the health of the Trust Fund.

The FY 2025 budget request includes $21.8 billion in overall funding for the FAA, including $13.6 billion for Operations; $3.6 billion for Facilities & Equipment; $250 million for Research, Engineering and Development; and $3.35 billion for Airport Improvement Program (AIP) grants.

The Committee is concerned that the $36.9 million request to accelerate air traffic control hiring and training to overcome the persistent shortage is much smaller than the amount requested for this purpose in FY 2024. Since the delay in hiring and training that occurred during the COVID-19 pandemic, there continues to be a severe shortage of air traffic controllers, particularly in the New York area, creating congestion and safety issues that impact the entire system. The Committee encourages the FAA to both consider how to scale recruitment and training, while also prioritizing the planned transfer of airspace responsibility from N90 to the Philadelphia TRACON. The Committee believes an additional Air Traffic Control Academy will help to alleviate a key training bottleneck and train additional qualified controllers. Additionally, the Committee recognizes the National Airspace System experienced an alarming rise in near-misses at airports across the country and notes that technology exists to improve air traffic control's surface surveillance capabilities.

The Committee believes the Air Traffic Organization (ATO) would be able to modernize much faster and more efficiently if, instead of being a part of the aviation safety regulator, it was spun off into a non-governmental organization, similar to what is found in all other industrialized nations. Among other benefits, this would mean ATO would no longer be subject to the whims of congressional appropriations and could raise capital to make improvements as other non-governmental air navigation service providers do in other nations.

The Committee finds some activities requested for Operations are inconsistent with FAA's mission. Despite explaining that the FAA faces an uncontrollable $531.7 million increase in costs, the Operations account identifies "climate and sustainability," "equity," and hiring additional lawyers as key goals for the requested funds. After a historically high number of "near-misses" in the last year, the FAA should prioritize safe operations in the airspace and the safety of the flying public instead of focusing on equity and sustainability programs. If this includes equipage requirements at airports, the FAA should notify Congress and request a reprogramming of funds.

The budget request includes $8 billion over five years to modernize the FAA's aging radar system and network of air traffic control facilities. Although the Committee agrees the FAA's NAS infrastructure account should be robustly funded, the Committee encourages the FAA to find cost savings elsewhere in the agency to prioritize these infrastructure projects.

The budget request includes $3.6 billion for Facilities & Equipment (F&E). A reliable ATC infrastructure is vital to maintaining a safe and efficient National Airspace System (NAS). However, the Committee notes only 65 percent of F&E funding is for sustainment and modernization—the FAA should increase the share of F&E funding for modernization and streamline program support costs.

The Committee continues to be skeptical of the FAA's efforts to operationalize NextGen but expects the FAA to complete the NextGen air traffic modernization project by the end of calendar year 2025, after which the office should be eliminated.

The FAA is a regulatory agency and an air navigation service provider. The Committee opposes FAA duplicating research being performed by other agencies with technical expertise, such as the Aeronautics Mission Directorate (AMD) of the National Aeronautics and Space Administration (NASA). Further the Committee strongly suggests the FAA should focus only on researching new technologies that show significant promise for improving aviation and which show potential commercial viability. Instead, the budget proposal reflects FAA giving preference to sustainable aviation fuels (SAF), eliminating parity for other, more advanced, technologies.

The FY 2025 budget request of $3.35 billion for AIP grants is equal to the FY 2024 enacted level. Airports have received tens of billions of dollars in AIP over the past four years and should be faithful stewards of the federal funding, putting the funding toward safety-enhancing projects before considering projects unrelated to the safe infrastructure of the airport, such as sustainable fuel. In the context of near-misses, the Committee recognizes the importance of adequately funding airports' airside infrastructure. The Committee encourages the FAA to enforce grant assurances and investigate whether airports that provided shelter to illegal aliens violated such grant assurances in doing so.

The Committee is pleased to see an emphasis on facilitating growth in the commercial space industry by addressing the resources needed to support increases in launch licensing. The Committee would like to see appropriate actions from the FAA to streamline the launch licensing process, such as cutting bureaucratic red tape, including for projects of national interest like the Artemis missions. The Committee also notes the request for additional resources to initiate the development of regulations and policies for Mission Authorization. Congress has not provided any authority for Mission Authorization to the FAA and would note multiple proposals within Congress do not give them that authority. The Committee believes the moratorium on new manned spaceflight regulations should be extended and continues to believe there needs to be more time before the FAA considers new regulatory action.

Federal Railroad Administration (FRA)

The President's budget seeks $3.2 billion for FRA. Nearly three-fourths of this money would go to Amtrak's annual grants: $1.2 billion for the Northeast Corridor and $1.3 billion for the National Network. The President's budget also seeks additional funding for programs that received billions in advanced appropriations from the IIJA, notably $100 million for Federal-State Partnership for Intercity Passenger Rail (Fed-State). The Committee opposes the requested increases. FRA programs already benefit from over $13 billion in advanced appropriations from the IIJA in FY 2025. The Fed-State Program has more than $7 billion in advanced appropriations for FY 2025 and does not require any annual funding. Amtrak already receives $4.4 billion in advanced appropriations and should receive less than the FY 2023 annual appropriations level. The Committee is also concerned with Amtrak's poor management of its Acela II program and encourages more FRA oversight of this and other Amtrak procurements.

Maritime Administration (MARAD)

Recognizing the importance of state maritime academies to maintain an adequate number of mariners for strategic sealift, the Committee recommends at least match funding levels for expenses necessary to support state maritime academies in FY 2025. However, the Committee remains concerned about possible ongoing sexual assaults and harassment at the U.S. Merchant Marine Academy (USMMA) and expects MARAD to take prompt remedial action. The Committee supports funding the USMMA Sexual Assault Prevention and Response Office.

The Committee is disappointed that the President's budget proposes eliminating funding for the Cable Security Fleet Program, despite recent public warnings from NATO about Russian capabilities to disrupt undersea infrastructure including cables and pipelines. The President's budget proposes cutting this $10 million program while increasing the Operations and Programs budget at MARAD headquarters by $9.2 million to support "advance climate and sustainability [and] diversity and equity priorities." The Committee supports continued funding of the Cable Security Program in FY 2025 and opposes the corresponding increase in Operations and Programs requested by the administration.

The Committee also notes the absence of any specific request for funding to more expeditiously process deepwater port licenses. The Deepwater Port Act requires a total timeline of 356-days from application submittal to MARAD issuing a Record of Decision. Ranking Member Cruz sent a letter on February 13, 2023, asking for MARAD to provide a timeline for issuing pending deepwater port licenses by February 27, 2023, as well as quarterly updates on the progress of any pending licenses or applications. Of the five currently pending applications for a deepwater port, none have received a Record of Decision in two calendar years. This is completely unacceptable, and the Committee believes funding should be withheld from the Administrator's budget until MARAD processes these applications as the statute requires or submits a plan to deal with the delayed applications and pending licenses.

The IIJA provided $450 million in advanced appropriations for FY 2025 for the Port Infrastructure Development Program (PIDP), and the budget requests an additional $80 million for the Program. The Committee believes the advanced appropriations are sufficient for the Program. The Committee opposes the additional requirements and criteria MARAD has placed on this program, including that projects should "advance equity and opportunity for all," address "climate change and environmental justice," and other criteria not mentioned in the authorizing statute. The Committee believes MARAD should remove these extraneous requirements, which drive up costs.

The Committee continues to be disappointed in the lack of response to congressional inquiries and recommends additional oversight mechanisms to ensure that MARAD is making progress on implementing legislation, including targeted obligation limitations until MARAD achieves satisfactory compliance.

National Highway Traffic Safety Administration (NHTSA)

The President's FY 2025 budget request for NHTSA is $1.28 billion, which is in addition to the advanced appropriations of $322 million from the IIJA. With an estimated 40,990 lives lost in motor vehicle crashes on the nation's roads in 2023, the Committee encourages DOT to prioritize highway safety over NHTSA's primary focus over the last two years—advancing fuel economy regulations. The Committee strongly opposes NHSTA's request for $9 million to increase the fuel economy standards for model year 2027 and beyond. The Committee believes that NHTSA is attempting an end-run around the law, and its true goal is to promulgate fuel economy rules that are not technologically feasible for internal combustion engines, thus effectively making traditionally powered, affordable vehicles unavailable. Congress never acted to ban the internal combustion engine, and it has certainly not delegated that authority to NHTSA. Using fuel economy standards to create a de facto ban on internal combustion engines is a grotesque abuse of power and will hurt American consumers.

Pipeline and Hazardous Materials Safety Administration (PHMSA)

The President's FY 2025 budget requests $400.6 million for PHMSA, an increase of $29 million from the FY 2024 enacted level. In addition to the request, IIJA provided $200 million in advanced appropriations for PHMSA's newly created Natural Gas Distribution Infrastructure Safety and Modernization Program.

In December 2020, Congress passed the PIPES Act as part of the Consolidated Appropriations Act, 2021 (P.L. 116-260). The PIPES Act reauthorized PHMSA's Pipeline Safety Program through FY 2023. The Committee is working on a reauthorization of the Program and anticipates a budget impact similar to the previous reauthorization.

The Committee objects to removing the obligation limitation on the Emergency Preparedness Grants, which forces PHMSA to closely adhere to the amounts it is authorized to collect in fees. Instead, the Committee will review whether a change in the authorization is necessary.

Additionally, the Consolidated Appropriations Act, 2024 (P.L. 118-42) raised the obligation limitation for the Emergency Preparedness Grants to $46.8 million but did not raise the cap on registration fees PHMSA is authorized to collect. If PHMSA were to collect up to the $46.8 million obligation limitation, it would have to increase fees collected from small businesses, since large businesses are already near the cap. The explanatory statement for P.L. 118-42 encourages PHMSA to ensure that small businesses are not disproportionally affected by reasonable, limited fee changes. The Committee advises PHMSA not to raise fees on small businesses disproportionately, even if that means PHMSA does not collect fees up to the amount to meet the $46.8 million obligation limitation.

Department of Homeland Security (DHS)

Coast Guard

The Coast Guard is vital to maritime border security, preventing illegal immigration, human trafficking, drug smuggling, and illegal fishing at maritime borders. The Committee fully supports providing the Coast Guard with operational assets, secure infrastructure, and the support tools it needs for Coastguardsmen to do their jobs and care for their families. The Committee recommends an increase in the FY 2025 Coast Guard budget to provide a minimum of $2 billion in additional shore-side recapitalization funding and no less than a five percent annual growth in its operations and support budget.

The Committee strongly recommends robust funding levels for the Coast Guard's Operations & Support (O&S) and Procurement, Construction, & Improvements (PC&I) accounts, exceeding the FY 2024 appropriated levels. The Committee also recommends that the Senate budget resolution include military pay and allowances, civilian benefits, and retirement contributions consistent with the FY 2024 National Defense Authorization Act.

The Coast Guard's Offshore Patrol Cutter (OPC) acquisition remains a priority for the Committee. FY 2025 funding would support high priority afloat acquisitions, including $530 million for construction of the seventh Offshore Patrol Cutter (OPC) and long-lead time materials for the eighth OPC, and advances recapitalization efforts for capital assets and infrastructure. The OPCs will replace the Coast Guard's fleet of Medium Endurance Cutters that conduct missions on the high seas and coastal approaches. Completion of the OPC acquisition is critical to the Coast Guard's continued ability to address complex maritime challenges and build capacity to counter maritime threats like illegal immigration, drug trafficking, and illegal fishing.

The Committee is pleased that the Coast Guard continues to deploy National Security Cutters (NSCs) to the Indo-Pacific Theater and that the FY 2025 budget request includes $263 million to expand Coast Guard operations in the Indo-Pacific. Other operations have included illegal, unreported, and unregulated fisheries enforcement off the coast of South America and freedom of navigation operations in the Straits of Taiwan. The Committee supports the inclusion of $7 million in funding to support post-delivery activities for the eleventh NSC, program management, and class-wide acquisition support activities. Additionally, and in recognition of the significant contributions made by the Coast Guard to the missions of other agencies and branches of the U.S. Armed Forces, including U.S. Coast Guard Patrol Forces Southwest Asia (PATFORSWA), the Committee recommends the Coast Guard and its partners assess the Coast Guard resources being utilized in support of other agencies' missions, with the ultimate goal being these agencies share at least a part of the costs.

The Committee supports funding to the PC&I account to provide for shore-side infrastructure improvements, including those required to support new acquisitions of boats, cutters, and air assets. Facilities that support maritime border security are particularly in need, as the response to surges in migrants stresses the limits of aging, inadequate facilities. A 2019 GAO study showed that USCG's shore infrastructure is crumbling and beyond its service life. The Committee strongly supports beginning to improve shore infrastructure with FY 2025 appropriations and a required review of the effect of the condition of shore infrastructure on recruitment and retention.

The Committee is disappointed the administration did not request increased personnel, assets, or other measures specifically to address the illegal immigration crisis and drug smuggling operations occurring along the southern maritime border and in the Caribbean. The Committee has heard from Coast Guard units that they are unable to perform such basic functions as harbor security patrols, cargo container inspections, and marine resources protection due to the extreme amount of time and volume of resources they must dedicate to illegal alien interdiction.

The open-border policies of the administration, promulgated and promoted by the Secretary of Homeland Security, are the cause of this massive influx of illegal aliens. The Committee strongly believes that the policies of DHS Secretary Mayorkas have amounted to regulatory streamlining of the business and operations of transnational drug cartels and result in nothing less than trafficking in human misery. Congressional funding to the Coast Guard should reflect the dire situation it faces.

The Committee supports the Coast Guard's efforts to investigate and prosecute sexual assaults and harassment in the service, including at the Academy, and the Commandant's recent limitations of the Coast Guard's use of nondisclosure agreements in sexual assault investigations.

Transportation Security Administration (TSA)

The President's FY 2025 budget requests $11.805 billion in total budgetary authority for TSA with $10.996 billion of those funds in discretionary appropriations. TSA's top budget priorities include the expansion of credential authentication technologies, improvements in cybersecurity architecture, and bolstering the insider threat detection network.

In 2022, Secretary Mayorkas and Administrator Pekoske, via administrative action, granted security screeners Title V-like collective bargaining rights and a new pay scale. The Aviation and Transportation Security Act was deliberately crafted to exclude the TSA from the OPM pay scale. Yet, the President's FY 2025 budget requests an additional $1.5 billion to continue funding this administrative change, which could be invested in the nation's airports instead of a federal bureaucracy.

Over the past two years TSA has also issued new security directives related to railroad and pipeline cybersecurity under an emergency authority that foregoes notice and comment. This does not reflect congressional intent in originally granting the Administrator such authority. The Committee is also concerned these new regulations risk duplication of congressionally authorized cybersecurity incident notification regulations under the Cyber Incident Reporting for Critical Infrastructure Act of 2022, which includes a regulatory harmonization requirement.

The Committee is also concerned with TSA's expanding deployment of facial recognition technology and apparent consideration of making facial recognition scanning mandatory for all travelers, without express authorization to do so. The TSA has deployed facial recognition technology at nearly 100 airports across the country, with plans to deploy the technology at more than 400 in the coming years, all based on authorities that do not expressly authorize facial recognition, let alone mandatory facial recognition for all travelers. The FY 2025 budget request includes $9.3 million to continue procuring and deploying these credential authentication technology systems. Government use of facial recognition technology has significant privacy implications and should not be deployed without express congressional authorization. Congress has not provided that express authorization and the Committee opposes this request.

While the security and safety of air travel is paramount, for many Americans, passing through TSA security checkpoints is one of the most unenjoyable experiences while traveling. Screening passengers for prohibited items and weapons is not an inherently governmental function. Moreover, more than 300 people snuck past TSA officers or checkpoints in the past year, suggesting the agency is ineffective in maintaining a sterile airport environment. Therefore, the Committee supports expansion of the Screening Partnership Program, which allows for contractors to perform these security functions.

To ensure senior TSA employees appreciate the experience millions of Americans face every day while entering airports, the Committee believes every TSA employee in the Office of the Administrator and in the Office of Legislative Affairs should be required to go through the standard security checkpoint when traveling and should not be eligible for PreCheck or expedited screening.

While the Committee notes that TSA submitted a legislative proposal to terminate the deficit reduction contributions deriving from the Passenger Security Fee, we note the Administrator has failed to demonstrate the TSA can be trusted to be responsible stewards of additional resources.

Additionally, the TSA briefed this committee regarding anticipated changes in the Twelve-Five Standard Security Program (TFSSP) in January 2024, though no such security changes have been announced since. The Committee is aware of private sector stakeholders concerned about competition from newer carriers lobbying the TSA to administratively change the legal framework set by Congress and encourages the TSA to use empirical and threat-based data before implementing any changes. The TSA has admitted there have been no security incidents on public charter operations to justify a policy change.

Department of Commerce (DOC)

The Committee is concerned with the Department's lack of compliance with routine and straightforward oversight requests in several areas and recommends considering obligation limitations on the discretionary and travel budgets of the immediate Office of the Secretary until DOC substantially complies with those requests.

National Institute of Standards and Technology (NIST)

The President's FY 2025 budget requests $1.499 billion for NIST, an increase of $39 million from FY 2024 enacted levels. NIST is the global leader on standards and measurement. The Committee encourages the agency to continue its leadership in developing, advancing, and coordinating empirical measurements focused on hard science and to reject political or unquantifiable considerations to intrude in its work. Standards setting should not be exploited for backdoor policymaking.

In December 2018, Congress enacted the National Quantum Initiative Act (NQIA) (P.L. 115-368), directing the President to establish a program to accelerate the development of quantum information science (QIS) and its technology applications. As Congress considers a reauthorization of the NQIA, the Committee anticipates a budget impact similar to the previous reauthorization.

In August 2022, Congress enacted the CHIPS and Science Act (P.L. 117-167). The CHIPS and Science Act (CHIPS) appropriated $39 billion to the DOC to establish a suite of incentives to support semiconductor production in the United States and another $11 billion to maintain and strengthen American dominance in the research and development of semiconductor science. The Committee is concerned that the Notice of Funding Opportunities (NOFOs) regarding CHIPS grants—both from the Program and R&D Offices—seem more focused on social policies, such as forcing recipients to provide childcare and use unionized labor than on actually boosting domestic semiconductor production. On March 23, 2023, Ranking Member Cruz and 13 of his colleagues wrote a letter to Secretary Raimondo identifying these concerns. However, rather than correcting course, the Department of Commerce doubled down on efforts to use CHIPS dollars to force radical progressive policies on grant recipients.

On February 15, 2024, Ranking Member Cruz and two of his colleagues wrote another letter to Secretary Raimondo articulating their concerns with the Department's "Creating Inclusive Opportunities for Businesses Guide" (Guidance) to that same NOFO. The Guidance makes clear that it will illegally consider the race of a grant applicant's suppliers when determining CHIPS funding awards. The Committee would caution the office to avoid attaching similar illegal or extraneous requirements in future NOFOs and the Committee supports inclusion of a prohibition on extraneous requirements not contemplated in the law in future funding for NIST.

National Oceanic and Atmospheric Administration (NOAA)

The Committee encourages NOAA to continue focusing budgetary resources on its core missions of protecting human lives and property. The Committee continues to be gravely concerned that recapitalization of NOAA aircraft assets is not included in the President's budget, especially because all three of NOAA's hurricane hunters were grounded as Hurricane Idalia approached Florida during the 2023–2024 Hurricane season. Hurricane hunters provide an essential service across the nation, improving hurricane and atmospheric river forecast accuracy and saving lives. There is a clear threat that these planes, two of which are nearly 50 years old, will fail as a deadly hurricane approaches the U.S. NOAA's Office of Marine Aviation and Operations administers the NOAA fleet of ships and aircraft to facilitate coastal, weather, and ocean observations. NOAA received authorization in the National Defense Authorization Act of 2023 for six aircraft to replace the NOAA aging W-P3 planes that will reach their end of service life in 2030. NOAA must have a minimum of six C-130J aircraft to continue current yearly operations for hurricanes, atmospheric river, winter storm and tornado research missions. Given that it takes six years to build a C-130J, NOAA needed to establish and fund contracts in FY 2023 and 2024 to acquire the six C-130Js and build instrumentation by 2030. Without additional aircraft, NOAA is not able to fully meet mission requirements, such as real time hurricane and extreme storm monitoring, atmospheric river research, and other weather and climate research needs. The Committee supports funding to implement the NOAA Aircraft Plan.

The Committee also supports implementation of NOAA's 2021 "Strategy for the National Coordinated Soil Moisture Monitoring Network," including the maintenance of existing on-site monitoring stations across the U.S. The Committee believes that management and maintenance of these sensors, which are relied upon by state emergency managers and meteorologists, should be moved out of NOAA's Oceanic and Atmospheric Research office and under the National Weather Service. In addition, the Committee encourages robust support of mechanisms to improve transfer of research products to an operational status.

The Committee remains frustrated by the lack of implementation of the Consumer Option for an Alternative System to Allocate Losses (COASTAL) Act. The COASTAL Act, as updated by the Coordinated Ocean Observations and Research Act of 2020, requires NOAA to produce detailed post-storm assessments in the aftermath of a damaging hurricane. The Federal Emergency Management Agency is supposed to use those assessments to evaluate structural damage for improving the accuracy of post-storm assessments and accurately compensating homeowners. Any further delay in the implementation of the COASTAL Act will make it more difficult for storm-damaged areas to assess hurricane loss.

National Telecommunications and Information Administration (NTIA)

NTIA is principally responsible for advising the President on telecommunications policy issues, including federal spectrum allocations, and administering almost $50 billion in broadband-related funding from the IIJA. The FY 2025 budget request for NTIA totals $67 million, $8 million more than the FY 2024 enacted amount. The bulk of the requested increase ($5.6 million) is tied to increases in inflationary adjustments for salaries and expenses. The Committee would like to note that Congress, in addition to the $59 million provided in FY 2024, allowed for up to 0.7 percent of amounts made available for salaries and expenses in IIJA—approximately $337 million—to be reprogrammed for administration of all NTIA broadband programs. As such, the Committee does not support additional funding to be provided for salaries and expenses in FY 2025.

Congress has not reauthorized NTIA in decades. The last reauthorization, the Telecommunication Authorization Act of 1992, authorized an appropriation of $19.4 million to NTIA for FY 1993. Because of this lag, Congress has not comprehensively reviewed NTIA's structure and functions that have been authorized, including broadband deployment and federal spectrum management.

Independent Agencies

Consumer Product Safety Commission (CPSC or Commission)

The Committee expects the CPSC to focus its resources on its statutory mission of protecting consumers from the risk of injury or death directly caused by the use of consumer products. The Committee expects the CPSC to carry out its statutory requirements by first seeking voluntary consensus standards within the stakeholder community and exercising regulatory restraint in the pursuit of only such mandatory standards that are of last resort, narrowly tailored, and have carefully been subjected to robust cost-benefit analysis.

The CPSC's FY 2025 budget request is $183.05 million, a significant 21 percent increase from the FY 2024 enacted level of $150.98 million. The Committee is concerned with some of the stated reasons for what the increase in funding would go toward, such as the identification of unspecified new, existing, and hidden hazards.

Although the CPSC has attempted to deny their consideration of banning gas stoves, CPSC's brazen request to hire additional staff to investigate unspecified "new, existing, and hidden" hazards, including "chronic hazards" reflects the exact language the CPSC uses to describe its review of gas stoves. In fact, CPSC Commissioner Trumka has stated gas stoves are a "hidden hazard" and neither he nor Chair Hoehn-Saric have dismissed a ban (or de facto ban) of gas stoves. Notably, on March 1, 2023, the CPSC approved a Request for Information to "solicit information from the public on chronic hazards that might be associated with gas ranges and proposed solutions to those potential hazards." This is the clear first step in the CPSC administrative process to ban gas stoves.

To address the CPSC's overreach, Ranking Member Cruz and Sen. Manchin introduced S. 240, the Gas Stove Protection and Freedom Act, which would prohibit the CSPC from banning gas stoves or instituting a de facto ban by saddling gas stoves with regulations meant to make the appliance largely unaffordable to most Americans. While Congress included a ban on any of the funds enacted in FY 2024 to be used to promulgate, implement, administer, or enforce any regulation issued by the CPSC to ban gas stoves, the Committee recommends extending and strengthening that ban for FY 2025 to encompass prohibitions on proposed regulations that would constitute a de facto ban on gas stoves.

Corporation for Public Broadcasting (CPB)

The President's budget requested $1.17 billion for CPB for FY 2026–2027, an annualized increase of 10 percent from FY 2025 appropriations. The CPB, which is given advanced appropriations, received $535 million for FY 2026 for its general fund and is requesting $595 million in FY 2027. Recent whistleblower reports have exposed significant politicization of National Public Radio (NPR), which receives significant funding from CPB. The Committee is deeply concerned by the appearance that NPR has effectively become state-run media and propaganda for the Democrat party. The Committee supports legislative language requiring political balance or neutrality in CPB-funded programming and significant restrictions on CPB funding, including funding awards to NPR (both direct and pass-throughs from member stations), until CPB is able to provide Congress adequate assurances that the programming it funds is politically balanced. Given NPR's politicization, Congress should reconsider whether it is suitable for CPB to receive advanced appropriations, which was initially done to insulate CPB from politicization, or any taxpayer support at all.

Federal Communications Commission

The President's FY 2025 budget request for the FCC is $448,075,000, a 14.8 percent increase from the FY 2024 level. The majority of this $58 million increase is $30 million for mapping efforts related to the broadband data act. The FCC has legal mandates to produce an accurate map of all locations in America and their broadband availability. However, FCC is not clear in the budget request why the agency needs additional funding at this level—almost a third of its original appropriation ($98 million) for this effort in 2020.

Notably, the FCC's base budget request does not include funding for the Affordable Connectivity Program (ACP), which will fully exhaust its IIJA funding in May 2024. The FCC references a supplemental request from the Biden administration for $6 billion to continue ACP through December 2024, but it does not include this funding in its base request, nor does it request additional funding for FY 2025. While the Biden administration claims that this program is essential, the lack of language in the base budget request for FY 2025 or corresponding proposals to pay for a supplemental request for 2024 indicates that this program is not a priority of the FCC or the White House.

Spectrum

On March 11, 2024, Ranking Member Cruz introduced the Spectrum Pipeline Act of 2024 to expand commercial access to mid-band spectrum. Creating a true spectrum pipeline is vital for the U.S. to dominate next generation wireless technologies, stay ahead of our adversaries and advance strong economic growth. If enacted, the bill would require NTIA to identify at least

2,500 megahertz of mid-band spectrum that can be reallocated from federal use to non-federal or shared federal and non-federal use. At least 1,250 megahertz must be identified within two years, the rest within five years. The Spectrum Pipeline Act would also restore the FCC's auction authority, which expired on March 9, 2023. The bill would additionally require the FCC to auction at least 1,250 megahertz of spectrum for full-power commercial wireless services, including 5G. At least 600 megahertz must be auctioned within three years, the rest within six years.

Universal Service Fund (USF)

The FCC has imposed ever-increasing tax burdens on consumers and businesses to fund USF. Unconstrained by a budget, the FCC unilaterally decides how much to take from consumers to pay for the USF and its four component programs. Uncontrolled spending, combined with an ever-shrinking tax base, has made the USF financially unsustainable and resulted in a regressive tax of almost 35 percent on consumers' monthly phone bills. This disproportionately burdens lower- and middle-income Americans. The Committee supports USF spending and distribution reform prior to consideration of revenue reform proposals. On March 6, 2024, Ranking Member Cruz released a set of eight principles to rein in the FCC's uncontrolled spending and regressive tax burdens.

Federal Trade Commission (FTC)

The Commission's FY 2025 budget request is $535 million, an increase of 26 percent from the FY 2024 enacted level of $425.7 million. According to the FTC, the purpose of the requested increase is to "maintain its high level of performance" by hiring an additional 55 FTE positions to further the agency's enforcement and rulemaking activities.

The Committee recognizes the FTC's important statutory mission to prevent unfair methods of competition and protect consumers from unfair or deceptive acts or practices as well as the necessity to keep pace with new technologies in an evolving marketplace. However, in considering the Commission's request for additional funds, the Committee cannot ignore the current state of affairs at the FTC with a leadership that has taken the agency down an alarming path of regulatory activism and overreach. It is shocking that in the most recent Federal Employee Viewpoint Survey only 58 percent of FTC staff (down from 87 percent during the prior administration) agree that "senior leaders maintain high standards of honesty and integrity" and only half of FTC staff "have a high level of respect for my organization's senior leaders."

Within the budget request, the Committee is specifically concerned by the FTC's request for additional funds to pursue "rulemaking on a wide range of issues" as well as hire additional staff to "implement updates to the [Hart-Scott-Rodino (HSR) Act] pre-merger notification program." The Committee is alarmed by the FTC's ongoing rulemaking binge, including its unlawful pursuit of competition rulemaking, which would enable the exercise of sweeping powers to regulate whole swaths of the U.S. economy as well as the dramatic, unjustified expansion of the

HSR premerger notification requirements, which is nothing more than a de facto tax on economic activity in the United States.

The Committee also notes its significant concerns with the FTC's efforts to unlawfully expand its antitrust and unfairness jurisdiction to encompass antidiscrimination, including the fringe left-wing legal theory of disparate impact. Congress did not grant the FTC such authority or new internet regulation, which is nothing more than a backdoor for the FTC to act as the online "speech police."

Finally, the Committee has noted that Chairwoman Khan has not appeared before the Committee since April 21, 2021—the date of her nomination hearing. The Committee expects Chairwoman Khan to make herself available to justify this budget and account for the operations and priorities of the FTC.

For these reasons, the Committee cannot support the Commission's request for a budget increase and will be carefully monitoring the FTC's concerning trajectory as well as conducting oversight of the ongoing and future actions taken by the Commission that undermine current law and congressional intent.

National Aeronautics and Space Administration (NASA)

The President's budget request for FY 2025 includes $25.4 billion for NASA, a 2.1 percent increase from the $24.9 billion FY 2024 enacted level. Although the Committee is pleased to see that the FY 2025 request maintains International Space Station (ISS) operations through 2030, the Committee is concerned that the budget request mentions the possibility of NASA reducing funding levels for Space Operations for research and activities on the ISS in FY 2026 as a way to increase funding for the U.S. Deorbit Vehicle (USDV) development and Commercial low-Earth orbit (LEO) Development efforts. The Committee encourages NASA to maintain its current crew size and rotation cadence, along with the required cargo, on the ISS until the transition from ISS to Commercial LEO stations has begun. Once NASA initiates that transition, the reduction in crew and cargo should not be pursued more than one to two years before full Commercial LEO implementation and operation in orbit. If NASA believes additional funding is necessary for the Commercial LEO Development efforts, NASA should make a separate request for that purpose rather than pulling resources from the ISS prior to that transition.

National Science Foundation (NSF)

The President's budget request for FY 2025 provides $10.18 billion for NSF, an increase of $1.12 billion above the FY 2024 enacted level. The Committee is concerned NSF has increasingly been funding research that focuses more on social policies than hard science. The Committee has identified over $2.3 billion that the Biden administration's NSF has provided to fund projects to this end. This NSF-funded research includes efforts to "decolonize geoscience," "disrupt [] racialized privilege in the STEM classroom," and understand "whiteness and white supremacy as deeply ingrained in the past, present, and future of U.S. higher education."

Considering the increasingly politicized nature of NSF-funded research, the Committee will be carefully monitoring NSF's grant awards to ensure taxpayer dollars are not directed toward partisan research.

National Transportation Safety Board (NTSB)

The NTSB is responsible for investigating civil aviation accidents and significant accidents in other modes of transportation. The NTSB conducts accident investigations and makes recommendations, but it necessarily relies on outside experts in addition to in-house staff. The budget request of $150 million for FY 2025 is more than the Committee-authorized level of $145 million from a spring 2024 markup of NTSB's authorized funding (as part of an FAA reauthorization bill). Given that this is already a substantial increase from the $129.3 million appropriated for the NTSB in FY 2023, the Committee believes the authorized level provides sufficient resources for this agency, even if Congress passes broader NTSB reauthorization legislation.

Conclusion

The President's budget requests funding for a variety of diversity, equity, and inclusion (DEI) and climate and sustainability initiatives across agencies in the Committee's jurisdiction. The Committee believes the DEI initiatives serve little purpose other than to institutionalize an extreme, discriminatory, and constitutionally suspect progressive agenda within the hiring and personnel management process, which will be to the detriment of qualified, capable professionals. The Committee is deeply concerned by requests that seem to prioritize "institutionalizing" equity over its focus on civil rights as defined and protected by law. The Committee is also concerned that the budget requests prioritize climate and sustainability efforts and support for the Justice40 climate initiative, which directs agencies to dedicate at least 40 percent of competitive grant funding for "underserved and historically disadvantaged communities." Rather, the Committee would urge agencies to direct grant funding as prescribed in the relevant authorizing statutes and focus its priorities on the goals these agencies were established to pursue.

The President's budget also requests millions of dollars for hundreds of new positions across the federal government to implement the Executive Order on Safe, Secure and Trustworthy Development and Use of Artificial Intelligence (AI) (E.O. 14110). No congressional authorization has been given to these agencies to build AI capacity, and no funding should be furnished without such authorization. Indeed, agency efforts to weigh in on AI should be curbed until Congress has determined which agency(s) are best equipped to promote a free and open marketplace in AI and other emerging technological innovations. The Committee notes that some agencies, such as DOC, have also been resistant to transparency and oversight of their AI initiatives, bolstering the Committee's reluctance to fund such programs.

Further, the Committee notes that the estimated $500,000 for each AI staff is significantly higher than the average amount budgeted for the current personnel in those same offices. Although this substantial difference could be due to recent OPM rule changes to allow for agencies to offer higher recruitment incentive bonuses for "hard to fill" positions, including AI, this new rule effectively subverts the GS pay scale for this administration's most active recruiting areas. Further, many of these requested positions are labeled as full-time permanent "Social Scientist" positions, as opposed to positions labeled as computer scientist, IT specialists, or program support. These positions appear to be part of broader efforts to impose significant government oversight and controls over nascent technologies to ensure DEI driven outcomes. The Committee does not support funding for any DEI or AI positions requested in the budget.

In closing, I appreciate the work you are doing to prepare the FY 2025 Budget Resolution, and I stand ready to assist in your efforts.

Sincerely,

Ted Cruz
Ranking Member

United States Senate

COMMITTEE ON
ENERGY AND NATURAL RESOURCES
WASHINGTON, DC 20510–6150

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April 18, 2024

The Honorable Sheldon Whitehouse, Chairman
The Honorable Charles E. Grassley, Ranking Member
Committee on the Budget
United States Senate
Washington, D.C. 20510-6100

Dear Chairman Whitehouse and Ranking Member Grassley:

This letter responds to your request for the views and estimates of the Committee on Energy and Natural Resources on budget matters within the Committee's jurisdiction.

The Committee has jurisdiction over most of the programs of the Department of the Interior (other than the U.S. Fish and Wildlife Service and the Bureaus of Indian Affairs, Indian Education, and Trust Funds Administration), the Department of Energy (other than the National Nuclear Security Administration), and the Federal Energy Regulatory Commission. The Committee also has jurisdiction over national forests established on the public domain and over the insular areas. The programs under the Committee's jurisdiction promote our national energy security and ensure the wise use and protection of the nation's lands, water, and mineral resources.

The jurisdiction of the Committee on Energy and Natural Resources places upon us a special responsibility for ensuring the nation's energy independence and security. Russia's weaponization of energy and its ongoing brutal and unprovoked attack on Ukraine has underscored the importance of energy security and energy independence, both to our national security and to that of our allies. We must continue the responsible use and development of the nation's solar, wind, hydropower, oil, natural gas, coal, geothermal, and nuclear energy resources. We must also be focused on the clean and efficient use of our energy resources, including the accelerated research, development, demonstration, and deployment of new energy technologies for the future, and pivoting away from unreliable foreign supply chains for the critical minerals, materials, and fuels that both current and new energy sources and technologies require.

The President's budget requests $51.42 billion in discretionary budget authority for the Department of Energy for fiscal year 2025. This request reflects a $1.2 billion (2.3 percent) increase from the FY 2024 enacted level. Approximately one-third of the budget request, $17.68 billion, is for the Department's programs that are not administered by the National Nuclear Security Administration, which reflects a 2.2 percent increase over the fiscal year 2024 enacted level.

The President's budget requests $17.8 billion in net discretionary budget authority for the Department of the Interior for fiscal year 2025. This request reflects a $2.8 billion or 18 percent increase from the fiscal year 2024 enacted level.

Your letter asked us about possible legislative initiatives the Committee is considering with significant budget impacts. The Committee continues to try to reach agreement on permitting reform legislation for energy and mineral development projects. Although our Members have divergent views on what reforms are needed, both sides agree that our current permitting system needs reform. This initiative remains a necessary component for building out the nation's energy infrastructure and sourcing the energy that the economy and the electrical grid require.

The Committee has reported legislation (S. 2581) to extend the Secure Rural Schools program for an additional three years, from the end of fiscal year 2023 through the end of fiscal year 2026. This program provides vitally needed funding to counties for schools, roads, and other municipal services to make up for lost revenues they traditionally received from timber harvests on federal forest lands.

In addition, as in past years, the Committee continues to support extension of the Payments in Lieu of Taxes program. The Payments in Lieu of Taxes program provides payments to counties with federal lands within their boundaries to help pay for services and infrastructure. In recent years, it has been extended on an annual basis in appropriation acts, most recently last month, through the end of fiscal year 2024, in the Consolidated Appropriations Act, 2024, Public Law 118-42. The Committee urges the Budget Committee to sustain the fully authorized level of funding for the Payments in Lieu of Taxes program in fiscal year 2025.

Finally, we applaud the enactment of the Compact of Free Association Amendments Act of 2024 last month as part of the Consolidated Appropriations Act, 2024, Public Law 118-42. This legislation extends and strengthens our historic ties with the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau, which remain critical to our national security. It provides mandatory appropriations to implement the compacts through fiscal year 2043.

Your letter also asked about waste, fraud, and abuse. Here we must point out that the Inspector General of the Department of Energy has submitted a statement pursuant to 5 U.S.C. 406(g)(3)(E), in which she "concludes that the budget submitted by the President would substantially inhibit the Inspector General from performing the duties of the office." DOE FY 2025 Budget in Brief at 80-84; DOE FY 2025 Congressional Justification, vol. 2, 188-192. The President's budget requests $149 million for the Department of Energy's Office of Inspector General, a $63 million or 73 percent increase compared to fiscal year 2023 and 2024 levels, but $346.7 million less than she requested.

The Inspector General makes a compelling case that she does not have adequate funds to perform the duties of her office in light of the unprecedented increases in the Department's appropriations and loan authority. She notes that the Department has received nearly $100 billion in appropriations under the Infrastructure Investment and Jobs Act, the Inflation Reduction Act, and the Puerto Rico Energy Resilience Fund legislation. Much of this money, $83.6 billion of the $100 billion, will be dispersed through 71 new programs. In addition, the Department's loan authority has increased by an estimated $385 billion, $290 billion of which must be used by the end of fiscal year 2026. She further points out that the Department's budget has increased by 70 percent between 2010 and 2022, while her office's budget increased only 16 percent over this period. We share the Inspector General's concerns and support increasing her office's budget to ensure adequate oversight of the Department's spending.

In addition, we must again point out the ongoing waste of federal dollars that results from the Federal Government's inability to solve the nuclear waste problem. In the absence of a permanent nuclear waste repository, the Department of Energy remains in breach of its contracts to dispose of spent nuclear fuel from commercial nuclear power plants. As the Government Accountability Office reported three years ago, the Department of Energy's estimate of $39.2 billion in total contract liabilities "may be an underestimate." GAO, Commercial Spent Nuclear Fuel, GAO-21-603, p. 19 (2021). The Committee continues to seek a solution to this politically intractable problem.

Finally, we wish to thank you for giving us this opportunity to provide our views and estimates and to encourage and support your efforts to produce a budget for the coming fiscal year. We believe that agreeing on a budget and enacting separate, annual appropriation acts before the start of the next fiscal year as envisioned by the Budget Act is a necessary first step toward getting our financial house in order.

Sincerely,

Joe Manchin III	John Barrasso, M.D.
Chairman	Ranking Member

United States Senate

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

WASHINGTON, DC 20510–6175

April 19, 2024

The Honorable Sheldon Whitehouse, Chair
The Honorable Charles E. Grassley, Ranking Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Chairman Whitehouse and Ranking Member Grassley:

In response to your letter of March 22, 2024, we write to share the following views and estimates for Fiscal Year (FY) 2025 programs under the jurisdiction of the Committee on Environment and Public Works.

Reserve Fund

The Committee requests reserve funds to enable enactment of and to otherwise address budgetary impacts from Committee legislative initiatives including authorizations of federal programs to: protect and manage wildlife; address greenhouse gas emissions, including through innovation and the development of carbon capture sequestration and utilization technologies and advanced innovative nuclear technologies; address water pollution; build and maintain water resources projects; implement federal-aid highway programs; improve the federal environmental review and permitting processes; implement regional and national economic development initiatives; and to address any other needs within the jurisdiction of the Committee.

Current Legislative Initiatives

Water Resources Development Act

The Committee supports the implementation of Division H, Title LXXXI of Public Law 117-263, the Water Resources Development Act of 2022, as well as prior Water Resources Development Act legislation. That legislation authorizes important water infrastructure programs and projects of the U.S. Army Corps of Engineers, Civil Works (Corps). This includes program reforms and provisions addressing flood prevention and mitigation, water storage, navigation, coastal ports and inland waterways, river basins, and the extension of important previously authorized programs. The Committee is currently developing the Water Resources Development Act of 2024, which will authorize critical Corps studies and projects as well as support implementation of past water resources laws.

Per- and Polyfluoroalkyl Substances (PFAS)

The Committee is exploring potential legislation to improve the EPA's implementation of policies concerning PFAS as well as conducting oversight over current EPA activities. The Committee supports improvement in the scientific understanding of the effects of PFAS on human health and the environment; sound risk communication about the effects of PFAS exposure; development of sound methods to detect, measure, remediate, destroy, and dispose of PFAS; and consistent definition of PFAS in agency activities. The Committee also is evaluating the need to provide carefully tailored liability exemptions to passive receivers of PFAS under the Comprehensive, Environmental Response, Compensation, and Liability Act (CERCLA).

Nuclear Energy Legislation

The Committee supports the enactment of the Accelerating Deployment of Versatile, Advanced Nuclear for Clean Energy (ADVANCE) Act of 2023, S. 1111. The ADVANCE Act would facilitate American nuclear leadership by empowering the Nuclear Regulatory Commission (NRC) to lead in international forums to develop regulations for advanced nuclear energy technologies and establish a coordinated civil nuclear outreach initiative. It would provide greater flexibility for the NRC to ensure that the agency has the tools and highly-skilled workforce to maintain the safety of current reactors and carry out activities related to the next generation of nuclear technologies. It would also reduce regulatory uncertainty and increase financial predictability necessary to maintain and expand the use of nuclear energy. It would strengthen our domestic nuclear fuel cycle and supply chain infrastructure, improve NRC efficiency, and authorize funds for environmental cleanups of legacy abandoned mine sites on Tribal lands. The Committee favorably ordered the ADVANCE Act to be reported by a vote of 16-3 on May 31, 2023, and the bill was included as an amendment to the version of the FY 2024 National Defense Authorization Act (NDAA), S. 2226, that passed the Senate on July 27, 2023.

Climate Innovation

The Committee is exploring options to advance additional legislation that addresses the challenges of climate change. This includes efforts that would reduce our nation's carbon dioxide emissions while growing our economy.

Low Carbon Transportation Fuels

The Majority is exploring potential legislative actions that might provide greater certainty to increase production and consumer access to low-carbon fuels and address concerns related to the compliance cost-related burdens carried by refiners. This includes examining elements of existing low carbon fuel standard programs that could help provide greater flexibility and certainty and address some of the existing challenges with the federal Renewable Fuel Standard (RFS) program. The Minority opposes legislation intended to decrease the production and use of liquid fuels and opposes legislation that raises liquid fuel prices for American consumers and businesses.

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Diesel Emissions Act Reauthorization

The Committee supports the enactment of the Diesel Emissions Reduction Act (DERA) of 2023, S. 2195. That legislation would reauthorize the DERA program through FY 2029 at an authorization level of $100 million annually. The Committee favorably reported that bill by a voice vote on July 26, 2023.

The Recovering America's Wildlife Act

The Majority supports the enactment of the Recovering America's Wildlife Act (RAWA), S. 1149. The Committee maintains that the legislation must have a bipartisan pay-for. RAWA would amend the Pittman-Robertson Wildlife Restoration Act to provide dedicated annual funding to states and tribes for wildlife conservation. Specifically, the bill would ultimately provide $1.3 billion annually to states for the implementation of State Wildlife Action Plans and $97.5 million annually to tribal agencies to work on the recovery of at-risk species. RAWA would also provide $750 million in funding over four years to the U.S. Fish and Wildlife Service (FWS) to work alongside states on species recovery and with wildlife conservation partners. Last Congress, the Committee favorably reported legislation by a roll call vote of 15 to 5 on April 7, 2022.

Brownfields Reauthorization and Program

The Committee supports the enactment of the Brownfields Reauthorization Act of 2023, S. 2959. This legislation would make improvements to the implementation of the funding provided through the Infrastructure Investment and Jobs Act of 2021 (Public Law 117-58). S. 2959 would reauthorize the EPA's brownfields program through FY 2029. The legislation increases the authorization level for CERCLA Section 128 formula grants for states and tribes by $5 million per year, starting at $50 million authorized in FY 2024 rising to $75 million in FY 2029. The brownfields program is one of EPA's most popular and successful programs. The Committee favorably reported that bill by a voice vote on September 27, 2023.

Recycling Legislation

The Committee supports the enactment of two recycling bills, the Recycling and Composting Accountability Act (RCAA), S. 1194, and the Recycling Infrastructure and Accessibility Act of 2023 (RIAA), S. 1189. The RCAA would require the U.S. Environmental Protection Agency (EPA) to work with state, local, and Tribal governments to assess the capability of the United States to implement a national residential composting strategy, collect data on curbside recycling and composting programs, study available and emerging end markets for recycled materials, and establish voluntary labeling guidelines. It would also allow EPA to collect standardized recycling data and provide states, local governments and Tribes who wish to improve their recycling systems with technical assistance.

The RIAA would establish a grant program at EPA to provide funding for recycling infrastructure investments in underserved communities, with a priority for communities or groups of communities without a local material recovery facility.

The Committee favorably reported the RCAA and the RIAA by voice votes on June 22, 2023, and both of these bills passed the Senate by unanimous consent on March 12, 2024. The Committee supports both of these bills and would like any FY 2025 budget resolution to accommodate their implementation.

ACE Reauthorization

The Committee supports the enactment of the America's Conservation Enhancement (ACE) Reauthorization Act of 2024, S. 3791. The ACE Reauthorization Act would reauthorize habitat and wildlife conservation programs and activities through FY 2030. Specifically, the bill would reauthorize the following programs: Grant Program for Losses of Livestock Due to Depredation by Federally Protected Species; National Fish and Wildlife Foundation Establishment Act; Chronic Wasting Disease Task Force; Chesapeake Bay Program; Chesapeake Bay Gateways and Watertrails Network, the Chesapeake Bay Gateways Grants Assistance Program; and the Chesapeake Watershed Investments for Landscape Defense Program, and the National Fish Habitat Partnership. The Committee favorably reported the ACE Reauthorization Act by a voice vote on March 12, 2024.

Economic Development Administration and Regional Commissions Authorizations

The Committee supports the enactment of the Economic Development Reauthorization Act of 2024, S. 3891. That legislation would authorize approximately $3.2 billion in funding for the Economic Development Administration (EDA) over 5 years, through FY 2029. The bill also reauthorizes all Subtitle V regional commissions, as well as the Delta Regional Authority, Northern Great Plains Regional Authority, and Denali Commission. The bill establishes two new regional commissions in the Mid-Atlantic and Southern New England regions. The bill authorizes each regional commission to be funded at $40 million annually from FY 2025 through FY 2029. This legislation makes changes to better improve and align the functions of all regional commissions and promotes collaboration with EDA. The Committee favorably reported the EDA Reauthorization Act of 2024, as amended, by a voice vote on March 12, 2024.

WILD

The Committee supports the enactment of the Wildlife Innovation and Longevity Driver Reauthorization (WILD) Act, S. 2395. That legislation would reauthorize through FY 2028 the FWS Partners for Fish and Wildlife Program and the Multinational Species Conservation Funds (MSCF). The Committee favorably reported the WILD Act by a voice vote on July 26, 2023.

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Delaware River Basin Conservation Reauthorization

The Committee supports the enactment of the Delaware River Basin Conservation Reauthorization Act of 2023, S. 654. That legislation would reauthorize the Delaware River Basin Conservation Act through FY 2030 and make it easier for small, rural, and disadvantaged communities to engage in restoration projects. The Committee favorably reported the Delaware River Basin Conservation Reauthorization Act by a voice vote on September 27, 2023.

Project Delivery

The Committee plans to conduct continued oversight and explore potential legislation to improve the project delivery process. The areas of focus include the environmental review and permitting processes and associated regulatory requirements to which projects are subject under the substantive environmental statutes in the Committee's jurisdiction.

Cost Savings

The Minority supports implementation of federal environmental laws through the cooperative federalism structure of these statutes and intends to conduct oversight to identify efficiencies and cost savings that will result from such an approach. The Minority also intends to look for legislative opportunities to reduce or eliminate programs under the jurisdiction of the Committee that are redundant, ineffective, inefficient, or wasteful, including those established by the partisan Inflation Reduction Act, Public Law 117-169.

Agency Programs

U.S. Environmental Protection Agency

The Committee supports EPA's efforts to protect public health and the environment, increase job opportunities, and promote community revitalization. The Committee supports adequate funding for EPA and state implementation of federal environmental laws.

Toxic Substances Control

The Committee supports implementation of the Frank R. Lautenberg Chemical Safety for the 21st Century Act (Public Law 114-182), which was enacted on June 22, 2016. The Majority maintains that lack of funding in ensuing years has substantially eroded EPA's ability to meet the obligations under the Toxic Substances Control Act (TSCA), as amended by the Lautenberg Act. In FY 2025, the Majority supports the Administration's request for an additional $19 million above the FY 2024 enacted level to the TSCA program to meet significant increased responsibilities imposed by the 2016 amendments to TSCA. This increase brings the total funding to $132 million and staff level to 535 FTEs.

The Majority also supports the President's FY 2025 budget request of $29 million and 69.2 FTE for the Pollution Prevention Program. This program supports businesses, states, Tribes, and other partners in reducing climate impacts through reductions in pollutants and other hazardous materials. The budget requests $7.8 million and 9 FTEs would be provided to a new grant program to help small businesses transitioning to TSCA compliant practices to mitigate economic impacts.

The Committee will work to ensure the agency adheres to statutory intent and timelines applicable to pre-market review of new chemicals, chemical risk evaluation and management, data development and information collection, and review of Confidential Business Information (CBI) claims. In the Majority's view, increased resources are essential for EPA to effectively build capacity and manage the workload associated with new requirements for chemical risk evaluations and risk management. The revised TSCA imposes additional administrative costs on EPA and it authorizes EPA to collect fees from chemical manufacturers and processors to offset those costs. In addition to supporting funding to implement the legislation, the Majority also wants to ensure that the FY 2025 budget resolution allows for appropriation of all fees that are collected. The Majority notes that EPA has recently finalized an adjusted fees rule to ensure the agency is able to collect fees as envisioned by Congress.

Per- and Polyfluoroalkyl Substances (PFAS) and Other Chemical Activities

The Committee also supports the need for EPA to do more to address PFAS, including the development of methodologies and techniques to measure and destroy PFAS. The Majority supports the FY 2025 budget request of approximately $170 million for EPA to increase its understanding of PFAS and human health and ecological effects, restrict use to prevent PFAS from entering the air, land, and water, and remediate PFAS that have been released into the environment.

In the Majority view, these funds will also support the Administration's efforts to investigate and identify releases of PFAS to the air, land, and water by actively investigating under Resource Conservation and Recovery Act (RCRA), Toxic Substances Control Act (TSCA), Clean Water Act (CWA), Safe Drinking Water Act (SDWA), and Clean Air Act (CAA) at the yet-unknown number of processing facilities and waste disposal facilities where PFAS are suspected of contaminating various environmental media.

In the Minority's view, the EPA has created significant, unnecessary confusion through its 2022 decision to release health advisory levels for PFAS at levels at the lowest detectable threshold and its recent finalization of SDWA standards covering six PFAS at levels that are dramatically lower than levels established by other countries. The EPA must improve its risk communication concerning PFAS contamination. The EPA should prioritize appropriate action under the SDWA that is grounded in sound science and economic considerations to address PFAS contamination of drinking water resources – which are the most significant, widespread medium of human exposure to PFAS compounds – before developing regulations under other environmental statutes.

EPA is also responsible for complying with the Endangered Species Act (ESA) and ensuring that federally endangered and threatened species are not harmed when the Agency registers pesticides. Endangered species risk assessments involve consideration of risks for approximately 1,200 active ingredients in more than 17,000 pesticide products to more than 1,600 listed endangered species and 800 designated critical habitats in the U.S. Given the complexity of evaluating potential effects to diverse listed species, EPA has been unable to perform ESA evaluations for most of its required actions, which has resulted in numerous successful litigation challenges for registration and registration review actions. To begin making incremental progress toward meeting ESA mandates, the Majority supports the Administration's FY 2025 budget request of an additional $26.8 million and 20 FTEs to enable the pesticide program to integrate ESA requirements in conducting risk assessments and making risk management decisions that protect federally threatened and endangered species from exposure to new active ingredients.

Cleaning up Superfund Toxic Waste Sites

The Administration's FY 2025 budget requests $661 million to support remediation of contaminated sites. This is in addition to an estimated $2.17 billion in Superfund tax receipts that will be available to EPA in FY 2025. The Superfund tax receipts will allow the Agency to continue critical Superfund pre-construction work such as site characterization, construction design, and community outreach/engagement, as well as critical remedial actions to clean up sites. This funding supports EPA personnel who oversee private party cleanups, as well as removal and remedial actions that EPA itself carries out.

Preventing and Cleaning Up Leaking Underground Storage Tanks

Leaking underground storage tanks are a threat to our nation's groundwater quality. This program, authorized under the Solid Waste Disposal Act, is funded by the Leaking Underground Storage Tank fee of 0.1 cent tax per gallon that is part of the federal gas tax. These receipts are placed into the Leaking Underground Storage Tank Trust Fund.

The Committee supports the underground storage tank program and notes the importance of its state and Tribal technical assistance and grants to protect underground sources of drinking water. The Majority supports the FY 2025 budget of $108.9 million for the Leaking Underground Storage Tank (LUST) program, an increase of $19.7 million above FY 2024 enacted levels.

Air and Climate Programs

The Committee supports EPA fulfilling its statutorily mandated obligations and assistance to states and Tribes in air quality implementation. Accordingly, the Majority supports the Administration's request for $423.3 million for grants to support State and local and Tribal Air Quality Management programs, an increase of $174 million over FY 2024 enacted levels.

The Minority expresses concern with the Administration's prioritization of climate activities over criteria pollutant activities. The Minority believes EPA should prioritize the review of State Implementation Plans (SIP) to address criteria pollutant emissions, address the buildup of SIP backlogs, and rescind its legally flawed imposition of Federal Implementation Plans (FIPs) on states. The Minority supports robust funding for grants to state and tribes for air quality implementation, but does not support the use of funding to implement new, overreaching regulations by the EPA Office of Air and Radiation.

The Committee supports EPA funding that allows the agency to carry out regulatory decision-making based on the best available science and input from all stakeholders, including states and Tribes.

The Committee supports a strong federal commitment to state and local air quality grant programs as a mechanism to assist state and local governments in implementing and complying with federal environmental requirements. This includes robust funding for the Diesel Emissions Reduction Act (DERA) program as a technology-agnostic program.

The Majority also supports Administration's request for $1.312 billion in EPA funding for agency efforts that help protect human health and the environment from the harmful effects of air pollution. This includes Majority support for the request for $186 million and 370 FTEs for the Federal Vehicle and Fuels Standards and Certification Program. This also includes Majority support for robust funding for air quality grants to Tribes, states territories, and communities to support air pollution control programs and efforts to reduce greenhouse gases, including investments in community air quality monitoring and notification system to provide real-time data to enforcement officials and overburdened communities.

The Majority believes climate change poses a significant risk to public health, the nation's economy and quality of life, and feels that significantly reducing carbon pollution is imperative. The Majority supports the Administration's request for nearly $5 billion in EPA funding for administrative support to implement a historic $27 billion Greenhouse Gas Reduction Fund; building resilience in the face of climate impacts; and engaging with the global community to respond to this shared challenge. Investments also support the private sector in calculating their GHG emissions and climate risk and setting science-based climate targets, as well as investments to embed the economic impacts of climate change and decarbonization efforts within government economic projects.

The Minority opposes Title VI of the Inflation Reduction Act (Public Law 117-69), which contained provisions in the jurisdiction of the Committee. The spending programs created and appropriated to in Title VI of the Inflation Reduction Act are not an effective use of taxpayer funding, whether to address climate change or any other issue. In addition to the wasteful spending provided for in Title VI, the Minority opposes the imposition of added costs to energy production and use created by the natural gas tax included in Section 60113 of the Inflation Reduction Act.

The Committee also supports robust funding for implementation of the American Innovation and Manufacturing Act (AIM), which was enacted into law on December 27, 2020 as part of the Consolidated Appropriations Act, 2021 (Public Law 116-260). The Majority also supports robust funding to support the implementation of the Montreal Protocol.

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The Majority supports the Administration's request for $187.3 million for the Climate Protection Program to tackle the climate crisis at home and abroad through an integrated approach of regulations, partnerships, and technical assistance. The Minority supports policies that enable the United States to continue to be a world leader in reducing greenhouse gas emissions through private sector innovation rather than regulation.

The Committee also supports funding of activities by EPA, as well as the Council on Environmental Quality and other government agencies, to implement the Utilizing Significant Emissions with Innovative Technologies (USE IT) Act to support the research, development, and deployment of carbon capture, utilization, and sequestration. The USE IT Act was enacted into law as part of the Consolidated Appropriations Act of 2021.

Drinking Water and Wastewater Infrastructure

The Committee supports programs for maintaining and enhancing drinking water and wastewater infrastructure and urges that the budget resolution support robust funding for these important and successful programs. The national need for investment in water and wastewater infrastructure through existing financing programs is critical. The Committee requests full funding for the Drinking Water and Wastewater Infrastructure Act of 2021 (DWWIA) grant programs.

The Drinking Water State Revolving Funds (42 USC §300j-12), or "DWSRFs," and Clean Water State Revolving Funds (33 U.S.C. §1383), or "CWSRFs," which are managed by EPA, continue to far outpace the amount of funding that is available from all levels of government. The Infrastructure Investment and Jobs Act (Public Law 117-58) carried additional authorizations beyond the Drinking Water and Wastewater Infrastructure Act, for the two SRFs. The Committee strongly encourages robust funding of the DWSRFs and CWSRFs.

The Water Infrastructure Finance and Innovation Act (33 USC §3912), or "WIFIA," is a powerful tool for addressing water infrastructure needs through long-term, low-interest loans. Without significant funding of WIFIA many water infrastructure projects would not be possible. The Committee encourages robust funding of WIFIA.

Other EPA Water Program Funding

The Committee strongly emphasizes the importance of funding the technical assistance for treatment works for both the Safe Drinking Water Act and the Clean Water Act.

The Committee strongly supports funding for small and disadvantaged public water systems under 42 U.S.C. §300j-19a. This funding assists eligible communities in complying with federal regulations, water infrastructure and testing, treatment, and monitoring of contaminants.

The Committee emphasizes the need for funding investments in water infrastructure on federally recognized Indian reservations, which often lack basic drinking water and wastewater infrastructure and rely on federal programs for assistance. Specifically, the Committee supports full funding of the Indian Reservation Drinking Water Program (Public Law 115-270, Section

2001). This program authorizes the EPA Administrator to carry out projects to connect, expand or repair existing drinking water systems that are insufficient to meet community needs.

Science and Technology

The Committee supports EPA's science and technology programs. The programs and the associated laboratories should continue to be regularly reviewed and evaluated. The Committee believes that the federal government has a central role to play in research and development efforts for a new generation of cost-effective energy and environmental technologies that solve our nation's greatest environmental challenges and help protect public health. These efforts should be based on sound science that is objective and transparent.

Recycling Infrastructure

The Committee strongly emphasizes the need to address and improve recycling systems throughout the country. With a national recycling rate of only 32 percent in 2018, the Committee supports robust funding for EPA programs that will reduce contamination, improve system efficiency, invest in infrastructure upgrades, and strengthen end markets for recycled materials. The Majority also supports funding for recycling education and outreach. Finally, the Committee supports funding several programs created in the Save our Seas 2.0 Act, which provides EPA with the authority to further act on plastics and recycling by conducting new studies and reports, as well as to provide grants that help address materials management infrastructure needs.

U.S. Department of Transportation, Federal Highway Administration

The Committee supports the federal-aid highway programs administered by the Federal Highway Administration. The transportation needs of the United States demand a funding level sufficient to sustain and strengthen the nation's surface transportation network, which is a backbone of the economy. The continuation of contract authority to fund highway programs is essential to provide predictable long-term funding and to give states the ability to carry out important improvements to roads and bridges. The federal investments in surface transportation infrastructure help improve Americans' quality of life and meet the needs of the nation's economy. The transportation sector is also the largest source of greenhouse gas emissions in the United States, and therefore it is important to support states and localities in their work to reduce transportation emissions.

On November 15, 2021, the Infrastructure Investment and Jobs Act (IIJA) was signed into law. This law includes the Surface Transportation Reauthorization Act, the five-year reauthorization of the federal highway programs that will improve the nation's surface transportation infrastructure. The $303.5 billion highway title of the IIJA significantly expanded funding for transportation investments, adding two new climate-focused formula programs as well as numerous new discretionary grant opportunities, including a rural surface transportation grant program. The IIJA also provides more flexibility for state and local governments and streamlining certain project approval processes. The Committee supports funding for the Federal Highway Administration to efficiently implement the IIJA. Additionally, the Committee notes that the IIJA authorized several new programs that are subject to appropriations, and the Majority supports funding for those programs.

U.S. Army Corps of Engineers, Civil Works

The Committee supports robust funding for the Corps at a level consistent with the Corps' capability.

Investment in the Civil Works Program of the Corps offers many benefits. On average, the Corps' civil works program provides approximately $89 billion in net economic benefit to the nation and $31 billion in revenues to the U.S. Treasury. Congress recognized these benefits when it authorized construction of many important water resources projects in the various Water Resource Development Acts (WRDAs) including: Water Resources Reform and Development Act (WRRDA) of 2014 (Public Law 113-121), the Water Infrastructure Improvements for the Nation Act (WIIN) of 2016 (Public Law 114-322), the America's Water Infrastructure Act (AWIA) of 2018 (Public Law 115-270), WRDA 2020 (Public Law 116-260), and WRDA 2022 (Public Law 117-263).

The nation's network of coastal ports and inland navigation systems is essential for the movement of raw and finished goods throughout the United States and overseas, as well as our nation's security. Investing in these systems is necessary to ensure U.S. economic competitiveness in the global economy. For both inland and port navigation related expenditures, the Committee recommends that the budget resolution include, at a minimum, 1) expenditures from the HMTF consistent with those specified in WRDA 2020 and 2) full use of Inland Waterways Trust Fund receipts for the purposes for which the tax is collected (i.e., construction and major rehabilitation of locks and dams on the inland waterways).

Further, the value of flood, hurricane, and storm damage reduction measures and the cost of inadequately investing in this infrastructure has been demonstrated repeatedly by multiple natural disasters in recent years. Benefits also accrue from undertaking environmental restoration projects around the country, including in the Everglades, Upper Mississippi River, Missouri River, Coastal Louisiana, San Francisco Bay, and countless other rivers and coasts. The Committee supports funding for these activities to protect and enhance our country's infrastructure investments.

In addition, the last several WRDA bills increased the authorized levels of funding for several authorities under the Corps' Continuing Authorities Program (CAP). The Committee supports robust funding for all CAP authorities.

U.S. Department of the Interior, Fish and Wildlife Service

The Committee continues to support the mission of the U.S. Fish and Wildlife Service (FWS) to work with others to conserve, protect and enhance fish, wildlife, plants and their habitats for the continuing benefit of the American people. The Committee supports FWS functions such as the management of the National Wildlife Refuge System, fisheries programs, and endangered species programs. The Committee supports a healthy level of funding in the FY 2025 budget for these important activities.

The Majority believes that the Endangered Species Act works well when adequately resourced, but that implementation of the Act is severely underfunded. The Minority believes reforms to the Endangered Species Act could lead to more effective use of funding. The Committee requests robust funding for Endangered Species Act implementation and for programs that otherwise help conserve species. The Minority requests a specific focus on appropriations that support section 7 consultations.

U.S. Nuclear Regulatory Commission

The Committee supports funding for the U.S. Nuclear Regulatory Commission (NRC) to meet its core functions, including continued development of a regulatory structure for advanced nuclear reactor technologies and other responsibilities under the Nuclear Energy Innovation and Modernization Act (NEIMA) (Public Law 115-439).

The NRC's FY 2025 budget requests $10 million in funding for the Integrated University Program as part of the base budget, which supports nuclear engineering education. The Committee supports funding this program which is important to building the workforce to develop, deploy, and operate new nuclear technologies. Pursuant to NEIMA, this funding is not subject to the NRC's fee recovery requirements.

General Services Administration, Public Building Services

The Committee is concerned by the General Services Administration's (GSA) reliance on long-term leases and lack of a comprehensive process to track leasing. The Majority recognizes the GSA's efforts to be proactive in its leasing agenda by taking measures such as negotiating for more desirable terms from property owners, consolidating space to reduce rentable square feet, increasing housing efficiencies, and in some cases relocating into government-owned properties.

The Committee will continue to conduct oversight to identify opportunities for efficiencies and cost reductions at GSA, including making certain that federally-owned civilian real property is used as efficiently as possible.

U.S. Department of Commerce, Economic Development Administration

Funding at the U.S. Department of Commerce's Economic Development Administration (EDA) supports a broad range of programs that assist economically distressed communities with revitalization efforts, including infrastructure development. EDA also supports planning on the part of economic development districts and provides technical assistance, which enable locally-based economic development in partnership with the private sector.

The Committee continues to support funding EDA at an appropriate level to bolster job creation and to increase economic vitality in local communities. This includes funding for EDA's Assistance to Coal Communities program.

Regional Commissions

Funding and activities by regional commissions support economic development across the country. The Committee supports continued robust funding of the Appalachian Regional Commission, Subtitle V regional commissions, as well as the Delta Regional Authority, Northern Great Plains Regional Authority, and Denali Commission, in addition to the two new regional commissions in the Mid-Atlantic and Southern New England regions that would be established under the Economic Development Reauthorization Act of 2024.

We appreciate the opportunity to comment on the programs within the jurisdiction of the Committee. We look forward to working with you as you prepare the Concurrent Resolution on the Budget for FY 2025.

Sincerely,

Tom Carper
Thomas R. Carper
Chairman

Shelley Moore Capito
Shelley Moore Capito
Ranking Member

April 19, 2024

The Honorable Sheldon Whitehouse
Chairman
Senate Committee on the Budget
United States Senate
Washington, D.C. 20510

The Honorable Charles Grassley
Ranking Member
Senate Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Chairman Whitehouse and Ranking Member Grassley:

Pursuant to section 301(d) of the *Congressional Budget and Impoundment Control Act of 1974* (P.L. No. 93-344), we are submitting our views and estimates with respect to federal spending and revenues within the jurisdiction of the Senate Committee on Finance for the Fiscal Year 2025 Senate Concurrent Resolution on the Budget.

REVENUES

Implementation of Recent Tax Changes

The Finance Committee will continue consulting with the Department of the Treasury (Treasury Department) on the implementation and administration of recent tax legislation, including laws enacted to respond to the Coronavirus pandemic, make national investments in U.S. infrastructure and jobs, enhance retirement saving, and combat climate change. The Committee will also continue to conduct oversight of recent tax laws and evaluate their impact, including through hearings.

Expired Tax Provisions

A number of tax provisions expired at the end of 2021, and have not been extended. The Finance Committee will continue to consider extension or improvement of these "tax extender" provisions, with an eye toward providing permanent tax policy wherever possible. In addition, certain provisions from P.L. 115-97 and P.L. 117-2 have expired or delayed implementation has begun to take effect, and the Committee will continue to explore positive resolution to the impacts of these changes.

Incentives for Energy Production and Conservation

The Finance Committee is committed to continuing to explore the tax code's role in addressing climate challenges, creating American jobs, achieving energy independence, and providing consumers with affordable, clean energy. The Committee will continue to monitor implementation of the clean energy tax incentives in Subtitle D of the Inflation Reduction Act (IRA), working with the Treasury Department to ensure that eligible businesses and individuals are able to obtain these tax incentives.

Infrastructure

The Finance Committee is committed to finding cost-effective solutions to improve our existing transportation infrastructure and address future needs. The Committee will continue to monitor implementation of the Infrastructure Investment and Jobs Act (IIJA), which provided $1.2 trillion of investments in highway, transit, rail, port, aviation, and broadband infrastructure, along with new tax financing tools for broadband infrastructure and carbon capture projects, and additional bond financing authority for certain surface transportation projects. The IIJA also provided additional transfers to ensure the solvency of the Highway Trust Fund, though it did not address the long-term revenue shortfall the Fund faces. The Committee recognizes that current mechanisms for funding and financing transportation infrastructure are inadequate to address the nation's infrastructure needs, and will pursue legislation that achieves long-term, fiscally sustainable infrastructure-finance policy.

Retirement Security

The Finance Committee remains committed to examining ways to improve retirement security and savings for American workers and retirees. The Committee will continue to monitor implementation of the SECURE 2.0 Act of 2022 (SECURE 2.0), working closely with the Treasury Department to ensure workers, retirees, and businesses are successfully using the retirement savings tools SECURE 2.0 provided.

OECD and Other Global Tax Changes

The Finance Committee will continue to engage with the Treasury Department and other stakeholders regarding the ongoing discussions on Pillar 1 and Pillar 2 of the Organisation for Economic Co-operation and Development's Inclusive Framework on Base Erosion and Profit Shifting. The Committee will continue to monitor international actions regarding digital services taxes and other unilateral measures. The Committee remains strongly opposed to unilateral actions by other countries that discriminate against U.S. taxpayers and threaten the U.S. tax base.

Integrity of the Tax System and Reduction of the Tax Gap

The tax gap is the difference between the taxes legally owed under the federal tax laws and the taxes that are timely paid. In 2022, the Internal Revenue Service (IRS) estimated the annual gross tax gap for 2014-2016 to be $496 billion. It also projected that the annual gross tax gap was $540 billion for 2017–2019. According to the IRS, it does not have a complete estimate of non-compliance. According to a statement by former IRS Commissioner Rettig at an April 13, 2021, Finance Committee hearing on the tax filing season, the annual tax gap could be a good deal higher than official estimates. Nonetheless, there continues to be debate around the actual amount of the annual tax gap, including a March 23, 2023 Treasury Inspector General for Tax Administration (TIGTA) report finding the IRS group responsible for the tax gap estimate does not have processes in place to allow for oversight, creating the potential for unidentified errors that could affect the quality of the estimates. The Government Accountability Office, TIGTA, the National Taxpayer Advocate, and the IRS Oversight Board have all identified the tax gap as a serious problem.

The Finance Committee will continue to examine the underlying causes of the tax gap and explore options, including the development of legislation, to improve tax compliance and administration to reduce the tax gap, with respect to both the domestic and international activities of individual and business taxpayers. The Committee will also examine options, including legislation, to help taxpayers and improve tax administration.

IRS Budget

With enactment of the FY 2023 Omnibus and the FY 2024 Minibus, the IRS was appropriated $12.3 billion for each of FY 2023 and FY 2024, with greater budgetary resources available for each year. The President's FY 2025 budget requests $12.3 billion in appropriations for the IRS.

The IRA allocated an additional $79.6 billion of mandatory spending for the IRS through FY 2031: $45.6 billion for enforcement, $25.3 billion for operations support, $3.2 billion for taxpayer services, and $4.8 billion for business systems modernization. The Congressional Budget Office (CBO) estimated that this funding would raise $180.6 billion in revenue through FY 2031. About $22 billion of the IRA's initial $45.6 billion in enforcement funding has been rescinded, $1.4 billion by the Fiscal Responsibility Act of 2023 (Pub. L. No. 118-5) and $20.2 billion by the 2024 Minibus (Pub. L. No. 118-47). While the IRS estimated that the recent $20.2 billion rescission would add more than $100 billion to the deficit, the CBO estimated a $20 billion rescission would only increase the deficit by $24 billion. The IRS expects to supplement its budget with $9.3 billion in IRA funding in FY 2025, up from $7.32 billion in FY 2024, and $3.4 billion in FY 2023. The IRS reports that IRA funding for taxpayer service will be exhausted by FY 2026.

The President has requested $104 billion to restore and extend IRA funding through FY 2034, to avoid a funding "cliff," and to raise an estimated $341 billion in revenue. His budget also requested to: extend the IRS's Direct Hire Authority (DHA) through 2027, which streamlines the hiring process; extend its authority to offer increased Streamlined Critical Pay (SCP) to recruit highly-skilled employees through 2031; and allow for more flexibility in transferring funds among its accounts.

The Committee will continue to examine additional proposals to enhance tax compliance and improve tax administration. The Committee also will continue to pursue its oversight responsibilities to hold the IRS accountable for top-quality taxpayer service, respect for taxpayer rights, and protection of taxpayer information.

We support a balanced approach to tax administration and a strong and sufficient enforcement budget, dedicated to that task, together with sufficient funding for taxpayer services and modernizing IRS information technology in an efficient and responsible manner. Helping taxpayers understand their tax responsibilities is central to the IRS's mission, and doing so upfront promotes higher rates of voluntary tax compliance and reduces the need for subsequent enforcement action. Critical IRS computer software systems were developed in the 1960s and must be upgraded to keep pace with an increasingly complex and global tax regime, and to facilitate more efficient analysis of tax return data and detection of tax schemes. Additionally, modern IRS technology systems are essential to the protection of taxpayer information and the prevention of identity theft and other forms of tax fraud.

We recommend that the Budget Resolution allow for sufficient funds to support a balance of service, enforcement and technology, that will maximize compliance and effectively support fair and balanced tax administration.

Treasury Department Budget

For FY 2025, the Treasury Department requested $16.8 billion in annual discretionary appropriations for its operating accounts. The IRA allocated the Treasury Department an additional $104.5 million for the Office of Tax Policy through FY 2031 to support its promulgation of regulations, as well as $50 million to Treasury Departmental offices through FY 2031 to support IRS actions to implement the IRA.

The Treasury Department oversees a wide range of activities, some of which overlap with activities of other departments and agencies of the federal government. Oversight of and accountability for the Treasury Department's activities are needed. Responsiveness and transparency from the Treasury Department are also needed. Absent such accountability, responsiveness, and transparency, it is difficult to gauge the efficiency with which taxpayer resources are being utilized. The Committee will continue to work together to urge the Treasury Department to be responsive to inquiries, and continue to find avenues for greater efficiencies in the uses of taxpayer resources by the Treasury Department.

HEALTH

Medicare

In February, the Congressional Budget Office (CBO) issued an updated federal budget and economic outlook. CBO projected that net Medicare program spending for 2025 would total $940 billion ($1.152 trillion in gross outlays minus $212 billion in offsetting receipts), a figure that is expected to grow each year over the next decade. Assuming current laws remain in place, over the 2025 to 2034 period, CBO estimates net Medicare spending will total $12.951 trillion ($15.983 trillion in gross outlays minus $3.032 trillion in offsetting receipts).

Part A

As of May 2023, CBO estimates that Medicare will spend $437 billion on Part A services in 2025, an amount that includes spending on Part A services under Part C through payments to Medicare Advantage plans. Part A provides acute care services (inpatient hospital stays) and post-acute care services (recuperation and rehabilitation needed after an inpatient hospital stay). The Committee will review all Part A payment systems to ensure responsible financial stewardship of the Medicare Hospital Insurance (HI) Trust Fund given that the Medicare Trustees currently estimate the HI trust fund will be insolvent by 2031. Additionally, the Committee will continue to assess payment systems and corresponding quality improvement programs to ensure that providers are compensated accurately and appropriately for treating Medicare patients.

The Committee will examine the effects of ongoing efforts to improve Medicare's health care delivery system, pursue additional opportunities to better align Medicare payments with the delivery of high-quality care, improve care transitions, produce better patient outcomes, increase Medicare program efficiency, and develop policies that reduce overall growth in Medicare spending. The COVID-19 public health emergency (PHE) had a substantial impact on Part A providers and beneficiaries. The financial viability of institutional providers was challenged throughout the pandemic. In response, Congress enacted a wide range of legislative provisions in 2020 and 2021, and the executive branch provided sweeping regulatory flexibilities, to help sustain operations during the PHE. Last year, President Biden announced that the COVID-19 PHE ended on May 11, 2023. As the nation looks ahead, the committee will continue monitoring relevant information on the financial status of Medicare Part A providers as well as beneficiary access to acute inpatient and post-acute medical services, particularly with respect to providers serving beneficiaries living in rural and frontier areas. Health care workforce shortages facing a wide range of Part A providers remains a concern for the Committee. The Committee will also continue to examine and conduct oversight of a range of potential solutions to address staffing shortages and other labor market disruptions that continue to challenge care delivery.

The Committee will monitor implementation of several Medicare Part A policies recently enacted into law in the *Consolidated Appropriations Act of 2024* (P.L. 118-42). This includes the extension, through December 31, 2024, of the Medicare-Dependent Hospital program and the acute care inpatient low-volume adjustment add-on payment. In the *Consolidated Appropriations Act of 2023* (P.L. 117-328), Congress provided an additional 200 Medicare funded residency slots through the Graduate Medical Education (GME) program and authorized a continuation of the Acute Care Hospital at Home initiative through December 31, 2024. The Committee will continue to work with interested member offices and health care stakeholders as it evaluates further Part A program extensions or prospective payment system improvements this year.

Part B

As of May 2023, CBO estimates that Medicare will spend $545 billion on Part B services in 2025, an amount that includes spending on Part B services under Part C through payments to Medicare Advantage plans. Medicare Part B provides coverage for physician services, as well as hospital outpatient care, durable medical equipment, physician-administered drugs, clinical laboratory services and other services.

The Committee will continue to monitor the extension of Medicare Fee-for-Service flexibilities for telehealth granted under the COVID-19 public health emergency. In the *Consolidated Appropriations Act, 2023*, Congress extended a number of the telehealth flexibilities through December 31, 2024. The Committee will engage with experts this year and beyond to evaluate the design of additional potential extensions of the telehealth flexibilities beyond calendar year (CY) 2024.

Also, as part of the *Consolidated Appropriations Act, 2023*, Congress passed several measures to increase overall payment for physician services and expand access to behavioral health care providers (such as marriage and family therapists), who will be able to deliver services under Medicare Part B. The Committee will continue to develop and seek to advance legislation aimed at expanding the behavioral health workforce and improving integration of behavioral health and primary care, among other policy options.

The Committee will continue to monitor the impact of the Centers for Medicare & Medicaid Services' (CMS) implementation of the *Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)* (P.L. 114-10), which reformed the Physician Fee Schedule (PFS) payment system to reward physicians for providing high-quality, efficient care. The Committee notes that certain current-law requirements and policies constrain meaningful updates to the PFS, with potential unintended consequences for care access, quality, and stability, including for beneficiaries with chronic conditions such as diabetes and cancer, in the context of both primary and specialty care. The Committee held a hearing this year to identify PFS and Part B payment changes that could promote the provision of chronic illness care and high-quality, high-value services to Medicare beneficiaries. The Committee intends to develop legislative options to address PFS issues raised in the hearing, including by enhancing chronic illness care, bolstering fee schedule stability, and promoting effective value-based care for beneficiaries in the traditional Medicare program.

With respect to Medicare patients with End-Stage Renal Disease (ESRD), the Committee will continue to monitor quality and access to care, as well as implementation of recent statutory reforms to the selection of contractors that manage the organ procurement and transplantation network in the U.S. The Committee will continue to engage with the Administration to achieve the best possible outcomes of the contracting reforms for quality of care delivered to ESRD Medicare beneficiaries.

Finally, the Committee will monitor the impact of new therapeutics and other medical products on Medicare Part B program and provider resource use and care quality, along with premiums, access to care, and out-of-pocket spending for beneficiaries. Particularly for conditions like cancers and Alzheimer's disease and other dementias, which affect a disproportionate share of Medicare beneficiaries, biomedical innovations have the potential to enhance quality of life and reduce health care system costs, but also to create or exacerbate financial challenges. In the case of products with substantial purchasing costs and with related diagnostic requirements or other associated ancillary equipment needs, the Committee will review trends and assess impacts on health outcomes, program and provider spending, access to care, and costs incurred by beneficiaries, among other key data points.

Part C (Medicare Advantage)

In their May 2023 baseline, CBO estimated that Medicare will spend $528 billion on Part C, known as Medicare Advantage (MA), in FY 2025, an amount that represents payments for Part A and Part B services. Medicare Advantage offers health and drug benefits through contracts with private insurance plans. The Committee aims to ensure that high-quality private plans continue to participate in MA, and that these plans should continue to offer a diverse set of options for beneficiaries across the country. Medicare Advantage enrollment has increased substantially in recent years, reaching 52 percent of the Medicare population in 2023. In addition, the Medicare Payment Advisory Commission (MedPAC) estimates in its March 2024 report that Medicare spends more for MA enrollees than it would if those beneficiaries were enrolled in FFS Medicare. A portion of the increased payments are used to provide supplemental benefits and financial protections for MA enrollees.

The Committee will monitor the finances and operations of the MA program, including the agency implementation of payment proposals finalized for CY 2025 and regulations addressing MA plan marketing activities and use of prior authorizations for medical care. In addition, the Committee will continue to seek insights into the expansion of non-health related supplemental benefits offered to enrollees who are living with chronic conditions and the availability of MA plans to patients with ESRD. In light of the Committee's bipartisan effort on mental health, we continue to be concerned about the accuracy of the behavioral health provider networks offered by MA plans and will continue to assess coverage and access to mental health and substance use disorder services under this program. Finally, the Committee will examine trends in MA enrollment.

Part D

As of May 2023, CBO projects $143 billion in Medicare Part D spending in 2025. MedPAC's March 2023 report noted that the program covered retail outpatient prescription drugs for more than 50 million beneficiaries. The Committee worked on a bipartisan basis to develop and pass legislative proposals that address the impact of misaligned incentives among pharmacy benefit manager entities in the prescription drug supply chain that drive up prices and the cost of drugs for patients in the Medicare and Medicaid programs, as well as for taxpayers. The Committee will continue to assess the impact of incentives in the prescription drug supply chain.

While the Part D program has increased access to prescription drug coverage and premium growth remains low and stable, incentives in the benefit design and increases in certain types of drug spending contributed to a growing transfer of risk to the federal taxpayer through reinsurance payments, even as plan liability has declined. In 2022, Congress passed legislation that made significant changes to Part D's benefit design and subsidies in order to realign incentives and improve affordability for beneficiaries and federal taxpayers. The law also reduced beneficiary out-of-pocket spending in several ways, including through a $35 cap on insulin products and $0 copay for certain vaccines. Notably, the law requires CMS to negotiate with manufacturers (beginning in 2023) to set Medicare payment for certain high-cost outpatient prescription drugs (beginning in 2026). In addition, CMS has implemented a statutory rebate (beginning in 2022) on manufacturers that increase market prices for drugs faster than the rate of inflation. The Committee will continue to closely monitor the implementation of these changes to the Part D program, particularly with respect to program guidance issued by CMS, as agency implementation could have wide-ranging impacts on beneficiaries and taxpayers.

With respect to the Part D redesign, the Committee will monitor shifts in incentives and behavioral responses by affected stakeholders, along with associated agency implementation and oversight actions, including with respect to trends in formulary placement, preferencing decisions, and utilization management for biosimilar products, generics, and other low-cost alternatives to drugs and biologics with higher list prices. Relatedly, the Committee will continue to assess the implications of vertical and horizontal integration among Part D supply-chain participants for prescription drug prices, costs, coverage, and pharmacy reimbursement.

<u>Ongoing Medicare and Medicaid Initiatives</u>

Drug Shortages

The Committee is concerned about persistent shortages in the supply of a rising number of essential generic prescription drugs taken by patients in the U.S. The Committee will develop a legislative proposal to mitigate and eliminate drug shortages for generic sterile injectable drugs through mechanisms implemented through the Medicare and Medicaid programs.

Artificial Intelligence

The Committee has taken note of the evolution of artificial intelligence (AI) and the exponential rise in the use of AI tools in clinical care and health care operations. The Committee held a hearing in February 2024 and was provided testimony on both positive and negative impacts of the use of AI in delivering health care, such as valuable gains in efficiency in providing health care services and problematic biases in data on which algorithms and AI tools are based. The Committee will assess and examine AI applications and develop legislative proposals that intend to support the responsible development and application of AI to extend the benefits and mitigate harms of AI.

Cybersecurity in Health Care

The Committee is concerned about cyber-attacks on the health care sector, particularly in light of the February 2024 attack on Change Healthcare that debilitated operations of providers and jeopardized sensitive patient health information. The *Health Insurance Portability and Accountability Act of 1996* (HIPAA) required the creation of national standards to protect sensitive patient information from being disclosed without the patient's consent or knowledge. However, the Committee notes there is no minimum technical standard for data security for the health sector, including claims clearinghouses. Several HIPAA provisions fall within the jurisdiction of the Finance Committee. The Committee will hold a hearing to assess deficiencies in cybersecurity requirements and consider options to shore up health data security.

COVID-19 Response and End of the Public Health Emergency

Congress passed six bills that were signed into law as part of the response to the unprecedented COVID-19 pandemic. Medicare played a significant role in stabilizing the health system during the pandemic by providing extensive flexibilities to providers, including the allowance to use telehealth in delivery health care, which enabled patients to receive care remotely and minimize the risk of contracting the virus. Congress extended the telehealth flexibilities through December 31, 2024 under *the Consolidated Appropriations Act of 2023* and the Committee will consider an additional extension at the end of the year. As part of the same bill, Congress required states to unwind Medicaid health coverage through a specified process in order to receive a higher federal Medicaid match included in the COVID-era law. The Committee will monitor the implementation of states' unwinding and the impact on health coverage.

Behavioral Health

In 2022, the Finance Committee conducted a bipartisan mental and behavioral health care initiative to develop legislation within the Committee's health jurisdiction that removes barriers Medicare and Medicaid beneficiaries face in accessing mental and behavioral health services. The Committee held a series of hearings that began in 2021 to better understand the state of mental health care in the Medicare and Medicaid programs; utilized comments submitted from stakeholders and the public to a Request for Information (RFI) on problems and proposals in five distinct policy areas that were considered for a bipartisan legislative package; and drew from a bipartisan Committee report describing the landscape of mental health care and potential policy interventions. The five policy areas included: 1) behavioral health care workforce, 2) primary care and behavioral health care integration, 3) tele-mental health care, 4) youth mental health, and 5) behavioral and physical health care parity. The Committee released five bipartisan discussion drafts on each of these policy areas and several provisions were signed into law in the *Bipartisan Safer Communities Act* of 2022 (P.L. 117-159) and the *Consolidated Appropriations Act, 2023* (P.L. 117-328).

The Committee intends to work in a bipartisan manner to continue to advance remaining bipartisan mental and behavioral proposals from these efforts and will fully offset the cost of any legislation that moves through the Committee process this year.

Health Care Delivery Reform

The Committee will also examine the effects of ongoing efforts to improve Medicare's health care delivery system. To date, the Center for Medicare and Medicaid Innovation (CMMI) has implemented four models that have met the requirements under Section 1115A(c) of the SSA to be expanded in duration and scope. CMMI will continue to pilot new models of care delivery aimed at paying for quality outcomes that reduce overall costs. As the Administration moves forward with these various initiatives, the Committee will monitor their implementation and examine the results.

Beneficiary and Health Care Facility Resilience in the Face of Severe Weather Events

The Committee intends to examine the impact of severe weather events on Medicare and Medicaid beneficiaries and health care facilities. Medicare and Medicaid beneficiaries are susceptible to poor outcomes due to severe weather events such as extreme temperatures, wildfires, hurricanes, flooding, fires, and other natural disasters. The Committee may consider options on how non-health related supplemental benefits could help improve the health resilience of beneficiaries living in communities that experience severe weather events and how changes to emergency preparedness standards could help protect the safety of beneficiaries living in health care facilities, such as nursing homes, that are impacted by severe weather events.

Medicaid and the Children's Health Insurance Program

Medicaid and the Children's Health Insurance Program (CHIP) play a significant role in the U.S. health care system, providing coverage to low-income children, pregnant women, adults in families with dependent children, elderly individuals, those with disabilities, and adults who meet certain income eligibility and other criteria. According to the HHS budget, about 82.9 million people received health care coverage through Medicaid in FY 2024. CBO's May 2023 CHIP baseline estimated that CHIP enrollment will average about 7 million children and pregnant mothers in FY 2025.

According to CBO, as of February 2024, federal spending on Medicaid will be $551 billion in FY 2025. Outlays for CHIP are estimated to be about $18 billion for FY 2025. In February 2024, CBO projected that the federal government would spend approximately $7.15 trillion on Medicaid over the 2025-2034 budget window, and that CHIP outlays will be approximately $191 billion for 2025-2034. The Committee made permanent the Medicaid provisions included in the *Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities (SUPPORT) Act of 2018* and extended the delay of payment reductions to Medicaid disproportionate share hospitals through December 31, 2024. The Committee will consider extending a delay of these reductions later this year.

In addition, the Committee is monitoring policies included in the *Consolidated Appropriations Act, 2023* that unwind the Medicaid program maintenance of effort requirements that Congress passed in 2020 to help stabilize access to health care coverage during the COVID-19 PHE. States began the process of redetermining eligibility on April 1, 2023 for all 86 million individuals with Medicaid coverage, and they have received added federal matching payments if they meet criteria for the redetermination process.

We will continue to address issues regarding access to coverage and services under Medicaid programs; appropriate federal funding levels for those services; timeliness and quality of data on Medicaid spending, payments, access, quality, and utilization; and general program integrity. To that end, the Committee hopes that there will be sufficient flexibility in the budget to consider accommodating Medicaid policies that protect the health care safety net for our most vulnerable populations.

Indian Health

American Indians and Alaska Natives (AIs/ANs) have access to care through the Indian Health Service (IHS) and some AIs/ANs also have coverage through programs administered by CMS including Medicare, Medicaid, and CHIP. The Committee will monitor the funding allocated in the *American Rescue Plan Act* (ARP) to enhance health information technology and the telehealth infrastructure across the Indian Health System. The Committee believes that Congress should continue to improve the coordination of services and payment between IHS and CMS in order to provide appropriate access to health care for all AIs/ANs.

Medicare, Medicaid, and CHIP Program Integrity

Providing the Administration sufficient tools and funding for effective program integrity operations is a long-standing bipartisan goal. Funding the Health Care Fraud and Abuse Control (HCFAC) program has historically shown a well-established record of success in fighting fraud, waste, and abuse in Medicare and Medicaid, as well as a high return on investment (ROI). The Committee supports an increase in program integrity funding so that current program integrity activities can expand, as included in the President's FY 2025 Budget. It will also look for additional opportunities to prevent fraud, waste, and abuse.

Elder Justice

Reports from the Government Accountability Office (GAO) and the Department of Health and Human Services Office of the Inspector General (HHS-OIG) indicate that Congress has reason to be concerned about rates of abuse and neglect of older Americans, including in nursing homes. In 2019, the Committee held two hearings to consider this issue and examine potential solutions, as over 75 percent of nursing home care is covered by Medicare and Medicaid. The COVID-19 pandemic further heightened concerns about the care older Americans receive. The Committee will continue to examine and pursue policies, such as those authorized under the *Elder Justice Act*, which make resources available for entities such as long-term care ombudsman and adult protective services agencies to better safeguard this vulnerable population.

Health Insurance Marketplaces

Earlier this year, CMS reported that 21.3 million Americans have enrolled in health insurance coverage through health insurance marketplaces for CY 2024. According to CBO's estimates from February 2024, federal outlays on premium tax credits and related spending will be $110 billion in FY 2025, and slightly exceed $1 trillion over the 2025-2034 budget window. In the *Inflation Reduction Act (PL 117-169),* Congress extended more generous premium tax credits for marketplace health plans through 2025. The Committee will continue to monitor the implementation of this policy change. The Committee will also track trends in marketplace enrollment and the affordability of marketplace plans.

HUMAN SERVICES

Child Welfare

Six years ago, the *Family First Prevention Services Act* was signed into law as part of the *Bipartisan Budget Act of 2018.* This law was designed to keep children safely with their families instead of placing them in foster care, encourage states to place children with foster families instead of in group homes, and reduce the bureaucracy faced by relatives who seek to take in children who cannot remain safely with their parents. Subsequently, and in response to the COVID-19 pandemic, Congress passed the *Supporting Foster Youth and Families through the*

Pandemic Act as a part of the *Further Consolidated Appropriations Act, 2021.* This law included policies that supported implementation of the *Family First Prevention Services Act,* as well as emergency support to children and families in the foster care system impacted by the COVID-19 pandemic. The committee will work to ensure the *Family First Prevention Services Act* is well-implemented and will contemplate reforms to further the goal of safely keeping families together, including through the support of kinship families.

On December 29, 2022, Congress passed the C*onsolidated Appropriations Act of 2023*. The committee authored a significant portion of that law, including Section 6101, which reauthorized the Maternal, Infant and Early Childhood Home Visiting (MIECHV) Program through September 30, 2027. As part of this five-year reauthorization, MIECHV funding will gradually double through a combination of Federal base grants and Federal matching grants, while improving transparency and stability for grantees by establishing a funding formula in statute. This section also reserved funds for purposes other than the state/territory grants, including a six percent set aside to provide and administer grants to Indian tribes, and created an option to provide virtual home visits. The Committee will be monitoring implementation of this law and searching for additional opportunities to ensure significantly expanded access to evidence-based, high-quality home visits for women and families across the country.

Additionally, the Committee will consider legislative action to reauthorize expiring or expired child welfare programs, including:

- Title IV-B, Subpart 1 of the Social Security Act (Stephanie Tubbs Jones Child Welfare Services) (CWS)
- Title IV-B, Subpart 2 of the Social Security Act (MaryLee Allen Promoting Safe and Stable Families) (PSSF)
- Section 473A of the Social Security Act (Adoption and Legal Guardianship Incentive Payments)

Temporary Assistance for Needy Families (TANF)

TANF and related programs (such as funding for child care and healthy marriage and responsible fatherhood programs) will expire on September 30, 2024. A timely extension of these programs is critical to supporting low-income families, and the Committee will work to continue these important programs this year. The Committee will contemplate reforms to better help recipients receive the services and supports (including job training and child care) they need to escape poverty including through entering or reentering the workforce and remaining employed. The Committee will also work to improve program integrity, better understand the barriers to promoting states' use of TANF dollars on the program's core purposes and services, and work toward better measuring outcomes of the program to focus spending on efforts that successfully increase employment, family well-being and reduce poverty.

Personal Responsibility Education Program (PREP), Sexual Risk Avoidance Education (SRAE), and Family-to-Family Health Information Centers

The Committee will consider legislative action to reauthorize the following programs that expire on December 31, 2024:

- Title V, Section 501 of the Social Security Act (Family-to-Family Health Information Centers)
- Title V, Section 510 of the Social Security Act (SRAE)
- Title V, Section 513 of the Social Security Act (PREP)

TRADE

Legislation

The Finance Committee may consider trade-related legislation concerning the following issues:

1. enhancement of compliance with and enforcement of U.S. trade agreements and U.S. trade laws;
2. modernization and reform of the Administration's trade authorities, enforcement tools, and transparency and consultation practices;
3. implementation and enforcement of trade agreements;
4. trade promotion authority (TPA), which was last authorized through the *Bipartisan Congressional Trade Priorities and Accountability Act of 2015* (P.L. No. 114-26) and expired on July 1, 2021;
5. reauthorization and potential improvements to the Generalized System of Preferences (GSP) program and other trade preference programs;
6. a miscellaneous tariff bill (MTB), including reauthorization of the *American Manufacturing Competitiveness Act of 2016* (P.L. 114-159), which would allow the U.S. International Trade Commission (ITC) to consider and evaluate petitions for duty relief for the next two MTB processes;
7. Trade Adjustment Assistance (TAA), which was last authorized through the *Trade Adjustment Assistance Reauthorization Act of 2015* (P.L. No. 114-27) and expired on June 30, 2022;
8. modernization of Customs and Border Protection's (CBP) role in trade facilitation and enforcement;
9. improvement of U.S. trade capacity building programs;

10. efforts to address any U.S. laws that might be inconsistent with our trading obligations; and
11. imposition of new or further trade-related measures against Russia, Belarus, or other countries engaged in actions that threaten the international order or U.S. security interests.

Oversight

The Finance Committee will also conduct oversight over a number of key trade and supply chain issues, including any actions the Administration takes pursuant to Section 232 of the *Trade Expansion Act of 1962* (P.L. No. 87-794) and any corresponding product exclusion processes; investigations conducted pursuant to Section 301 of the *Trade Act of 1974* (P.L. No. 93-618) and any corresponding product exclusion processes; actions taken under the *Suspending Normal Trade Relations with Russia and Belarus Act* (P.L. No. 117-110); activities of the United States at the World Trade Organization (WTO); the U.S.–China trade and economic relationship, as well as U.S. relationships with other key trading partners; enforcement of U.S. rights under trade agreements; the application of U.S. trade remedy laws; protection and enforcement of U.S. intellectual property rights abroad; and the *African Growth and Opportunity Act* (P.L. No. 106-200).

The Committee will continue conducting oversight of any ongoing international trade and investment negotiations, including any negotiations or dialogues:

1. conducted under the auspices of the WTO, including with respect to electronic commerce, fisheries subsidies, or concerning trade in goods in light of the COVID-19 pandemic;
2. between the United States and China;
3. between the United States and countries in the Asia-Pacific region, including under the auspices of the Asia-Pacific Economic Cooperation Forum (APEC) or as part of the Indo-Pacific Economic Framework (IPEF);
4. between the United States and trading partners in the Americas, including as part of the Americas Partnership for Economic Prosperity (APEP);
5. between the United States and the European Union;
6. between the United States and Japan;
7. between the United States and Kenya;
8. between the United States and Taiwan, which are governed by consultation, transparency, and procedural requirements set by Congress in the *United States-Taiwan Initiative on 21st-Century Trade First Agreement Implementation Act* (P.L. No. 118-13);
9. between the United States and the United Kingdom;
10. between the United States and other countries interested in pursuing a Global Arrangement regarding steel and aluminum;

11. to address market access barriers for U.S. farmers and businesses in India;
12. established under mechanisms in our existing free trade agreements; and
13. between the United States and any partners concerning supply chain resilience, including relating to critical minerals.

Notably, the Finance Committee will be closely monitoring implementation and enforcement of the United States–Mexico–Canada Agreement (USMCA) and other trade agreements, utilization of laws restricting imports, and other international trade commitments. It will continue to conduct oversight of international trade matters related to multilateral institutions of which the United States is a member, such as efforts to reform the WTO.

The Finance Committee will continue its extensive oversight over CBP, as well as the Department of Homeland Security (DHS), the Department of Commerce, and the Department of the Treasury, which have key roles relating to CBP's functions. Since 2002, many laws have reorganized and refocused the agency, including:

1. the *Homeland Security Act of 2002* (P.L. No. 107-296), which transferred certain customs functions from the Department of the Treasury to DHS;
2. the *Security and Accountability For Every (SAFE) Port Act of 2006* (P.L. No. 109-347), which authorized the restoration of trade resources and unification of trade personnel under a new Office of Trade; and
3. the *Trade Facilitation and Trade Enforcement Act of 2015* (P.L. No. 114-125), which provided comprehensive authorization of CBP; streamlined legitimate trade and provided benefits to trusted traders to increase U.S. competitiveness; and strengthened enforcement related to intellectual property rights, trade remedies, currency manipulation, forced labor, and other aspects of trade enforcement.

Oversight is essential to ensure an appropriate balance is maintained between the need for stronger border security and economic security. In addition, the Committee will continue its oversight of other agencies with international trade functions.

SOCIAL SECURITY, SUPPLEMENTAL SECURITY INCOME, AND UNEMPLOYMENT INSURANCE

The Committee on Finance considers all proposed legislation and executive appointments requiring Senate confirmation related to Social Security and Supplemental Security Income (SSI), as well as proposed legislation related to unemployment insurance.

Social Security Long-term Financing

Social Security's finances face long-run sustainability challenges. Addressing these challenges must ultimately involve bipartisan legislation reported out by the Finance Committee.

Social Security Administration Service Delivery

The administrative budget of the Social Security Administration (SSA) is the Limitation on Administrative Expenses (LAE). The LAE funds salaries and benefits for agency employees and State employees at disability determination services (DDS) offices, as well as other expenses such as rent, supplies, and information technology. The FY 2024 appropriation for administrative expenses provided SSA with $14.226 billion, which was $100 million more than the amount appropriated for FY 2023, and $1.26 billion less than the President's FY 2024 request.

The FY 2025 President's Budget requests $15.402 billion for SSA's LAE account, a $1.176 billion increase from the FY 2024 appropriation. The Commissioner's unrevised budget for FY 2025 is $16.450 billion, which is $1.048 billion larger than the President's request. We recommend that the Budget Resolution allow for sufficient funds for the SSA to rebuild its workforce and invest in information technology improvements to help the agency process more disability claims, reduce National 800 Number hold times, and provide quality service to its customers.

Social Security, SSI, and SSDI Program Integrity

Funding for program integrity can reduce improper payments and provide net budget savings. Taxpayer funds dedicated to Continuing Disability Reviews (CDRs) for Social Security Disability Insurance (SSDI) and SSI redeterminations generate net projected savings to the federal budget. Current estimates are that medical CDRs conducted in FY2025 will yield net Federal program savings over the next 10 years of roughly $9 on average per $1 budgeted for dedicated program integrity funding, including Old-Age, Survivors, and Disability Insurance, SSI, Medicare, and Medicaid effects. SSA estimates SSI non-medical redeterminations conducted in FY 2025 will yield net Federal program savings over the next 10 years of roughly $3 on average per $1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects.

The *Budget Control Act of 2011 (BCA)* allowed increases above the Federal Government's annual spending caps for program integrity purposes. The *Bipartisan Budget Act of 2015 (BBA)* (P.L. No. 114-74) increased the cap adjustments allowed in the BCA by a net $484 million between FY2017 and FY2021. The BBA also expanded eligible expenditures to include Cooperative Disability Investigation (CDI) units, Special Assistant U.S. Attorneys who prosecute Social Security fraud, and clearly defines the use of funds for work-related CDRs. The *Fiscal Responsibility Act of 2023* (P.L. No. 118-5) increased the cap adjustments for program integrity purposes to $1.578 billion and $1.630 billion for FY 2024 and 2025, respectively.

For FY 2025, the President's Budget requests program integrity spending of $1.903 billion, $52 million above FY 2024 enacted level, composed of a $1.578 billion allocation adjustment and a

$273 million base. We recommend that the FY 2025 Budget Resolution allows for sufficient funding for program integrity to help ensure that benefits are fairly and efficiently distributed.

Last year, we noted that the public health emergency associated with COVID-19 created service disruptions which resulted in a backlog of pending CDRs. As a result, SSA has been unable to maintain currency since FY 2020. With the President's request, SSA projects to regain currency in FY 2025 and prevent a new backlog from forming throughout the Budget window.

Processing of Disability Applications and Appeals

The COVID-19 pandemic and associated disruptions continue to have a significant impact on service delivery at SSA. Applications and awards for SSDI and SSI benefits have been declining for several years. For SSDI benefits, applications fell from 2.3 million in Calendar Year (CY) 2016 to 1.8 million in CY 2022, while the number of awards fell from 744,000 to 543,000 over the same period. For SSI benefits, applications fell from 1.9 million to 1.4 million between CY 2016 to 2022 and the number of SSI awards decreased from 767,000 to 522,000 over the same period. The declines in applications and awards may be related to the closure of field offices or to the economic support provided by federal COVID-related programs.

Despite the substantial decline in applications, many disability workloads experienced backlog growth due to high staffing attrition and lingering pandemic-related service delivery effects. In FY 2023, 1.128 million disability claims are pending at the initial level with an average wait time of 218 days, up from a backlog of 593,944 in FY 2019 with an average wait time of 120 days. In FY 2024, the initial claims backlog is projected to grow by approximately 38,000 to 1.166 million. The annual average processing time for a decision by an administrative law judge grew from 326 days in FY 2021 to 450 days in FY 2023, and SSA aims to reduce this time to 270 days by FY 2024.

If provided with the President's Budget request, SSA states that it will hire additional staff in State Disability Determination Services (DDSs) and hearing offices, as well as make business process improvements and information technology enhancements. Under the President's Budget request, SSA estimates it would reduce the initial disability claims backlog by 179,000 cases, eliminate the hearings backlog and maintain an average hearing wait time of 270 days throughout FY 2025. We recommend that the Budget Resolution include adequate funding to support SSA's goals of processing significantly more initial disability applications and continuing to further reduce, and ultimately eliminate, the hearing backlog.

Unemployment Insurance

There are several issues related to the unemployment insurance (UI) system that warrant Congressional attention, including: benefit policies set by states; reemployment services and opportunities provided by states; state trust fund solvency; benefit timeliness; state administration and technology; and improving UI financial integrity by reducing employer tax evasion and improper payments, including recent outsized fraud. The Committee will continue to explore options to support states in administering their UI programs effectively, including by continuing to develop the bipartisan framework for improvements to UI administration and program integrity released by the Chairman and Ranking Member in February 2024.

The Committee will also continue to review program efficiency and integrity data related to the UI provisions enacted as part of the *Families First Coronavirus Response Act*, the *CARES Act,* and the *American Rescue Plan Act*. Finally, the Committee will consider what reforms may be necessary to prepare the UI system for a future economic downturn.

Sincerely,

Ron Wyden
Ron Wyden
United States Senator
Chairman, Committee on Finance

Mike Crapo
Michael D. Crapo
United States Senator
Ranking Member, United States Senate Committee on Finance

United States Senate
COMMITTEE ON FOREIGN RELATIONS
WASHINGTON, DC 20510–6225

April 22, 2024

The Honorable Sheldon Whitehouse
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

The Honorable Chuck Grassley
Ranking Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Chairman Whitehouse and Ranking Member Grassley:

I am writing to share my views on the FY2025 International Affairs budget and programs under the jurisdiction of the Committee on Foreign Relations, as required by Section 301 (d) of the Congressional Budget Act of 1974.

With wars on multiple continents, proliferating humanitarian crises, and emboldened authoritarians, robustly funding the Department of State, USAID, and other international affairs agencies is of critical importance. As the President's budget request is aligned with the discretionary spending caps included in the Fiscal Responsibility Act of 2023, it is imperative that Congress view the FY25 International Affairs Budget Request not as an aspiration – but rather the floor for any spending plan. Far too often funds critical to achieving our national security goals – from defending human rights to bolstering democracy – are cut first from the budget request. Congress must not repeat that mistake in FY25. Instead of choosing between addressing the climate crisis or funding anti-corruption programs, we should be expanding funding for international efforts.

In so many places around the world, American leadership and credibility is at stake and we need to ensure our resources match our rhetoric. Nowhere is this most apparent than in Ukraine. And while we wait on the Supplemental Appropriations Bill to pass the House, it is imperative that Ukraine is also supported in yearly, regular budgeting cycles. Congress needs to reinstitute and reaffirm the Ukraine base budget in its International Affairs budget by delivering on the $481.6 million request for Ukraine Bilateral Programs. Investing in Ukraine will send a signal to authoritarians around the world that the United States stands with democracies under threat, brings us closer to integrating Ukraine into the West, and will bolster global food security, transatlantic trade, and the many U.S. companies operating in Kyiv and throughout the region.

Our support for Ukraine is the best demonstration of a values-based foreign policy in action. And at the heart of those values is the President's $3 billion request for democracy, human rights and governance programs, which Congress needs to fully fund. It is imperative that both the State Department's Bureau of Democracy, Human Rights, and Labor (DRL) and USAID Bureau for

Democracy, Human Rights, and Governance (USAID/DRG) are fully staffed and funded to deliver on their important work. This includes continuing to deliver on the Administration's Strategy on Countering Corruption, holding human rights violators accountable with Magnitsky sanctions, and implementing my Combatting Global Corruption Act. Additionally, we need to support the individuals and organizations striving to advance and protect democracy and human rights, including by fully funding the National Endowment for Democracy (NED), which has consistently proven to be a cost-effective way to support that values-based foreign policy. It is also critical that we meet the Administration's request for $3.1 billion for gender equality because history has shown that a nation can never prosper when it does not empower its women and girls.

We also need to fully fund the President's $2.1 billion discretionary funding request to invest, align, and compete with the People's Republic of China. At the same time, we need to come together and deliver mandatory spending for that competition – specifically funding the $4 billion over five years requested for the International Infrastructure Fund (IIF) and the President's Indo-Pacific Strategy. I am pleased that for the first time the President's budget has dedicated Foreign Military Financing (FMF) account for Taiwan. This sends an incredibly important signal that U.S. support for Taipei is dependable and consistent.
In the Middle East, it is imperative we continue to support our regional allies and partners in a way that ensures we match our military support with clear investments in diplomacy and development. I strongly support the $3.3 billion in security assistance to Israel as part of our 10-year bilateral Memorandum of Understanding. In addition, sustained security assistance for U.S. partner militaries in Jordan and Lebanon is critical to maintain stability and security in the region at this time. Lastly, we have to strengthen non-military support for peacebuilding, democracy, and development initiatives as part of our coordinated effort to promote regional integration and de-escalation.

At the same time, climate change, conflict, and poverty are driving humanitarian crises. Current needs are far outpacing available resources, and it is paramount that the United States continue to robustly fund life-saving assistance through humanitarian accounts, including International Disaster Assistance and Migration and Refugee Assistance. Without fully funding these and other humanitarian accounts, millions of vulnerable people around the world will be cut off from lifesaving assistance, further destabilizing crises around the globe from Sudan to Burma to Venezuela. And according to the Intergovernmental Panel on Climate Change, the world's premier authority on climate science, we are quickly approaching a tipping point in our collective ability to successfully combat the climate crisis. Climate vulnerable small island nations in the Caribbean and Indo-Pacific are rapidly experiencing existential tropical storms and sea level rise, despite being the countries least responsible for contributing to the climate crisis. And while political difference in the U.S inhibits action, the rest of world is investing in a more energy and climate secure future. It is in the U.S. national security interest to lead this effort.

The Senate Foreign Relations Committee has passed a State Department authorization bill for the past three years, reflecting the core American values that have shaped our own security and prosperity and contributed to international stability, cooperation, and achievements around the world. It is similarly important that our International Affairs budget do the same. As such, I am proud that Congress, as a united body, has worked to protect this foreign affairs portion of the overall United States budget, which is key to promoting American interests and supporting and protecting American citizens across the globe. I urge you to continue this trend and fully resource the Function 150 budget to effectively combat global crises and adequately meet the needs of the State Department, USAID, and its related agencies.

Specifically:

- The overall FY25 Function 150 budget allocation should match or exceed the President's FY25 request and include funding to increase and retain our diverse diplomatic workforce, including modernizing the Foreign Service Institute, increasing wages for Locally Employed Staff, standing up a Diplomatic Reserve Corps, and supporting a Professional Training Float. Additionally, funds supporting Diversity and Inclusion Offices and implementation of Racial Equity Action Plans across International Affairs agencies are critical to U.S. foreign policy and assistance efforts and should match or exceed the President's FY25 request;
- Economic Support Fund (ESF), Development Assistance (DA), and International Organizations and Programs (IO&P) should match or exceed the President's FY25 request;
- The Assistance for Europe, Eurasia and Central Asia Account, including strengthening democracy, countering malign influence, promoting energy security, and addressing anti-Semitism, racism, and fostering inclusion throughout the region should match or exceed the President's FY25 request;
- Discretionary funding for the Indo-Pacific region should match or exceed the President's FY25 request;
- In the Middle East, the budget should reflect greater investments into strategic economic development, more robust diplomacy particularly as the administration competes with China and Russia in the region, and regional integration alongside traditional security cooperation, foreign military financing, and large Department of Defense budgets;
- In addition, anti-ISIS funding for State Department and USAID counter-ISIS activities should match or exceed the President's FY25 request, alongside consistent humanitarian assistance in the Levant and other parts of the region; and funding for human rights and civil society in the region should match or exceed the President's FY25 request; Lastly, the State Department should increase funding for the Near East Regional Democracy fund to match or exceed the President's FY25 request and double funding for the Nita M. Lowey Middle Easy Partnership for Peace Act to $100 million;
- The President's topline budget request for Africa should be funded at or above the FY25 request, which could serve to add additional positions in Africa that will help embassies strengthen economic linkages, and counter Russia and the PRC's malign influence in Africa in line with the request, as well as create appropriate incentives to ensure our embassies in Africa are fully staffed, and that Africa Leadership Summit commitments on the continent and in the diaspora are fulfilled;
- Funding for the International Narcotics and Law Enforcement (INCLE) should exceed the President's FY2025 request to be at least $1.6 billion in order to ensure that the

State Department has essential funding to combat narcotics trafficking, including fentanyl trafficking, counter transnational criminal organizations, and prevent and address trafficking in persons;

- Funding for the Western Hemisphere region should exceed the President's topline FY 2025 request to $2.8 billion. Amid ongoing security risks, growing challenges to democratic governance and the rule of law, and rising levels of irregular migration, such funding is essential to advance U.S. national interests in our own hemisphere. Funding should also support new USAID development initiatives to assist communities across the Americas that are hosting significant numbers of migrants and refugees in order to strengthen regional migrant and refugee integration programs. Additional funds should also be used to support our racial equity agreements and initiatives with Canada/Mexico (NAPERJ), Colombia (CAPREE), Brazil (JAPER), and others, including protecting African descent and indigenous populations land and other rights;
- FMF should exceed the President's FY25 request to be at least $6.5 billion. Moreover, it is critical to U.S. national security to maintain FMF as grants as far as possible, not as loans;
- The President's budget request related to support to international organizations should be fully funded. This funding provides support for international programs and organizations whose missions substantially advance U.S. foreign policy interests. Importantly, it will begin the process of paying down recently accumulated arrears, including cap-related UN peacekeeping arrears;
- Given the unprecedented levels of humanitarian need, including rising global food insecurity, funding for humanitarian assistance accounts should match or exceed the President's FY25 request;
- Funding to protect and promote the rights of women and girls around the world should match or exceed the President's FY25 request, including funds to address gender-based violence, especially in humanitarian settings;
- Funding for the Bureau of Democracy, Human Rights and Labor should match or exceed the President's FY25 request to support additional human rights positions at international organizations abroad, provide more funding for the Office of the Special Envoy to Monitor and Combat Antisemitism, and support the continued work of other special envoys advancing LGBTQI+ rights, racial equity and justice, and disability rights across the globe.
- Funding for Public Diplomacy initiatives, including countering foreign malign influence, international exchanges, and public affairs and diplomatic programs should match or exceed the President's FY25 request to ensure that the United States is effectively competing in the global information space and communicating American foreign policy and values. This includes a continued focus on working with Historically Black Colleges and Universities, Hispanic-, and other minority-serving institutions to ensure representation of America's diverse citizenry in our diplomatic efforts;
- The President's FY25 request to more than quadruple international climate finance - and provide more than $3 billion for the President's Emergency Plan for Adaptation

and Resilience (PREPARE), including a $1.6 billion contribution to the Green Climate Fund and a $1.2 billion loan to the Clean Technology Fund - should be supported;
- Global Health Programming, including the request for a contribution to the Global Fund to Fight AIDS, TB and Malaria should match or exceed the President's FY25 request;
- Funding for USAID, MCC, DFC, USTDA, and the Peace Corps should match or exceed the President's FY25 request;
- Funding for the newly authorized Bureau for Cyberspace and Digital Policy should match or exceed the President's FY25 budget request in order for the Bureau to effectively coordinate the Department's work on cyberspace and digital diplomacy, to assert the Department within the interagency on cyber and digital matters, and to advance the 2023 U.S. National Cybersecurity Strategy.

Now more than ever we need robust, holistic, U.S. leadership for our own security and for global stability and prosperity. Funding these priorities will help us deliver on that leadership. Failing to provide robust resources for U.S. efforts to promote good governance, support economic development, climate change resilience, combat human trafficking, protect religious and other minorities, eradicate disease and building partner capacity, will ultimately increase risks to the United States. We have always stood on the side of these values, enabling citizens around the world to actively and freely participate in the political process, supporting the rule of law, protecting human rights, and ultimately helping build and maintain vital allies and partners for the United States.

I appreciate your consideration of these views, and I look forward to working with you on the Budget Resolution.

Sincerely,

Ben Cardin

Benjamin L. Cardin
Chairman

United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510–6225

April 19, 2024

The Honorable Sheldon Whitehouse
Chairman
Committee on the Budget
United States Senate
624 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Chuck Grassley
Ranking Member
Committee on the Budget
United States Senate
624 Dirksen Senate Office Building
Washington, DC 20510

Dear Mr. Chairman and Mr. Ranking Member:

In accordance with section 301(d) of the Congressional Budget Act, I write to share the views and estimates of the Committee on Foreign Relations minority relating to the Fiscal Year 2025 (FY25) International Affairs Budget. It is recommended that the Concurrent Resolution on the Budget provide an amount not greater than $60.8 billion for the discretionary Function 150 International Affairs, Function 300 International Commissions, and Function 800 General Government programs and activities within the committee's jurisdiction. We estimate this amount to be equal to the FY24 base enacted level and 5.5 percent below the president's FY25 request, 2.4 percent below the FY23 base enacted level, and 27.1 percent below the FY23 total enacted level.

It is further recommended that the resolution include authority for non-discretionary spending under the Foreign Service Retirement and Disability Fund at $60 million – a reduction of $98.9 million justified by an overall reduction of active annuitants drawing upon the account – while moving the proposed $4 billion in non-discretionary spending for "Out Compete China" into the discretionary budget.

Within this discretionary allocation, the committee minority recommends a realignment of priorities and resources as follows.

Countering China's Malign Activities and Influence. As indicated in each of the past three years, advancing an effective strategy to compete with and counter the malign influence of the People's Republic of China (PRC) must remain the top foreign policy priority of the United States. The committee minority recommends increased and targeted discretionary foreign assistance resources for diplomatic engagement, economic support, development finance, and security assistance to fortify U.S. engagement in the Indo-Pacific region and to counter the PRC's malign activities globally. The committee minority supports the Countering PRC Influence Fund.

The committee minority notes that two prior requests for mandatory funds for the Indo-Pacific Strategy have been rejected by Congress. We expect this year's request will meet a similar fate. It is therefore recommended, once again, that the president's request for mandatory funds to compete with the PRC and support partners in the Indo-Pacific be shifted into the discretionary budget.

Ukraine. It is in the national security interests of the United States to ensure there is sufficient budget authority in FY25 to shift emergency funding for Ukraine into the base budget. The U.S. government cannot continue to rely upon supplemental budgets and other gimmicks to address the global impact of Russia's illegal war, particularly while the administration seeks to divert previously appropriated funds for Ukraine to unrelated causes. The president's FY25 request of $1.5 billion to support Ukraine and counter Russian aggression, once again, misses the mark and must be adjusted accordingly.

In addition to ensuring a sufficient level of discretionary funds are included in the Function 150 budget for Ukraine, the committee minority supports full implementation of S. 2003, the Rebuilding Economic Prosperity and Opportunity for Ukrainians Act (or REPO Act). The REPO Act authorizes the president to confiscate or seize any sovereign assets of the Russian Federation that are under U.S. jurisdiction, and then transfer such confiscated assets to Ukraine for its use in its reconstruction efforts. According to the Congressional Budget Office, enactment will not increase net direct spending over the 2024-2034 period.

Humanitarian Assistance and Food Aid. The committee minority's Function 150 discretionary budget recommendation prioritizes resources to meet unprecedented levels of humanitarian need. At the same time, the committee minority will continue to pursue far-reaching reforms of U.S. international food aid programs in the Farm Bill, which should be enacted during this calendar year, and through implementation of the Global Food Security Act. These reforms, coupled with the elimination of U.S. agricultural cargo preference requirements that have outlived their statutory purpose, will enable the United States to reach more people in need in less time and at less expense.

International Pandemic Preparedness. The committee minority's Function 150 discretionary budget recommendation supports targeted resources for international pandemic preparedness. It does not, however, support the president's proposed allocation of global health security funds outside of the framework created by the Global Health Security and International Pandemic Prevention, Preparedness, and Response Act, enacted as part of the FY2024 National Defense Authorization Act. Pursuant to that act, global health security funds must be aligned with a clearly articulated global health security and diplomacy strategy that is coordinated by the U.S. Coordinator for Global Health Security and Diplomacy at the Department of State. The president's FY25 request ignores congressional intent by allocating those funds directly to the United States Agency for International Development (USAID), which has a deeply problematic record of failure in overseeing its partners in virological research and development. This must be fixed.

Climate. The committee minority recommends not providing resources for non-transparent, ineffective, and misguided climate initiatives. We strongly object to the request to make a contribution to the Green Climate Fund. Moreover, we continue to object to the imposition of climate objectives and carbon caps on the International Development Finance Corporation (DFC), Millennium Challenge Corporation, and Power Africa initiative. These measures fail to consider the energy needs of developing countries, will do little-to-nothing to reduce global emissions, leave

The Honorable Sheldon Whitehouse and the Honorable Chuck Grassley
April 19, 2024
Page 3

little room for the development of abundant cleaner carbon options, such as liquefied natural gas (LNG). The Department of State and several other executive agencies also continue to implement "International Energy Engagement Guidance," promulgated in 2021 and not briefed to this committee. This guidance essentially prohibits U.S. support for LNG and undermines congressional intent in appropriations legislation. Furthermore, the recently announced "pause" on exports of U.S. LNG to allies around the world is a self-defeating policy that threatens to undo years of progress in making America the world leader in providing safe, clean, and reliable LNG to a range of markets.

The result of these policies will be to cede global market share to adversaries, force allies back into the coercive energy dependencies on Russia that the United States has spent decades trying to reverse, and ensure the gas market is increasingly unable to keep up with projected demand (particularly from Asia). Such restrictions ultimately leave emerging economies with no option other than to turn toward China for investment. It is notable that the push for solar goes even further to undermine U.S. interests by creating demand for cheap Chinese panels, which continue to dominate the global market and, according to credible allegations, many of which are built utilizing slave or forced labor in Xinjiang.

Security Assistance. The committee minority believes the Function 150 discretionary budget provides insufficient levels of security assistance for key partners and allies in the Indo-Pacific and Europe. The war in Ukraine and China's rapid military mobilization and accompanying coercion calls for substantial increases in security assistance resources. In addition to Ukraine, priority partners include our Baltic and East European allies, Taiwan, the Philippines, and Vietnam. The committee minority supports fully funding the $2 billion for Foreign Military Financing to Taiwan that was authorized in the FY2023 NDAA. We also encourage the administration to provide robust funding for joint training with Taiwan. Maintaining robust levels of security assistance to Middle East partners also remains a priority. This includes assistance to enable Israel to maintain deterrence, to prevent Hezbollah's entry into the war, to empower our Middle East partners to defend against Iranian aggression, and to safeguard U.S. influence in the region.

Infrastructure. The committee minority recommends Congress prioritize discretionary budget resources for strategic infrastructure abroad. Unfortunately, the presidential request once again requests $2 billion in mandatory spending for this purpose. Although the committee minority supports infrastructure as a policy priority, it cannot support a mandatory funding request absent transparency and accountability for how those funds will be used. The need for transparency and accountability is especially acute given the administration's fixation on using discretionary infrastructure funds to advance non-strategic ideological projects, such as climate and gender, through the Project for Global Infrastructure and Investment (PGII). U.S. support for infrastructure abroad should focus on the transport, digital, and energy sectors, and should align with partner needs and the strategic challenges posed by China owning or controlling such infrastructure.

In addition to our concerns over PGII's focus on non-strategic or ideologically-driven priorities, it is unclear what authority PGII has to direct or influence resources outside those funds specifically allocated to the PGII account. The committee minority also recommends against providing resources for PGII absent robust oversight mechanisms and guardrails to ensure PGII does not act as a non-transparent, politically-driven clearinghouse for other agencies' congressionally-appropriated funds, such as USAID or the DFC.

Instead of providing more resources to non-transparent political initiatives like PGII, the committee recommends providing additional resources to targeted efforts addressing specific strategic infrastructure challenges, such as the Strategic Ports Initiative (SPI). The committee minority supports the additional $10 million for three new Civil Service positions to be split between SPI and the Indo-Pacific Infrastructure Transaction Network. However, this level of funding is unserious when compared to requests of $250 million for PGII, $3 billion for the Green Climate Fund, and $3.1 billion for gender.

Afghanistan. The committee minority objects to any Economic Support funds without adequate safeguards to prevent direct benefit to the Taliban. The media is full of credible, open-source reports of the Taliban diverting assistance to further its own aims. Additionally, the committee minority is concerned with proposed expenditures of U.S. foreign assistance focused on International Narcotics Control and Law Enforcement (INCLE) funds. Counternarcotics programs, ineffective even with a large U.S. presence in Afghanistan, are even less effective from over-the-horizon. These funds would be better spent on other Afghanistan initiatives. Specifically, the situation for Afghanistan's women and girls remains dire, and the committee minority supports expanding distance education programs to support Afghan women and girls.

West Bank and Gaza. The committee minority applauds language in the FY24 appropriations law prohibiting U.S. contributions to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) and supports continuing the prohibition. The committee stands ready to support efforts to scale up vetted implementers, without ties to terrorism, to replace UNRWA. More generally, the committee minority maintains reservations on proposed expenditures of Economic Support Fund in Gaza until there is greater clarity on the legitimacy of the governing authority, the risks of diversion by terrorist groups, and the alignment with U.S. national security objectives. The committee minority supports proposed expenditures of INCLE funds to diminish violence in the West Bank.

Syria. The committee minority continues to object to proposed expenditures of U.S. foreign assistance in regime-controlled areas of Syria that have few safeguards against diversion, blur the line between relief and reconstruction activities prohibited by the Caesar Act, and will entrench a regime that continues to commit heinous crimes against the Syrian people.

Sudan. Congress appropriated an unprecedented $700m in FY21 Title IX economic support funds to support Sudan's civilian-led transition, following the ouster of President Omar al-Bashir. In the years since, the president's budget request has paled in comparison, with the FY25 request demonstrating minimal interest in providing non-humanitarian support to resolve Sudan's catastrophic conflict. Failing to make a serious investment in addressing the Sudan conflict today will only increase the costs to the United States of responding to a broader regional humanitarian and security crisis.

Sahel. Democratic decline, including a series of coups in the Sahel, has exacerbated the existing humanitarian crisis, emboldened violent extremists and armed groups, created openings for global malign actors, including Russia, and severely threatened investments in security partnerships and capabilities by the United States and our allies. The committee minority recommends a robust investment in the Sahel – for stabilization, democracy, and governance efforts – that matches the threat and importance of this region to U.S. foreign policy and national security interests.

Illegal Immigration. The Biden Administration has failed to disrupt three consecutive years of record-level illegal immigration into the United States, despite the president's $4 billion commitment in foreign assistance to Mexico and Central America. It is essential that Congress conduct rigorous oversight over existing or new foreign assistance programs that have failed to address the illegal immigration crisis. The committee minority's Function 150 discretionary budget recommendation does *not* support proposed additional funds for the Root Causes Strategy. The committee minority recommends support for programs that verifiably enhance the capacity of democratic countries in Central America to police their own borders and repatriate illegal immigrants in accordance to international commitments.

Venezuela. The administration has severely undermined U.S. national security interests by failing to pressure the Maduro regime to restore democratic order in Venezuela. The committee minority recommends support for measures that diplomatically isolate and deny financial resources to the regime of Nicolas Maduro. The committee minority has thus proposed legislation to codify a set of economic and diplomatic measures that would incentivize the Maduro regime to take credible and verifiable steps to restore democratic order in Venezuela.

Fentanyl. The committee minority supports expanding the use of financial sanctions and visa revocations to target individuals and entities engaging in activities or transactions materially contributing to the trafficking of illicit synthetic opioids. The committee minority also supports programs that would deepen collaboration with democratic partners in the Western Hemisphere to increase the rates of seizure and destruction of precursor chemicals used to manufacture illicit synthetic opioids.

Haiti. The committee minority objects to proposed expenditures for activities related to the proposed Multinational Security Support (MSS) mission. The administration's ill-defined proposals would commit the United States into an open-ended conflict with no clear goals or metrics to measure success. The committee minority recommends the administration provide a detailed strategy that includes timelines, clear mission objectives, and ensures burden sharing from other members of the international community before Congress provides any additional funds to support the MSS.

Inter-American Development Bank (IADB). The committee minority's recommendation does *not* support a capital increase for IADB Invest without the proper guardrails to ensure that PRC state-owned firms do not continue to benefit from IADB Invest funds. Any capital increase to the IADB or IADB Invest must come with internal reforms and extreme guardrails to prevent the PRC from benefitting from U.S. taxpayer dollars and to prevent the misuse of funds.

The Honorable Sheldon Whitehouse and the Honorable Chuck Grassley
April 19, 2024
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International Organizations. The committee minority's recommendation does *not* provide support for reengagement with and/or increased contributions to unaccountable international organizations and programs – including the World Health Organization and the UN Population Fund (UNFPA), or to pay down so-called "arrears" for UN peacekeeping – absent far-reaching, verifiable reforms. Additionally, the minority will not support any funds to UNRWA.

Values. Finally, the committee minority's recommendation does *not* support proposed legislative changes and foreign assistance resources for organizations and programs that promote abortion and forced sterilization overseas. The minority will thus strenuously oppose the president's proposed increase for UNFPA, which continues to support the management of China's program of coercive abortion and involuntary sterilization and remains silent on China's genocidal campaign against Uyghurs and other Turkic Muslims in Xinjiang.

The views expressed in this letter provide just a brief glimpse into the committee's plans to maximize the return on investment in the International Affairs Budget by setting clear priorities that align resources with the most pressing security, economic, and humanitarian interests of the United States. We hope you find them helpful to your own deliberations on the Concurrent Resolution on the Budget. Please do not hesitate to contact the Committee's Staff Director, Chris Socha, at (202) 224-4651 or Socha@foreign.senate.gov should you require any additional information.

Sincerely,

Jim E Risch

JAMES E. RISCH
Ranking Member

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510–6250

April 19, 2024

Dear Chairman Whitehouse and Ranking Member Grassley:

As Ranking Member of the Senate Committee on Homeland Security and Governmental Affairs, pursuant to Section 301(c) of the Congressional Budget and Impoundment Control Act of 1974, I am providing my views and estimates with respect to the budget of the programs within the Homeland Security and Governmental Affairs Committee's jurisdiction for your consideration when producing the FY25 budget.

As of the date of this letter, we are halfway through FY2024. Total public debt has passed $34.6 trillion, or 122.2 percent of GDP and since the beginning of the current fiscal year, we have added over $1.4 trillion to the national debt and are on pace to add $1 trillion every 100 days. The Congressional Budget Office (CBO)'s mid-year budget review has shown that in the first six months of FY2024, we have spent more on net interest than we have on our own defense. By 2034, CBO projects our debt will exceed $54 trillion—more than twice the size of our entire existing economy.

While many will point to taxes as a solution to fiscal situation. Not even a 100 percent tax on upper-income families and small businesses would cover our shortfall even if combined with massive corporate tax hikes and increases to the estate tax. Revenues have historically hovered around 17.4 percent of GDP, and will increase to 18.8 percent under current policy by 2053. But spending, which has historically averaged 20.4 percent of GDP, will jump to 27.3 percent. Our problem lies solely in our spending.

The increase in our spending is primarily driven by our mandatory programs, with rising entitlement spending accounting for most of our shortfall over the coming years. Even with discretionary spending projected to fall to a low of 5.1 percent of GDP, the increase in mandatory spending to 15.1 percent of GDP by the end of the ten-year window will still push our debt to record highs. Moreover, the interest burden produced as a consequence of this debt is crowding out important budget items. Net interest payments have already overtaken defense spending in FY2023 and over the next ten years, our interest payments will increase to nearly 4 percent of GDP, more than the individual economies of 44 states. We have entered a stage in which we now must borrow to pay for our borrowing.

Since arriving in the Senate, I have proposed several budgets that provide pathways to balance within five years. At first, we could have matched spending to revenues just by freezing spending for five years. Then reaching balance required a one percent annual cut, and soon after it was a two percent annual cut. Last year, balancing our budget in five years required a five percent annual cut. The longer we wait, the more painful the correction will be. While my budget does not define where each cut must come from or how these cuts are made, I request that the proposed budget follows my plan's pathway to balance and puts this nation back on a path to fiscal responsibility. Every day Congress does not take drastic fiscal action brings this nation one day closer to financial ruin.

During my time on this committee, I have identified billions of dollars of wasteful spending. Instances of waste occur in programs under every budget function, and no area of the federal budget should be exempt from scrutiny. Last year, my annual Festivus report highlighted a few of these examples such as:

- $33,200,000 to the National Institute of Health to maintain a "Monkey Island" which housed, fed, and cared for a 3,000-monkey colony on a state-owned island;
- $6,000,000 to the United States, Agency for International Development (USAID) to boost tourism in Egypt; and
- $236,000,000,000 in improper federal payments including $50 billion in improper Medicaid payments, $43 billion in improper Federal Pandemic Unemployment Assistance, and $4 billion on PPP loan guaranty purchases.

The list goes on and on. The five percent cut I am requesting does not need to come at a cost to the core competencies of our federal government. In fact, a recent Government Accountability Office report found that between 3 to 7 percent of federal outlays between 2018 and 2022 was lost in fraudulent or improper payments. I would much rather be paying that five percent back to the treasury each year than continuing to enable the status quo of billions of dollars lost in inefficient and fraudulent activities. I recommend you incorporate a reduction in spending of at least $307 billion, or 5 percent, of FY2023 outlays to put our federal budget on a pathway to balancing within five years.

Additionally, I want to draw your attention to end-of-year spending. Research from the American Economic Association has shown that spending the last week of the fiscal year is as much as five times higher than the average of the preceding 51 weeks. The only possible reason for this is to expend funds before they expire – this is clearly wasteful. Last year, Sen. Bennet and I introduced S.812, The Bonuses for Cost-Cutters Act of 2023 to help combat this clear source of government waste. I ask that you make a policy assumption in Function 920 that reflects some level of saving that result from the adoption of this legislation.

Finally, each year the Government Accountability Office issues a report on duplicative spending within the federal government. It is clearly wasteful to have multiple programs, each with their own overhead, working to combat the same problems. I ask that you assume some reduction in spending related to consolidation of duplicative spending. Just as important, is that Congress not create new duplication. For this reason, Senator Hassan and I have introduced S.780, the Duplication Scoring Act of 2023. I ask that you include in your resolution a direction to the Congressional Budget Office that each cost estimate they publish include some assessment of the extent to which such legislation creates new duplication in the Federal Government.

It is imperative that we act now before the corrective measures needed to pay our country's debt become even more extreme. We must take responsibility now for America's fiscal future, and I hope that the budget you issue this year will take these recommendations into account to do so.

Sincerely,

Rand Paul

Ranking Member Rand Paul, M.D.

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United States Senate
COMMITTEE ON INDIAN AFFAIRS
WASHINGTON, DC 20510–6450

April 26, 2024

The Honorable Sheldon Whitehouse
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

The Honorable Chuck Grassley
Ranking Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Chairman Whitehouse and Ranking Member Grassley:

In response to the Budget Committee's request, the Committee on Indian Affairs (Committee) prepared this views and estimates letter for the Budget Committee to consider during the Fiscal Year (FY) 2025 Budget Resolution process. We appreciate the opportunity for the Committee to express its views.

INTRODUCTION AND BACKGROUND

The United States' trust and treaty responsibilities to Native communities are enduring commitments. Federal agencies carry out these responsibilities through programs and services that uphold a fiduciary duty between a trustee (the United States) and a beneficiary (the Indian Tribe or Native community), a relationship that is rooted in the U.S. Constitution, treaties, U.S. Supreme Court decisions, and federal laws.[1] Congress must also act to fulfill these responsibilities and address the unique problems of American Indian, Alaska Native, and Native Hawaiian peoples. The Committee on Indian Affairs is charged with policy and legislative oversight which includes ensuring the federal government achieves the greatest possible efficiencies, investments, and outcomes when utilizing federal resources on behalf of American Indian, Alaska Native and Native Hawaiian peoples. Accordingly, as the Budget Committee considers the FY2025 Budget Resolution, we urge you to account for the significant trust, treaty, and other fiduciary responsibilities the United States has to Native communities.

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[1] The entire Title 25 of the United States Code — including the *Snyder Act of 1921*, the *Indian Reorganization Act of 1934*, the *Indian Self-Determination and Education Assistance Act of 1975*, the *Indian Health Care Improvement Act*, the *Native American Housing and Self Determination Act of 1996,* and the *Tribal Law and Order Act of 2010* – is dedicated to upholding the United States' trust responsibility. Additional federal laws such as the *Native American Languages Act of 1990* and the *Native American Graves Protection and Repatriation Act of 1990* further define the federal obligations to provide various programs and services to American Indians, Alaska Natives, and Native Hawaiians.

SELF-DETERMINATION

For 50 years, the *Indian Self Determination and Education Assistance Act of 1975* (ISDEAA) (P.L. 93-638) has authorized Indian Tribes, through Title I self-determination contracts or Title IV or V self-governance compacts, to administer and operate critical federal programs for the benefit of Indians. Through this landmark law, Congress expressly recognized that Tribes have the inherent right to govern themselves, and that decisions made for Indians by Indians produce the best outcomes to meet each of their communities' unique needs. Because ISDEAA has been one of the most successful federal Indian policies in United States history, the majority of Indian Tribes exercise these authorities where they have the option to do so across various agencies.

More than 526 of the 574 federally recognized Indian Tribes (or Tribes) are a party to at least one ISDEAA self-determination contract or self-governance compact with the U.S. Department of the Interior (DOI).[2] Additional self-determination and self-governance authorities exist under the Indian Health Service (IHS) within the U.S. Department of Health and Human Services (HHS), the U.S. Department of Agriculture (USDA),[3] the U.S. Department of Transportation (DOT),[4] and the U.S. Department of Labor (DOL).[5] Through these agreements, Tribes operate programs advancing health care, social welfare, education, public safety, infrastructure, forestry, transportation, and food programs in their communities. As of March 2024, DOI reports nearly 3,200 contracts and/or compacts in effect,[6] with IHS implementing another 248 contracts and/or compacts, and USDA 16 contracts under the Food Distribution Program on Indian Reservations (FDPIR) pilot[7] and 21 contracts under the Tribal Forest Protection Act (TFPA) demonstration authority.[8] The Committee supports the continuing use of existing ISDEAA authorities at DOI and IHS and the newer pilot and demonstration programs at USDA, DOT and DOL. The Committee plans to consider legislation to extend and expand ISDEAA authorities to additional agencies and programs across the federal government.

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[2] *Advancing Tribal Self-Determination: Examining Bureau of Indian Affairs' 638 Contracting: Hearing Before the Subcomm, on Indian and Insular Affs of the H. Comm. on Nat. Res.,* 118th Cong. (2024) (testimony of the Honorable Bryan Newland, Assistant Secretary – Indian Affs.).

[3] Sections 4003(b)(2) and 8703(a) of the *Agriculture Improvement Act of 2018*, Pub. L. 115-334 (2018), expanded Tribal self-governance via demonstration projects at the USDA food distribution program for Indian reservations and forestry programming, respectively. The Committee is recommending making these authorities permanent in the upcoming 2023 Farm Bill; pending this change, the Committee urges continued appropriations to support development and implementation of these demonstration projects.

[4] Congress expanded compacting and annual funding agreement authority for DOT in Section 1121 of the Fixing America's Surface Transportation (FAST) Act (P.L. 114-94) (23 U.S.C. 207), and expressly indicated that ISDEAA should apply to compact and funding agreements.

[5] Congress directed that the DOI deliver any integrated P.L. 102-477 funding to a Tribe under contracting or compacting mechanisms established by ISDEAA, including programs administered by the DOL under the Workforce Innovation and Opportunity Act (WIOA) Section 166 programs for Native American Programs (29 U.S.C. 3221).

[6] *Advancing Tribal Self-Determination: Examining Bureau of Indian Affairs' 638 Contracting: Hearing Before the Subcomm. on Indian and Insular Affs of the H. Comm. on Nat. Res.,* 118th Cong. (2024) (testimony of the Honorable Bryan Newland, Assistant Secretary – Indian Affs.).

[7] U.S. Dep't of Agric. FACT SHEET: USDA Tribal Accomplishments 2023, (2023), https://www.usda.gov/sites/default/files/documents/fact-sheet-usda-2023-actions-indian-country.pdf.

[8] *Examining Opportunities to Promote and Enhance Tribal Forest Management: Hearing Before the Subcomm. on Federal Lands of the H. Comm. on Nat. Res.*, 118th Cong. (2023) (testimony of John Crockett, Associate Deputy Chief State, Private, and Tribal Forestry U.S. Dept of Agric. Forest Service).

Contract Support Costs. Contract Support Costs (CSCs) are the costs incurred by Tribes to establish and maintain the support systems to administer federal programs under an ISDEAA self-determination contract or self-governance compact. A critical component of the ISDEAA is the federal government's obligation to provide participating Tribes with CSC funding equal to the administrative costs the federal government would have incurred if it were to continue operating the programs. Three U.S. Supreme Court decisions have upheld the federal government's obligation to fully fund CSCs.[9] The Committee continues to support full funding of these obligations in the budget, and welcomes the opportunity to explore reclassifying CSCs from discretionary to mandatory funding in FY2026, as proposed in the President's FY2025 budget.

105(l) Leases. Section 105(l) of the ISDEAA requires the IHS, the Bureau of Indian Affairs (BIA), and the Bureau of Indian Education (BIE) to enter into a cost agreement (or "lease") with an ISDEAA-eligible entity that furnishes a facility used in support of its ISDEAA contract or compact.[10] The BIA reports that the program has grown significantly from two Tribes proposing and executing three leases in 2019 to 93 Tribes proposing 259 initial leases and proposing 238 leases for renewal in 2023. In FY 2024, the DOI expects to have more than 90 Tribes with over 600 lease renewals and new requests at a value of roughly $100 million. In March 2024, the DOI noted that it has a significant backlog of 1,351 leases,[11] creating at least a six month delay and subsequent funding strains for Tribes with pending applications.
The Committee supports and recommends the FY2025 budget include sufficient resources and flexibility to fully cover the costs of 105(l) leases, provide additional support to the DOI for sufficient staffing to reduce the backlog of pending leases, and account for the projected uptick in use. The Committee also welcomes the opportunity to explore reclassifying 105(l) lease costs from discretionary to mandatory funding in FY2026, as proposed in the President's FY2025 budget.

Co-Management, Co-Stewardship, and Self-Governance Agreements. The Departments of the Interior and Agriculture manage millions of acres of federal lands and waters that are located on or near ancestral homelands or current Tribal or Alaska Native Claims Settlement Act (ANCSA) lands. Much of these lands have significant cultural, spiritual, and natural resource value to Native peoples and they often rely on these lands and waters for traditional foods. Co-stewardship in federal land management refers to a broad range of working relationships and decision-making authority with Native peoples that can include co-management, collaborative and cooperative management, and Tribally-led stewardship, and is typically implemented through cooperative agreements, memoranda of understanding, self-governance agreements, and other mechanisms. Through co-stewardship with federal partners, Native communities integrate millennia-old practice-base knowledge, known as Traditional Ecological Knowledge (TEK), to federal environmental management practices.[12] The Committee recommends robust funding to facilitate and support agreements with Tribes and Native organizations to strengthen

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[9] *Cherokee Nation of Okla. v. Leavitt*, 543 U.S. 631 (2005); *Salazar v. Ramah Navajo Chapter*, 567 U.S. 182 (2012); and *Artic Slope Native Ass'n v. Sebelius,* 567 U.S. 930 (2012).
[10] *See* 25 U.S.C. § 5323(l).
[11] *Advancing Tribal Self-Determination: Examining Bureau of Indian Affairs' 638 Contracting: Hearing Before the Subcomm, on Indian and Insular Affs of the H. Comm. on Nat. Res.,* 118th Cong. (2024) (testimony of the Honorable Bryan Newland, Assistant Secretary – Indian Affs.).
[12] Press Release, Bureau of Land Management, *BLM Partners With Kawerak, Inc. In Groundbreaking Cultural Resources Co-Stewardship Funding Agreement* (Oct. 25, 2022),. https://www.blm.gov/press-release/blm-partners-kawerak-inc-groundbreaking-cultural-resources-co-stewardship-funding.

the role of Native people in the management of federal land and waters, and to ensure the integration of TEK into federal decisions about the management of federal lands and waters. The Committee also supports the FY2025 Budget proposal to facilitate direct implementation of EPA programs in Indian Country and Alaska.

ECONOMIC DEVELOPMENT

Investments in American Indian, Alaska Native, and Native Hawaiian communities strengthen the United States economy. Indian Tribes, Tribal businesses, and Native entities in rural and urban centers across the United States not only make critical contributions to the economic health of their communities, but to regional economies and the country as a whole. Tribal businesses and Tribal governments annually support $127 billion in economic output and over 1 million jobs, over 915,000 of which are held by non-Native workers.[13] In addition, the majority of the 1,200 registered Tribally-owned small businesses are widely distributed across the country and located off of Tribal lands.[14]

Recent federal investments in Native economic development and job creation have led to meaningful increases in economic self-determination for Indian Tribes and Native communities, as well as neighboring economies. But many Native communities remain among the poorest in the United States and face challenges to fully accessing critical investments due to lack of access to capital and credit, leading to parts of Indian country being described as "credit deserts."[15] These are serious impediments to economic development in many Native communities.

Several Indian Tribes have invested their own resources, when available, to increase economic development and tackle poverty within their communities, and economic development takes different forms in different Native communities (e.g., the *Alaska Native Claims Settlement Act* (ANCSA) mandated the creation of Alaska Native regional and village corporations through which Alaska Native people have built successful businesses rooted in their values). Although there has been much progress in increasing economic development in and for Native communities, many challenges remain – many of these communities are remote, disconnected from the road system, lack high-speed broadband service and basic infrastructure, and lack critical access to capital markets, all of which are fundamental elements needed to advance commerce.

U.S. Department of Labor. The DOL supports Native American workforce programs under Section 166 of the Workforce Innovative and Opportunity Act (WIOA), which help to address the unique workforce

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13 Randall K.Q. Akee, et al., Regarding Allocation of COVID-19 Response Funds to American Indian Nations, Harvard Project on Am. Indian Econ. Dev., 2 (2020), https://ash.harvard.edu/files/ash/files/hpaied_ash_covid_letter_to_treasury_04-10-20_vsignedvfinv02.pdf.

14 Matthew Gregg & Elijah Moreno, *Examining Tribal Enterprises to Understand Native Economic Development*, FED. RSRV. BANK OF MINN.: CTR. FOR INDIAN COUNTRY DEV (July 14, 2021), https://www.minneapolisfed.org/ article/2021/examining-tribal-enterprises-to-understand-native-economic-development.

15 *Investing in Economic Sovereignty: Leveraging Federal Financing for New and Sustained Development in Native Communities*: *Roundtable Discussion Before the S. Comm. on Indian Affairs*, 117th Cong. (2021); *see also,* Miriam Jorgensen & Randall K. Q. Akee, Access to Capital and Credit in Native Communities: A Data Review, THE UNIV. OF ARIZONA NATIVE NATIONS INST. (2016), https://nnigovernance.arizona.edu/sites/nnigovernance.arizona.edu/files/2022-09/Accessing_Capital_and_Credit_in_Native_Communities__A_Data_Review.pdf. (stressing the importance of increasing access to capital in Indian country).

development and training needs of Native youth and adults. The Committee recommends robust funding for both the adult and youth Section 166 Native American Programs at DOL, as well as for WIOA programs that serve Tribes and Native communities.

U.S. Department of the Interior. The BIA administers several programs through its Office of Indian Economic Development (OIED) that support economic development and job creation in Indian country. One of its most successful programs is the Indian Loan Guarantee Program (ILGP), which assists Tribal businesses and entrepreneurs in all stages of development to obtain loans and engage in economic development by offering a remarkable repayment rate and a lower "default" rate than other federal loan guarantee programs. The ILGP's interest subsidy program is another important resource that supports Tribal economic development. Commercial investors typically view Tribal projects as riskier, and therefore subject them to higher interest rates. The ILGP's interest subsidy program offsets higher interest rates and allows Tribes to concentrate on project completion and loan repayment while minimizing default. The Committee favors increased funding levels to meet Tribal demand for the ILGP along with the ILGP interest subsidy.

One of OIED's newest programs is an initiative to provide grants to Tribes, Tribal organizations, and Native Hawaiian organizations to support Native tourism efforts pursuant to the *Native American Tourism and Improving Visitors Experiences (NATIVE) Act*.[16] The Committee urges a focus on competitive NATIVE Act grants to Tribes, Tribal organizations, and Native Hawaiian organizations.[17]

In addition, the DOI integrates workforce and employment funding provided to Tribes and Native communities under the Indian Employment, Training and Related Services Demonstration Act of 1992 (P.L. 102-477). The purpose of P.L. 102-477 is to facilitate the ability of federally recognized Tribes and Tribal organizations to integrate the eligible employment, training, and related services they provide from 12 federal agencies while reducing different administrative and reporting requirements. These programs are collectively known as "477" programs, and allow Tribes the ability to contract or compact funding under ISDEAA 638 authorities. As of March 2024, the DOI oversees seventy-eight 477 plans. Those plans represent participation from 298 of the 574 federally recognized Tribes.[18] Following a new memorandum of agreement signed in October 2022, Tribes have integrated programs from seven of the twelve eligible federal agencies into P.L. 102-477 plans, including the DOI, HHS, DOL, and the Departments of Commerce, Education, Housing and Urban Development, and Justice.[19] The Committee supports the integration of additional workforce programs across these agencies to support the intent and purpose of the 477 program – to provide added administrative flexibilities to Tribes and Native communities to better promote Tribal self-determination.

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[16] Native American Tourism and Improving Visitor Experience Act, Pub. L. No. 114-221, 130 Stat. 847 (2016).
[17] *Economic Impact of Indian Country Tourism,* American Indian Alaska Native Tourism Association (Apr. 11, 2024), https://www.aianta.org/resources/economic-impact/
[18] *Advancing Tribal Self-Determination: Examining the Opportunities and Challenges of the 477 Program: Hearing Before the Subcomm, on Indian and Insular Affs. of the H. Comm. on Nat. Res.,* 118th Cong. (2024) (testimony of the Honorable Bryan Newland, Assistant Secretary – Indian Affs.)
[19] *Advancing Tribal Self-Determination: Examining the Opportunities and Challenges of the 477 Program: Hearing Before the Subcomm, on Indian and Insular Affs. of the H. Comm. on Nat. Res.,* 118th Cong. (2024) (testimony of Margaret Zientek, Co-Chair, 477 Tribal Work Group).f

U.S. Department of the Treasury. The U.S. Department of the Treasury created the Native American Community Development Financial Institutions Assistance (NACA) Program within the Community Development Financial Institutions (CDFI) Fund to help Native communities address daunting barriers to accessing capital and basic financial services.[20] The NACA Program has directed more than $220 million to Native CDFIs[21]Native communities.[22] Native CDFIs are well-positioned to fill the need for underserved and underbanked Native communities, or those with limited access to high-speed broadband service to connect to online banking services, to access loans and other important financing that allow Tribal governments and Native businesses to grow and thrive.[23] However, many Native CDFIs remain undercapitalized, and engagement with traditional lending sources remains low.[24,25] The Committee urges robust funding of the NACA program within the CDFI Fund, which was funded at $28 million in FY2024.

Native communities can also benefit from two tax incentives that attract private development with minimal cost and significant return on investment. The New Market Tax Credit Program and Low Income Housing Tax Credit Program provide incentives to promote private development on Indian reservations, off reservation trust lands, Hawaiian Home Lands, and Alaska Native Village Statistical Areas. The Committee supports efforts to increase the utilization of these programs by Tribes and affiliated entities to generate greater investments into Native communities with minimal cost.

The Office of Tribal and Native Affairs was established at the Department of Treasury (Treasury) in September of 2022. This office supports Tribes by advising Treasury on Tribal law, policy, program implementation, coordinating Tribal consultations, and managing the Treasury Tribal Advisory Committee, and works across Treasury and IRS offices to advise on economic and recovery programs, tax policies, and other policy matters that impact Tribal and Native communities. The Committee supports the Office of Tribal and Native Affairs and continued funding for its work with Native communities.

Finally, a repeal of the "essential government function test" required in Sec. 7871(c) of the Internal Revenue Code would fundamentally improve the way Tribal governments access public debt financing.

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[20]CMTY. DEV. FIN. INSTS. FUND, U.S. DEP'T OF TREASURY, FOSTERING ECONOMIC SELF-DETERMINATION (Dec. 13, 2022), https://www.cdfifund.gov/sites/cdfi/files/2022-11/Native_Initiatives_FactSheet.pdf.
[21] *Id.* (explaining that Native CDFIs are CDFIs whose client base is at least 50 percent American Indian, Alaska Native and/or Native Hawaiian)
[22]Cmty. Dev. Fin. Inst's Fund, *Native Initiatives*, U.S. DEP'T OF TREASURY,, https://www.cdfifund.gov/programs-training/programs/native-initiatives (last visited Apr. 5, 2023).
[23]Cmty. Dev. Fin. Inst's Fund, *CDFI Fund Announces FY2022 CDFI Program and NACA Program Technical Assistance Awards*, U.S. DEP'T OF TREASURY (Sept. 26, 2022), https://www.cdfifund.gov/news/481.
[24]According to the Minneapolis Federal Reserve Bank's Center for Indian Country Development, Native CDFIs reported over $48 million in unmet funding needs from public and private sources in 2017. *See* Michou Kokodo, *Findings from the 2017 Native CDFI Survey: Industry Opportunities and Limitation*s, (Fed. Rsv. Band of Minneapolis, Working Paper No. 2017-04, Nov.2017).
[25] *Building Out Indian Country: Tools for Community Development: Hearing Before the S. Comm. on Indian Affs.*, 116th Cong. 4 (2019) (statement of Jodie Harris, Director, Community Development Financial Institutions Fund). According to the Minneapolis Federal Reserve Bank's Center for Indian Country Development, Native CDFIs reported over $48 million in unmet funding needs from public and private sources in 2017. *See* Michou Kokodo, *Findings from the 2017 Native CDFI Survey: Industry Opportunities and Limitations* (Fed. Rsrv. Bank of Minneapolis, Working Paper No. 2017-04, Nov. 2017).

Removing this regulatory burden would help fund nearly $1 billion in public works projects in and near Native communities to invigorate Native economies.

U.S. Department of Agriculture. Native communities participate in three USDA Rural Development (USDA-RD) programs: the Rural Business – Cooperative Service (RBS), the Rural Utility Service (RUS),[26] and the Rural Housing Service (RHS). The Committee supports and recommends continuing robust funding for these programs in FY2025 and welcomes the opportunity to explore extending the Substantially Underserved Trust Area (SUTA) authority beyond RUS to all programs within USDA-RD to better serve Native communities in FY2025. The Committee also supports and plans to explore targeted expansion of ISDEAA authority to additional programs within USDA to further expand Tribal economic self-determination opportunities.

The USDA is also home to several important loan programs that support Native community economic development, including the Highly Fractionated Indian Land Loan program, the Indian Land Acquisition Loans program,[27] and the 502 Direct Loan Tribal CDFI relending demonstration project.[28] The Committee recommends continuing to fund these programs, and where possible, encouraging USDA to explore expanding the geographic coverage of the 502 Direct Tribal CDFI relending demonstration project.

The USDA Office of Tribal Relations (OTR) is the primary source for interdepartmental coordination of Tribal programs within USDA and continues to play a growing role in helping the agency implement numerous Tribal provisions contained in the 2018 Farm Bill. The OTR is key to ensuring USDA programs are accessible, reflect the needs of the Native communities they serve, and are efficient and non-duplicative. The Committee recommends maintaining robust funding for the OTR in FY2025 to continue this work.

U.S. Small Business Administration. The Office of Native American Affairs (ONAA) within the U.S. Small Business Administration (SBA) serves an important role as the single point of contact for Native American small business issues. ONAA's mission is to ensure that Native entrepreneurs have full access to business creation, development, and expansion tools available through SBA's programs. ONAA

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[26] In particular, USDA-RD began implementing changes in 2012 designed to improve access to RUS funding for individuals living in SUTA–including Tribal lands, Hawaiian homelands, and lands owned by Alaska Native Regional Corporations and Village Corporations – to improve basic services, such as water and waste disposal, rural electrification and high-cost energy, telecommunications and broadband infrastructure, and distance learning and telemedicine. The SUTA changes, originally authorized by the 2008 Farm Bill, still require additional funding for administration as well as for programs and loan authority within RUS. It is important that more funding is made available to provide the infrastructure development and needed upgrades.

[27] Consolidating lands in Tribal communities is an important factor in driving economic development and self-determination.

[28] The USDA's 502 Direct Loan program has proven to be an important program for helping individuals in rural parts of the country find affordable housing. Congress authorized the USDA, through this loan fund, to exercise nearly $1 billion in annual home loan authority. Recently, the USDA, through the Single Family Housing Direct Loan Program, developed a Tribal CDFI relending demonstration project where it loaned two Native CDFIs $800,000. The Native CDFIs matched a percentage of these loans ($400,000) and are using these combined moneys to provide financing to homebuyers on Tribal lands. The Native CDFI partners will also be responsible for servicing the loans after they are made to eligible homebuyers. Initial results have shown that the participating Native CDFIs have deployed more home loans in the targeted trust lands under the demonstration project then by the USDA in the previous nine years.

conducts outreach activities, develops promotional materials, hosts Tribal consultations, and provides technical assistance to promote and support Native small businesses. Additionally, ONAA is examining the SBA's efforts to support Native American small businesses, Native CDFIs, and increase access to capital. The Committee requests an increase in the FY2025 budget to support ONAA's efforts to improve communication and outreach to Native American small businesses and improve administrative efficiencies.

U.S. Department of Energy. Despite the United States' trust and treaty obligations to Native communities, Native communities often lack equal access to basic water, sanitation, telecommunications, and electric infrastructure. At least 75 percent of the unelectrified homes in the United States are located on Tribal lands,[29] and one in seven households on reservations have no electricity—ten times the national average.[30] Where electricity is available, Native communities suffer from higher service costs, higher interconnection fees, more service disruptions, and inaccessible service locations.[31] Native communities' lack of reliable electricity adversely impacts health, education, employment, and community development, and it can impede the delivery of other critical necessities, such as water, telehealth, education, employment, and broadband services.

These disparities are particularly striking in light of the vast energy resources available on Indian lands, including abundant wind, solar, hydro, and biomass resources that can be used to generate renewable energy and help address climate change. According to the National Renewable Energy Laboratory, Tribes in the lower 48 states have the technical and economic potential to generate 6.5 percent of the nation's renewable energy resources on Tribal lands and even more is possible when considering the additional energy generation potential of lands controlled by Alaska Native Tribes, villages, and corporations and Native Hawaiians.[32]

Addressing current energy disparities and achieving energy development goals in Native communities will require the federal government to remove existing policy barriers, including lack of access to capital, insufficient grid infrastructure and burdensome federal oversight, and will require full implementation by the federal agencies of the federal investments provided in the *Infrastructure Investment and Jobs Act of 2022*[33] (BIL) and the *Inflation Reduction Act*[34] (IRA) for energy projects developed by Native communities.

Accordingly, the Committee supports robust funding for the Department of Energy's (DOE) Office of Indian Energy Policy and Programs' (OIEPP) grant and technical assistance programs in FY2025. We expect this funding to provide critical technical assistance to build Tribal capacity for energy development, to assist Tribes with meeting cost share and cost match requirements for DOE grant

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[29] WAHLEAH JOHNS ET AL., OFFICE OF INDIAN ENERGY, U.S. DEP'T OF ENERGY, TRIBAL ELECTRICITY ACCESS AND RELIABILITY CONGRESSIONAL REPORT – LISTENING SESSION II 44-45 (July 2022), https://www.energy.gov/sites/default/files/2022-07/ie-congressional-listening-session-2_july2022.pdf.
[30] *Id.*
[31] *Id.* at 34, 46.
[32] Anelia Milbrandt, et al., NAT'L RENEWABLE ENERGY LAB'Y, TECHNO-ECONOMIC RENEWABLE ENERGY POTENTIAL ON TRIBAL LANDS 44 (2018), www.nrel.gov/docs/fy18osti/70807.pdf.
[33] Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, 135 Stat. 429 (2021)..
[34] Inflation Reduction Act of 2022, Pub. L. No. 117-169, 136 Stat. 1818 (2022)

programs, and to support the Department's multi-year initiatives to transition Tribal Colleges and Universities to renewable energy and bring clean power to unelectrified Tribal homes. In support of these initiatives, the Committee is particularly interested in the Department's commitment to work with the Departments of Agriculture and the Interior to ensure their separate resources for these shared energy objectives are properly aligned, and that the right balance of loans, grants, rebates, and technical assistance is deployed.
The Committee also continues to support the Tribal Energy Loan Guarantee Program (TELGP) to strengthen Tribal investment in energy-related projects.[35] IRA[36] made permanent direct lending authority for the TELGP, and increased the aggregate amount of loan guarantees available from $2 billion to $20 billion. The Committee supports an increase in funding for program administration and efforts to fund the long-term operations, maintenance, and repair of energy infrastructure serving Indian lands in FY2025 to prepare the DOE to effectively manage the expanded portfolio of loans and guarantees that will result from the investments and improvements to the program.

U.S. Department of Commerce. The Economic Development Administration (EDA) funds several programs that provide community and economic development assistance for Tribes. EDA-funded Tribal projects include a wide range of activities like economic development planning grants, infrastructure improvement grants, disaster relief and recovery grants, and construction of training facilities to foster workforce development and job training. The Committee supports continued funding for EDA project grant funds. Additionally, as the federal government continues to build capacity to evaluate and mitigate the risks of Artificial Intelligence (AI) systems, the Committee expects the Department to engage with Tribal and Native communities on their AI equities, particularly with respect to image and likeness of Native peoples generated by AI without consent. The Committee supports funding for the Department's AI systems work.

INFRASTRUCTURE

Thousands of Native families, living in diverse regions across the United States, lack access to basic infrastructure services, such as water and wastewater systems, roads and bridges, housing, and broadband. Infrastructure deficiencies in Native communities compound economic, educational, and health challenges. In the 118th and 117th Congresses, the Committee held a number of events on the broad scope of infrastructure needs in Native communities, which resulted in enactment of new laws ~~over the past four years to add~~ress these needs.[37]

[35] TELGP authorizes the Department of Energy to guarantee up to 90 percent of the principal and interest of a loan issued for tribal energy development, and to issue direct loans to qualified applicants. In conjunction with grant funding and technical assistance, TELGP reduces financial barriers to Tribal energy development by leveraging federal resources and encouraging Tribal borrowers to partner with the private sector to develop energy programs.
[36] Inflation Reduction Act of 2022, Pub. L. No. 117-169, 136 Stat. 1818 (2022)
[37] *See, e.g., Water as a Trust Resource: Examining Access in Native Communities: Hearing Before the S. Comm. on Indian Affs*, 118th Cong. (2023); *The Future of Tribal Energy Development: Implementation of the Inflation Reduction Act and the Bipartisan Infrastructure Law: Hearing Before the S. Comm. on Indian Affs,* 118th Cong. (2023)*; Implementing the Bipartisan Infrastructure Law and the Inflation Reduction Act in Native Communities: Roundtable Discussion Before the S. Comm. on Indian Affs*, 118th Cong. (2023); *Setting New Foundations: Implementing the Infrastructure Investment and Jobs Act for Native Communities: Hearing Before the S. Comm. on Indian Affs*, 117th Cong. (2022); *Build Back Better: Water Infrastructure Needs for Native Communities: Hearing Before the S. Comm. on Indian Affs*, 117th Cong. (2021); *Concrete*

Native communities are on the frontlines of climate change, which is exacerbating pre-existing infrastructure challenges. In 2021, Congress passed BIL,[38] a once-in-a-generation investment in infrastructure across the nation. BIL will revitalize the country's infrastructure and provide much needed resources to address backlogs in transportation, telecommunications, water, sanitation, energy, and other critical infrastructure. BIL invests more than $13 billion directly into Tribal communities across the country and makes Tribal communities eligible for billions more. Native communities have a high level of need for these investments, and successful implementation will require interagency coordination, robust consultation, intergovernmental collaboration at all levels, and workforce development. And in 2022, Congress passed IRA to provide millions to help make Native communities' infrastructure more resilient to the growing threats posed by climate change.

Telecommunications Infrastructure. Building off of billions in emergency telecommunications relief provided during the pandemic, BIL invested $65 billion to help close the digital divide to ensure that all Americans have access to reliable, high-speed, and affordable broadband. The Federal Communications Commission (FCC)[39] and the National Telecommunications and Information Administration (NTIA)[40] are responsible for the overall management, oversight, and administration of communications and broadband programs, such as the FCC's Universal Service Fund (USF) and the NTIA's Tribal Broadband Connectivity Program (TBCP). In addition, the USDA's Broadband ReConnect Program[41] and DOI's Office of Indian Economic Development (OIED)[42] administers programs to fund broadband infrastructure on Tribal lands and in Native communities.

Solutions: Building a Successful Foundation for Native Communities' Infrastructure Development: Roundtable Discussion Before the S. Comm. on Indian Affs, 117th Cong. (2021); *Investing in Economic Sovereignty: Leveraging Federal Financing for New and Sustained Development in Native Communities: Roundtable Discussion Before the S. Comm. on Indian Affs*, 117th Cong. (2021); *Closing the Digital Divide in Native Communities through Infrastructure Investment: Roundtable Discussion Before the S. Comm. on Indian Affs*, 117th Cong. (2021).

[38]Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, 135 Stat. 429 (2021).

[39] FCC's Universal Service Fund (USF) provides financial support to ensure that telecommunications services are available to all Americans. The USF currently administers four programs: the High Cost/Connect America Fund (CAF) Program, the Schools and Libraries Program (E-Rate), the Rural Health Care Program/Health Connect Fund, and the Low Income Program (Lifeline and Link-up). These programs provide subsidies to telecommunications providers that offer broadband in rural areas (CAF Program), discounts to providers offering telecommunications services, internet access, and internal connections to schools and libraries (E-Rate), subsidies to low-income households, reducing or eliminating the monthly cost for telecommunications services (Lifeline program), and discounts to rural care providers for broadband connectivity (Rural Health Care Program/Health Connect Fund).

[40] NTIA implements the Tribal Broadband Connectivity Program and the Connecting Minority Communities Pilot Program. Congress authorized $3 billion for the Tribal Broadband Connectivity Program for broadband deployment, telehealth, distance learning, broadband affordability, and digital inclusion on Tribal lands. The Connecting Minority Communities Pilot Program, for which Tribal colleges and universities are eligible, contains $285 million in grants for the purchase of broadband service or any eligible equipment, or to hire and train information technology personnel.

[41] Tribes are eligible to participate in the USDA Broadband ReConnect Program, which is administered by the Rural Utilities Service (RUS). The ReConnect program provides loans and grants for the costs of construction, improvement, or the acquisition of the necessary facilities and equipment to provide broadband service in eligible rural areas. RUS also maintains the Community Connect Grant Program, the Distance Learning and Telemedicine Grant Program, the Rural Broadband Access Loan and Loan Guarantee Program (i.e., Farm Bill Broadband Loans), and the Telecommunications Infrastructure Loan and Loan Guarantee Program.

[42] OIED provides the National Tribal Broadband Grant (NTBG). Recipients of the NTBG can use grant funds to hire consultants to research potential deployment or expansion of high-speed internet for Native communities.

While Congress has provided historic levels of funding through these programs,[43] Tribes are not eligible to apply directly for most federal broadband programs, with the exception of the TBCP.[44] Given the complexities inherent in administering and coordinating funding for broadband infrastructure and deployment across multiple agencies, and the resulting need to coordinate projects to avoid overbuild concerns, the Committee recognizes a need for interagency coordination and additional assurances before funding is awarded to service providers for broadband deployment on Tribal lands.[45]

The Committee strongly supports continued robust funding of all programs that promote broadband access and infrastructure buildout, and also supports efforts to fund the long-term operations, maintenance, and repair of broadband infrastructure serving Tribal lands.

Transportation Infrastructure. The DOT National Tribal Transportation Facility Inventory (NTTFI) includes approximately 157,000 miles of roads, of which about 31,000 miles are BIA-system roads,[46] 26,000 miles are Tribal-system roads,[47] and about 100,000 miles are under State and local ownership.[48] There are also about 11,500 miles of planned or proposed roads in the inventory.[49] In addition, the BIA maintains approximately 1,000 bridges across the country, of which 170 are considered "structurally deficient or functionally obsolete,"[50] and almost 11 percent (882 out of 8060) of Tribal Transportation Program-eligible bridges are considered in poor condition.[51] The DOT Federal Highways Administration (FHWA) estimates that about 70 percent of BIA roads and 75 percent of Tribal roads are unpaved. BIA reported in 2021 that 87 percent of BIA roads and 29 percent of BIA bridges were in unacceptable condition. These basic barriers to mobility and transportation have real consequences for commerce and the administration of essential public services, creating safety and health risks and making economic development difficult.[52]

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[43] For example, Congress appropriated $1 billion in direct funding in the *Consolidated Appropriatins Act of 2021* to establish a Tribal broadband connectivity program within NTIA to expand broadband access on Tribal lands and Hawaiian Homelands. Consolidated Appropriations Act of 2021, Pub. L. 116-260, 134 Stat. 1182 (2020) The program quickly became oversubscribed, and Congress appropriated an additional $2 billion in direct funding to the program in the *Infrastructure and Investment Jobs Act of 2022*. Infrastructure Investment and Jobs Act, Pub. L. 117-58, 135 Stat. 429 (2021).

[44] Godfrey Eniady, *Report on the Future of the Universal Service Fund*, NAT'L TRIBAL TELECOMM. ASS'N (Feb. 17, 2022), https://nationaltribaltelecom.org/wp-content/uploads/2022/03/20220217_NTTA-Future-of-USF-NOI-Comments_final.pdf.

[45] Anahid Bauer, et. al., *The Tribal Digital Divide: Extent and Explanations* 19–20 ((Fed. Rsrv. Bank of Minneapolis, Working Paper No. 2021-03, Jun. 2022).

[46] 70% of BIA-system roads are unpaved. *Tribal Transportation: Pathways to Safer Roads in Indian Country: Hearing Before S. Comm. on Indian Affs*., 114th Cong. (Apr. 22, 2015) (statement of Michael Black, Director, Bureau of Indian Affs.).

[47] 75% of Tribal-system roads are unpaved. WILLIAM J. MALLETT, CONG. RSCH. SERV., IF12129 TRIBAL HIGHWAY AND PUBLIC TRANSPORTATION PROGRAMS 1 (Jun. 7, 2022). .

[48] *Id.*

[49] *Id.*

[50] *Tribal Infrastructure: Roads, Bridges, and Buildings*: *Hearing Before the Subcomm. on Indigenous Peoples of the U.S of the H. Comm. on Nat. Res.*, 116th Cong. (2019) (statement of Leroy Gishi, Chief, Division of Transportation, Office of Indian Services, Bureau of Indian Affs., U.S. Dep't of Interior)..

[51] *Setting New Foundations: Implementing the Infrastructure Investment and Jobs Act for Native Communities*: *Hearing Before the S. Comm. On Indian Affs,* 117th Cong. (2022) (Statement of Timothy Hess, Associate Administrator, Office of Federal Lands Highway, Federal Highway Administration, U.S. Department of Transportation).

[52] WILLIAM J. MALLETT, CONG. RSCH. SERV., R44359, HIGHWAYS AND HIGHWAY SAFETY ON INDIAN LANDS 3 (FEB. 2, 2016).

The Tribal Transportation Program (TTP), which is jointly administered by the FHWA's Federal Lands Highway Office and the BIA's Division of Transportation, is the primary program for construction and maintenance of NTTFI roads, highways, and bridges. Indian Tribes also receive funding from the National Highway Traffic Safety Administration's (NHTSA) State Highway Safety Program, commonly referred to as "Section 402 safety grants," and the Tribal Transportation Facility Bridges Program to specifically address bridges in poor condition. The Committee supports continued robust funding for the TTP, NHTSA State Highway Safety Program, and the Tribal Transportation Facility Bridges Program in FY2025 to provide essential accessibility in and around Native communities.

The BIA also receives annual appropriations funding to support maintenance of its inventory of roads within the NTTFI, the majority of which are unpaved and thus require more frequent maintenance. The FY2025 budget request for BIA's Road Maintenance Program is $50,084,000[53] to help address a $498 million backlog in deferred maintenance.[54] The Committee supports increasing funding for the BIA Road Maintenance Program in FY2025 to address the current backlog and enhance the current state of roads, bridges, and highways that provide access to and mobility within Tribal lands.

Water Infrastructure. Tens of thousands of Native people, particularly those in remote locations and on Tribal lands, or on historically underserved lands like Department of Hawaiian Homelands, lack basic water and sanitation infrastructure, posing potential public health risks as many are unable to follow recommended sanitation and hygiene practices.[55] For example, Hawaii has approximately 88,000 cesspools that leach 53 million gallons of raw sewage into the State's ground water, and an estimated 2,500 cesspools are on Hawaiian Home Lands.[56] Moreover, according to the Department of Housing and Urban Development (HUD), 5.6 percent of all Tribal homes in the United States have a plumbing inadequacy as compared to 1.3 percent of non-Tribal homes,[57] and Native American households are 19 times more likely to lack access to water.[58] Additionally, the IHS determined that over 110,552 Tribal homes need some form of sanitation facility improvement, over 68,000 are without access to adequate sanitation facilities, and over 7,000 are without access to water.[59] With respect to Alaska specifically, an

[53] OFFICE OF MGMT. & BUDGET, EXEC. OFFICE OF THE PRESIDENT, BUDGET OF THE UNITED STATES GOVERNMENT, FISCAL YEAR 2025 (2024).
[54] NAT'L CONG. OF AM. INDIANS, FISCAL YEAR 2022 INDIAN COUNTRY BUDGET REQUEST 131 (2022).
[55] For example, more than 30 percent of the population on the Navajo Reservation, which spans three states, lacks running water, exposing residents to greater risk of COVID-19 infection due to the inability to take basic preventative measures, such as hand-washing. More than 40 percent of Navajo households in Utah lack running water or adequate sanitation in their homes. Kenzi Abou-Sabe et al., *'Hit us at our core': Vulnerable Navajo Nation Fears a Second COVID-19 Wave*, NBC NEWS (Aug. 3, 2020). https://www.nbcnews.com/specials/navajo-nation-fears-second-covid-19-wave/index.html; *The Navajo Utah Water Rights Settlement Act of 2019: Hearing on H.R. 644 Before the Subcomm. on Water, Oceans & Wildlife of the H. Comm. on Nat. Res.,* 116th Cong. (2019) (testimony of Jonathan Nez, President Navajo Nation).)
[56] *Water as a Trust Resource: Examining Access in Native Communities, Hearing Before the S. Comm. on Indian Affs.,* 118th Cong. (Sept. 27, 2023) (statement of Kali Watson, Dep't of Hawaiian Home Lands).
[57] NANCY PINDUS ET AL., U.S. DEP'T OF HOUSING AND URBAN DEVELOPMENT, HOUSING NEEDS OF AMERICAN INDIANS AND ALASKA NATIVES IN TRIBAL AREAS: A REPORT FROM THE ASSESSMENT OF AMERICAN INDIAN, ALASKA NATIVE, AND NATIVE HAWAIIAN HOUSING NEEDS 48 (Jan. 2017).
[58] DIG DEEP & U.S. WATER ALL., CLOSING THE WATER ACCESS GAP IN THE UNITED STATES: A NATIONAL ACTION PLAN 14 (2019).
[59] In some cases, such as in the community of Oljato on the Arizona-Utah border, a single spigot on a desolate road, miles from any residence, serves 900 people. INDIAN HEALTH SERV., U.S. DEP'T OF HEALTH & HUMAN SERVS. ANNUAL REPORT TO

estimated 20 percent of rural Alaska Native homes lack in-home piped water, and 32 of the 190 rural Alaska Native villages are still unserved and lack any access to in-home water and sewer.[60]

Beyond these immediate needs for potable water use, water also serves as a key economic driver in many Native communities, supporting agriculture, energy production, fisheries, grazing, and tourism opportunities. Water also holds a special religious and cultural importance to many Native communities, and provides habitat for the fish, wildlife, and native plant species that serve as important sources of food, medicines, and rituals. Faced with population growth, increased competition for finite water supplies, and climate-related impacts (e.g., accelerated snow-pack melt, increased flooding, and accelerated evapotranspiration), Native communities will continue to face water challenges well into the future, absent consistent and meaningful investment in long-term, sustainable infrastructure.

The IHS, USDA, and the Environmental Protection Agency (EPA) provide the primary funding for water, sewage, and solid waste disposal systems for Native communities. Recently, with enactment of BIL, Congress provided $3.5 billion in direct funding for the IHS sanitation construction program to address existing drinking water and wastewater infrastructure needs as of FY2020 and reduce its backlog of Sanitation Deficiency System (SDS) projects.[61] However, the IHS continues to update its list of SDS projects as new needs arise, reporting in its FY2023 SDS Project Listing a current total of $3.82 billion in project costs to close the water access gap for nearly 230,000 Tribal homes nationwide, including more $2.2 billion to serve 24,161 homes in Alaska. Despite marked improvements as a result of BIL and IRA, EPA recently estimated the costs of future Tribal drinking water infrastructure needs at an additional $4.1 billion over the next 20 years of which Native Alaskan communities need $0.9 billion and $181 million in unmet sanitation needs for Native Hawaiians.[62] The Committee supports robust funding for all of these agencies to close the water access gap in Native communities, which will have far reaching public health, environmental, economic and social benefits.

Water Settlements. The federal government has a trust responsibility to Indian Tribes with respect to water and to ensure their water rights are protected. In *Winters v. United States,* the U.S. Supreme Court held that Tribes have a reserved right to water sufficient to fulfill the purpose of their reservations, and this right took effect on the date the reservations were established.[63] Traditionally, these water rights were determined and quantified through litigation, but since 1990, the DOI has sought to resolve most Tribal water claims through negotiated settlements.

Negotiated Tribal water settlements must be approved by Congress and are properly considered on a Tribe-by-Tribe and Tribe-by-basin basis, based on the value of legal water rights being settled, without reference to other pending settlements or costs. Initially, funding for approved settlements was provided

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THE CONGRESS OF THE U.S. ON SANITATION DEFICIENCY LEVELS FOR INDIAN HOMES & COMMUNITIES: FISCAL YEAR 2019, at 7 (2020).

[60] *Build Back Better: Water Infrastructure Needs for Native Communities:Hearing Before the S. Comm. on Indian Affs*, 117th Cong. (2021) (statement of Valerie Nurr'Araaluk Davidson, Interim President, Alaska Native Tribal Health Consortium).

[61] Pub. L. No. 117-58, div. J, tit. VI, 135 Stat. 429, 1411 (2021).

[62] ENV'T. PROT. AGENCY, DRINKING WATER INFRASTRUCTURE NEEDS SURVEY AND ASSESSMENT: SEVENTH REPORT TO CONGRESS, EPA 810-R-23001 (Sept. 2023); ENV'T. PROTECTION AGENCY, DRINKING WATER INFRASTRUCTURE NEEDS SURVEY AND ASSESSMENT: FIFTH REPORT TO CONGRESS, EPA 816-R-13-006 (Apr. 2013); U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-18-309, DRINKING WATER AND WASTE WATER INFRASTRUCTURE: OPPORTUNITIES EXIST TO ENHANCE FEDERAL AGENCY NEEDS ASSESSMENT AND COORDINATION ON TRIBAL PROJECTS (2018).

[63] *Winters v. United States*, 207 U.S. 564, 575–77 (1908).

through discretionary appropriations for each settlement. Recognizing the limitations of providing annual discretionary funding for water settlements in 2009, Congress created the Reclamation Water Settlements Fund (RSWF) in DOI to provide $120 million per year in mandatory funding for settlements through FY2029, with such funds remaining available for use until FY2034.

Although the mandatory nature of the RWSF funding is appropriate, its fixed term and funding level render it insufficient to cover the actual costs of settling present and future Tribal water rights claims. This is why, in part, Congress created a supplemental fund called the Indian Water Rights Settlement Completion Fund (IWRSCF) in the BIL to cover a $2.5 billion shortfall for existing, congressionally-approved water settlements as of November 15, 2021. But with enactment of P.L. 117-349, the Hualapai Tribe Water Rights Settlement Act of 2022, and P.L. 117-342, to amend the White Mountain Apache Tribe Water Rights Quantification Act of 2010, in January 2023, a half dozen other Tribal water settlement bills currently pending before Congress, and the dozens more that DOI negotiation and assessment teams are working on with settlement parties to reach agreements, the discrepancies between the DOI's payment obligations and the availability of funding will persist and worsen. To alleviate these concerns, the Committee supports: necessary funding increases to align with demand for FY2025, and an extension of the term of the RWSF to ensure the DOI can meet its legal and trust obligations, and Tribes can exercise their water rights to protect the safety and well-being of their communities. The Committee also welcomes the opportunity to explore whether to utilize the IWRSCF for future settlements and operations, maintenance and repair costs related to previously enacted water settlements, as proposed in the FY2025 budget.

Health Infrastructure. IHS facilities provide needed health care services to Native communities in major urban areas and in some of the most isolated corners of the country. Yet, investments in health system infrastructure have not kept pace with growing community demands, user and service populations, and maintenance needs. According to the National Indian Health Board, IHS and Tribal facilities average approximately 40 years old nationwide, though some facilities are significantly older. As these facilities age, operations and maintenance costs only increase, resulting in unsafe conditions for patients, staff, and visitors.

Additionally, many IHS-funded hospitals and clinics cannot take advantage of economies of scale, as many are built to serve much smaller patient populations and to support minimal staffing levels, especially in more rural areas.[64] With its network of only 600 hospitals, clinics, and health stations, the IHS does not have adequate health care facilities to serve its service population of approximately 2.8 million American Indian and Alaska Native patients.[65] The Committee supports increased funding to continue addressing the IHS's estimated Health Care Facilities Construction program total need of approximately $23 billion,[66] and the Backlog of Essential Maintenance, Alteration and Repair, which

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[64] *Examining Federal Facilities in Indian Country: Hearing Before the Subcomm. for Indigenous Peoples of the U.S. of the H. Comm. on Nat. Res.* (June 17, 2021) (statement of the National Indian Health Board); *see also,* INDIAN HEALTH SERV., THE 2016 INDIAN HEALTH SERVICE AND TRIBAL HEALTH CARE FACILITIES NEEDS ASSESSMENT REPORT TO CONGRESS 3 (2016).
[65] INDIAN HEALTH SERV., FISCAL YEAR 2025 JUSTIFICATION OF ESTIMATES FOR APPROPRIATIONS COMMITTEES (2024), https://www.ihs.gov/sites/budgetformulation/themes/responsive2017/display_objects/documents/FY-2025-IHS-CJ030824.pdf.
[66] AMBER TORRES ET AL., NAT'L INDIAN HEALTH BD., HONOR TRUST AND TREATY OBLIGATIONS: A TRIBAL BUDGET REQUEST TO ADDRESS THE TRIBAL HEALTH INEQUITY CRISIS, THE NATIONAL BUDGET FORMULATION WORKGROUP'S RECOMMENDATIONS ON FOR THE INDIAN HEALTH SERVICE FISCAL YEAR 20254 BUDGET 118 (2023),

IHS estimates to be approximately $767 million.[67] The Committee also supports increased funding to address medical and laboratory equipment backlogs.

The IHS utilizes an electronic health record (EHR) system designed around the Department of Veterans Affairs' (VA) retired EHR system known as the Resource and Patient Management System (RPMS). As many patients are seen by both the VA and the IHS, it is imperative that Congress support not only EHR modernization at the VA, but simultaneous modernization at the IHS to maintain interoperability. The current IHS EHR is over 50 years old, and the GAO identified it as one of the ten most critical federal legacy systems in need of modernization. As such, the IHS is working to modernize its Health Information Technology (HIT) and EHR infrastructure, and IHS is expected to begin deploying new EHR systems in 2025.[68] Such a modernization should help streamline IHS's transition away from the soon-to-be unsupported RPMS and increase the agency's ability to monitor patient wait times, clinical provider credentialing, public health surveillance data, and health outcomes. The Committee supports the Administration's ongoing efforts to modernize their HIT and EHR and recommends the FY2025 budget provide sufficient, increased resources to sustain these efforts over this multi-year effort.

Education Infrastructure. The United States has a trust and treaty responsibility to provide eligible Indian students with a quality education. In recognition of that moral and legal commitment, federal agencies must improve educational opportunities provided to all eligible Indian students, including those attending public schools, schools funded by the Bureau of Indian Education (BIE), and Tribal Colleges and Universities. The BIE serves as the lead federal agency to support Tribes in delivering culturally appropriate education with high academic standards to allow students across Indian Country to achieve success. BIE funding supports elementary, secondary, and postsecondary institutions and activities, such as classroom instruction, student transportation, Native language development programs, culturally relevant pedagogy, and more. In addition, BIE maintains educational facilities through funding for operations and maintenance, and provides critical but limited support, along with the USDA, to Tribal College and University facilities. These facilities are unique among Minority-Serving Institutions, in that they do not receive any state or local tax dollars for this purpose. The BIE also carries out facility construction, demolition, and abatement for education-related assets owned and funded by the BIA or BIE, including schools, electrical and broadband networks, water and wastewater systems, and employee housing.

Several Government Accountability Office (GAO) and DOI Office of Inspector General reports confirm that Bureau of Indian Education (BIE) elementary and secondary schools and facilities are in dire shape, leading to dangerous classroom conditions for students (e.g., exposed wiring, broken boilers, buildings with little to no insulation, and asbestos dust).[69] BIE testified that its estimated facilities' construction

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https://www.nihb.org/resources/FY2025%20IHS%20National%20Tribal%20Budget%20Formulation%20Workgroup%20Requests.pdf.

[67] *Id.* at 36.

[68] INDIAN HEALTH SERV., FISCAL YEAR 2025 JUSTIFICATION OF ESTIMATES FOR APPROPRIATIONS COMMITTEES (2024), https://www.ihs.gov/sites/budgetformulation/themes/responsive2017/display_objects/documents/FY-2025-IHS-CJ030824.pdf.D.

[69] *See, e.g.,* U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-17-421, INDIAN AFFAIRS: FURTHER ACTIONS NEEDED TO IMPROVE OVERSIGHT & ACCOUNTABILITY FOR SCHOOL SAFETY INSPECTIONS (2017); KIMBERLY ELMORE, OFF. OF THE INSPECTOR GEN., U.S. DEP'T OF THE INTERIOR, C-EV-BIE-0023-2014, CONDITION OF INDIAN SCHOOL FACILITIES 23–33 (2016), https://www.oversight.gov/sites/default/files/oig-reports/FinalEval_BIESchoolFacilitiesB_093016.pdf

needs backlog for elementary and secondary schools is over $4 billion as of 2021.[70] the increase in funding proposed for FY2025 to begin expeditiously addressing this backlog.

Additionally, there is a growing education infrastructure need at other schools that serve Native students, including Native Hawaiian education programs, Alaska Native education programs, schools operated by local education agencies located on or near Indian lands, and institutions of higher education, such as Tribal Colleges and Universities, Alaska Native and Native Hawaiian Serving Institutions, and Native American Non-Tribal Serving Institutions.[71] Federal programs to address these infrastructure needs span multiple agencies, including the Departments of Education, Agriculture, and Housing and Urban Development. The Committee supports the increases in funding proposed for FY2025 to meet the needs of these educational institutions and programs that continue to fulfil our trust responsibility to Indian education across the federal government.

Climate Infrastructure. Native communities are disproportionately affected by climate change and resulting weather events (e.g., sea level rise, coastal erosion, ocean acidification, increased wildfires, extended drought, and altered seasonal duration). These events directly impact Native infrastructure, economies, subsistence practices, and health.[72] In some regions of Alaska, the Southeast, and the Pacific Northwest, these impacts are so severe that Native communities must retreat or relocate away from their ancestral lands for their own safety and survival.

To support Tribal climate mitigation, relocation, and resilience efforts, DOI's Office of Trust Services' Tribal Climate Resilience Program (TCRP) provides grant funding for adaptation, ocean and coastal management, capacity building, and relocation/managed retreat/protecting-in-place. In 2020, DOI found that the climate-based infrastructure needs of Alaska Native Villages in the process of relocating to higher ground due to climate change will total approximately $3.45 billion over the next 50 years and approximately $1.365 billion for Tribes in the contiguous 48 states.[73] BIL provided $216 million for Tribal climate resilience, adaptation, and community relocation planning, design, and implementation of projects which address the varying climate challenges facing Tribal communities across the country; of these funds, $130 million was for community relocation, and $86 million was for Tribal climate resilience and adaptation projects.[74]

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[70] *Examining the COVID-19 Response in Native Communities: Native Education Systems One Year Later: Hearing Before the S. Comm. on Indian Affs.*, 117th Cong. (2021) (statement of Tony Dearman, Director, Bureau of Indian Education, U.S. Dep't of the Interior).

[71] *Id.* (statements of Dr. Kauanoe Kamana, Principal, Ke Kula ʻO Nāwahīokalaniʻōpuʻu, Demonstration Laboratory School; Dr. Michelle Thomas, Superintendent, Belcourt School District; and, Mr. Lance West, Principal, Schurz Elementary School); *Preparing to Head Back to Class: Addressing How to Safely Reopen Bureau of Indian Education Schools: Hearing Before the S. Comm. on Indian Affs*, 116th Cong. (2020) (statements of Marita Hinds, President, National Indian Education Association, and Dr. David Yarlott, Jr., Chair, American Indian Higher Education Consortium).

[72] *See generally* U.S. GLOB. CHANGE RSCH. PROGRAM, IMPACTS, RISKS, AND ADAPTATION IN THE UNITED STATES, VOL. II FOURTH NATIONAL CLIMATE ASSESSMENT ch. 15 (2018).

[73] U.S. DEP'T OF THE INTERIOR BUREAU OF INDIAN AFFS., INFORMATIONAL REPORT: THE UNMET INFRASTRUCTURE NEEDS OF TRIBAL COMMUNITIES AND ALASKA NATIVE VILLAGES IN PROCESS OF RELOCATING TO HIGHER GROUND AS A RESULT OF CLIMATE CHANGE 5 (May 2020). This assessment did not consider the needs of Native Hawaiian communities.

[74] Pub. L. No. 117-58 div. J, Title VI, 135 Stat. 1411 (2021).

Additionally, Congress included provisions in IRA to add $225 million to TCRP,[75] as well as provided $25 million in grant authority to the Office of Native Hawaiian Relations within the DOI[76] to address climate response needs in the Native Hawaiian community. Given that climate resilience, mitigation, and preparedness are pressing needs in Native communities requiring long-term responses, the Committee supports increased and consistent funding for BIA's TCRP and the Office of Native Hawaiian Relations climate program, as well as funding for the DOI to conduct a climate needs assessment for Native Hawaiian communities.

Housing Infrastructure. The need for housing and housing renovations in Native communities is clear and well-documented. HUD estimates that, to address their unmet housing needs, Native communities would need to build 68,000 new housing units, and data collected in the American Community Survey (ACS) indicates the physical deficiencies in Tribal housing (e.g., lack of basic plumbing and overcrowded conditions) are three times greater than in similarly situated households in the United States.[77]

While housing assistance is available to Tribes and Native communities from a variety of agencies, including the USDA, DOI, VA, Economic Development Agency (EDA), HUD is the only federal agency that administers the most direct funding for Tribes, Alaska Native Corporations, and Native Hawaiians through programs authorized under the *Native American Housing Assistance and Self-Determination Act* (NAHASDA). In FY2024, Congress provided historic funding for NAHASDA to Tribes for affordable housing, a total of $1.34 billion, including a $324 million increase for all NAHASDA programs over FY2023.

And yet, safe and affordable housing throughout Native communities continues to be a pressing need, and the Committee strongly supports continued robust funding in FY2025 of the formula-based Indian Housing Block Grant (IHBG), the competitive IHBG, the Native Hawaiian Housing Block Grant (NHHBG), the 184 and 184(a) Guaranteed Home Loan, the Indian Community Development Block Grant (ICDBG), the Tribal HUD-VASH, and the Title VI Loan Guarantee Programs. The need to address the shortage of housing in American Indian, Alaska Native, and Native Hawaiian communities must take an "all government agency" approach. Federal housing assistance programs that provide grants, or guaranteed loans at HUD, USDA, VA, DOI, and EDA must all be available choices for Native communities seeking to address the housing shortage. The Committee strongly supports continued funding for federal housing programs at HUD, USDA, VA, DOI, and EDA and plans to explore reauthorizing and improving the programs and services under NAHASDA.

Infrastructure Support. The Committee supports increased funding for activities supporting infrastructure development. In particular, the Committee supports increasing funding for Tribal Historic Preservation Officers (THPOs). THPO have significant responsibilities to ensure timely reviews of projects going through the Section 106 process under the National Historic Preservation Act and, therefore, are crucial to the efficient deployment of critical infrastructure.

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[75] Inflation Reduction Act of 2022, Pub. L. No. 117-169 § 80001, 136 Stat. 1818, 2088 (2022).
[76] *Id.* § 80002.
[77] NANCY PINDUS ET AL., *supra* note 546, at 91.

PUBLIC SAFETY AND JUSTICE PROGRAMS

Both the U.S. Department of Justice (DOJ) and the DOI provide public safety services and programs for Indian communities.[78] The DOJ also provides prosecution and investigation services for major crimes in Indian communities – the rates of which can rival those of major metropolitan cities. The Committee strongly supports sufficient funding through both the DOJ and the DOI to meaningfully reduce and prevent high crime rates in Indian country and to enhance public safety programs to address child protection, violent crime, illegal trafficking of Native American artifacts, human trafficking, domestic violence, drug trafficking, recidivism, juvenile justice, and other recurring public safety threats to Native communities.

Law Enforcement Staffing. According to the most recent law enforcement needs report, the total estimated unmet need for law enforcement programs was $1.7 billion in FY 2021, but BIA spent just $256.3 million on its law enforcement program; the need for existing detention centers was $284.2 million, but funding was $125 million; and the estimated need for Tribal courts was $1.5 billion, but funding was just $65.3 million.[79] Low law enforcement staffing levels are a primary contributing factor to the high rates of crime in Indian country. The recruitment and retention of law enforcement officers and staff for Tribal law enforcement and related agencies continues to face unique challenges, including pay and benefits parity, lengthy background investigations, lack of applicants, concerns with officer wellness, and lack of resources. For example, the DOJ's Federal Bureau of Investigation (FBI) has a federal law enforcement responsibility on nearly 200 Indian reservations, but often, it only has the resources to designate one or two agents to serve all reservations within each of its regions, and it is not able to station agents on each reservation to provide investigative law enforcement services to each Indian Tribe. Moreover, there are cases where one or two BIA or Tribal law enforcement officers are tasked with patrolling vast land areas similar in size to the state of Connecticut without adequate support. The Committee urges substantial expansion and robust funding for public safety and justice programs at the BIA and the DOJ to remedy these deficiencies, including through the Tribal Special Assistant U.S. Attorney (SAUSA) program.

Indian Arts and Crafts Act Enforcement. The *Indian Arts and Crafts Act*,[80] a truth-in-advertising law, aims to protect Native artisans and consumers of Indian-produced arts and crafts by prohibiting misrepresentation in marketing of Indian arts and crafts and imposing criminal and civil penalties for those who knowingly market counterfeit arts and crafts. However, enforcement remains a challenge as

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[78] Within the DOI, the BIA provides programs that cover a range of Federal, state, and local government services including, law enforcement, detention services, and administration of Tribal courts for Indian Tribes. In addition to other BIA Agency Offices that support public safety programs, the BIA allocates its appropriations to 190 Law Enforcement Programs; 96 Detention/Corrections Programs serving 55 Indian Tribes; 15 Districts, Headquarters, and Support Offices; and 185 Tribal Courts. This distribution only covers a portion of Indian country. Most Indian Tribes are located in states (such as Alaska, Minnesota, and California) with "P.L. 280" jurisdiction, where states have joint criminal jurisdiction over Indian lands and Indian Tribes do not receive funding from the BIA. According to the most recent BIA unmet law enforcement needs annual report issued in March 2024, the total annual estimated need in Indian country is $1.7 billion for Law Enforcement Programs, $284.2 million for existing Detention Centers, and $1.5 billion for Tribal Courts. OFF. OF JUST. SERVS., BUREAU OF INDIAN AFFS., U.S. DEP'T OF THE INTERIOR, REPORT TO CONGRESS ON SPENDING, STAFFING, & ESTIMATED FUNDING COSTS FOR PUBLIC SAFETY & JUSTICE PROGRAMS IN INDIAN COUNTRY, 2020 (MAR. 2023).

[79] *Id.*

[80] Indian Arts and Crafts Act of 1990, Publ. L. No. 101-644, 104 Stat. 4662 (1990).

counterfeit arts and crafts made overseas continue to flood the U.S. market and devalue legitimate Indian-produced arts and crafts while simultaneously inflating prices for counterfeits, forcing many Native artisans to quit their craft. Although the U.S. Fish and Wildlife Service (FWS) law enforcement, in partnership with the Indian Arts and Crafts Board at DOI, has made significant progress in disrupting major smuggling rings, the problem is perennial and requires multi-year support. Therefore, the Committee strongly supports continued funding for both the Indian Arts and Crafts Board and the FWS for the enforcement of the *Indian Arts and Crafts Act*.

Native American Graves Protection Act (NAGPRA) Enforcement. Passed in 1990, the Native American Graves Protection and Repatriation Act (NAGPRA),[81] directs federally funded museums and federal agencies (excluding the Smithsonian Institute) in possession or control of Native American objects of cultural patrimony, including ancestral remains, to return those items to their communities of origin. The Act also provides for civil and criminal penalties.[82] While the Secretary of the Interior may assess civil penalties, the FBI carries out criminal investigations in coordination with the BIA Office of Justice Services Cultural Resources Division. The Committee supports increased funding over FY2024 enacted amounts.

Safeguard Tribal Objects of Cultural Patrimony Enforcement. The Safeguard Tribal Objects of Patrimony (STOP) Act of 2022[83] prevents the international trafficking of Tribal items of cultural patrimony. The Act requires the coordination between the Departments of the Interior, Justice, State, and Homeland Security to undertake, implement and carry out enforcement actions. The Committee supports funding for STOP Act implementation at the authorized level of $3 million.

Victims Services. Through its oversight and legislative efforts, the Committee determined that less than 1 percent of Crime Victims Fund (CVF) allocations went directly to Indian Tribes prior to FY2018. Given that Native communities face some of the highest victimization rates in the country, prior funding was grossly insufficient, and from FY2018 to FY2020, Congress set aside three to 5 percent of the CVF annual allocations for Indian Tribes to assist victims of crime through the Tribal Victim Services Set-Aside (TVSSA) program. In FY2025 the DOJ requested a CVF obligation limit of $1.5 billion, and up to $75 million for Tribal Victim Services Grants. This is a lower than the FY23 CVF obligation limit of $1.9 billion. Although the *VOCA Fix Act* enacted in 2021 is resulting in increased deposits, the increase is not sufficient to sustain a higher obligation limit. Continuation of the higher Tribal set-aside and sustaining a stable CVF obligation limit is necessary to ensure resources reach Native victims of crime to address the unacceptably high rates of victimization, provide sufficient resources toward the Missing and Murdered Indigenous People (MMIP) crisis, and prevent recidivism. Accordingly, the Committee recommends reviewing solutions to ensure the sustainability of the CVF and a continuation of the 5 percent Tribal set-aside in the CVF for FY2025 be included in any budgetary considerations.

Additionally, in 1984 Congress enacted the Family Violence Prevention and Services Act (FVPSA), authorized by the Child Abuse Amendments Act of 1984 (P.L. 98-457), as most recently amended by the Child Abuse Prevention and Treatment Reauthorization Act of 2010 (P.L. 111-320). The program provides funding to prevent family violence, domestic violence, and dating violence and to provide

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[81] 25 U.S.C. § 3001 et seq.
[82] 25 U.S.C. § 3008; § 18 U.S.C. 1170.
[83] Safeguard Tribal Objects of Patrimony Act of 2021, Pub. L. No. 117-258, 136 Stat. 2372 (2022).

immediate shelter and supportive services to survivors and their dependents. This includes formula grants to Indian Tribes and Tribal organizations through a 10 percent set-aside. This funding has increased from $129 million in FY2012 to $240 million in FY2024 and is essential in supporting emergency shelter and other non-shelter support services, such as victim advocacy, crisis counseling, safety planning, support groups, information and referrals, legal aid, and housing assistance to address domestic violence and dating violence in Tribal communities. Therefore, the Committee recommends increased funding to this essential program to continue to support formula grants to Indian Tribes and Tribal Organizations.

Missing and Murdered Indigenous Peoples (MMIP). American Indians, Alaska Natives, and Native Hawaiians face unacceptably high levels of violence, and are victims of violent crime at a rate much higher than the national average, and relatedly, they are also reported missing at high rates. Native American women, in particular, are disproportionately the victims of sexual and gender-based violence, including intimate partner homicide.

Both DOI and DOJ have several programs and initiatives to combat the MMIP crisis through coordinating and providing resources to collect and analyze data and working closely with Tribal leaders and community members, Urban Indian Organizations, and other stakeholders to support prevention and intervention efforts. The Committee urges continued funding to assist in combatting the crisis, particularly through DOJ's National Native American Outreach Services Liaison and MMIP Regional Outreach Program, as well as DOI's Missing and Murdered Units.

Violence Against Women Act. With enactment of the *Violence Against Women Act Reauthorization Act of 2022* (VAWA),[84] Congress modified key statutory provisions relating to the exercise of special Tribal criminal jurisdiction and expanded several DOJ grant programs to better serve Native communities. Critically among these changes, Congress modified the DOJ's Tribal VAWA grant program to authorize a new special Tribal criminal jurisdiction reimbursement program, expand the grant program to include the newly authorized Alaska Tribal public safety empowerment program,[85] and increase the program's overall authorization. The law also directed DOJ to undertake a comprehensive review of federal public safety and victim service programs serving Native Hawaiian communities. And with the recent enactment of the VAWA Technical Amendment Act of 2022,[86] there is a greater need to increase funding for Services, Training, Officers, Prosecutors grant funding and other VAWA related grant programs. The Committee has heard from numerous stakeholders about the important role these improvements to the *Violence Against Women Act* will play in improving public safety for Native communities and the need for robust funding resources to implement them.[87] As such, the Committee recommends increased funding for the DOJ to implement these updates.

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[84] Violence Against Women Act Reauthorization Act of 2022, Pub. L. No. 117-103, div. W, 136 Stat. 49, 840–963 (2022).

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[86] The VAWA Technical Amendment Act of 2022 amends the Violence Against Women Act to ensure Native Hawaiian organizations can serve Native Hawaiian communities. VAWA Technical Amendment Act of 2022, Pub. L. No. 117-315, 136 Stat. 4404 (2022).

[87] *Restoring Justice: Addressing Violence in Native Communities through VAWA Title IX Special Jurisdiction*, *Hearing Before the S. Comm. on Indian Affs*, 117th Cong. (2022).

HEALTH CARE

Native communities continue to face overwhelming health disparities. American Indian and Alaska Native people have a life expectancy at birth of 65 years – equivalent to the nationwide average in 1944 and 10.9 years lower than the current national average life expectancy – and face higher rates of chronic liver disease and cirrhosis, diabetes mellitus, unintentional injuries, assault/homicide, intentional self-harm/suicide, and chronic lower respiratory disease than other Americans.[88] Similarly, Native Hawaiians have the shortest life expectancy compared to other racial and ethnic groups in Hawaiʻi due to higher rates of coronary heart disease, congestive heart failure, cancer, stroke, and diabetes.[89] These disparate health levels indicate the great importance of the Department of Health and Human Services' (HHS') support for vital and, at times, the only available health care to Native communities.

Indian Health Service. The IHS is responsible for providing health care services to approximately 2.8 million American Indians and Alaska Natives (AI/ANs) as part of the United States' trust responsibility. It is the only agency with primary responsibility for direct delivery of health care to AI/ANs, and supports an extensive network of Federal, Tribally-operated, and Urban Indian hospitals, clinics, and health stations across 37 states.[90] Congress should continue to make positive strides by providing advance appropriations funding for the IHS to curb funding and budgetary uncertainty that negatively impacts IHS programs and limits Native communities' access to quality health care.[91] Accordingly, the Committee supports increased IHS funding and continuing advance appropriations for selected IHS programs, funding to reauthorize the successful Special Diabetes Program for Indians (SDPI), and welcomes the opportunity to explore, through enacted authorizing legislation, reclassifying IHS programs as mandatory funding beginning in FY2026 as proposed by the President's budget.[92]

Additionally, the Committee supports accountability in IHS programs to ensure the most effective delivery of services. For example, the Government Accountability Office (GAO) recently found inconsistent oversight of IHS's existing credentialing and privileging requirements, which may impede IHS's ability to provide quality care.[93] The Committee supports continued oversight of IHS policies and programs so that IHS may continue addressing its placement on the GAO's High Risk List. The

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[88] AMBER TORRES ET AL., NAT'L INDIAN HEALTH BD., HONOR TRUST AND TREATY OBLIGATIONS: A TRIBAL BUDGET REQUEST TO ADDRESS THE TRIBAL HEALTH INEQUITY CRISIS, THE NATIONAL BUDGET FORMULATION WORKGROUP'S RECOMMENDATIONS FOR THE INDIAN HEALTH SERVICE FISCAL YEAR 2025 BUDGET 7 (2023), https://www.nihb.org/resources/FY2025%20IHS%20National%20Tribal%20Budget%20Formulation%20Workgroup%20Requests.pdf.

[89] MELE A. LOOK ET AL., ASSESSMENT AND PRIORITIES FOR THE HEALTH AND WELL-BEING IN NATIVE HAWAIIANS AND PACIFIC ISLANDERS 9 (2020), https://dnhh.hawaii.edu/wp-content/uploads/2020/11/NPHI_HlthAssessmentPriorities_Rpt2020.pdf

[90] INDIAN HEALTH SERV., U.S. DEP'T OF HEALTH AND HUM. SERVS., IHS PROFILE (Aug. 2020). https://www.ihs.gov/NEWSROOM/FACTSHEETS/IHSPROFILE/.

[91] U.S. COMM'N ON CIV. RTS., BROKEN PROMISES: CONTINUING FEDERAL FUNDING SHORTFALL FOR NATIVE AMERICANS 66-73 (2018); U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-18-652, INDIAN HEALTH SERVICE: CONSIDERATIONS RELATED TO PROVIDING ADVANCE APPROPRIATION AUTHORITY (2018).

[92] OF. OF MGMT. & BUDGET, EXEC. OF. OF THE PRESIDENT, BUDGET OF THE UNITED STATES GOVERNMENT, FISCAL YEAR 2025 (2024).

[93] U.S. GOV'T ACCOUNTABILITY OFF., GAO-24-106230, INDIAN HEALTH SERVICE: OPPORTUNITIES EXIST TO IMPROVE CLINICIAN SCREENING ADHERENCE AND OVERSIGHT (2024), https://www.gao.gov/products/gao-24-106230.

Committee also continues to support the Administration's request to address medical inflation, service population growth, and barriers to recruitment and retention of high-quality medical personnel. The need to provide appropriate funding levels for recruitment and retention of qualified personnel will continue to grow as more personnel enter retirement age.

Native Hawaiian Health Care Systems. To fulfill its trust obligation to provide comprehensive quality health care services to Native Hawaiians, the federal government supports operation of Papa Ola Lōkahi and five Native Hawaiian Health Care Systems (NHHCSs) through funding that flows through the HHS's Health Resources and Services Administration (HRSA). Papa Ola Lōkahi, a 501(c)(3) non-profit organization that functions as the Native Hawaiian Health Board, is responsible for the coordination and maintenance of a comprehensive health care master plan for Native Hawaiians; training of relevant health care professionals; serving as a clearinghouse for Native Hawaiian health data and research; and providing oversight coordination, and support to the NHHCSs. Federally funded NHHCSs provide direct and indirect health services to the islands of Kaua'i, Moloka'i, Lāna'i, Maui, O'ahu, and Hawai'i.[94] Accordingly, the Committee supports increased funding for Papa Ola Lōkahi and the NHHCSs.

Public Health. Tribal leaders and public health experts have testified that the siloing of federal public health resources, and a lack of dedicated public health emergency preparedness resources for Native communities, resulted in underdevelopment of critical public health systems and infrastructure.[95] The COVID-19 pandemic magnified these challenges and emphasized the need for agencies within HHS to work together to meet Native public health needs. The Committee recommends robust funding to support expansion of the IHS's Tribal epidemiology center program and disease surveillance efforts by IHS, Tribes, Urban Indian Health Programs, and Papa Ola Lōkahi.

Behavioral Health and Substance Abuse. In 2022, the Centers for Disease Control and Prevention (CDC) reported that AI/ANs have the highest drug overdose death rate of all groups, increasing from 42.5 deaths per 100,000 people to 56.6 deaths per 100,000 people in 2021. AI/ANs faced a 33 percent increase in drug overdose deaths from 2020 to 2021, and Native Hawaiian and Other Pacific Islanders experienced the largest increase in drug overdose death rates over the same period – a 47 percent increase.[96] Addressing the lack of behavioral health resources in Native communities and combatting the opioid/fentanyl and substance abuse crises are top funding priorities for Tribes, Native communities, and Congress.

In late 2023, the Committee held two oversight hearings focused on the fentanyl crisis among Native communities. Witnesses and testimony revealed that, while many Native communities are investing their own resources in culturally-responsive solutions, Tribes and Native communities face unique challenges that complicate their response to the impacts of opioids/fentanyl and other illicit drugs, such as the complex jurisdictional framework between Indian Tribes, the federal government, and states, especially

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[94] *Examining the COVID-19 Response in Native Communities: Native Health Systems One Year Later: Hearing Before the S. Comm. on Indian Affs.,* 117th Cong. 1 (2021) (statement of Sheri Daniels, Executive Director, Papa Ola Lōkahi).
[95] *See generally Roundtable on Advancing Tribal Public Health Partnerships Before the S. Comm. On Indian Affs.*, 116th Cong. (2019).
[96] MERIANNE ROSE SPENCER, ET AL., CENT. FOR DISEASE CONTROL, U.S. DEP'T OF HEALTH AND HUM. SERVS., *DRUG OVERDOSE DEATHS IN THE UNITED STATES*, 2001-2021 (2022) https://www.cdc.gov/nchs/data/databriefs/db457.pdf.

as it relates to criminal jurisdiction, and a lack of sufficient data regarding substance use disorder prevention and treatment in Native communities.[97] The Committee supports an all-of-the-above approach to addressing the fentanyl crisis in Indian Country and Native communities through robust funding of programs like the Community Opioid Intervention Pilot Project (COIPP) administered by the IHS, the Tribal Opioid Response Grants program administered by the Substance Abuse and Mental Health Services Administration (SAMHSA), and the Tribal behavioral health grants administered by SAMHSA.

These programs provide critical mental and behavioral health services for Indian Country and in Native communities. The Committee supports these efforts to address behavioral and mental health, alcohol and substance use disorders, screening and disease prevention, and the many other factors that can impact Native Americans' health – particularly access to quality health care services delivered by qualified medical professionals in safe, reliable facilities.

Specifically, the Committee supports fully funding the Behavioral Health and Substance Use Disorder Resources for Native Americans Act, which was authorized at $80 million in the *Consolidated Appropriations Act, 2023,*[98] but has yet to be funded. This appropriation would create a non-competitive grant program at SAMHSA to support Native communities' behavioral health needs and ensures HHS consults with Tribes, confers with Urban Indian Health Programs, and engages with the Native Hawaiian community on the program's administration.

The Committee also supports programmatic funding for Tribes under the *Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment* (SUPPORT) *for Patients and Communities Act*.[99] This legislation authorized roughly $4 billion in funding for prevention, treatment, interdiction and law enforcement, and new research into abuse-deterrent and non-addictive pain management modalities; and it included many provisions to assist Indian Tribes in better responding to the substance abuse crises in their communities.

EDUCATION

Nationally, the BIE estimates that there are 578,070 American Indian and Alaska Native students eligible for Johnson-O'Malley program based on Census data obtained from the Department of Education.[100] The Department of Education estimates that approximately 500,000[101] Native children attend public elementary and secondary schools in the United States, while 40,000 attend 183 BIE-

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97 *Fentanyl in Native Communities: Federal Perspectives on Addressing the Growing Crisis: Hearing Before the S. Comm. on Indian Affs*., (2023) https://www.indian.senate.gov/hearings/oversight-hearing-titled-fentanyl-in-native-communities-federal-perspectives-addressing-growing-crisis/.
98 Consolidated Appropriations Act, 2023, Pub. L. No. 117-328, 136 Stat. 4459 (2022).
99 SUPPORT for Patients and Communities Act, Pub. L. No. 115-271, 132 Stat. 3894 (2018).
100 U.S. GOV'T ACCOUNTABILITY OF., GAO-24-106844, BUREAU OF INDIAN EDUCATION: INFORMATION ON EFFORTS TO COUNT STUDENTS FOR AN EDUCATIONAL SERVICES PROGRAM (2023) https://www.gao.gov/products/gao-24-106844.
101 101 Inst. for Ed. Sci., U.S. Dep't of Ed., NCES 2023-144rev. *Report on the Condition of Education 2023*, 14 (2023) https://nces.ed.gov/pubs2023/2023144rev.pdf.

funded elementary and secondary schools across 23 states.[102] And while the Office of Hawaiian Affairs estimates that 43,609 Native Hawaiian students are enrolled in the Hawai'i public school system,[103] it is not evident that the Department publishes national data or information on Native Hawaiian students. Given the diversity of educational institutions and federal funding sources that serve Native students, the Committee actively oversees several federal education programs to ensure fulfilment of the federal government's trust and treaty responsibilities to Native students in all educational settings.

Bureau of Indian Education. The BIE is comprised of 183 federally- and Tribally-operated primary and secondary schools and dormitories, two federally-operated postsecondary schools, and 37 Tribally and congressionally chartered Tribal Colleges and Universities (TCUs).[104] At several hearings convened by the Committee,[105] BIE and Tribal school administrators indicated that many BIE schools must divert funding from the Indian Student Equalization Program (ISEP) to address school security, staff salary and benefits, and nutrition issues. Accordingly, the Committee requests the FY2025 Budget include allowances for increases in BIE ISEP resources.

Additionally, Indian Tribes may exercise self-determination through operation of a BIE school that serves their community or reservation through either the ISDEAA or the *Tribally Controlled Schools Act* (TCSA). Similar to contract support costs for ISDEAA contracts, Tribal grant support costs assist Indian Tribes and Tribal community school boards in operating Tribally Controlled Schools with BIE funding under the authority of the TCSA.[106] A shortfall in funding for Tribal Controlled Schools grant support costs would result in schools having to further divert ISEP funds to pay for administrative costs, depriving students and teachers of these indispensable dollars. The Committee supports continued full funding of these obligations in the FY2025 Budget.

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[102] Bureau of Indian Ed., U.S. Dep't of the Interior, Budget Justifications and Performance Information Fiscal Year 2025 (2024), https://www.doi.gov/media/document/fy-2025-bureau-indian-education-greenbook
[103] Off. of Hawaiian Affs., *Native Hawaiian Data Book tbl.6.26* (Feb. 2023), https://www.ohadatabook.com/go_chap06.21.html.
[104] The BIE uses the ISEP formula to allocate funding for basic and supplementary instructional resources on a per pupil basis to all BIE funded K-12 schools. ISEP funds serve as the primary funding stream for determining each BIE school's annual budget and ensure BIE schools can secure adequate classroom resources and teachers. *See*, *e.g.*, U.S. Dep't of the Interior, *Listening Session Indian Student Equalization Program* (2021), https://www.bie.edu/sites/default/files/inline-files/ISEP%20Formula%20Funds%20-%20Listening%20Session%20Presentation%2004.20.21_508%20Accessibility%20Complete%20%281%29.pdf.

[105] *See, e.g., Protecting the Next Generation: Safety and Security at Bureau of Indian Education Schools: Hearing Before the S. Comm. on Indian Affs.,* 115th Cong. (2018) (statement of Cecelia Firethunder, President, Oglala Lakota Nation Education Coalition).
[106] These BIE grant schools expend these funds on administrative overhead costs for schools, including business operations, payroll, personnel, annual audits, information technology, and reporting. *See* U.S. DEP'T OF THE INTERIOR, BUDGET JUSTIFICATIONS AND PERFORMANCE INFORMATION FISCAL YEAR 2024 20 (2023), https://www.bie.edu/sites/default/files/documents/BIE%20FY%202024_0.pdf.

U.S. Department of Education. The *Elementary and Secondary Education Act* (ESEA)[107] and the *Higher Education Act* (HEA)[108] authorized a variety of programs to support the educational opportunities of American Indian, Alaskan Native, and Native Hawaiian students. For example, Impact Aid supports qualifying public elementary and secondary schools with 10 or more Indian students, defraying the cost of educating students who live on nontaxable federal lands, including Tribal lands. In addition, the Office of Indian Education (OIE) provides direct assistance to school districts, Tribes, and organizations for the education of Indian children, including for: research on the educational status of Native students; Native American Language Resource Centers established pursuant to the *Native American Language Resource Center Act* (NALRCA);[109] per-pupil formula allocations to school districts, Tribes, and BIE-funded schools; grants to support Native language immersion; and the Native American Teacher Retention Initiative to increase Native teacher retention efforts. The Committee supports funding for these activities at the Department of Education and recommends support for programs that promote the development of a high-quality, culturally-informed education for all Native students.

The United States government invested heavily in assimilation educational practices in order to suppress and prevent Native Americans from being able to preserve and speak their languages, particularly through the operation of a national system of federal Indian boarding schools.[110] The landmark *Native American Languages Act of 1990* (NALA)[111] rejected past policies of eradicating Indian languages, recognized the rights and freedoms of Native Americans to preserve, protect, and promote Native American languages, and encouraged the use of Native American languages in the education of Native students.

In 2021, eight federal agencies signed a joint memorandum of agreement to further NALA by establishing new interagency efforts to support the protection of Native languages.[112] In addition, the recently passed NALRCA builds on our shared goals to advance NALA by tasking the Department of Education with establishing and staffing resources centers with individuals with expertise in American Indian, Alaska Native, or Native Hawaiian languages to share best practices with communities engaged in language revitalization efforts. The Committee supports increased funding to carry out the policies established in NALRCA and NALA and to provide annual funding to schools in furtherance of NALA's intent.

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[107] The Indian Education Title of ESEA authorizes grants to local education agencies with large populations of Native students, State-Tribal Educational Partnership Grants, demonstration programs, Native American language immersion competitive grants, Native Hawaiian education program grants, Alaska Native education program grants, and funding for the Department of Education to undertake Tribal consultation. Additionally, many schools located on Indian land but operated by local education agencies receive funding through the Impact Aid Title of the ESEA.

[108] The HEA provides tuition supports for Native students and targeted institutional aide for TCUs and non-Tribal institutions of higher education that serve significant numbers of Native students, including Alaska Native and Native Hawaiian serving institutions. These targeted aide programs support TCUs operations and the development of culturally-informed Native student support services at non-Tribal colleges.

[109] Native American Language Resource Center Act of 2022, Pub. L. No. 117-335, 136 Stat. 6143 (2023)

[110] U.S. DEP'T OF THE INTERIOR, BUDGET JUSTIFICATIONS AND PERFORMANCE INFORMATION FISCAL YEAR 2025 (2023), https://www.bia.gov/sites/default/files/media_document/fy2025-508-bia-greenbook.pdf.

[111] Native American Languages Act of 1990, Pub. L. No. 101-447, 104 Stat. 1153 (1990).

[112] Memorandum of Agreement on Native Languages (November 2021) (on file with the U.S. Dep't of the Interior), https://www.doi.gov/sites/doi.gov/files/native-american-language-moa-11-15-2021.pdf

TCUs. In over 40 years since Congress enacted the *Tribally Controlled Colleges and Universities Assistance Act* (TCCUAA), the number of TCUs has increased fivefold, and student enrollment has increased by more than 300 percent.[113] Despite this impressive growth, TCUs remain underfunded, and are the only type of MSI to not have access to state and local funding to support their education programs and facility needs. These unique circumstances create challenges to maintaining facilities, recruiting and retaining qualified faculty and staff, and providing the rigorous academic programs and support services that students need while pursuing their dream of a postsecondary education.

The Committee requests full funding for institutional operations and technical assistance under the TCCUAA for the 36 TCUs funded under Titles I, II, III, and V of the Act, as well as for the Institute of American Indian Arts (IAIA), the only congressionally chartered TCU, which has its own separate statutory authorization and appropriations line item. The Committee also supports increased funding to Alaska Native and Native Hawaiian Serving Institutions (ANNHIs), as authorized under the HEA, to support Alaska Native and Native Hawaiian students in Alaska and Hawaii. Strong funding would allow these institutions to continue offering culturally grounded, high quality post-secondary education opportunities to American Indians, Alaskan Natives, and Native Hawaiians in some of the poorest and most geographically isolated regions of the country.

Indian Boarding Schools. In June 2021, the DOI announced the Federal Indian Boarding School Initiative to research and investigate the federal government's involvement in leading efforts of assimilating Native students from 1819 to 1969.[114] These harmful practices lead to the removal of thousands of Native students from their families and communities to undergo emotional, physical, and mental abuse by banning their use of Native languages, clothing, traditions, and cultural beliefs. It is unknown how many Native children lost their lives, but efforts are undergoing to identify marked and unmarked burial sites across the country. The federal assimilation policies have resulted in great loss to many Native languages and cultures that Congress has worked to address over the last few decades.[115] The Committee is strongly supportive and engaged in fully addressing issues surrounding Indian boarding schools, day schools, and other institutions so that former students, Native families, and their communities can heal and move forward from a harmful history.

Native Languages. Since 1990, Congress's investments in revitalizing Native languages has totaled just over $300 million, an average of less than $10 million a year. While Congress made historic investments to address the impact of the COVID-19 pandemic on Native languages with passage of the *American*

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[113] TCUs not only provide post-secondary education and workforce training opportunities, but they serve as public cultural and community centers and as primary employers for their communities. Students of TCUs are often older than the traditional college student, including single heads of households that are seeking to provide a better future for their families. TCUs offer their students a chance to develop the skills they need to succeed in the workforce while continuing to attend to their family and community responsibilities.

[114] Memorandum from the Sec'y of the Interior to Assistant Sec'ys, Principal Deputy Assistant Sec'ys, Heads of Bureaus and Offices (Jun. 22, 2021) (on file with the U.S. Dep't of the Interior). https://doi.gov/sites/doi.gov/files/secint-memo-esb46-01914-federal-indian-boarding-school-truth-initiative-2021-06-22-final508-1.pdf.

[115] *See e.g., Native American Languages Act*, 25 U.S.C. 2901 et seq.; *Esther Martinez Native American Languages Preservation Act of 2006*, Pub. L. No. 109–394 (2006); *Native American Language Resource Center Act of 2022*, 20 U.S.C. 7457; *Durbin Feeling Native American Languages Act of 2022*, Pub. L. No. 117–337 (2022).

Rescue Plan Act, the majority of federal funding for Native language revitalization continues to come from vital programs at HHS's Administration for Native Americans (ANA).[116]

The HHS ACF also works closely with the Department of Education's OIE and the DOI's BIE, also vital funding sources for Native languages, to collaborate and coordinate technical assistance, share grantee best practices, and address research or evaluation by the departments that could add to efficiencies in support for preservation and revitalization of Native American languages. In addition, DOI BIA's FY2025 budget request included an additional $11.5 million for Native language revitalization, which is crucial to begin supporting non-BIE Native language immersion programs that may not qualify for ANA Native American languages grant programs, which are better suited to support well-established revitalization efforts.[117] Providing dedicated funding for these immersion efforts was one of the recommendations in DOI's May 2022 Federal Indian Boarding School Initiative Investigative Report Volume 1.[118] Continued investments in this space also represent a long-term federal commitment to a comprehensive approach for revitalizing Native languages informed by the Biden Administration's draft 10-Year National Plan on Native Language Revitalization.[119]

The Committee recommends robust funding for these Native language grant programs at HHS and DOI, as well as the formerly mentioned language programs at the Department of Education's OIE, including the Native American Language Resource Centers established by the NALRCA.

CONCLUSION

We appreciate the Budget Committee's consideration of the Committee's views on these important matters and your efforts to ensure the federal government is fulfilling its trust and treaty responsibilities to Native communities across the nation.

Sincerely,

Senator Brian Schatz	Senator Lisa Murkowski
Chairman	Vice Chairman

[116] The *Esther Martinez Native American Languages Programs Reauthorization Act* (P.L.116-101) reauthorized the Native American languages grant programs administered by the ANA through FY2024, including for the Esther Martinez Immersion grant program and the Preservation and Maintenance grant program. In addition, the *Durbin Feeling Native American Languages Act of 2022* (P.L. 117-337) authorized the review of federal agencies to determine compliance with requirements to promote the use of Native American languages and make recommendations to improve interagency coordination to support the use of these languages. U.S. DEP'T OF HEALTH AND HUM. SERVS., ADMINISTRATION FOR CHILDREN AND FAMILIES – FY 2025 JUSTIFICATION OF ESTIMATES FOR APPROPRIATIONS COMMITTEES (2024), https://www.acf.hhs.gov/sites/default/files/documents/olab/fy-2025-congressional-justification.pdf

[117] U.S. DEP'T OF THE INTERIOR, BUDGET JUSTIFICATIONS AND PERFORMANCE INFORMATION FISCAL YEAR 2025 (2023), https://www.doi.gov/media/document/fy-2025-bureau-indian-affairs-greenbook

[118] U.S. DEP'T OF THE INTERIOR, FEDERAL INDIAN BOARDING SCHOOL INITIATIVE INVESTIGATIVE REPORT (2022).

[119] WHITE HOUSE COUNCIL ON NATIVE AMERICAN AFFS. EDUC. COMM., FRAMEWORK FOR THE 10 YEAR NATIONAL PLAN ON NATIVE LANGUAGE REVITALIZATION (2022), https://sites.ed.gov/whiaiane/files/2023/04/Framework-For-10-year-National-Plan.pdf

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United States Senate

SELECT COMMITTEE ON INTELLIGENCE

WASHINGTON, DC 20510–6475

April 10, 2024

The Honorable Sheldon Whitehouse
Chairman
The Honorable Charles E. Grassley
Ranking Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Chairman Whitehouse and Ranking Member Grassley:

We write in response to your letter dated March 22, 2024, requesting a "views and estimates" report on proposed Fiscal Year 2025 spending on program and activities that fall within the jurisdiction of the Senate Select Committee on Intelligence.

As required by Section 364 of the Intelligence Authorization Act for Fiscal Year 2010, the Director of National Intelligence (DNI) annually discloses to the public the aggregate amount of appropriations requested for the National Intelligence Program (NIP). On March 12, 2024, the DNI announced that the request for the NIP for Fiscal Year 2025 was $73.4 billion.

The budget request for individual intelligence agencies and programs remains classified and are contained within other specified accounts, including those of the Departments of Defense, State, Treasury, Energy, Justice, and Homeland Security. Submitting a "views and estimates" report that comments on the component agencies and programs could potentially lead to violations of laws and regulations concerning the handling and disclosure of national security information. Therefore, consistent with past practice, we respectfully decline to submit a separate "views and estimates" report for intelligence spending for Fiscal Year 2025.

Should you or your staff have any questions, please contact Caroline Wadhams or Tommy Nguyen of the Committee staff.

Sincerely,

Mark R. Warner
Chairman

Marco Rubio
Vice Chairman

Congress of the United States
JOINT ECONOMIC COMMITTEE
(CREATED PURSUANT TO SEC. 5(a) OF PUBLIC LAW 304, 79TH CONGRESS)
Washington, DC 20510–6602

April 19, 2024

The Honorable Sheldon Whitehouse
Chairman
Committee on the Budget
United States Senate
624 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Whitehouse,

Pursuant to section 301(d) of the Budget Act of 1974, I have asked the Democratic staff of the Joint Economic Committee to evaluate the state of the economy in accordance with the goals of the Employment Act of 1946.

The U.S. economy remains on a strong trajectory, as it returns to more normal growth patterns

Even as the United States faced global economic headwinds and high interest rates in 2023, businesses continued to add jobs, the economy grew, and inflationary pressures decreased. In 2023, businesses added more than 3 million jobs and real gross domestic product (GDP) grew 3.1%. These job gains have continued into the start of 2024 with employers adding an average of 276,000 jobs from January through March while the unemployment rate stood at 3.8% in March. The unemployment rate has been below 4% for 26 months—a more than 50-year record.

Though it is still affecting family budgets, inflation has fallen significantly since 2022. March's Consumer Price Index (CPI) data showed that prices increased 3.5% over the last year—well below the peak of 9.1% in June 2022. The Fed's preferred inflation gauge—core Personal Consumption Expenditures (PCE) (which excludes more volatile food and energy prices)—stood at 2.8% in February, an important sign that the United States is making progress in fighting inflation. Additionally, as inflation has slowed, workers have seen real wage gains, with wages and salaries growing faster than prices since the beginning of 2021. Calculations by the JEC Democratic staff show that national average wages and salaries grew by nearly $17,000 between January 2021 and February 2023, outpacing price growth during that period by over $4,800.

Public investments are working to maintain the strong economic recovery and ensure that workers in every community have access to high-paying, high-quality jobs. Investments from the Inflation Reduction Act, the Infrastructure Investment and Jobs Act, and the CHIPS and Science Act will add jobs in infrastructure, clean energy, and manufacturing. As of this February, investment in new manufacturing facilities totaled $223 billion annually, a record high even after adjusting for inflation. This spike in private investment is the direct result of bipartisan investments in the semiconductor industry and Democrats' bold action to expand clean energy sectors. These crucial bills will help continue and build on the existing manufacturing jobs boom, with almost 800,000 manufacturing jobs added since President Biden was sworn into office.

The long-term fiscal outlook is strained as the population ages and health care costs rise

Deficits and the debt are expected to grow in the coming years as spending on Social Security and major health care programs including Medicare, along with spending on interest, outpace revenues that have been limited by successive rounds of Republican tax cuts. An aging population and rising health care costs per person will drive these costs up. The Congressional Budget Office (CBO) estimates that federal debt held by the public as a percentage of GDP will rise from 99% of GDP in 2024 to 116% in 2034 and to 172% by 2054.

CBO cautions that the high levels of debt projected will slow economic growth and pose significant risks to the fiscal outlook. However, these increased levels of debt are driven not just by rising costs but also by lower revenues. Over the same period, outlays will total 23.1% of GDP and remain close to that level through 2028, while revenues will decline slightly from 17.5% of GDP in 2024 before rising slightly to 17.9% a few years later after certain provisions of the Trump tax cuts expire. The deficit over the next 10 years is slightly smaller than CBO previously estimated, primarily as a result of the Fiscal Responsibility Act and the Further Continuing Appropriations and Other Extensions Act. The deficit is also smaller than CBO previously estimated due to greater economic output, as more people are working or seeking work. CBO estimates the labor force will be 5.2 million people larger in 2033, mainly due to immigration—leading to a $7 trillion increase in expected GDP and a $1 trillion increase in expected revenue in 2034.

One-time spending packages like the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan (ARP) Act during the COVID-19 pandemic had little effect on the long-term trajectory of the debt. While these spending packages in response to a global public health emergency and economic crisis did increase the level of the debt, they did not increase the rate of growth in the debt over the long run.

Rising debt levels are the result of Republican tax cuts

Tax cuts under President Bush and President Trump drove debt levels up. Prior to the extension of the Bush tax cuts in 2012, CBO estimated that revenues would exceed outlays indefinitely. In 2017, President Trump passed a further round of tax cuts, the Tax Cuts and Jobs Act, which largely benefited the wealthiest taxpayers. By the time President Biden took office in 2021, debt held by the public was over 97% of GDP.

Neither the Bush nor the Trump tax cuts were offset with other changes to revenues or spending, leading both to massively increase deficits by decreasing revenues over the long term. One analysis has even found that that the Bush and the Trump tax cuts are entirely responsible for the fiscal gap, or the total increase in debt beyond what is needed to maintain a stable debt-to-GDP ratio. According to the Office of Management and Budget, revenues were 20.0% of GDP in 2000, while by 2019, they had fallen to only 16.4% of GDP.

Rising deficits due to falling revenues have masked the fact that spending as a percentage of GDP has decreased over the last few decades and is projected to shrink even further. Projected federal spending over the next half-century is 1% to 2% of GDP lower compared to estimates made in the early 2010s, driven largely by savings in health care spending. Much of these savings are due to provisions of the Affordable Care Act.

Additional tax cuts for the wealthy would only add to the deficit without delivering the investments the economy needs to grow and for families to thrive. If Republicans were serious about bringing down the budget deficit, they would start with rolling back the massive tax cuts for the rich and big corporations included in the 2017 Republican tax law. Extending these tax cuts would add trillions to the national debt, and a majority of the benefits would go to households making over $289,900 a year.

Ensuring that the wealthy pay their fair share will raise revenue

Passing a number of progressive tax measures, closing tax loopholes that benefit the wealthy, and maintaining funding for the Internal Revenue Service (IRS) would raise significant revenue and improve the country's fiscal path. On the individual side, these tax proposals include instituting a 25% minimum tax and restoring the top income tax rate to 39.6%, both for the wealthiest Americans. Wealthy individuals, who often pay lower tax rates and take advantage of loopholes, would be forced to pay their fair share.

On the corporate side, these proposals ensure that corporations also pay their fair share by raising the corporate tax rate and bringing the country in line with the global minimum tax deal. Raising the corporate tax rate to 28% alone would raise $1.3 trillion over a decade, while adopting the 15% global minimum tax would ensure that additional tax revenue flows to the United States instead of foreign governments.

The U.S. tax code includes a number of tax expenditures that are costly—totaling $1.8 trillion in 2023 and reducing federal tax revenue and resulting in a higher deficit. Limiting these tax expenditures that overwhelmingly benefit the wealthy, like the lower tax rates for capital gains and stock dividends, the stepped-up basis loophole, and the carried interest loophole, will raise revenue and reduce the deficit. Taxing capital gains at the same rate as wage income for those with more than $1 million in income would ensure that capital gains are not taxed at lower rates than other types of income, while taxing unrealized capital gains at death would ensure that the gains passed to heirs does not go untaxed. Closing the carried interest loophole would prevent private equity, real estate, and hedge fund managers from treating some of their income as investment income and paying a lower tax rate or putting off paying taxes indefinitely.

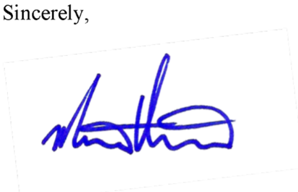
Finally, maintaining funding for the IRS will bring in more revenue and go a long way toward closing the tax gap—or the difference between the taxes owed and revenues collected each year—which totaled an estimated $688 billion in tax year 2021. The Treasury Department recently estimated, using a more comprehensive approach, that the Inflation Reduction Act's (IRA) original funding for the IRS would increase revenue by up to $561 billion over 10 years. The IRS is using IRA funding to ramp up tax enforcement on wealthy individuals and large corporations with the agency already collecting $520 million from millionaires. Despite the $21.4 billion cut as part of the Fiscal Responsibility Act, the IRS is still able to make significant progress toward modernizing the agency and improving tax enforcement, but further funding cuts will reduce badly needed revenue and further expand the deficit.

Conclusion: Continuing to improve the U.S. economy for all Americans

President Biden's proposed budget for fiscal year 2025 represents a comprehensive plan to lower costs for Americans and bring down annual deficits while still investing in our communities and families. The proposal protects Social Security and Medicare while including landmark investments in clean energy, affordable housing, the expanded Child Tax Credit, early-childhood education, and child nutrition that will grow the economy and support our communities. Even with these investments, the budget would still reduce federal deficits by $3 trillion over the next ten years, largely through a fairer tax code that asks the wealthiest people and corporations to pay their fair share.

American families and workers deserve a federal government that promotes continued economic growth and invests in high-quality jobs for all Americans that pay them enough to support their families. The country has been fortunate to experience a strong economic recovery under President Biden, but we need to continue this work. Too many Americans are one unexpected bill or late payment away from financial disaster. As JEC Chair, I look forward to highlighting best practices and policies on the federal, state, and local level that will support continued growth and ensure that all Americans, not just the wealthy or well-connected, can thrive in today's economy.

Sincerely,



Senator Martin Heinrich
Chairman
U.S. Congress Joint Economic Committee

Congress of the United States
JOINT ECONOMIC COMMITTEE
(CREATED PURSUANT TO SEC. 5(a) OF PUBLIC LAW 304, 79TH CONGRESS)
Washington, DC 20510–6602

April 18, 2024

The Honorable Sheldon Whitehouse
Chairman
Committee on the Budget
United States Senate
624 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Charles E. Grassley
Ranking Member
Committee on the Budget
United States Senate
624 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Whitehouse and Ranking Member Grassley,

Thank you for inviting the Joint Economic Committee (JEC) to provide its Views and Estimates for the Fiscal Year 2025 Budget Resolution to the Committee on the Budget. As described in section 301(d) of the Congressional Budget Act of 1974, the JEC is responsible for providing Congress with fiscal policy recommendations to meet the goals of the Employment Act of 1946. These include promoting a balanced Federal budget, balanced economic growth, and "the coordination and integration of the policies and programs of the Federal Government toward… better management, increased efficiency, and attention to long-range as well as short-range problems."[1]

I asked the JEC Republican staff to provide me with their analysis. Their research can be summed into the following three points:

1. The United States is on an unsustainable fiscal path. Economists from every school and political persuasion have identified this as a fact for decades. Continuing along this path will produce severely harmful outcomes. It is not a question of "if" but "when" the long-range consequences of poor fiscal decisions will catch up with us.

2. The unsustainability of our fiscal path is predominantly attributable to ever-increasing spending, not lagging tax receipts. Approximately 75% of federal spending is on autopilot—either interest on existing debt or mandated through social programs—and those costs soak up so much revenue that every single dollar of discretionary spending is now borrowed.

[1] Feb. 20, 1946, ch. 33, § 2, 60 Stat. 23; Pub. L. 95–523, title I, § 102, Oct. 27, 1978, 92 Stat. 1890.
U.S. Code, Title 15, Chapter 21, § 1021

3. Current proposals to expand tax receipts are insufficient to address the problem. In most cases they would accelerate the arrival of the looming fiscal consequences. Quite simply, the budget hole has been dug so deep that 'taxing the rich' is insufficient to fill it in.

I conclude with a series of policy proposals that will improve fiscal health and encourage economic prosperity.

The U.S Fiscal Trajectory Is Predictable: What Goes Up, Must Come Down (One Way or Another)

The national debt stands at $34,576,488,508,928.90 as of April 17, 2024.

> "The current fiscal path is unsustainable…The debt-to-GDP ratio was approximately 97 percent at the end of FY 2023, and under current policy and based on this report's assumptions is projected to reach 531 percent in 2098."[2]

The debt-to-GDP ratio is a preferred measure of governmental debt because it incorporates the source of revenue used to pay it off—the economy. The relative size of the debt shrinks as long as the economy grows faster than government deficits. But as you well know, this is a rare occurrence.

Figure 1 illustrates the debt-to-GDP ratio from 1970–2023, highlighting that the metric never exceeded 50 percent until the Great Recession. Growth was relatively slow during most of the 2010s, but shot abruptly up to 103 percent as Congress increased spending during the Covid-19 pandemic. In the last 15 years, the debt-to-GDP ratio increased from 35 percent to almost 100 percent.

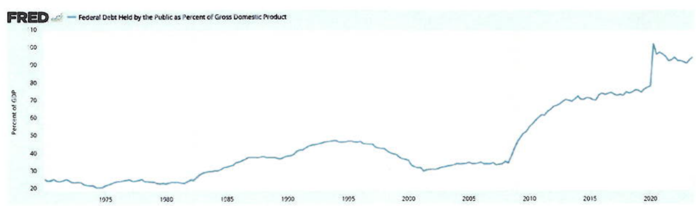


Figure 1: Debt-to-GDP Ratio 1970–2023[3]

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[2] Department of the Treasury, "The Financial Report of the United States Government, Fiscal Year 2023," February 15, 2024, 7, https://fiscal.treasury.gov/files/reports-statements/financial-report/2023/02-15-2024-FR-(Final).pdf.

[3] Chart produced by the FRED (Federal Reserve Economic Data) program at the Federal Reserve Bank of St. Louis using data from the U.S. Office of Management and Budget. Federal Reserve Bank of St. Louis, "Federal Debt Held by the Public as Percent of Gross Domestic Product (FYGFGDQ188S)," https://fred.stlouisfed.org/graph/?g=1hFuF.

Figure 2 and Figure 3 showcase that the U.S. is in uncharted territory and heading deeper. Treasury now anticipates ever-increasing annual deficits as interest on the outstanding debt becomes the largest component of expenditures. Moreover, a review of the academic research shows that there is a correlation between higher debt-to-GDP ratios and slower economic growth, starting around 80 percent.[4] The effect is nonlinear, accelerating as debt-to-GDP continues to increase. In other words, we are about the hit the "vicious" part of a vicious circle.

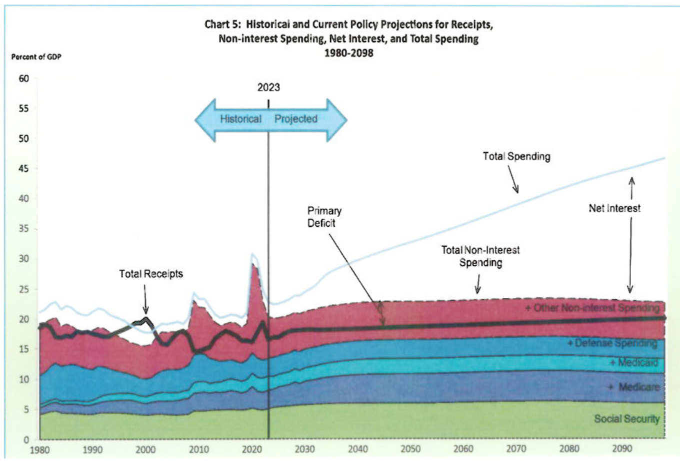

Figure 2: Our Unsustainable Fiscal Path in One Chart[5]

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[4] Jack Salmon, "The Impact of Public Debt on Economic Growth," *Cato Journal* 41, no. 3 (Fall 2021): 23.
[5] Department of the Treasury, "The Financial Report of the United States Government, Fiscal Year 2023," 7.

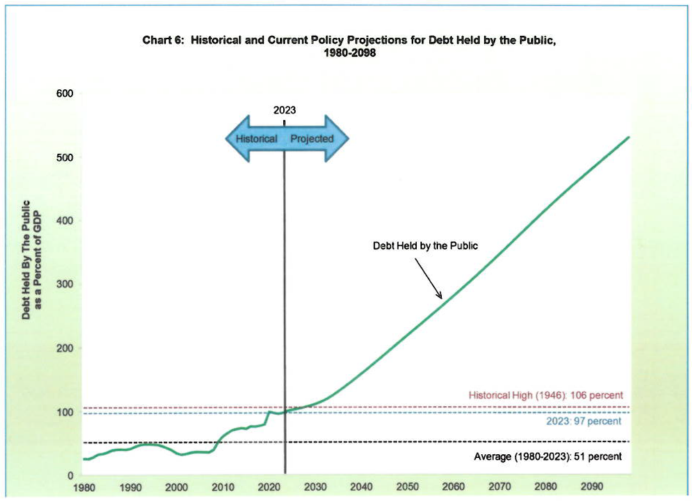

Figure 3: By 2028 Debt-to-GDP Will Exceed WW2 Levels[6]

It is important to note that these dire fiscal projections are not the result of tax cuts, as the Left likes to argue. Rather, it was the unfathomable amounts of spending authorized in response to the Great Recession and the Covid-19 pandemic (as well as the Biden administration's whole-hearted embrace of industrial policy in the Infrastructure Investment and Jobs Act, the inappropriately-named Inflation Reduction Act, and the CHIPS Act) that hurled our fiscal well-being over the precipice.

Figure 4 shows that in the post-WW2 era federal tax receipts have generally hovered between 15–18 percent of GDP. This means that there is only one way to fund extravagant spending—via ever-increasing debt. It also showcases that declines in tax receipts are associated with business cycles, rather than episodes of tax reform.

[6] "GAO, CBO, and the 2023 Financial Report, although using somewhat different assumptions, all project that debt held by the public as a share of GDP (debt-to-GDP) will surpass its historical high (106 percent in 1946) in 2028." Department of the Treasury, "The Financial Report of the United States Government, Fiscal Year 2023," 78, 46.

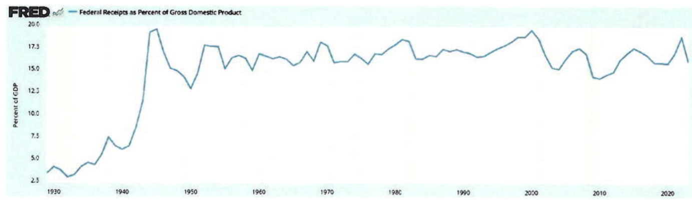

Figure 4: Federal Tax Receipts Have Been Surprisingly Consistent[7]

There are only three outcomes for the debt we have accumulated:

1) It could be repaid by current and future generations.

2) It could be rolled over indefinitely (assuming that we are able to close the primary deficit so that the overall debt did not continue to grow).

3) A default could occur during some unforeseen-but-completely-predictable economic crisis.[8]

A default would cause so many other problems that it should be viewed as unacceptable. However, this outcome **will** come to pass if the U.S. continues to paint itself into a fiscal corner.

The Question is Not "How Deep is the Fiscal Hole" But Rather "How Fast are We Digging?"

"If you find yourself in a hole, stop digging" is good advice. Unfortunately, the problem facing the U.S. right now is not how deep the hole is, but how fast the bottom is dropping out from under us. In the first six months of this fiscal year, total national debt has increased by $1.42 trillion—that is over $90,000 *every single second.*

The 'mandatory spending' caused by entitlement programs as a result of changing demographics and the soaring interest costs on the debt we have already incurred must be addressed. Our fiscal hole is poised to get deeper year after year, until one day our creditors find a better place to loan their money and we enter a sovereign debt crisis because we can no longer take out new loans to pay the interest on the old ones.

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[7] Chart produced by the FRED (Federal Reserve Economic Data) program at the Federal Reserve Bank of St. Louis using data from the U.S. Office of Management and Budget. "Federal Receipts as Percent of Gross Domestic Product (FYFRGDA188S)," https://fred.stlouisfed.org/graph/?g=1hFuk.
[8] We only have to look at the enormous debts incurred during World War 2 to be reminded how much spending a global conflict can necessitate. Our fiscal house is wholly unprepared for the end of the peace dividend created by the fall of the Soviet Union.

Part of the problem is demographics. Around 11,000 baby boomers turn 65 every day, and by 2030 over 20 percent of the U.S. population will be 65 and older.[9] This trend continues all the way to 2060, when 95 million people—almost a quarter of the population—will be over the age of 65.[10]

This is not something we should lament, but we should have planned for it better. Congress has known for 30 years that the trust fund would be exhausted sometime in the early 2030s.[11] Under current law, the end of the trust fund will automatically reduce Social Security benefits by 23 percent, doubling senior poverty overnight.

The Cost of Procrastination

Congress cannot delay making U.S. fiscal policy sustainable. The cost of procrastination rises each year, meaning delaying the inevitable only increases the consequences. The 2023 Financial Report of the U.S. Government estimates that the fiscal gap between spending and tax receipts averages 4.5 percent of annual GDP over the next 75 years. In other words, spending reductions and tax receipt increases *this year* need to sum to **$1.25 trillion**, and continue to increase at the same rate as annual GDP, just to break even.[12] For context, in FY2023 total national debt increased by 8.7 percent of GDP—Congress is not just shirking its fiscal responsibility, we're sprinting in the opposite direction.[13]

The situation worsens if Congress shirks its responsibility. A 10-year delay in confronting the problem raises the annual fiscal gap to 5.3 percent of GDP, and a 20-year delay increases it to 6.5 percent. It is a moral imperative that we not leave our fiscal mess as something for our children and grandchildren to clean up.

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[9] Sandra L. Colby and Jennifer M. Ortman. May 2014. "The Baby Boom Cohort in the United States: 2012 to 2060." United States Census Bureau. Report P25-1141. https://www.census.gov/content/dam/Census/library/publications/2014/demo/p25-1141.pdf.

[10] Jonathan Vespa, Lauren Medina, and David M. Armstrong. February 2020. "Demographic Turning Points for the United States: Population Projections for 2020 to 2060". United States Census Bureau. Report P25-1144. https://www.census.gov/content/dam/Census/library/publications/2020/demo/p25-1144.pdf.

[11] Peter G. Peterson Foundation, April 27, 2023. "Despite Decades of Warnings, Social Security and Medicare Depletion Dates Have Been Getting Closer." https://www.pgpf.org/blog/2023/04/despite-decades-of-warnings-social-security-and-medicare-depletion-dates-have-been-getting-closer.

[12] Calculations are based on Q4 2023 annualized current-dollar GDP estimate, $27.945 trillion, from the Bureau of Economic Analysis. Table 3. Gross Domestic Product: Level and Change from Preceding Period, Gross Domestic Product, Fourth Quarter and Year 2023 (Second Estimate), February 28, 2024, Bureau of Economic Analysis, https://www.bea.gov/sites/default/files/2024-02/gdp4q23-2nd.pdf.

[13] National debt increased by $2.351 trillion in FY2023. Current dollar GDP was $27.0 trillion in FY2023 ($27.0 trillion is the average of the four quarters of annualized estimates from the BEA). Daily Debt Monitor (Oct 3, 2023), Joint Economic Committee, Republican Staff, https://www.jec.senate.gov/public/_cache/files/622fda2f-2ded-40fd-86fe-d35927c3feea/20231010dailydebtmonitor.pdf. Table 3. Gross Domestic Product: Level and Change from Preceding Period, Gross Domestic Product, Fourth Quarter and Year 2023 (Second Estimate), February 28, 2024, Bureau of Economic Analysis, https://www.bea.gov/sites/default/files/2024-02/gdp4q23-2nd.pdf.

Table 2	
Cost of Delaying Fiscal Reform	
Period of Delay	**Change in Average Primary Surplus**
Reform in 2024 (No Delay)	4.5 percent of GDP between 2024 and 2098
Reform in 2034 (Ten-Year Delay)	5.3 percent of GDP between 2034 and 2098
Reform in 2044 (Twenty-Year Delay)	6.5 percent of GDP between 2044 and 2098

Figure 5: Political Procrastination Only Increases the Fiscal Pain[14]

Robin Hood Cannot Save Us: Taxing Upper Quintiles Will Not Fix our Budget Problems

It would be nice if there were a simple solution to our budget crisis, but sadly we are far beyond simple solutions. The Left has seized on the idea that everything could be fixed if high-income households just "paid their fair share," but the data indicates that even the largest tax hikes would be insufficient.

The top quintile of households by income in the U.S. already pay 70 percent of all federal tax liabilities (see Figure 6). Moreover, recent research suggests that the most additional tax revenue that can extracted from high-income households only constitutes 1 to 2 percent of annual GDP.[15] Given that the Congressional Budget Office's (CBO) most recent estimate shows that the gap between tax receipts and total spending is forecast to grow from 5.6 percent to 9.1 percent of GDP, there is simply no way to make this math work.

[14] Department of the Treasury, "The Financial Report of the United States Government, Fiscal Year 2023," 9.
[15] Brian Riedl, "The Limits of Taxing the Rich" (Manhattan Institute for Policy Research, September 2023), https://media4.manhattan-institute.org/wp-content/uploads/the-limits-of-taxing-the-rich.pdf.

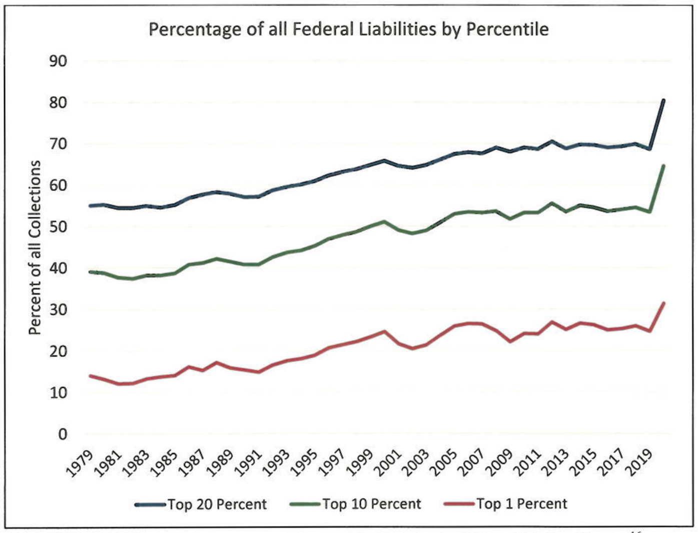

Figure 6: High-Income U.S. Households Shoulder Almost the Entire Tax Burden[16]

Prior JEC research has highlighted that the U.S. already has one of the most progressive tax systems in the world.[17] The combination of the U.S. tax structure and social welfare services lead to a net tax framework that is much more progressive than most European countries.

To the extent that some European countries provide even more social welfare services than the United States, the funding for these programs comes from broad-based higher taxes (generally value-added taxes) applied to the entire population. This leads to a system that is substantially less progressive in order to provide marquee social welfare services. The Left fails to appreciate that the cost of these services can only effectively be funded with higher taxes on those who receive the services, leading to a less progressive system on net (see Figure 7).

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[16] Bilal Habib, "The Distribution of Household Income in 2020" (Congressional Budget Office, November 14, 2023), https://www.cbo.gov/publication/59757.

[17] "Chapter 4: How (Not) to Increase Economic Growth." Joint Economic Committee, "Report of the Joint Economic Committee Congress of the United States on the 2023 Economic Report of the President" (Congress of the United States, July 27, 2023), https://www.jec.senate.gov/public/_cache/files/1101b032-7b43-4ec5-872f-dba2fc8998e8/the-2023-joint-economic-report.pdf#page=238.

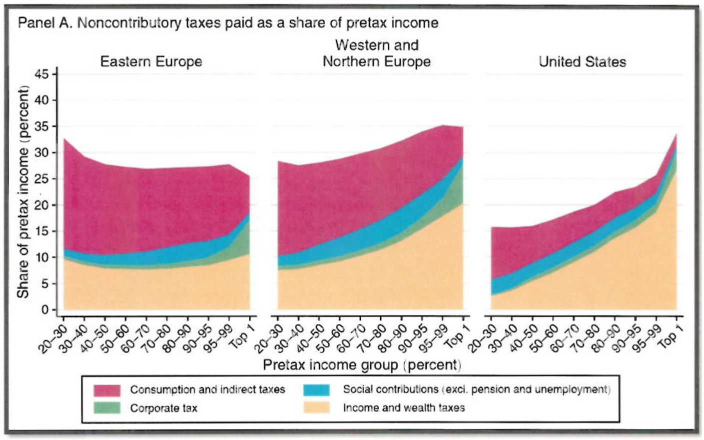

Figure 7: European Social Services Are Funded by Higher Taxes on Low Income Households[18]

<u>Policy Proposals to Restore Fiscal Health and Encourage Economic Prosperity</u>

Create a Fiscal Commission

I have championed the cause of creating a fiscal commission that would study the structural sources of U.S. debt and develop novel, bipartisan measures to fix them. If we manage to avoid fiscal ruin, I firmly believe it will be because the Fiscal Commission or similar bodies were given the mandate and space to work on the problem in a bipartisan, sincere, and solutions-focused environment.

Encourage Innovation in Healthcare

We stand on the cusp of healthcare breakthroughs that could substantially reduce healthcare costs, especially for Medicare and Medicaid. The Budget Resolution should encourage policymakers and federal agencies to explore how the acceleration of medical discoveries can reduce government healthcare expenditures, especially for high-cost diseases such as heart disease, diabetes, and Alzheimer's disease. Doing so will reduce long-term healthcare costs while improving productivity as those resources can be shifted to other forms of care.

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[18] Blanchet et al, "Why Is Europe More Equal than the United States?" American Economic Journal: Applied Economics 2022, 14(4): 480–518 https://doi.org/10.1257/app.20200703

The epidemic of obesity in particular exacerbates other healthcare costs and directly reduces workers' productivity. The Joint Economic Committee estimates that from 2024–2033 the reduction in labor supply from obesity will result in a potential GDP loss of $5.6 trillion and a $1 trillion reduction in federal income tax receipts.[19] The CBO is also working to incorporate the effects of anti-obesity medications in their budget projections, but the scope of their efforts are limited by a lack of specific proposals from Congress.

Modernizing the IRS and other Federal Agencies

Emerging technologies such as artificial intelligence (AI) have arrived just as the IRS prepares to modernize its computer systems and streamline its structure. The IRS, as well as many other government agencies, should thoroughly explore the possibilities enabled by AI and other work-saving technologies to do more with less. An "audit revolution" powered by AI could provide a more responsive and accurate tax revenue system, while perhaps also reducing the paperwork burden on taxpayers. Americans already spend 2.2 billion hours filing taxes each year, which has an opportunity cost of almost $250 billion.[20] The Budget Resolution should require Members of Congress to find similar opportunities for saving wherever possible.

Promote Economic Growth

Entrepreneurs and the economic opportunities they discover are drivers of American exceptionalism. The previous proposals have primarily addressed the numerator of the debt-to-GDP ratio, but expanding and accelerating economic growth is a complementary path to stabilize and eventually shrink U.S. indebtedness.

Congress can do this in a variety of ways, but the easiest would be to implement favorable tax treatment for research and development (R&D) and business investment generally, especially those activities which expand the fundamental body of knowledge. Advances in fundamental science are the stepping stones that future economic growth is built on. Some of the most impactful inventions, like the discovery of the transistor, are the serendipitous result of brilliant minds being given the room to run.[21] But intellectual and scientific exploration is fenced in by real-world costs, leading to a sub-optimal amount of R&D investment. The right tax policy can unleash the spillover benefits that create brand-new industries, increase employment, and improve Americans' quality of life.

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[19] "Chapter 3: The Social Cost of Obesity." Joint Economic Committee, "Report of the Joint Economic Committee Congress of the United States on the 2023 Economic Report of the President" (Congress of the United States, July 27, 2023), https://www.jec.senate.gov/public/_cache/files/1101b032-7b43-4ec5-872f-dba2fc8998e8/the-2023-joint-economic-report.pdf#page=216.

[20] National Taxpayers Union Foundation, "Tax Day 2023: Americans Spend Over 2.2 Billion Hours Annually Filing Taxes," April 3, 2023, https://www.ntu.org/foundation/detail/tax-day-2023-americans-spend-over-22-billion-hours-annually-filing-taxes.

[21] "The Transistor's Story Is One of Innovation and Immigration," *Marketplace* (blog), December 16, 2022, https://www.marketplace.org/2022/12/16/transistors-innovation-immigration/.

Expanding skilled immigration and promoting international trade would complement leaning into America's competitive advantage in R&D. Immigrants with a college degree are twice as likely to be the holder of a patent as native-born college graduates, almost half of Fortune 500 companies were founded by immigrants or the children of immigrants, and nearly 80% of "unicorns" (start-ups valued at more than $1 billion) have immigrants as founders or working in executive roles.[22] Even better, high-skill immigrants complement native-born skilled workers—research finds that for every 100 immigrant workers who received advanced STEM degrees in the U.S. an additional 262 jobs were created for native-born workers. But this economic machine needs customers, which is why expanding international trade relationships is critical to gaining the greatest economic benefit. Every day we fail to empower research and development, skilled immigration, and expanded trade is another day in which the debt-to-GDP ratio grows rather than shrinks.

Concluding Thoughts

We do not know how bad the consequences of our unsustainable fiscal policy will be, but it will likely be unlike anything we have ever experienced. The United States currently enjoys an unparalleled position in the world due to the strength of its economy and steadfastness of its debt. But history illustrates that leadership of the world economy is a temporary state of affairs and that the descent from this position can be swift, uncertain, and tumultuous. I wholeheartedly encourage you to direct the Committee on the Budget to craft the Fiscal Year 2025 Budget Resolution with a mind toward establishing rules that put our fiscal house in order. We owe it to our children and grandchildren to clean up the mess Congress has made.

Please do not hesitate to contact me if the Joint Economic Committee can be of further assistance. My staff and I look forward to working shoulder-to-shoulder with you and the Committee on the Budget to improve U.S. fiscal health and encourage economic prosperity.

Sincerely,

Representative David Schweikert
Vice Chairman
Joint Economic Committee

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[22] Bernstein et al., "The Contribution of High-Skilled Immigrants to Innovation in the United States." Cato Institute, https://www.cato.org/research-briefs-economic-policy/contribution-high-skilled-immigrants-innovation-united-states. American Immigration Council, "New American Fortune 500 in 2023." https://www.americanimmigrationcouncil.org/research/new-american-fortune-500-2023. Stuart Anderson, "Immigrant Entrepreneurs and U.S. Billion-Dollar Companies." National Foundation for American Policy, https://nfap.com/wp-content/uploads/2022/07/2022-BILLION-DOLLAR-STARTUPS.NFAP-Policy-Brief.2022.pdf.

United States Senate
COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20510–6275

April 19, 2024

The Honorable Sheldon Whitehouse
Chair
Committee on the Budget
United States Senate
Washington, DC 20510

The Honorable Charles E. Grassley
Ranking Member
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Chair Whitehouse and Ranking Member Grassley:

Thank you for the opportunity to provide views and estimates regarding funding for programs within the Senate Judiciary Committee's authorizing jurisdiction, pursuant to section 301(d) of the Congressional Budget Act. I appreciate the chance to highlight important priorities in the Judiciary Committee's jurisdiction as our nation works to address long-term challenges facing our nation and make investments that provide opportunity and a foundation for success for all Americans. As you work on an FY 2025 Budget Resolution, I ask that you give due consideration to the following priorities.

Combating Gun Violence

Our nation suffers from an epidemic of gun violence, with more than 115 Americans dying each day from gunfire. Reducing these unacceptably high levels of shootings will require an all-hands-on-deck approach employing law enforcement, public health, and community-based approaches aimed at saving lives and making communities safer. I request that the Budget Resolution provide the budget authority to meet the President's call for robust funding of evidence-based community violence intervention programs to reduce gun violence. I further request that the Resolution provide the budget authority to fund the personnel, training, and technology needed to enforce the gun laws on the books, including meeting the Bureau of Alcohol, Tobacco, Firearms, and Explosives' needs for agents, inspectors, and tools such as the eTrace and NIBIN systems, as well as the Federal Bureau of Investigation's (FBI) needs for enabling the National Instant Criminal Background Check System to keep up with a surge in gun sales. These resources are critical to full implementation of gun safety reform, such as the Bipartisan Safer Communities Act, the most comprehensive gun safety legislation in over thirty years.

The Budget Resolution should also prioritize budget authority for efforts to break the cycle of violence through programs that support and provide trauma-informed care, including funding for the Children Exposed to Violence Initiative within the Department of Justice (DOJ) Office of Justice Programs.

First Step Act Implementation

I request that you fully support the President's budget request for criminal justice reform initiatives, including funding for full implementation of the First Step Act of 2018 (P.L. 115-391), the most significant criminal justice reform legislation in a generation. This funding should enable DOJ and the Federal Bureau of Prisons (BOP) to provide and maintain robust evidence-based recidivism reduction programing and productive activities.

Civil Rights Enforcement and Protection

The DOJ Civil Rights Division enforces the Civil Rights Act of 1964, the Voting Rights Act, the Americans with Disabilities Act, the Fair Housing Act, and other important anti-discrimination laws. The Division also conducts investigations to ensure that policing practices respect civil rights and adhere to constitutional guidelines. I request that the Budget Resolution provide the budget authority necessary for the Civil Rights Division to proactively fulfill its traditional role of ensuring that the constitutional and civil rights of all Americans are protected.

Protection of Voting Rights

As the late Congressman John Lewis said, "The vote is precious. It is almost sacred." However, Americans' right to vote is threatened by a wave of state efforts to impose restrictive voting provisions that would impede access to the ballot box. The Budget Resolution should provide sufficient budget authority for the DOJ Civil Rights Division to provide robust enforcement of Section 2 of the Voting Rights Act, which prohibits racially discriminatory voting practices or procedures, and to proactively ensure all eligible voters can exercise their right to vote.

Addressing Domestic Terrorism

Domestic terrorism has risen dramatically in recent years, and the most significant domestic terrorism threat in the United States today comes from violent white supremacists and violent militia extremists. The growing nature of this threat has been demonstrated by the violent insurrection at the U.S. Capitol on January 6, 2021 and the continued rise of horrific incidents of domestic terror and hate crimes targeting religious and ethnic minorities and communities of color. This domestic terror threat must be confronted with the full force of the federal government, and I ask that the Budget Resolution provide the budget authority necessary to enable DOJ and the FBI to research, monitor, analyze, investigate, and prosecute domestic terrorism.

Federal Bureau of Prisons (BOP)

The federal prison population grew by more than 700 percent between 1980 and 2013, creating a host of challenges for BOP to safely manage and maintain its aging prison system. Adequate steps must be taken to address crumbling infrastructure, staffing shortages, overuse of restrictive housing, insufficient programming for incarcerated persons, and the pattern of alleged staff misconduct, such as the sexual abuse of incarcerated women at the Federal Correctional

Institution in Dublin, California and allegations of retaliation against whistleblowers. I ask that the Budget Resolution provide sufficient budget authority to enable BOP to address these challenges.

Immigration Courts

The Budget Resolution should provide sufficient budget authority for the DOJ Executive Office for Immigration Review (EOIR) to help clear the backlog of immigration court cases. The Resolution should also support increased funding for the Legal Orientation Program, which provides basic legal information for individuals in immigration detention, thereby increasing efficiency in immigration courts and reducing taxpayer costs related to immigration detention. In addition, the Resolution should require the continuation of Legal Orientation Program services and activities without interruption, including during any review of the program, and ensure all components continue to be operated by non-profit nongovernment organizations with demonstrated immigration law expertise. Finally, the Resolution should support the provision of Legal Orientation Programing for individuals and families with credible protection claims who are placed into expedited removal, whether in custodial or non-custodial settings.

I further request that the Resolution provide budget authority for funding that will allow increased legal representation for vulnerable groups, including unaccompanied children, individuals with developmental disabilities, and indigent adults. Legal representatives are often the only trusted adult that unaccompanied children have to report abuse and navigate complex immigration laws in the aftermath of such abuse. Providing legal representation is also one way to address the immigration court backlog, as recent studies of EOIR data have found people represented by counsel appear in court 96 percent of the time and are more prepared to proceed in their cases.

Benefits For Refugees, Unaccompanied Children, and Other Recent Arrivals

Federal resettlement assistance and coordination has been essential for successful integration of recently arrived refugees, parolees, and other recent arrivals. In addition, lawful pathways such as refugee resettlement and parole programs have proven to be effective in reducing the flow of migration to the southwest border. Non-governmental organizations tasked with the resettlement of such individuals, however, have not been sufficiently funded to handle the full number of refugees and parolees who are authorized under our immigration laws to receive resettlement assistance upon arrival to the United States. The Budget Resolution should provide sufficient budget authority for the Department of State's Bureau of Population, Refugees and Migration, and the Department of Health and Human Services Office of Refugee Resettlement to provide services to recent arrivals, including resettlement assistance to 125,000 arriving refugees per fiscal year, Afghan and Ukrainian parolees, and other noncitizens eligible for such services under our immigration laws. The Resolution should also support the provision of key services and resources that prevent the exploitation of unaccompanied children, including post-release services, legal representation, and child advocates.

Ensuring Federal Control of Immigration Functions

The U.S. Supreme Court has clearly held that implementation of immigration laws is a federal function. Several states, however, have flouted this mandate, creating confusion and chaos as federal officials attempt to implement such laws. Such state policies may result in increased racial profiling of border residents and have already led to the deaths of noncitizens seeking asylum in the United States. The Budget Resolution should not provide any budget authority or support for states to engage in immigration functions that rest solely within the purview of the executive branch.

Ensuring Effective Oversight of Immigration Detention

In May 2023, DHS launched the Family Expedited Removal Management (FERM) process, which creates a process by which family units placed in expedited removal are released from ICE detention pending completion of credible fear proceedings. Very little has been shared publicly about the FERM program. To the extent that the Budget Resolution includes budget authority for FERM, it should provide sufficient budget authority for DHS to report publicly on data regarding FERM. Greater access to data and policy records will help the public and Congress better assess the efficacy and impact of FERM on families and children, and the asylum process as a whole.

In addition, the Resolution should provide budget authority for ICE to disclose data and information regarding its detention practices and contracts. In addition to current reporting requirements, ICE should make public contracts relating to medical providers contracting services for ICE detention facilities; contracts between ICE and data brokers; and records on actions to enforce contract violations.

The Budget Resolution also should provide funding sufficient to end the misuse of solitary confinement in immigration detention, particularly for individuals with mental health or chronic medical conditions, LGBTQ+ individuals, and other vulnerable populations. ICE has failed to follow its own guidelines that limit both the punitive use of solitary confinement and the imposition of additional forms of punishment in solitary confinement. ICE must ensure that each facility rigorously tracks and reports its use of solitary—including the agency's consideration of alternatives to solitary and any vulnerabilities associated with a person placed in solitary. ICE also should end the misuse of solitary confinement in immigration detention by establishing meaningful alternatives to solitary confinement that would eventually end its use, except in exigent and time-limited circumstances.

Addressing Hate Crimes

Hate crimes have surged in recent years, and in 2022, they reached the highest level since the federal government began tracking these incidents in the early 1990s. Incidents targeting transgender individuals increased nearly 40 percent from 2021 to 2022. The federal government must step up to address these threats and ensure that Americans are not violently attacked because of what they believe or who they are. I request that the Budget Resolution provide sufficient budgetary authority for robust investigation and prosecution of hate crimes, including full implementation of the COVID-19 Hate Crimes Act (P.L. 117-13).

Support for State and Local Law Enforcement and Criminal Justice System Improvements

The federal government works in partnership with state and local agencies and organizations that protect public safety and administer the criminal justice system. Numerous federal grant programs administered by the DOJ Office of Justice Programs and other DOJ components support state, tribal, and local law enforcement and criminal justice system improvements, and I request that the Budget Resolution provide sufficient budgetary authority for vital programs such as:

- The Edward Byrne Memorial Justice Assistance Grant Program, which provides states, tribes, and local governments with critical funding that supports a range of functions, including law enforcement, justice system operations, corrections and recidivism reduction, crime prevention and education, drug treatment and pretrial diversion to treatment, technology improvements, crime victim support, and mental health and crisis intervention programs.

- The John R. Justice Prosecutor and Public Defender Student Loan Repayment Program, which provides student loan repayment assistance to state and local prosecutors and public defenders to help recruit and retain talented attorneys in the criminal justice system.

- Community Oriented Policing Services (COPS) grant programs, which support community policing efforts that help promote public safety while building trust and confidence between law enforcement agencies and the communities they serve.

- Juvenile Justice and Delinquency Prevention Act programs, which support state juvenile justice efforts to protect youth, prevent delinquency, promote services for court-involved youth, and develop prevention programming. These programs include the Youth Mentoring grant program, which supports the delivery of evidence-based mentoring services to at-risk and underserved youth.

- Second Chance Act programs, which support efforts to improve public safety and reduce recidivism among formerly incarcerated persons by coordinating re-entry support services, including job training, substance abuse and mental health treatment, and housing support.

- The Bulletproof Vest Partnership (BVP) program, which has helped supply more than 1.4 million life-saving vests to law enforcement agencies.

- The Debbie Smith DNA Backlog Grant Program, which provides critical resources for states to carry out DNA analysis of backlogged evidence, particularly sexual assault kits.

- Mentally Ill Offender Treatment and Crime Reduction Act (MIOTCRA) programs, which provide state and local governments with resources for planning and implementing initiatives to address situations where people with mental illnesses interact with the criminal justice system.

Support for Survivors of Violence

A range of federal grant programs provide essential support for survivors of domestic violence, sexual assault, child abuse, human trafficking, and other crimes. I ask that the Budget Resolution provide sufficient budgetary authority for important programs such as:

- Violence Against Women Act (VAWA) programs, which provide access for survivors of sexual and domestic violence to shelters, legal aid, and counseling services and which support enhancements to the criminal justice system's response to these crimes.

- The Victims of Child Abuse Act program, which provides funding to national, regional and local Children's Advocacy Centers that coordinate the efforts of law enforcement, mental health services, child protective services, medical services, and victim advocacy agencies in child abuse investigations.

- Programs to support human trafficking survivors and to prevent, investigate, and prosecute such crimes, including full implementation of the Abolish Trafficking Reauthorization Act of 2022 (P.L. 117-347) and the Trafficking Victims Prevention and Protection Reauthorization Act of 2022 (P.L. 117-348).

- The Crime Victims Fund, which funds victim services and annual grants to state victim compensation and assistance programs, which states use to reimburse victims of crime for certain expenses related to the crime and provide grants to service providers.

Combating Opioid Abuse

Opioid diversion and abuse continue to plague the country, requiring a coordinated response that includes substance abuse prevention, treatment, and harm reduction, as well as investigation and prosecution of illicit opioid diversion and trafficking. The Budget Resolution should provide sufficient budgetary authority for efforts by DOJ components to address the opioid epidemic.

Drug and Veterans Treatment Courts

Evidence has shown that drug courts and veterans treatment courts provide alternatives to incarceration that are effective in reducing recidivism, addressing addiction and mental illness, and saving taxpayer dollars. The Budget Resolution should provide budget authority to further promote programs that support drug courts and veterans treatment courts.

Legal Services

The Legal Services Corporation (LSC) funds critical organizations that provide civil legal aid assistance to millions of Americans across the country on matters including family, employment, housing, consumer, and veterans matters. The Budget Resolution should provide budget authority to fully fund LSC and help it meet the need for this vital assistance.

Antitrust Enforcement

The DOJ Antitrust Division and the Federal Trade Commission (FTC) are tasked with enforcing our nation's antitrust laws, including the Sherman Antitrust Act, the Clayton Act, and the Federal Trade Commission Act. In the face of increased consolidation across our economy—including in the tech, pharmaceutical, and agricultural industries—antitrust enforcers require sufficient resources to address monopolization and abuses of market power. The Budget Resolution should provide the budget authority necessary for the Antitrust Division and FTC to fulfill their missions to protect competition and American consumers.

Kids Online Safety

As children's access to the internet, smartphones, and apps has increased, so too has the challenge of keeping children safe. Threats to children online continue to increase in scale, complexity, and dangerousness. DOJ has an important role to play in addressing harms that occur against children online. The Budget Resolution should provide sufficient budgetary authority to further efforts by DOJ to protect kids online, including supporting DOJ's Missing and Exploited Children program, which supports the Internet Crimes Against Children Task Force Program, the National Center for Missing & Exploited Children, and the AMBER Alert system.

Prosecuting War Criminals and Human Rights Violators

Perpetrators of war crimes and other human rights violations should not be able to use the United States as a safe haven, but more than 1,700 such perpetrators are suspected of hiding in this country. The Human Rights and Special Prosecutions (HRSP) Section of the Department of Justice investigates and prosecutes cases against human rights violators, including for the crimes of genocide, torture, war crimes, recruitment or use of child soldiers, female genital mutilation, and for immigration and naturalization fraud arising out of efforts to hide their involvement in such crimes. I request that the Budget Resolution provide the budget authority to ensure that HRSP can bring perpetrators found in the United States to justice. I further request that the Resolution provide the budget authority to fund HRSP's War Crimes Accountability Team, created by the Attorney General in June 2022 to centralize and strengthen the Justice Department's Ukraine accountability efforts in the wake of Russia's invasion of Ukraine, and provide the budget authority to fund HRSP's additional responsibilities to prosecute foreign national war criminals under the Justice for Victims of War Crimes Act, enacted by Congress in 2022.

Protecting Reproductive Rights

In 2022, the U.S. Supreme Court overruled *Roe v. Wade* in *Dobbs v. Jackson Women's Health Organization*, holding that the U.S. Constitution does not confer a right to an abortion. Since *Dobbs* was decided, women across the country have the lost the ability to make their own reproductive health care decisions. More than 25 million women of reproductive age now live in states where abortion is banned, unavailable, or restricted. Beyond abortion, state legislators, prosecutors, and judges are interfering and scrutinizing the decisions of women at all stages of pregnancy, and one state supreme court went so far as impeding access to assisted reproductive technology, such as in vitro fertilization. I request that the Budget Resolution provide the sufficient budgetary authority to further efforts by the Department of Justice to protect reproductive rights.

Thank you for your consideration of my views on programs that lie within the jurisdiction of the Judiciary Committee. I look forward to working with you to advance these important priorities in the upcoming Budget Resolution.

Sincerely,

Dick Durbin

Richard J. Durbin
Chair, Senate Judiciary Committee

cc: The Honorable Lindsey O. Graham
Ranking Member, Senate Judiciary Committee

United States Senate

COMMITTEE ON
RULES AND ADMINISTRATION
WASHINGTON, DC 20510–6325

April 18, 2024

Sheldon Whitehouse
Chairman
U.S. Senate Committee on the Budget
624 Dirksen Senate Office Building
Washington, DC 20510

Chuck Grassley
Ranking Member
U.S. Senate Committee on the Budget
624 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Whitehouse and Ranking Member Grassley:

I am responding to your March letter requesting the views and estimates report for fiscal year (FY) 2025 of programs under the jurisdiction of the Committee on Rules and Administration. Consistent with Section 4201 of the FY 2018 budget resolution, the Committee reviewed its jurisdictional programs and remains in touch with the relevant Offices of Inspectors General, and determined that, to its knowledge, there are no expenditures that appear to be "waste, fraud, abuse, or duplication."

As Chairwoman, I welcome the opportunity to comment on the President's FY 2025 Budget Proposal for programs under the Rules Committee's jurisdiction. The critical functions of the Election Assistance Commission (EAC) and the Federal Election Commission (FEC) fall under the Rules Committee's jurisdiction and are important to protecting the security and integrity of elections. Both of these agencies play a critical role in the administration of our free and fair elections, and I recommend full funding for both agencies.

Election Assistance Commission

The EAC is an independent, bipartisan commission tasked with supporting state and local election officials. The EAC shares best practices and information about election administration, sets the standards for voting systems, certifies equipment, and administers the country's most comprehensive election survey, the Election Administration and Voting Survey, which collects important data to assess and improve election administration policy.

In recent years the EAC has helped election officials face new challenges, including threats to their physical security and the risks that come with artificial intelligence (AI), creating a toolkit for election officials, and allowing states to use federal grants to counter AI-generated disinformation. The EAC also continues to prioritize election security through the implementation of the new Voluntary Voting System Guidelines 2.0. Since 2018, the EAC has disbursed over $1.4 billion in election funding to all 50 states, the District of Columbia, and five territories to assist state and local officials as they administer elections.

The President's FY 2025 budget proposes $38 million in funding for the EAC, an increase of nearly $10 million from FY 2024's enacted level at $27.7 million, which will allow the EAC to continue serving election officials, provide resources to address new challenges, and ensure the Commission has the ability to hire needed staff.

Federal Election Commission
The FEC is the independent regulatory agency charged with enforcing federal campaign finance laws and providing for the public disclosure of campaign spending to promote transparency in our elections. The 2022 midterms reached historic levels of campaign spending at more than $8.9 billion, which increased the demand on the FEC as its staff reviewed more than 590 million financial transactions, a 120 percent increase over the previous midterm election. At the same time the FEC is working to implement reforms like modernizing its filing system.

The President's FY 2025 budget proposes $93.5 million, an approximately $12 million increase from the FY 2024 enacted level of $80.9 million. This increased funding will allow the agency to fill critical vacancies and help address an increased workload as political spending continues to increase. According to the FEC's FY 2025 budget justification, from FY 2012 to FY 2022 the number of FEC employees declined by approximately 17 percent, while its workload has continued to increase. The Commission paused hiring efforts during FY 2024 due to a lack of resources, underscoring the importance of this funding increase.

Both the EAC and FEC are critical to upholding our democratic process, providing services to support the administration of our elections and the enforcement of our election laws. Full funding will allow the agencies to not only advance their efforts but expand their mission to better serve candidates, election officials, and voters.

Thank you for the opportunity to provide these views.

Sincerely,

Amy Klobuchar
Chairwoman

United States Senate
COMMITTEE ON
RULES AND ADMINISTRATION
WASHINGTON, DC 20510–6325

April 17, 2024

The Honorable Sheldon Whitehouse
Chairman
Committee on the Budget
United States Senate
624 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Chuck Grassley
Ranking Member
Committee on the Budget
United States Senate
624 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Whitehouse and Ranking Member Grassley,

Thank you for the opportunity to provide the Committee on Rules and Administration's minority views and estimates on matters within its jurisdiction.

Pursuant to section 30l(d) of the Congressional Budget Act, the Committee has reviewed the information available for the President's fiscal year 2025 budget request. As part of its oversight responsibilities under section 4201 of the fiscal year 2018 budget resolution, the Committee continues to review activities and programs of the agencies under its jurisdiction for waste, fraud, abuse, duplication, and overall effectiveness.

The Committee is in regular contact with the Government Accountability Office and the Inspectors General for its agencies. We will contact the Budget Committee as our oversight activities uncover additional information that may be useful for your consideration.

Sincerely,

Deb Fischer

Deb Fischer
Ranking Member

United States Senate

WASHINGTON, DC 20510

May 2, 2024

The Honorable Sheldon Whitehouse
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

The Honorable Charles Grassley
Ranking Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Chairman Whitehouse and Ranking Member Grassley:

As Chair of the Senate Committee on Small Business and Entrepreneurship, I respectfully submit the following views and estimates for fiscal year 2025 (FY 2025) as it pertains to the Small Business Administration (SBA) and other matters under the jurisdiction of the Senate Committee on Small Business and Entrepreneurship, in compliance with section 301(d) of the Congressional Budget Act of 1974. I appreciate your past support for SBA and its network of resource partners that help facilitate the growth of small businesses.

State Trade Expansion Program (STEP)

The State Trade Expansion Program (STEP) was created by the Small Business Jobs Act of 2010 (P.L.111-240) to help small businesses sell their products internationally. According to SBA, STEP achieved a return on federal taxpayer investment of 30:1 in FY 2023. Recognizing the success of the program and the importance of ensuring that small businesses have access to foreign markets, Congress reauthorized STEP for five years at $30 million per year as part of the Trade Facilitation and Enforcement Act of 2015 (P.L.114-125). The President’s Budget recommends cutting the program from last year’s enacted level of $20 million down to $19.5 million. STEP has proven to be an efficient and worthy investment and has a strong record of success in helping small businesses grow and expand their markets overseas. I support full funding for STEP at $30 million in FY 2025, allowing them to serve 4,100 small businesses and directly support 22,100 new jobs.

District Office Staffing

I appreciate the committee’s attention to district office staffing needs. District offices provide on-the-ground support to small business owners and entrepreneurs and are a direct line to SBA within communities. I support sufficient funding levels for SBA to maintain adequate staffing in district offices and continue providing assistance on the ground.

Small Business Development Centers (SBDC)

The administration has proposed $121 million for Small Business Development Centers (SBDCs) in FY 2025, a $19 million cut from FY 2024 enacted levels. This is the single largest cut proposed for SBA in the President's FY 2025 budget. In FY 2024 SBDCs received $140 million, but additional resources are needed to fully support their essential work. I support $175 million for SBDCs, $35 million more than the FY 2024 enacted level and $54 million more than the President's Budget request. $175 million will allow them to support over 1.3 million jobs and help start over 17,500 new businesses.

Microloan Program

SBA's Microloan Program partners with nonprofit intermediary lenders that offer loans of up to $50,000. The Microloan Program serves more underserved small businesses including women, low income, minorities and businesses in rural areas on a proportional basis than any other SBA loan program. In FY 2023, 86 percent of Microloans went to underserved small businesses. In addition to providing loans, intermediaries also help borrowers succeed by providing training and technical assistance.

I support $66 million for the Microloan Program, with $60 million for the Microloan Technical Assistance grants and $6 million for the Microloan subsidy to support $110 million in microloans, as authorized by Congress. Increasing Microloan Technical Assistance grants from $41 million, the FY 2024 enacted level, to $60 million in FY 2025 is necessary in order to give intermediaries access to the full matching grant currently authorized by law, which is equal to 25 percent of total lending plus bonus grants for those intermediaries that make the smallest dollar loans or best reach low-income and rural communities.

SCORE

SCORE is the nation's largest network of volunteer, expert business mentors, with a group of over 10,000 volunteers across 230 local chapters providing free small business mentoring services to entrepreneurs. The program is a highly effective part of SBA's entrepreneurial development ecosystem and I am disappointed to see that the administration has proposed a $6.8 million funding cut in FY 2025. I support funding SCORE at $18 million, which will allow them to serve over 162,000 unique clients and help start 4,900 new businesses.

Women's Business Centers

Women's Business Centers (WBCs) form a nationwide network that provides business training, mentoring, programming and advocacy to help women start and grow successful businesses. It is also the only small business resource Congress has created to provide technical assistance specifically for women. I strongly support $31.5 million in funding for WBCs in FY 2025, a $4.5 million increase from its FY 2024 funding levels and this year's President's Budget request. This amount will allow WBCs to serve more than 85,000 unique clients and help start over 2,800 new businesses.

Veterans Business Development

Veteran entrepreneurs bring their leadership skills and commitment to excellence to the civilian world. I am pleased to see that the President's budget proposes $19 million for Veterans Business Outreach Centers (VBOCs) and other veterans' programs, a $500,000 increase from the FY 2024 enacted level of $18.5 million. I strongly support this funding increase to $19 million, which will allow SBA to serve over 74,000 clients through VBOCs and the Boots to Business program and help start over 300 new veteran-owned small businesses.

Disaster Administration

The COVID Economic Injury Disaster Loan (EIDL) program was one of SBA's COVID-19 relief programs that brought critical assistance to small business owners and entrepreneurs when they needed it most. During FY 2024 and FY 2025, SBA will service approximately 2.5 million COVID EIDL loans. I am very encouraged to see that the administration has requested $523.7 million for disaster loan servicing in FY 2025, a $348.7 million increase from last year's requested and enacted level of $175 million. This year's increased request for disaster loan servicing reflects the urgency of the situation.

Moving forward, SBA will need adequate funding to service millions of outstanding COVID EIDL loans. I have heard from a number of small businesses in New Hampshire that challenges with loan servicing have allowed some borrowers to slip through the cracks and land in default when they were making good faith efforts to catch up on their payments and were unaware that they were in danger of being sent to Treasury collections. This is not an issue we can afford to ignore, and I support SBA's requested amount of $523.7 million for disaster loan servicing in FY 2025.

504 Loan Guaranty Program & the 504 Refinance Program

The SBA's 504 Loan Guaranty Program backs long-term, fixed-rate loans to support investment in major assets, such as real estate and heavy equipment. The program mandates that 504 lenders fund projects that foster local economic development and create or retain local jobs. SBA also operates the 504 Loan Guaranty Refinance Program (504 Refi) to help small businesses refinance existing commercial real estate and equipment debt using SBA's 504 loan program.

As was done in FY 2024, I support combining the 504 Program and 504 Refi under a single authorization cap. Combining these authorizations addresses rising demand for 504 funding. In FY 2025, the administration requested a total appropriation of $16.5 billion for both the 504 Loan Guaranty Program and 504 Refi. I support this request.

Office of Advocacy

The Office of Advocacy is an independent office within SBA. Advocacy works to reduce the burdens that Federal regulations and other policies impose on small entities and provides vital small business research for the use of policymakers and other stakeholders. Advocacy is requesting $10.2 million for FY 2025 and I support this request.

Office of Inspector General

The Office of Inspector General (OIG) plays an important role at SBA, ensuring that taxpayer dollars are well-spent. With widespread and pervasive reports of abuse in SBA's pandemic relief programs, their work helps save taxpayers money, uncover wrongdoing and promote the integrity of the agency. OIG's Paycheck Protection Program and EIDL oversight and investigative work has resulted in 1,255 indictments, 985 arrests and 683 convictions as of December 31, 2023, and has recovered over $28 billion in EIDL funds.

I am encouraged to see that the administration has requested $47 million for OIG in FY 2025, in addition to the $20 million from the disaster loan account specifically for audits and reviews of disaster loans and the disaster loan programs. OIG has clearly demonstrated that it delivers impressive results with the limited resources available to it and is an office with a high return on investment. I support providing OIG with the appropriate funding to expand its work, continue investigating fraud and protect the American taxpayer.

Other Programmatic Requests

In addition to the above requests, I support the President's Budget request for the following SBA programs:

- 7(a) Loan Guaranty Program Level *($35 billion)*
- Federal and State Technology Program (FAST) *($10 million)*
- The HUBZone Program *($4 million)*
- Small Business Investment Companies (SBIC) *($7 billion)*
- Secondary Market Guarantee Fund *($15 billion)*
- Regional Innovation Clusters *($10 million)*
- Growth Accelerators *($10 million)*
- PRIME Technical Assistance Grants *($12.5 million)*
- 7(j) Management and Technical Assistance Program *($6.8 million)*
- Native American Outreach *($4 million)*
- National Women's Business Council *($1.5 million)*
- Entrepreneurship Education *($3.5 million)*

Sincerely,

Jeanne Shaheen
United States Senator
Chair, Committee on Small
Business and
Entrepreneurship

United States Senate
COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
WASHINGTON, DC 20510–6350
TELEPHONE: (202) 224–5175 FAX: (202) 224–5619

April 19, 2024

The Honorable Sheldon Whitehouse
Chairman
Committee on the Budget
United States Senate
Washington, D.C. 20510

The Honorable Charles E. Grassley
Ranking Member
Committee on the Budget
United States Senate
Washington, D.C. 20510

Dear Chairman Whitehouse and Ranking Member Grassley:

As Ranking Member of the U.S. Senate Committee on Small Business and Entrepreneurship, I submit the following views and estimates on funding allowances for the U.S. Small Business Administration (SBA), and other matters under the Committee's jurisdiction, as directed by § 301(d) of the Congressional Budget Act of 1974.

Over the past year, a stagnating economy has continued to strain Americans' ability to make ends meet. Inflation has increased 19% since President Biden took office,[1] and both housing prices[2] and energy costs[3] are up more than 30% for most Americans. All said and done, the average American family is paying the equivalent of an extra $12,000 annual tax due to inflation.[4] Small businesses are being hit particularly hard as runaway inflation compounds existing workforce challenges and supply chain disruptions.

Despite these conditions, President Biden's $7.3 trillion budget request for FY 2025 calls for tax hikes of over $5 trillion. Much of the burden of these increases would fall on small businesses, which employ approximately 60 million Americans,[5] and challenge their ability to stay afloat. America's economy will only continue to deteriorate under President Biden's tax-and-spend model.

Historically, the SBA has played an integral role in providing necessary capital to support small businesses' growth and ability to weather difficult economic conditions. As I stated in my letter last year, recent rule changes and management decisions have jeopardized key programs at the agency and brought into question the SBA's ability to be a responsible steward of taxpayer funds. Yet, President Biden is calling for the SBA to receive nearly $1.5 billion—amounting to a 53% increase from the $951 million enacted in appropriations for FY 2024. Counterintuitively, this increase comes as the SBA is upending longstanding programs upon which small businesses rely. These changes raise concerns as to whether those programs will run large subsidies due to increased losses.

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[1] Consumer Price Index for All Urban Consumers: All Items in U.S. City Average, Federal Reserve Economic Data, St. Louis Federal Reserve (2021-2024)
[2] Case-Shiller U.S. National Home Price Index, Federal Reserve Economic Data, St. Louis Federal Reserve (2021-2024)
[3] Consumer Price Index for All Urban Consumers: Energy in U.S. City Average, Federal Reserve Economic Data, St. Louis Federal Reserve (2021-2024)
[4] Ortiz, Alfredo. "The Real State of The Union: Americans Are Worse Off Than Four Years Ago," The Daily Caller, March 8, 2024.
[5] "What's New with Small Business," Office of Advocacy, U.S. Small Business Administration, March 7, 2023.

Through regulatory changes to the SBA's lending programs made final last year, the agency reduced 7(a) loan underwriting standards and granted new Small Business Lending Company licenses for the first time in decades. This move gave financial technology firms a place of privilege in the 7(a) loan program, risking a repeat of the fraud these entities introduced to the Paycheck Protection Program. Meanwhile, the SBA's Office of Credit Risk Management (OCRM), meant to protect taxpayer funds in SBA lending, is not fully staffed to ensure the safety and soundness of the 7(a) program despite having sufficient funding to staff the office at requested levels. Further, OCRM refuses to share any data on current vacancies. Last year, the SBA also finalized a rule introducing new licenses to facilitate riskier investments in the Small Business Investment Company program, again expanding the risk of losses on taxpayer funds.

Further, the SBA's budget proposal details it intends to reinstate a 7(a) direct lending program as a solution to gaps in small dollar lending. This concept was rejected decades ago and for good reasons. Chief amongst them are the tremendous losses seen in SBA direct lending efforts in the past. According to Administrator Erskine Bowles of the Clinton Administration, subsidy rates for the SBA's direct lending program were 10 to 15 times higher than what was seen in the guaranteed lending portion of 7(a).[6, 7] In addition, reestablishing any direct lending program would require, in the words of former President Obama, "stand[ing] up a massive bureaucracy … and it would take too long, and you'd be frustrated."[8]

Finally, the SBA proposed a 14% decrease in funding for Small Business Development Centers (SBDCs), which assist an estimated one million small business owners annually,[9] in favor of increasing funding for the partisan Community Navigator Pilot Program, established by a one-time appropriation in the *American Rescue Plan Act of 2021*. The SBA also proposed a 20% decrease in funding for the State Trade Expansion Program, which provides critical support to small businesses exporting for the first time or entering new export markets. This administration is making the misguided decision that its so-called social justice priorities are more important than continued funding for some of the SBA's most-utilized and high return-on-investment programs.

The SBA should not receive more money while steering taxpayer resources away from what small businesses need and leaving its core programs in disarray. We must demand that the SBA consider Congress' bipartisan concerns and the concerns of the American people before it continues down this reckless path. I will persist in my efforts to protect taxpayers' money at the SBA and hold it accountable to its purpose of supporting America's small businesses

Sincerely,

Joni K Ernst

Joni K. Ernst
Ranking Member

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[6] U.S. Senate Committee on Small Business. "Hearing on the Proposed Fiscal Year 1995 Budget for the Small Business Administration,"103rd Congress, Second Session, February 22, 1994.
[7] "Financial Condition of SBA's Business Loan Portfolio is Improving," U.S. General Accounting Office, December 1991.
[8] Mandelbaum, Robb. "Why Won't the S.B.A. Lend Directly to Small Businesses?" New York Times, March 10, 2010.
[9] "Our History," America's SBDC, February 3, 2023.

United States Senate

COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, DC 20510

April 17, 2024

The Honorable Sheldon Whitehouse, Chairman
The Honorable Charles E. Grassley, Ranking Member
Committee on the Budget
624 Dirksen Senate Office Building
United States Senate
Washington, DC 20510

Dear Chairman Whitehouse and Ranking Member Grassley:

Pursuant to Section 301(d) of the Congressional Budget Act of 1974, I write to provide views and estimates to the Committee on the Budget regarding matters within the jurisdiction of the Committee on Veterans' Affairs (the Committee). While the President's Budget request for Fiscal Year (FY) 2025 provides a total request of $369.3 billion for the Department of Veterans Affairs (VA), representing a 10% increase over FY 2024, I am concerned by the Department's planned cuts to its medical workforce in light of unprecedented enrollment growth – spurred by Public Law 117-168, the *Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics Act of 2022* (the PACT Act).

In 2023, VA served more veterans than ever before. This included providing more than 118 million clinical appointments and processing more than 1.9 million disability compensation and pension claims, breaking the previous year's record by nearly 16%. Much of this unprecedented growth stems from the continued implementation of the PACT Act. VA announced in a recent press release that between March 2023 and March 2024, enrollment had increased in its health care system by nearly 30% thanks to authorities in the PACT Act. That same release also noted the PACT Act has allowed more than 746,500 veterans to upgrade their priority group since being signed into law.

While the topline numbers requested in the President's Budget appear robust, how they are ultimately arrived at is concerning. For example, in the smaller accounts that make up Medical Care there is a growing reliance on transfers and unobligated balances, frequently called "carryover," to supplement baseline requests. This is especially apparent in the Medical Community Care account in FY 2025. Since implementing Public Law 115-182, the *John S. McCain III, Daniel K. Akaka, and Samuel R. Johnson VA Maintaining Internal Systems and Strengthening Integrated Outside Networks Act of 2018* (the MISSION Act), VA has witnessed steady double-digit growth in community care spending. VA's baseline request of $20.4 billion for FY 2025, unchanged from its previous Advance Request for Community Care, cannot meet demand based on past obligations. When transfers from other Medical Care accounts (more than $7.9 billion), carryover ($1.5 billion), and collections ($901 million) are factored in, the baseline request jumps closer to $30 billion. Additional funds from the mandatory Cost of War Toxic

Exposure Fund or TEF cap off total obligations for the Medical Community Care account to a more realistic $40.9 billion for FY 2025 – more than doubling the at-first-glance funding for non-VA care.

This is about more than just funding. VA's planned medical workforce reductions in FY 2025, coupled with its existing "zero growth" initiative, which seeks to keep the full-time equivalent employee (FTE) number flat between FY 2023 and FY 2024, will directly impact the Department's ability to provide timely, quality care to veterans and consequently expand eligibility for community care. In FY 2023, nearly 40% of the total VA health care workload was delivered in the community despite having a robust workforce. When veterans can't be seen in a timely manner or have to drive too far for services, they need to be quickly connected with community care. However, veterans should not have their choice for VA removed because the Department isn't appropriately staffed to meet their needs. Study after study – including findings recently published in The Journal of General Internal Medicine – shows VA health care is as good as or superior to what individuals get outside of VA. A recent nationwide Medicare survey of patients showed VA outperformed non-VA hospitals in all 10 core patient satisfaction metrics, including overall hospital rating, communication with doctors, communication about medication, and willingness to recommend the hospital. Making sure veterans have access to the best care available is a no-brainer. That means VA needs to continue to hire and retain quality personnel.

On the mandatory side of the ledger, the TEF remains a vital tool in VA's implementation of the PACT Act. Public Law 118-5, the *Fiscal Responsibility Act of 2023* (FRA) provided VA $24.5 billion for TEF in FY 2025, representing a $4 billion increase over the previous fiscal year. The increased TEF funding will cover the growing demand for health care associated with toxic exposure, maintain more than 6,900 FTE claims processing personnel, and continue expanding benefits to toxic-exposed veterans. Congress must maintain support for robust TEF funding.

With the influx of veterans and survivors applying for PACT Act benefits, VA expects to significantly increase the number of disability compensation claim decisions it issues in FY 2025 to 2.4 million, 400,000 more than it completed in FY 2023. In light of this increase in workload, it is troubling that the total budget requests for the Veterans Benefits Administration and the Board of Veterans' Appeals have decreased in FY 2025.

I thank the Committee on the Budget for its attention to these views and estimates on the FY 2025 budget and FY 2026 advance appropriations requests for VA and matters within the Committee on Veterans' Affairs jurisdiction. Following this letter is an appendix with a more expansive assessment of VA's budget request. I look forward to working with you to continue to meet the needs of those who have served our country.

Sincerely,

Jon Tester
Chairman
Committee on Veterans' Affairs

APPENDIX

VA hopes to rely on roughly $12.7 billion in carryover from past fiscal years to fill gaps in the budget in FY 2025. Consequently, in FY 2026, VA will likely only have $1.1 billion in carryover. In reviewing crosswalk tables for the last decade, it appears this is the lowest amount to be carried over. The lack of what financial auditors would call "operating reserves" is unsettling. It puts the Department at a disadvantage in addressing unexpected increases in operating expenses, such as new pharmaceutical breakthroughs. The table below from VA's budget rollout briefing illustrates the different sources of carryover VA will rely on in FY 2025.

Expected Unobligated Balance at Year End						
($ in millions)	2023 Enacted	2024 Estimate	2025 Request	2024 to 2025		2026 Request
				$	%	
Discretionary*	5,766	6,791	14	(6,776)	-100%	14
American Rescue Plan	20	20	20	-		20
Toxic Exposures Fund	3,842	3,575	-	(3,575)	-100%	-
PACT Leases (Sec 705 & 707)	2,086	1,961	1,312	(649)	-33%	1,108
All other (Choice, others)	328	310	-	(310)	-100%	-
Total, Unobligated Balance at Year	**12,041**	**12,657**	**1,346**	**(11,311)**	**-89%**	**1,143**

*Adjustment made to reflect rescission of unobligated balance of $1.952 billion from 2024 Minibus.

Congress has allowed VA to submit an advance appropriation request for more than a decade to better manage specific needs within the Department and, most importantly, avoid funding gaps that could threaten veterans' access to health care and services. In the past, when budgetary needs have changed between an Advance Request and a Revised Request, VA has relied on "second bites" to help make up the difference. For example, the FY 2023 budget proposal included one of the largest second-bite requests, $7.5 billion, for the Medical Care account—most of it went to bolster the Medical Community Care account. However, the FY 2024 and FY 2025 proposals did not seek "second bites" for discretionary funding. Some of the rationale for this is tied to the existence of the newly created TEF and the ability to transfer costs to the mandatory side of the ledger for those veterans who were exposed to toxics during their time in uniform. Other justifications may have included the large amounts of available unobligated balances. With dwindling carryover resources to rely on, what will VA's FY 2026 revised budget request look like?

In written testimony provided to the House Committee on Veterans' Affairs for their April 11th oversight hearing about VA's FY 2025 budget request, the Independent Budget Veterans Service Organizations (IBVSOs), comprised of the Disabled American Veterans, the Paralyzed Veterans of America, and the Veterans of Foreign Wars, noted significant concerns with the request's approach. The IBVSOs warned:

> In its current budget submission, VA has proposed to carryover virtually the entire unobligated balance projected to be available at the end of FY 2024 in lieu of seeking new FY 2025 discretionary appropriations. This appears to be part of an effort to keep the Administration's overall discretionary appropriations request under the negotiated caps imposed by the Fiscal Responsibility Act.

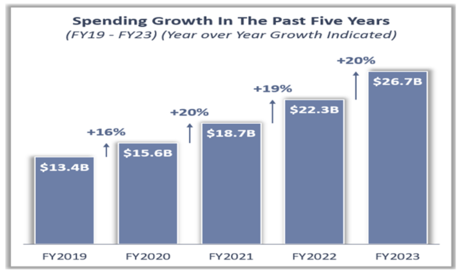
> We are concerned about whether this could result in VA constraining its spending this year to meet that target, irrespective of veterans' actual need for medical care and other services. If the substitution of $12.7 billion in carryover funding for new appropriations is approved by Congress, but the available unobligated balances ends up being less, we are concerned that in the current fiscal and political environment, it will be difficult to enact a supplemental appropriations to fill that funding gap.

Given the growing complexity of executing the budget, VA seeks further flexibility from Congress in transferring funds between accounts in an FY 2025 budget proposal. To date, details about this desired authority have been limited. The Committee has sought further information from the Department before commenting further on this request.

In January, articles highlighting a budget shortfall and the need to pause hiring at the Veterans Health Administration (VHA) dominated the press, causing considerable confusion in Congress. VA officials informed the Committee that while budget shortfalls were not a problem, VHA was planning to approach hiring more thoughtfully, as it had far exceeded its hiring goals in FY 2023. In a statement to Federal News Network, VA noted that the Department now had more than 400,000 employees for the first time in its history, and its efforts to boost retention led to a 20% reduction in turnover between 2022 and 2023. VA officials indicated to the Committee that it planned to keep the FTE numbers flat from FY 2023 to FY 2024, an initiative they refer to as "zero growth." The Committee was only recently informed that the number to maintain "zero growth" was 408,062 FTE. VA officials noted they would continue to hire in critical clinical areas like mental health, where demand continues to grow, and allow attrition elsewhere in VHA staffing to reduce overall headcount by not backfilling those roles.

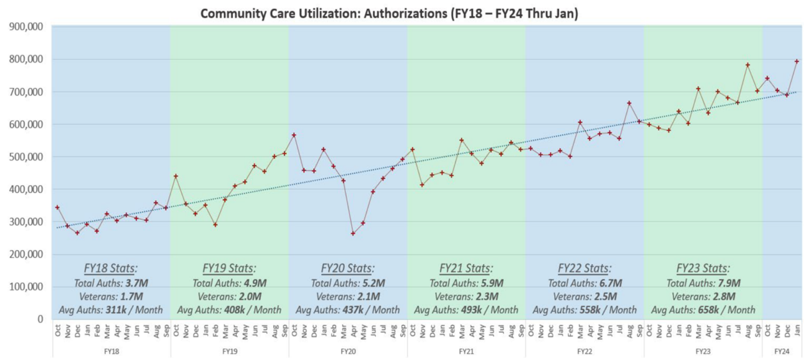
When the FY 2025 budget request was released, VHA staffing levels declined by nearly 10,000 FTE from anticipated FY 2024 levels for a total FTE count of 383,155. Most of the reductions come from medical support assistants, administrative support clerks, administrative specialists, medical records clerks/technicians, and others who are necessary "for the effective operations of VHA medical facilities." VHA also anticipates large cuts to the number of health technicians and registered nurses. When you consider VA's recent announcement of robust enrollment of toxic-exposed veterans due to the PACT Act and factor in a growing reliance on VA for their care due in part to upgrades in priority group placement, cuts to staffing seem ill-advised. Even in terms of allowing positions to remain unfilled or barring replenishment after attrition, unprecedented growth in utilization should be matched with *continued* unprecedented hiring, not backtracking.

Since the 2014 wait time crisis, VA's reliance on community care has grown significantly. In FY 2014, VA spent roughly $4.5 billion on providing veterans care in the community. In FY 2023, that figure was $26.7 billion. VA anticipates spending nearly $41 billion in FY 2025. Since implementing the MISSION Act, VA has witnessed steady double-digit growth related to community care spending yearly. The graph provided by VA illustrates this growth over the last five fiscal years.



Several factors are driving this growth. Recent legislation (MISSION, PACT, and P.L 116-214, *the Veterans Comprehensive Prevention, Access to Care, and Treatment Act of 2020 or the COMPACT Act)* has increased veteran eligibility for health care at VA. For example, due to the expanded eligibility criteria under the MISSION Act, the patient base eligible for community care has grown from 2 million in FY 2019 to 2.9 million in FY 2023. As these veterans enter the system, they are relying on VA for more and more of their care. VA estimated that in FY 2022, reliance on the system for total health care needs was roughly 40%. The legislation mentioned above has also expanded the types of services offered by VA, such as urgent care, which has also increased spending. In addition, VA has seen significant growth in the number of users in the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) and the Foreign Medical Program (FMP) in recent years.

VA's graph below helps to visualize the growth in community care utilization over the last six fiscal years. In FY 2023, nearly 40% of the total VA health care workload was delivered in the community despite having a robust workforce. One assumes that if further cuts are made to staffing levels at VHA as proposed in the FY 2025 budget request, wait times for certain care types will increase, further driving up community care utilization.



Upon further inspection of community care spending, several types of care appear to be propelling it. According to VA, 48% of community care spending ($12.9 billion) is on specialty care, including oncology/hematology, mental health, and dental services. In addition, roughly 30% of the total spending on community care, or $8 billion, is from emergency care. VA notes that inpatient care due to an emergency room visit accounts for most of this spending (82%). Finally, home and community-based long-term care services such as Homemaker/Home Health Aide and Skilled Home Health Care account for 21% of total community care spending. It is essential to note this type of care is preferred not only over institutional care by veterans but also offers better value to taxpayers. VA is facing a silver tsunami due to a large Vietnam-era enrollee cohort, and it is unlikely to see growth in this category for some years. Unlike past older enrollee cohorts, VA is seeing a slower decline in reliance in favor of Medicare with this Vietnam-era cohort.

The continued growth in community care utilization and subsequent obligations has recently forced VA to revisit contract ceilings for their Community Care Network (CCN) contracts. To see each contract through FY 2026, when they are due for rebidding, VA is modifying current contracts in Regions 1-4 to raise the ceilings by more than $103 billion in total. VA officials acknowledge that these contracts' cost estimates were radically off during the pre-solicitation phases. It is important to note the increased ceilings are just a contracting mechanism and do not mean VA will spend that amount, nor will it ask for that amount as a specific line item in their budget request. Instead, as VA builds out future budget requests for the Medical Community Care account it will need to ensure it has the resources to support care delivery.

VA must balance the amount of care delivered at VA facilities versus care sent to the community. When veterans can't be seen in a timely manner or they have to drive too far for services, they need to be quickly connected with community care. Recent reports and evaluations show VA care is on par with, or superior to that in, the private sector:

- ***VA Outperforms non-VA Hospitals in Patient Satisfaction Metrics:*** VA outperformed non-VA hospitals on all 10 core patient satisfaction metrics — including Overall Hospital Rating, Communication with Doctors, Communication about Medication, Willingness to Recommend the Hospital, according to Medicare's latest nationwide survey of patients.

- ***VA Outperforms non-VA Hospitals in Quality and Safety:*** The Journal of General Internal Medicine recently reviewed 37 studies and found VA care is consistently as good as or better than non-VA care in terms of clinical quality and safety.

- ***Expanding Community Care Will Not Result in Better Quality and May Result in Worse Quality of Care:*** The Journal of the American College of Surgeons reviewed 18 studies and found that "expanding eligibility for veterans to get care in the community may not provide benefits in terms of increasing access to surgical procedures, will not result in better quality, and may result in worse quality of care…"

- ***VA Community Care Networks may not be improving access to quality, timely health care:*** A 2022 RAND report – The Promise and Challenges of VA Community Care – found veterans' usage of the VA Community Care Networks may not be improving their access to quality, timely health care. The report notes that community care may be more expensive than in-house care due to VA's ability to manage and standardize the cost of its own services. The report also raises concern with community providers' lack of knowledge and understanding regarding veterans' unique health care needs and notes VA has faced challenges in obtaining information from and coordinating care with community providers.

Without sufficient, modernized infrastructure, VA will continue to struggle to meet its first mission of providing high-quality health care to veterans. This will also impact the Department's ability to conduct its second, third, and fourth missions—education, research, and emergency/disaster management and preparedness. Many of VA's medical centers are more than 50 years old. As identified by facility condition assessments, half of the VISNs have recognized maintenance backlogs of more than $1 billion. VA estimates the full implementation of the Strategic Capital Investment Plan (SCIP) list today, which includes 2,077 projects and related activation, would cost between $166 billion and $184 billion. Unfortunately, VA's FY 2025 budget request continues the trend of chronic underfunding for facility modernization. Across all sources and accounts, VA will seek $4.8 billion in funding for non-recurring maintenance (NRM) and major and minor construction projects in FY 2025. This will allow VA to engage in 221 new NRM projects, 74 new minor construction projects, and no new major construction projects. The roughly $2 billion for major construction will instead continue ongoing projects in West LA, Dallas, and Denver. For years, the IBVSOs have recommended a much higher budget request to meet VA's current and future capital asset needs, aligning with the needs in VA's budget documents. The current infrastructure funding request does not come close to keeping up with VA's minimum requirements, and at these levels, it would take decades for VA to accomplish the identified projects in their pipeline. Further, not investing in new and upgraded VA facilities constrains access and sends more care to the community, which can be more expensive and of lower quality.

Dental care provides an interesting case study into this issue. At the end of 2023, 22.5% of all enrolled veterans, or 1.8 million, were eligible for comprehensive dental care at VA, an increase of 11.7% from the beginning of 2023. Before the implementation of the PACT Act, the number of veterans eligible for comprehensive dental care increased annually by 8.6% in the five years before 2023. At present, most dental clinics operate at or near full capacity. In FY 2019, VA spent $328 million sending dental care to the community. By FY 2023, that figure had grown to just over $1 billion. VA's own estimates indicate that the cost of community dental care per unique veteran is historically 20% higher than that of delivered dental care by VA. Yet, when we look at FY 2025's NRM SCIP list, there is exactly one prioritized project —an upgrade to a dental clinic in Fort Meade, SD, expected to cost $8.3 million. The 2025 Lease SCIP list also shows one project, renewing a dental lease near Nashville, TN, but it is too far down the priority listing to be completed in 2025. The other 29 dental-related projects in the "Construction, Long Range Capital Plan" volume of the FY 2025 budget request are all listed to happen sometime in the future with a rough cost of over $280 million. The IBVSOs call for $50 million in minor construction funding in FY 2025 to help expand and modify dental treatment space.

Another area worth discussing in the capital asset space is grants for State Veteran Home (SVH) construction. These grants provide up to 65% of the cost of construction, rehabilitation, and repair of SVHs, with the state providing at least 35% in matching funds. I have seen the critical importance of this program in my state of Montana. In FY 2025, VA is requesting $141 million. This level is inadequate, given the identified backlog of approved projects with state-matching funds. As the IBVSOs noted in their FY 2025 and FY 2026 budget document, "With the need for long-term care services for veterans continuing to rise as the population ages, it is imperative that Congress increase funding to catch up and eliminate the backlog of federal funding." Consequently, they recommend $600 million in FY 2025 as a more realistic request to make real progress.

As noted earlier, one of VA's other important missions is research. The Committee was disappointed to see the FY 2025 request of $927 million for the Office of Research and Development (ORD). This represents a 6% decrease over FY 2024 funding levels. The IBVSOs had recommended a little over $1 billion to support VA research in FY 2025. When coupled with additional resources from the federal government and private grants, the total funding for research jumps to nearly $2.4 billion. However, this, too, represents a decline. VA will have $148.6 million less funding for research over 2024 levels. Consequently, many designated research areas (DRAs) will experience a 9% cut in funding. DRAs represent areas where conditions are prevalent within the VA patient population, and a better understanding of them will help VA provide better care to veterans. The two outliers, Cancer and Military Environmental Exposures, will see bolstered funding. However, we are especially concerned that some priority research areas, such as traumatic brain injuries and mental illness, including suicide prevention, will see declines of 3% respectively over FY 2024 levels.

The Committee continues to monitor the general uncertainty surrounding the future of the Program of Comprehensive Assistance for Family Caregivers (PCAFC). As you may recall, in March 2022, in response to concerns raised by this Committee and other stakeholders, VA paused all discharges from PCAFC due to legacy participants' anticipated high discharge rate. A legacy participant is an eligible veteran whose caregiver was approved and designated by VA before October 1, 2020—when new regulations resulted in changes to eligibility criteria. Later that year, in November, VA announced an Interim Final Rule with a three-year pause on removing legacy participants from PCAFC until September 30, 2025. Despite the turmoil, the program remains popular due to its range of benefits and services. VA's data from the last fiscal year shows the program has grown by an estimated 6% each quarter.

Committee staff understand VA is working towards imminent publication of a Notice of Proposed Rulemaking (NPRM), which is anticipated to propose new eligibility requirements for PCAFC this year, along with other changes. However, VA does not address these upcoming, possibly drastic, changes to the program in its FY 2025 budget request. Given that all 19,800 legacy participants will likely need to be reassessed, and other impacts from the NPRM that may affect the over 55,000 current PCAFC participants, the Committee is concerned that VA did not provide any information about potential projected funding needs based on those anticipated changes in this year's budget request.

Another area of concern is VA's request for information technology (IT) funding. On its face, it shows a small .1% reduction from FY 2024 enacted levels. A closer review, however, reflects very large reductions ranging from 66 to 99% have been made in non-TEF development, modernization, and sustainment accounts. While the Committee supports the use of the TEF funds for toxic exposure-related IT projects, long-term under-investment in non-TEF funded projects such as the overhaul of VA's financial management system or replacement of IT hardware across the Department will have a negative impact on veterans and VA's employees that serve them. IT tools and systems are critical to the daily delivery of services to veterans and additional base funding outside the TEF is necessary.

The separate Electronic Health Record Modernization (EHRM) program account sees a reduction of $440 million from FY 2024 enacted levels. VA and Congress worked together to determine the FY 2024 enacted levels based on the "reset" of the program and smaller resource requirements. The Committee supports these funding reductions for the time being as VA is focused on predominantly non-deployment activities over the next 12 months as they work with Oracle Health to fix problems with the software, training programs, and countless other areas. Modernization of VA's EHR is critical but lowered funding is appropriate as VA continues to overhaul the program and system's performance and plan for its "reset" exit strategy.

VA's request for BVA is particularly concerning because it has adjusted FY 2024 estimates and FY 2025 request for FTE to below its original FY 2024 request levels despite estimating an increased workload. While the Committee agrees VA can leverage efficiencies through IT system improvements, it does not agree that BVA can accomplish its goals of processing 118,000 appeals in FY 2025 and reducing the number of pending appeals with a smaller workforce. A review of BVA's request indicates a reluctance to hire personnel due to a delay in full-year appropriations and a delayed budget agreement. BVA planned to increase its workforce by more than 200 FTE from FY 2023 to FY 2024. It is now estimated to fall nearly 70 FTE short of its goal and requests 20 FTE less for FY 2025 than it had requested for FY 2024. This has resulted in the board reducing its estimates for the number of decisions it estimates to complete in FY 2024. It will also increase the number of veterans waiting for a decision on their appeals.

This comes while VA estimates that the number of appeals the BVA receives will continue to increase. VA estimates it will issue 2.4 million disability compensation decisions in FY 2025, which, according to recent trends, would equate to about 100,000 new appeals to the board, more than the board has received in the past four years. This means the BVA will not make much progress in reducing its nearly 214,000 pending appeals workload without additional funding.

The 4% overall decrease in discretionary and TEF funding for VBA is also concerning, given the increase in workload and more than 20% projected growth in mandatory outlays.

Particularly concerning is the 21% decrease in TEF funding from FY 2024. The Fiscal Responsibility Act of 2023 provided VA $24.5 billion for TEF in FY 2025. Given the demand for resources elsewhere, VBA has only received $1.4 billion. This translates to VBA maintaining the same 25,762 FTE it estimates for FY 2024 through the end of FY 2025. VA's $5.8 billion request in discretionary and TEF funding for VBA is $400,000 less than the recommendation from the IBVSOs, who believe VBA requires additional funding to reduce the claims backlog, improve its mail processing, and improve outreach to minority veterans. While VBA can leverage efficiencies to do more with less, it is also important that it has the resources it needs to provide veterans with the benefits they have earned.

The Committee would like to express concerns about funding and staffing levels for the Veteran Readiness and Reemployment (VR&E) program. VR&E is crucial to assisting veterans with service-connected disabilities to develop skills and provide training unique to their needs to prepare them to reenter the job market. While the funding cut of $2.6 million only represents a 0.9% decrease, we are concerned about the impact this could have on an already overworked workforce. Currently, the number of VR&E counselors to recipients falls within the 125:1 expected ratio, though we regularly hear from veterans about long wait times for counseling and delayed processing of necessary paperwork. In the past year, VR&E saw 40% more applicants than the previous year. The estimated loss of 57 FTE will only further exacerbate these issues and limit disabled veterans' access to training necessary for their long-term success. The IBVSOs recommended increasing funding for VR&E by approximately $6 million to hire roughly 40 new counselors to help lower the staffing ratio for improved timeliness and support. They also renewed their calls to create and hire 300 administrative support staff to reduce the administrative burden on VR&E counselors. This would provide one support position for every three counselors.

Furthermore, the Committee continues to support increased funding for the Veterans Cemetery Grant Program. The National Cemetery Administration (NCA) did not request a budget increase this year. Instead, it requests the same $60 million as last year. As in previous years, NCA cannot meet the needs of all the conforming grants; instead, it only fulfills some of the tier one priorities, leaving many qualified grant applications to wait another year. NCA testified this year that without more money in the grant program, they would only be able to meet the needs of expansion projects and would not have enough funding for new establishment grants. If VA is going to continue in its goal of offering burial services within 75 miles of every veteran, NCA must have sufficient funding to establish new grant program cemeteries.

Finally, Jerry Pannullo, Executive Director for Programming, Analysis, and Evaluation, noted during a briefing to the Committee that FY 2025 "will be austere" for the numerous offices that comprise the General Administration account due to the nearly 4% cut in funding. The table in VA's FY 2025 budget request illustrates which offices will most impact. VA anticipates having to trim 104 FTE through attrition across the offices that make up this account. Fewer staff in key offices like the Office of General Counsel, the Office of Management, or the Office of Congressional and Legislative Affairs could stymie the Committee's ability to carry out its own work on behalf of veterans. Similarly, minor reductions in the Office of Accountability and Whistleblower Protection's budget or flat funding for the Office of Inspector General, as reflected in the FY 2025 request, may result in constraining oversight duties by those entities.

General Administration
Appropriations by Office
($ in thousands)

Office	2023 Actual	2024 Request	2024 Estimate 1/	2025 Request	2025 Request vs 2024 Estimate	
					$	%
Appropriation						
Office of the Secretary	17,324	19,165	19,165	18,159	-1,006	-5.2%
Office of General Counsel	136,347	149,283	149,283	142,310	-6,973	-4.7%
Office of Management	78,064	88,424	88,424	81,232	-7,192	-8.1%
Office of Human Resources & Administration/ Operations, Security & Preparedness	111,394	120,900	120,900	121,727	827	0.7%
Office of Enterprise Integration	36,229	38,941	38,941	37,818	-1,123	-2.9%
Office of Public & Intergovernmental Affairs	15,764	17,985	17,985	16,298	-1,687	-9.4%
Office of Congressional & Legislative Affairs	9,545	9,975	9,975	9,895	-80	-0.8%
Office of Accountability & Whistleblower Protection	28,333	30,327	30,327	29,561	-766	-2.5%
Total appropriation	**433,000**	**475,000**	**475,000**	**457,000**	**-18,000**	**-3.8%**
Net appropriation	**433,000**	**475,000**	**475,000**	**457,000**	**-18,000**	**-3.8%**

Note:
1/ A full-year 2024 appropriation for this account was not enacted at the time the Budget was prepared. Charts display the 2024 President's Budget request level for 2024 with updates to balances, recoveries, and collections in the 2024 Current Estimate column.

United States Senate

COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, DC 20510

April 19, 2024

The Honorable Sheldon Whitehouse, Chairmen
The Honorable Chuck Grassley, Ranking Member
624 Dirksen Senate Office Building
United States Senate
Washington, DC 20510

Dear Chairman Whitehouse and Ranking Member Grassley,

Pursuant to section 301(d) of the Congressional Budget Act of 1974, I write to provide views and estimates to the Committee on the Budget regarding matters within the jurisdiction of the Committee on Veterans' Affairs (the Committee).

The fiscal year (FY) 2025 President's budget request for the Department of Veterans Affairs (VA) totals $369.3 billion, an increase of $32.9 billion or 9.8 percent above FY 2024. This includes a mandatory funding request of $235.3 billion, an increase of $41.8 billion or 21.6 percent, above FY 2024 and a discretionary funding request of $134 billion, a decrease of $8.9 billion or 6.2 percent, below FY 2024. This budget submission also includes an advance appropriation request of $131.4 billion for medical care and $222.2 billion for benefits in FY 2026.

Providing the highest quality care, benefits, and services to the nation's veterans and their caregivers, survivors, and dependents is one of our most solemn responsibilities. It is my privilege as Ranking Member to ensure that VA has the resources it needs to carry out that responsibility. However, I remain concerned that the pattern of significant VA budget increases that have been enacted on a bipartisan basis have not resulted in improved outcomes for many of the veterans who rely on VA's services. For example, veteran suicide rates remain unacceptably high and veterans continue to face persistent barriers to critical mental health care and substance use disorder services including life-saving residential rehabilitation treatment programs, despite VA's claim that suicide prevention is the Department's top clinical priority. Likewise, the number of veterans and survivors waiting more than four months for their disability compensation claims to be adjudicated from the Veterans Benefits Administration (VBA) has continued to rise, despite increased productivity among VA claims processors. Furthermore, VA's internal system for assessing the performance of VA medical centers continue to show a pattern of "meaningful decline" across the VA healthcare system with respect to average wait times for primary care, specialty care, and mental health care, despite record hiring in the Veterans Health Administration (VHA) and a concerted effort to increase productivity in VA medical facilities in FY 2024.

Veterans Health Administration

The President's FY 2025 budget request supports the provision of health care services to approximately 7.3 million unique veteran patients out of a total veteran population of 18.3 million. The average veteran user of the VA healthcare system has multiple choices with respect to receiving care be it through VA, private insurance, Tricare, the Indian Health Service, Medicare, and/or Medicaid and relies on VA to meet approximately 40 percent of their total healthcare needs. That necessitates VHA acting to improve healthcare outcomes, coordination, timeliness, quality, and accessibility of services. I believe that embracing a value-based model of care is vital to achieving those goals and I will continue to work toward enactment of my bill, S. 1315, the Veterans' HEALTH Act, to advance value-based care throughout the VA healthcare system.

Making certain veterans receive timely access to high-quality care – in VA's direct care system or via VA's community care partners – is one of my highest priorities. I am all too familiar with the challenges that veterans across the country face in accessing VA care and with the absolute necessity of providing veterans with choices on how to use their VA health care benefits. That is why I remain adamantly opposed to any effort that would degrade or decrease VA's community care programs or the right of veteran patients to choose their own providers. That is also why I am alarmed with the increasing levels of rhetoric I hear about how VA's community care program is too costly to continue to maintain and a direct threat to the long-term success and sustainability of VA's direct care system. In reality, nothing could be further from the truth. VHA will never be able to meet the totality of veterans' healthcare needs through the direct care system alone. Community care is a vital and irreplaceable component of the VA healthcare system, not its competitor or foil. –Furthermore, veterans are the foremost experts on their own health and they deserve the right to decide when, where, and how they seek the care that they earned through their military service. This is especially critical when VA's direct care system is unable to provide veterans with the care they are seeking in a timely, accessible, convenient manner, which is the case far more often than VHA would care to admit. To that end, I remain highly concerned with the current management and direction of VHA's direct care system. Earlier this year, VHA announced that it would be abandoning its aggressive hiring strategy in the direct care system to, instead, adopt a "zero growth" hiring strategy. This is a marked change in VHA's workforce management model over the last several years, which has prioritized across the board hiring of new clinical and administrative staff to meet growing veteran demand for care.

VHA claims that this new strategy is the result of record success hiring and retaining staff system-wide in FY 2024 that provided VHA with a sufficient number of staff to provide veterans with needed care. While I celebrate that success, I continue to hear from VA medical centers and clinics that staffing shortages are one of their top concerns. Additionally, and more importantly, I continue to hear from veterans who are experiencing long wait times and other barriers to appointments in VA's direct care system. Despite numerous requests for further information from my Committee colleagues and me, VHA leaders have thus far failed to provide the Committee with details about the guidance, if any, that VHA Central Office is providing to the field about VHA's shifting hiring strategy. In addition, questions remain unanswered about how VHA expects to achieve "zero growth" hiring while maintaining access to care for veterans across the country. To-date, VHA has not been able to answer direct inquiries about the top-line number of full-time equivalent employees that VHA hopes to maintain in FY 2025 to achieve "zero growth."

Likewise, VHA has claimed that there will be exceptions to the "zero growth" model for certain specialties (such as primary care and mental health) and in certain geographic regions but, currently, VHA has not provided satisfactory information to the Committee about how and why those exceptions were chosen or how "zero growth" will be achieved despite them. At the same time, VHA recently announced that it would be expanding eligibility for enrollment in the VA healthcare system for toxic-exposed veterans years earlier than Congress required in the Sergeant First Class Heath Robinson Honoring Our Promise to Address Comprehensive Toxics (PACT) Act (P.L. 117-168). While that may be a positive development for toxic-exposed veterans who will have new options for care in VA sooner than they otherwise would moving forward, it raises further concerns about how VHA leaders intend to deliver more care to more veterans than ever before – a stated goal of the Secretary's - while flatlining hiring in the direct care system. These matters, and more, deserve dedicated attention in Congress and I look forward to working with you on them moving forward.

Mental Health and Suicide Prevention

The Department is requesting an increase of $32.2 million for the VA Substance Use Disorder Program Initiative and I am concerned that this request will not be adequate to meet the needs of veterans with co-occurring conditions. When considering prevalence among veterans, more than one in ten veterans have been diagnosed with a substance use disorder, which is higher than the general population. During the COVID-19 pandemic, we saw increases of substance use among veterans and all Americans, as well. When considering veterans with major depressive disorder and post-traumatic stress disorder, the prevalence increases to more than two in ten veterans diagnosed with substance use disorder. Considering all of these facts and the persistent barriers to mental health care and substance use disorder services that I referenced earlier in this letter, I fear this funding request will not be adequate to meet the needs of this high-risk veteran population with the high-quality care necessary for recovery.

Medical and Prosthetic Research

The President's budget request for FY 2025 includes $868 million for the Medical and Prosthetic Research account, a decrease of $70 million over FY 2024. Additionally, VA requests $59 million from the TEF to support medical and other research relating to exposure to environmental hazards, an increase of $13 million over FY 2024. I remain concerned about how the TEF may negatively impact veteran-centric research in the short and long-term, and that it could jeopardize VA's ability to engage in large-scale research partnerships for other primary health concern priorities, including brain health. Specifically, VA's Office of Research and Development (ORD) already focuses on toxic exposure related concerns with the Military Environmental Exposures research program, which supports two offices within VHA. The Department only requested a total of $52 million for Traumatic Brain Injury and Brain Health, which includes all congressionally-directed initiatives under the Commander John Scott Hannon Mental Health Care Improvement Act (P.L. 116-171). While I appreciate that the President's request continues to fund biomarker-driven precision brain health projects, such as the Scott Hannon Initiative for Precision Mental Health research program, I am deeply concerned that this is an extremely low amount of funding to begin to address these broad and diverse brain health issues that impact so many of our nation's veterans.

Additionally, the lack of appropriate funding levels for these priorities is directly contrary to congressional intent. More broadly, I also have concerns that the current structure of the ORD is preventing the Department from best utilizing research funding.VA has an opportunity to engage in world-class research opportunities with private sector research institutions and improve veteran care in regard to complex health conditions, but instead remains too siloed and lacks the framework for this to be possible.

Telehealth

The Department again uses the congressionally directed grant program under the Commander John Scott Hannon Veterans Mental Health Care Improvement Act (P.L. 116-171) as one of the primary justifications for the President's FY 2025 budget request including a $22 million increase for the Office of Connected Care. However, VA continues to report delays with implementation of this program, with a current target award of grants at the end of FY 2025 being delayed once again to the beginning of FY 2026, as the quickest timeline achievable while complying with legal and programmatic requirements. While I appreciate the need for additional and enhanced video-to-home telehealth to serve as an option for increased access to care for veterans, even in a post-COVID-19 health care landscape, the Department's request assumes a large grant program and a follow-on pilot program that will not yet be in effect.

Additionally, I am concerned that VA intends to change the Department's designated access standards that govern important eligibility criteria for VA's community care program to formally incorporate telehealth services. Telehealth is an important tool for many veteran patients, particularly those in rural or underserved areas, to access care both from VA's direct care system and from VA's community care partners. I remain concerned, however, that the Department has not worked with partners to make certain veterans in rural and highly rural areas always have the connectivity necessary for high-quality virtual care visits. Scheduling a veteran into a telephone-based telehealth appointment when that is not clinically-indicated, is not delivering the quality of care that veterans deserve. Veterans should consistently be offered a telehealth appointment when it is available to, and appropriate for, them. However, telehealth is not suitable in all circumstances and a veteran should never be required to accept a telehealth appointment if they would prefer an in-person one or if an in-person appointment is clinically-indicated. I remain strongly opposed to any effort that would cause a veteran to lose the choice of seeking care in the community if VA is unable to offer them an in-person appointment within the current designated access standards.

Long-Term Care Services and Supports

The need for long-term care services and supports among VA's patient population – almost half of whom are 65 years or older – continues to increase. I am glad that VA continues to offer a range of programs and services to meet the long-term care needs of enrolled veterans and I continue to work towards enactment of my bill, S. 141, the Elizabeth Dole Home Care Act, to codify and strengthen VA's home- and community-based care programs, in particular. Aging veterans – like all veterans – deserve greater choice and control over their personal health care decisions. This includes decisions regarding long-term and end-of-life care.

I remain supportive of allowing enrolled veterans to choose to age-in-place at home, where appropriate, rather than seek traditional nursing home care. Not only is that choice increasingly reflective of many veterans' preferences for long-term care, it is also a more cost-effective alternative to institutional care. This is also why I am encouraged to see VA state in the President's FY 2025 budget request that the Veteran Directed Care (VDC) program will soon be available at every VA medical center. VDC helps veterans in need of personal care services and assistance with activities of daily living hire qualified workers to help them remain safely at home as long as possible as they age. I look forward to seeing VDC expand to veterans across the country.

That said, I recognize that home- and community-based programs are not appropriate or feasible for veterans in all situations. There will always be an important role for traditional institutional long-term care programs – including VA community living centers, community nursing homes, and State Veterans Homes – to play in caring for aging veterans. State Veterans Homes, in particular, are a critical partner for the Department. VA partners with State Veterans Homes by providing grants for construction and per diem payments for veteran residents. I am concerned that VA is only requesting $141 million for Grants for Construction of State home facilities. This represents a 14 percent decrease from FY 2024. The priority list for FY 2024 has not been released yet but, using the FY 2023 list, we can see there are more than 100 projects with a total estimated VA cost share of nearly $1.8 billion on the priority list. The President's budget request does not come close to meeting that level of need and I am supportive of providing additional funding beyond the request to help address the backlog of important State Veteran Home projects in Kansas and elsewhere.

Office of Integrated Veteran Care

In 2021, VHA announced that the Office of Veterans Access to Care – which was responsible for overseeing access to care in VA medical facilities – and the Office of Community Care – which was responsible for overseeing access to care through VA's community care programs – would be combined into a single entity, the Office of Integrated Veteran Care (IVC). The migration of staff and functions to IVC was completed on June 5, 2022. According to VHA, combining all functions related to access to care under a single umbrella at IVC would reduce duplication and confusion among VA staff, veterans, caregivers, and community care providers about which office was responsible for a given policy; improve coordination of access functions across both the direct and community care systems; and streamline efforts to improve access to care for veterans. While these are laudable goals in theory, I am not confident that IVC has achieved them in practice. Getting prompt and accurate replies to requests for information from IVC has been a consistent challenge for the Committee Furthermore, the VA Office of the Inspector General recently published two alarming reports about IVC's management of VA's community care program, finding that IVC failed to identify and exclude providers that should have been barred from participation in VA's community care programs and failed to appropriately oversee the adequacy of VA's community care networks and the performance of VA's Third-Party Administrators. These are serious findings that threaten the delivery of care to veterans across the country and are particularly concerning now as VHA is in the midst of developing new community care network contracts. VHA must act expeditiously to address the Inspector General's finding and ensure that IVC is more communicative, collaborative, and transparent with Congress and other stakeholders moving forward. Ensuring access to care for veteran patients is too important to fall prey to an ill-functioning administrative structure.

Caregiver Support

The President's FY 2025 budget request includes $2.9 billion to provide the caregivers of certain veterans with support, training, outreach, support, and – under certain circumstances – counseling, health care services, and monthly stipend payments. Caregivers play a vital role in caring for veterans, particularly those who have been seriously wounded during military service. The support these caregivers provide often entails great personal sacrifice. In turn, we owe it to them to ensure they receive the support they need during their time as caregivers and as they transition away from caregiving once the veteran they are caring for passes away, regains independence, or transitions to a higher level of care. That is why I continue to work toward enactment of my bill, S. 216, the Reinforcing Enhanced Support through Promoting Equity for Caregivers Today (RESPECT) Act, to make it easier for caregivers to access mental health support, and S. 3885, the Veteran Caregiver Reeducation, Reemployment, and Retirement Act, to make it easier for caregivers to transition back into the workforce or into retirement once their caregiving days are over.

I am also awaiting the issuance of VA's new proposed regulation governing eligibility for the Program of Comprehensive Assistance for Family Caregivers (PCAFC). The prior proposed rule, which was intended to reform the program following the significant expansions Congress required in the MISSION Act (P.L. 115-182), would have resulted in most of PCAFC's legacy participants no longer being eligible for the program. I hope that the new rule will more appropriately support legacy participants while ensuring PCAFC remains successful and sustainable for veterans in need of family caregivers today and for generations to come.

Veteran Homelessness

The President's FY 2025 budget request includes $3.2 billion in increased resources for VA's homelessness programs, with the goal of ensuring every veteran has permanent, sustainable housing with access to high-quality health care and other supportive wraparound services. In supporting this population, our goal must not just be safe, stable, and affordable housing but also accessible and effective treatment for the health conditions that often accompany or underlie homelessness, and economic opportunities to support veterans in becoming self-sufficient. I am encouraged by VA's efforts in calendar year 2023 to permanently house 46,552 veterans, far surpassing the Department's goal to house 38,000 veterans. With this funding request, VA has the goal of placing at least 76,000 unique veterans into permanent housing by the end of calendar year 2025. It is important that VA utilize increased resources to focus on veterans who return to homelessness and work to mitigate such return, as well as ensure coordination between programs and resources for maximum effectiveness and fiscal responsibility.

Women Veterans Peer Support Initiatives

With more women using the VA healthcare system than ever before, there is a critical need to expand VHA peer support services for women veterans. The President's FY 2025 budget request includes $1.7 billion to support initiatives in developing and disseminating educational resources to ensure all VHA peer support specialists have the foundational knowledge needed to provide gender-sensitive services to women veterans. The budget would also help identify, pilot, and scale up training and implementation of gender-specific peer specialist strategies and protocols tailored to enhance peer support services for women veterans. Currently, VHA employs over 1,400 peer specialists, 20 percent of whom are women. VA noted that approximately 83 percent to 89 percent of male peer specialists reported substantial knowledge gaps in various women's health topics. Data collected from the Deborah Sampson Act, Title V of the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020 (P.L. 116-315), showed that most VHA peer support services received by women veterans are delivered by male peer support specialists. I believe it is critical that VA expands staffing for peer support services to make certain women veterans can connect with peers who understand their unique experiences. The STRONG Veterans Act of 2022, Division V of the Consolidated Appropriations Act 2023 (P.L. 117-328), requires VA to expand the hiring of peer specialists to make certain every VA medical center has at least two peer specialists working full time in primary care Patient Aligned Care Team (PACT) settings. It also requires that the needs of women veterans are specifically addressed and to make women peer specialists available in every VA primary care PACT setting. I'm concerned that women veterans are not receiving the peer support they deserve, especially considering that women veterans can be at an increased risk for mental health diagnoses and suicidality during certain periods including pregnancy, up to one year after giving birth, and during menopause.

Veterans Benefits Administration

Education Benefits

In recent years, Congress has passed multiple pieces of legislation to expand servicemembers,' veterans' and dependents' education benefits from VBA and to ensure student veterans and their dependents were able to continue their education and not be negatively impacted by COVID-19 related school closures and changes. One of the lasting impacts of the pandemic is increased attention to the need for flexibility with respect to online training and programs under the GI Bill. This flexibility includes allowing individuals in online classes to receive their full housing allowance rather than half of what they would receive for in-person classes. Congress will need to examine whether there should continue to be a difference in what an individual receives if they choose to receive their education online versus in-person. The disparity in the housing allowance for online learning versus in-person learning is often a factor in where a veteran or dependent chooses to attend school and can impact their decision about whether to attend school at all. As non-traditional students who may have familial, professional, and health-related obligations that traditional students do not, veterans often need flexibility in their schooling and I am committed to making certain that antiquated rules regarding online learning do not dissuade veterans from using their earned education benefits. In addition to online versus in-person disparities in education benefits, I am also committed to aligning GI Bill benefits for the National Guard and Reserve Components.

Currently, based on the complicated system of various duty statuses in the National Guard and Reserve, members in these components do not receiving the same credit for the service and training that an active duty servicemember does. To remedy this, I have introduced a bill to expand GI Bill benefits to certain members of the National Guard and Reserve components who serve under certain federal duty statuses. This language would include any possible federal activation, regardless of presidential emergency declaration including pandemic-related responses, domestic unrest, southern border missions, and other activations under title 10, U.S.C. This would also include Full Time National Guard Duty Active Duty as defined in section 101 of title 32, U.S.C. and Inactive Duty for Training Federal orders for drill weekends so that National Guardsmen have that time counted towards their education benefits just as the active duty servicemember they are training next to does. My bill, however, does not extend eligibility to state active duty orders, such as duty in response to a State governor's emergency declaration. I look forward to working with the Budget Committee and the rest of our colleagues in the Senate and House to advance this legislation and achieve greater parity for members of the National Guard and Reserve.

For some time, I have been concerned about the proper allocation of IT resources provided to VA's Education Service, particularly as Congress has enacted various needed reforms to modernize the delivery of education benefits in recent years. A few years ago, VA awarded a $450 million contract to Accenture to modernize and improve GI Bill claims processing through a new Digital GI Bill. However, the timeline of the contract continues to lengthen and the contractual agreement on outcomes and output continue to shift. VA must complete the full IT upgrade as quickly as possible and should not reallocate resources elsewhere until the program is fully completed and functional. I will continue to conduct oversight and advocate for answers and concrete timelines until this becomes a reality.

In response to the popularity of the Veteran Employment Through Technology Education Courses (VET TEC) program and the positive job placement of veterans as a result of their VET TEC training, Congress provided an additional $125 million as part of the Consolidated Appropriations Act of 2022 (P.L. 117-103) to continue VET TEC. This five-year pilot program, which originally started in 2019, was funded only at $15 million initially before Congress increased that to $45 million in FY 2022. The program's popularity has led to it running out of funding before the end the fiscal year in each of the last three years, which has highlighted the need for Congress to make VET TEC a permanent program with appropriate guardrails and enhancements. I am working with my Senate and House counterparts on this so that veterans interested in VET TEC, as well as VET TEC providers, are able to benefit from increased stability in this program.

Veterans Readiness & Employment

The Veterans Readiness & Employment (VR&E) program supports veterans or servicemembers with service-connected disabilities in obtaining and maintaining suitable employment. Independent living services are also available for veterans who are not currently able to work due to their service-connected disabilities and require independence in daily living. The President's budget request for FY 2025 includes $305 million in funding for VR&E, a decrease of $2.6 million compared to FY 2024. I am concerned by this decreased funding and, in particular, the lack of concurrence with the requirement of a 1:125 ratio for counselors to students in this program. Moving forward, I will continue to work to provide VBA with the appropriate authorities and resources to meet the requirements of the veterans and servicemembers who rely on VR&E.

Veterans Disability Claims Processing

I continue to have concerns with regard to the implementation of the PACT Act (P.L. 117-168). While it is important that VBA focus on processing veterans' disability claims under the PACT Act, I remain concerned about how VA could redirect resources from other benefits that they administer. This includes redirecting money from vital IT developments, such as the Digital GI Bill project, or survivors claims needed to implement benefits that are separate from the expanded benefits created under the PACT Act. It is important that, as we invest in funding and FTE for toxic exposure claims, we also ensure that VBA doesn't lose focus on other disability, education and survivors' claims. It is essential for VBA to increase automation efforts to achieve real end-to-end user automation for claims, where appropriate and feasible. Congress will have to ensure that VA utilizes input from outside vendors with expertise in this space and does not waste money on developing these functionalities internally.

Additionally, VBA's claims backlog, which is defined as claims pending for over 125 days, is now over 333,000 with a total claims inventory around 974,000. At this time last year, those numbers were around 210,000 and 800,000, respectively. Particularly as costs continue to rise across the country, VBA must be mindful of the real-world impact delays in the disability compensation process have on veterans and their families nationwide. While this increase was expected after the passage of the PACT Act, in addition to VA's increased workload of claims being filed and disability claims being conducted, this highlights an urgent need for VBA to identify innovative ways to increase efficiency and reduce the backlog as well as be more transparent with veterans and their representatives regarding claims that are moving through the adjudication process.

In addition, VBA must also increase its work with relevant industry partners to improve the disability exam process and better communicate with veterans and other stakeholders about said process. For example, VBA should enhance its work with disability exam vendors to provide information to veterans about where their exam and claim is in the process and improve contracted exams both programmatically and contractually so that veterans receive quality, timely exams when and where they need them, by the proper specialists. VBA projects approximately 345,000 pending examinations, but also indicates that completed disability exams are approximately 30 percent higher than the previous two fiscal years.

While I am encouraged by these numbers and am supportive of the contract vendor program for disability exams, Committee oversight has identified several areas where improvements are needed, particularly to increase the quality of the exams provided by contract vendors and to increase access for veterans in rural areas. I will work to look at solutions to improve quality metrics for contract disability exams and to make certain that veterans in rural communities do not have to travel hours away from their homes, jobs, and families to receive a disability exam.

Disability Compensation for Women Veterans

The number of women receiving disability compensation from VBA has increased 26 percent over the last 5 years, with a record high of 702,557 women veterans receiving VA disability compensation today. I am pleased to see this drastic increase over the previous five years, but there is still much to do to ensure the VA is accessible to all veterans, especially when it comes to the adjudication of Military Sexual Trauma (MST) disability claims.

Approximately 1 in 3 women veterans experienced MST during their service, compared to 1 in 100 male veterans. In 2021, the VA Office of Inspector General (IG) issued a report titled, "Improvements Still Needed in Processing MST Claims." In this report, the IG found that VBA claims processors did not always follow the policies and procedures for processing military MST claims and estimated that about 57percent of denied MST claims were not being processed correctly. Ensuring claims processers have the proper training for these complex claims is imperative to addressing the recommendations brought forward by the IG. The Committee recently held a hearing on women veterans, and I was pleased to hear of the positive changes being made by VBA to address the challenges to completing these claims accurately the first time. However, VBA must follow through to ensure that veterans who have experienced MST and are filing disability compensation claims for the lasting effect that experience has had on their health and quality of life must be treated with the utmost respect, seriousness, and appropriate adjudication.

Benefits for Toxic-Exposed Veterans

One of the primary aims of the PACT Act is providing a more seamless pathway to disability compensation and other benefits for toxic-exposed veterans and their families. In the PACT Act, Congress constructed - with substantial feedback from and collaboration with VA, veterans service organizations, stakeholders, and advocates - a new and enduring framework to assist VA in more transparently and responsively reaching decisions regarding presumptions of service-connection associated with military toxic exposures. This new framework, VA's Presumptive Decision Process (PDP), is still in its early phase. It is incumbent on VA to execute it faithfully and transparently, in accordance with Congressional intent. VA has taken some encouraging steps in this regard. VA piloted the early stages of this PDP in 2021, pre PACT Act, to establish presumptive service connection for asthma, rhinitis, and sinusitis in association with presumed exposure to fine particulate matter. Recent announcements that VA is making urethral cancers presumptive for service connection for eligible Gulf War and post-9/11 veterans, and will also formally evaluate urinary bladder and ureteral cancers for presumptions of service connection also indicate positive action.

Of paramount importance to the successful execution of the PDP is how VA connects with veterans and listens to their concerns and input regarding toxic exposures. Monitoring of VBA and VHA data, including information gathered by the Veterans Exposure Team-Health Outcomes Military Exposures (VET-HOME) and the PACT Act's toxic exposure screenings, VA's annual Federal Register notices, and PACT Act-directed VSO engagements all must feed into VA's PDP to best serve veterans with reliable, responsive, and transparent decisions regarding the establishment of new presumptions of service connection.

The President's Budget request for FY 2025 allocated $1.4 billion for VBA from the TEF. These funds will be used to hire more staff to support claims processing operations; execute contracts to extract, scan, and digitize millions of Veterans Official Military Personnel Files; and increase communication and outreach efforts to veterans and survivors. The PACT Act has resulted in an influx of new claims to VBA, and as of December 2023, VBA received 1,128,157 claims filed since August 10, 2022. This surpasses VBA's original PACT Act claims projection by approximately 277,000 claims from veterans and survivors in the first six months.

VBA projects the backlog to decrease by approximately 137,000 from 2024 to 2025 and "a return to a stable backlog level of approximately 55,000 in 2025." I am committed to engaging with VA and others to make certain that VA allocates resources from the TEF and other sources efficiently and effectively to boost VBA's claims processing capacity and workforce, including contract support, and prioritize the delivery of benefits to toxic-exposed veterans and their survivors without disrupting the delivery of benefits to any other beneficiary.

Survivor's Benefits

Surviving spouses have experienced the ultimate sacrifice of losing their life partner either while actively serving in the military or as a result of a service-connected disability or service-related death. Surviving spouses are eligible for certain benefits from VA and the Department of Defense, such as Survivor Benefit Plan (SBP), Dependency and Indemnity Compensation (DIC), the Fry Scholarship, and Dependents Education Assistance. However, under current law a surviving spouse loses these benefits if they remarry before the age of 55. In 2020, Congress passed the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020 (P.L.116-315), which, in part, reduced this age restriction from age 57 to age 55. However, there are still survivors who delay remarriage, either altogether or until they reach age 55, so as not to lose their benefits. Currently, less than 5 percent of surviving spouses under the age of 55 have remarried and stakeholders estimate that approximately 25 to 35 percent of surviving spouses would remarry if the law was changed. To address these antiquated remarriage rules and allow surviving spouses who remarry at any age to maintain their benefits, I was proud to introduce S. 1266, the Love Lives on Act. I will continue to work to advance this legislation to fix these disparities for surviving spouses, who have already sacrificed more than enough.

Transition from Military to Civilian Life

VBA's Outreach, Transition and Economic Development (OTED) Office manages Military-to-Civilian Transition Services and administers the Transition Assistance Program (TAP) in collaboration with interagency partners, supporting over 200,000 transitioning servicemembers annually. OTED also oversees the VA Solid Start efforts, which are intended to provide early and consistent contact from VA to recently separated servicemembers at three months, six months, and one-year post-military separation. The President's budget request for FY 2025 includes $145 million in OTED funding, a $3.1 million increase compared to FY 2024. This reflects a 2 percent increase in pay and 2 percent increase non-pay inflation, as well as a shift within VBA for two management direction and support staffers.

Enhancing interventions and investments during the military-to-civilian transition is crucial for facilitating long-term success among separating servicemembers. A smooth transition not only amplifies opportunities for these individuals to continue making positive contributions to society but also mitigates adverse outcomes such as homelessness, unemployment, involvement in the justice system, and mental health challenges. This second session of the 118th Congress demands diligent oversight to ensure that VA, DOD, the Department of Labor, and other pertinent stakeholders are furnishing transitioning servicemembers with comprehensive resources and support. Additionally, I look forward to fostering increased collaboration between this Committee and the Armed Services Committee to continue to discuss improvements to the military-to-civilian transition process.

Home Loan Guaranty Program

VA has recently announced a new program that will be rolled out in May and July of this year to assist veterans that are in serious default on their mortgages and used VA-backed home loans. The Veterans Affairs Servicing Program (VASP) will be a new program that uses existing authorities to assist veterans with VA-guaranteed loans who have defaulted on their mortgage and are facing foreclosure. Under VASP, VA would purchase the loan from the servicer, hold the loan in VA's own loan portfolio, and adjust the terms of the loan to support the veteran. This program is meant to be an extension and expansion of COVID-era protections that VA put into place for veterans unable to pay their mortgages during the pandemic.VA has claimed that this new program will increase revenue by approximately $1.5 billion over ten years due to the net negative subsidy. However, I am concerned about the impact of such an expansive program being implemented without thorough stakeholder input due to the lack of a formal rulemaking process. VA and CBO estimate growth of the program from fewer than 100 loans purchased annually under current authority to around 40,000 under VASP over the next three years. Helping veterans at risk of foreclosure and homelessness are certainly laudatory goals that I support and I will continue to work with stakeholders to assess budgetary and process concerns with VASP as it develops.

National Cemetery Administration

Operations and Maintenance

The President's budget request for FY 2025 includes $495 million for the National Cemetery Administration (NCA), a 3.1 percent increase from FY 2024. NCA honors veterans and their families with final resting places in national shrines, maintained as lasting tributes to their service. In executing this mission, NCA, either directly or through partner grant-funded cemeteries, currently provides 93.8 percent of veterans with burial options within 75 miles of where they live. NCA has a strategic goal of reaching 95 percent, and has been closing in on reaching that goal recently but has remained around the current level for the past few years. Key parts of this expansion are the Rural and Urban Initiatives, originally estimated for completion by 2018 and seemingly on track to be nearly completed by the end of 2026, and grant-funded veterans' cemeteries managed by state, tribes, and territories. Requested investments for NCA infrastructure must prioritize and expedite the processes left to finish and open the remaining two Rural Initiative sites projected to open in 2025, and three Urban Initiative sites yet to come online.

Due to the nature of its mission, NCA's footprint will grow but never diminish, necessitating wise stewardship of resources. Even as the number of veterans is projected to decline, NCA's responsibility will continue to expand, making investments in maintaining existing cemeteries and infrastructure enduringly important. NCA's requests in the Major and Minor Construction accounts would fund gravesite expansions and commencement of new projects to ensure veterans have continued access to burial and interment options. The President's FY 2025 budget request states that NCA will continue to invest in non-recurring maintenance to address projects identified on the Facility Condition Assessment (FCA) at a "D" or "F" rating. These are repairs deemed "critical to safety, code or operational needs" and normally require "immediate action." Per the FY 2025 request, as of January 2024, NCA has an inventory of 255 deficiencies rated F and 5,131 deficiencies rated D without funding to address these deficiencies. There must be greater investment to mitigate and fix failing infrastructure and code or safety violations.

As the current projects underway reach completion, NCA must maintain its stellar record of customer satisfaction. NCA's operations and maintenance budget receives funding from seven different appropriations accounts and funds not only cemetery establishment, expansion, and improvements, but also related memorialization programs including the Veterans Cemetery Grant Program, the Headstone, Marker, and Medallion program, the Presidential Memorial Certificate program, the First Notice of Death program, the Outer Burial Receptacle program, casket and urn reimbursements, and Cremation Urns and Commemorative Plaques. With veterans, their families, and the public as stakeholders, and many responsibilities to ensuring a smooth and compassionate process at the time of need and dignified maintenance commensurate with National Shrine standards, customer service is at the heart of everything NCA does and its workforce must be adequate and well trained to perform this range of duties. These multiple touchpoints for veterans and their survivors must continue to be administered with the utmost care and professionalism.

Veterans Cemetery Grant Program

In NCA's mission to provide veterans a dignified place of rest and perpetual honor, the Veterans Cemetery Grant Program (VCGP) serves as a vital role to complement the NCA system. States, tribes, and territories, with support from NCA, help to reach veterans where they are, especially in areas with lower density veteran populations where it isn't feasible or practical for NCA to build a cemetery. Importantly, VCPG also helps to establish veteran cemeteries for tribal veterans who may prefer to be buried on their tribal lands. VA can provide up to 100 percent of the development cost for approved projects, for the establishment of new cemeteries, and for operating equipment. Last year, VCGP surpassed the $1 billion threshold of grants administered over the lifetime of the program. These VCGP-funded cemeteries will be among those to close that final mile to reach NCA's strategic goal of 95 percent of veterans having burial options within a 75-mile radius of where they live.

While grant recipient partners are the beneficiaries of generous upfront funding from VA, it is their responsibility to make certain that local systems and revenue streams are in place to adequately manage and run these cemeteries. However, the current demand for grants from VCGP far outstrips the level of funding allocated. The 2024 Grants Priority List has 69 conforming pre-applications totaling more than $295 million in requested grants – almost 5 times the total requested amount of funding. Of these, 26 are Priority 1 requests totaling $102.7 million – 1.7 times the total requested amount of funding. NCA does not fund Priority 2 projects until all Priority 1 projects are fully addressed. This does not begin to approach Priority 3 or 4 requests, the latter of which are operations and maintenance grant requests, where needs will likely exacerbate with time. The requested levels of VCGP funding have been far outpaced by demand, and blunted by the negative effects of inflation, high material costs due to supply chain disruptions, and the lingering effects thereof. These conditions also likely contribute to partners' need for grants to help augment their limited resources.

Whether choosing burial in a national or a grant-funded cemetery, veterans and their families can expect, and should be able to rely on, uniform National Shrine standards. Grant requests to help partners meet National Shrine Standards are Priority 4 projects, the last in line. Provision of training, both on-site and at the National Training Center in St. Louis, Missouri, as well as oversight of grant-recipients are both necessary to make certain our country keeps its word to our veterans.

There should be no distinction in quality or perception of veterans' cemeteries, and grant funding must be allocated efficiently to able partners. These vital complements to the NCA system serve an important role in the services our country provides for veterans and both increased investment and oversight would benefit the program. Many grant applications are waiting in uncertainty because the extant funding can only go so far.

Board of Veterans Appeals

The Board of Veterans' Appeals' (BVA, the Board) inventory has been growing in recent years as VBA has worked to address its own claims backlog. While Congress passed the Veterans Appeals Improvement and Modernization Act (P.L. 115-55) in an attempt to streamline and shorten the appeals process for veterans and their beneficiaries, I do not believe the law is being implemented as intended, and there are still legacy appeals that are waiting to be adjudicated or remanded back to VBA for further development. I am concerned that BVA's lawyers are remanding more claims for over-development. I am also concerned that, if there is insufficient information in the original claim at the disability exam point or at the claims processing point, BVA isn't working with VBA and their contract vendors to provide a feedback loop to improve the initial claims process.

Additionally, as BVA is seeing more toxic-exposure related claims as a result of the PACT Act (P.L. 117-168), BVA must take the necessary steps to address its pending inventory and ensure the Board is properly staffed to adjudicate appeals accurately and in a timely manner. The President's FY 2025 budget request for BVA illustrates that the Board has lowered the number of pending appeals from 215,000 to 205,000. However, the budget request also notes that the Board needs to increase the number of attorneys to 1,445 full-time equivalent employees to achieve the necessary staffing level to deplete the current appeals inventory. While the increased opportunity for virtual hearings has helped lessen the appeals inventory, BVA will continue to see a growth of incoming appeals. That will necessitate consistent funding and staffing for appropriately trained staff, attorneys, and veteran law judges to meet growing demand. BVA must do everything it can to address the appeals backlog to deliver veterans with their earned benefits as soon as possible and improve communication with veterans about the status of their appeals to help manage expectations and increase transparency.

Court of Appeals for Veterans Claims

BVA's growing workload equates to an increased workload for the Court of Appeals for Veterans Claims (CAVC) when veterans and their representatives choose to appeal the Board's decision. CAVC is currently authorized seven permanent judges but has been temporarily authorized two additional judges to assist with an increasing caseload. Since 2010, when Congress first expanded the Court by two judges, CAVC's workload has increased by almost 77 percent, which results in about 814 cases per judge. Due to this increased workload, CAVC has advocated for nine permanent judges and an additional two temporary judges. I introduced legislation with Chairman Tester to fulfill this request and have also worked with my colleagues on the Judiciary Committee to add a third temporary judge to CAVC. CAVC is unique in the apolitical nature of its decisions and its importance to our veterans and their families. I am committed to continue working to ensure that CAVC is appropriately staffed and funded to appropriately adjudicate cases from veterans, survivors, dependents, and other beneficiaries in a timely manner.

Enterprise Matters

Electronic Health Record Modernization

VA is still in the midst of undergoing multiple information technology modernization programs simultaneously. The primary objective of these modernization programs is to provide better access and services to veterans, which is a goal I share. However, the most extensive modernization program – the Electronic Health Record Modernization (EHRM) program – continues to face serious issues. As part of an EHRM Program Reset (Reset) that VA announced in April 2023, the Department halted work on future deployments of the new EHR while prioritizing improvements at the five sites that currently use the new system. The sole exception to that was the March 9, 2024, deployment at the joint VA/Department of Defense Captain James A. Lovell Federal Health Care Center (FHCC) in North Chicago, Illinois. The purpose of the Reset is to optimize the current state of the EHR, closely examine and address the issues that clinicians and other end users are experiencing, and position VA for future deployment success. VA will not, and should not, schedule additional deployments of the new EHR until the Department is confident that it is highly functioning at current sites and is ready to support VA clinicians in delivering safe, timely, and high-quality care for veterans throughout the VA healthcare system. In FY 2024, $460 million of FY 2023 unobligated carryforward was rescinded. Based on the Reset, VA has adjusted its FY 2025 estimate to reflect deferred deployments. Over the last two years, with the rescission to unobligated FY 2023 funds, VA has reduced their anticipated spend by approximately $1 billion. Like last year, the EHRM program has continued to create substantial additional staffing costs in the medical centers and Veterans Integrated Services Networks. Implementing the new EHR system across VHA with the same productivity losses could still increase annual costs by $7.7 billion. These severe issues affect the EHRM program's financial viability, unacceptably threaten access to care for vulnerable veteran patients, and burden the entire VA healthcare system. We cannot allow that to be the case.

Accountability and Whistleblower Protection

VA employee whistleblowers help protect veterans and taxpayers from fraud, waste, and abuse. Through their disclosures, wrongdoing, abuses of authority, and gross mismanagement are discovered by appropriate oversight bodies – including Congress – and can be addressed. It is imperative that whistleblowers are adequately protected from retaliation in response to their lawful disclosures. The Civil Service Reform Act of 1978 (P.L. 95-454) created the Office of Special Counsel, which is responsible for investigating allegations of waste, fraud, abuse, and prohibited personnel practices, including whistleblower retaliation, across the federal government. The VA Accountability and Whistleblower Protection Act of 2017 (P.L. 115-41) established an office within VA with responsibility for receiving and investigating allegations of senior leader misconduct, poor performance, and whistleblower retaliation. For these matters, VA employees can now choose to file their complaints with either the Office of Special Counsel or VA's Office of Accountability and Whistleblower Protection (OAWP).

Since its establishment, OAWP has been the subject of significant scrutiny. An October 2019 report from VA's Office of Inspector General revealed that insufficient safeguards put whistleblowers at risk of retaliatory investigations, that the office engaged in retaliatory investigations itself, failed to revise performance plans and provide required training, and failed to provide statutorily required reports to Congress. In FY 2022, the Office of Special Counsel received 3,458 new prohibited personnel practices cases and achieved a record 417 favorable actions for complainants. In contrast, OAWP's annual whistleblower retaliation caseload reached 736 cases in 2023, and yet, as highlighted in a May 2023 Government Accountability Office (GAO) report, only one of VA's 71 whistleblower retaliation settlements, since they began tracking such settlements in 2022, may have originated with OAWP. I will be monitoring GAO's continued auditing of OAWP, to include their ongoing analysis of VA settlement agreements resolving allegations of whistleblower retaliation. As OAWP's budget request is just $4 million below that of the Office of Special Counsel, an office responsible for agencies across the federal government, and OAWP's results appear to pale in comparison to OSC's, swift improvement is necessary for OAWP to remain a viable investment in future years.

Infrastructure

VA's aging infrastructure is a pressing concern that demands immediate attention. VA's capital asset portfolio is outdated, with medical facilities decades older than their private sector counterparts, and increasingly costly to operate and maintain. This, in turn, results in unacceptable consequences for the delivery of care to veteran patients. In FY 2025, VA's estimated capital funding requirements range from $166 billion to $184 billion, an increase of nearly $60 billion from FY 2024. To address this, the President's FY 2025 budget request includes $2.8 billion for VA's major and minor construction programs and $2.3 billion to support ongoing leases and the delivery of additional minor leased facilities. The budget request also includes increased funding for advanced planning and design, with the goal of improving the success rate of completing VA's capital projects. However, the year-after-year increase in capital funding requirements for VA is unsustainable, particularly considering the increasing numbers of buildings and facilities that are falling into disrepair and a growing backlog of maintenance and repair needs across VA's health care and benefits systems. The MISSION Act (P.L. 115-182) established an Asset and Infrastructure Review (AIR) process that was intended to holistically assess VHA's current and future medical care infrastructure needs and recommend needed changes to ensure that VHA is well-prepared to continue delivering timely and high-quality care to veterans across the country in the decades to come. While the Commission component of the AIR process never came to fruition, VA did complete the required market assessments in 2022 and identified many facilities in need of modernization and realignment to remain viable. I encourage the Department to act on those findings, in close coordination with Congress. If VA cannot adequately meet its medical care infrastructure needs, then it would directly threaten the success and sustainability of VA's direct care system in both the short and long term. VA must take the initiative to eliminate unused or underutilized buildings, prioritize the most critical needs and highest impact projects, and reduce overall maintenance and operational costs by eliminating the need to maintain and operate buildings and facilities that are no longer needed. This will free up resources to invest in other areas and ultimately help to provide better care and services to veteran patients and beneficiaries.

Human Resources & Administration/Operations, Security, and Safety

The President's FY 2025 VA budget request includes $121.7 million in direct appropriations and an additional $247.3 million in reimbursements for Human Resources and Administration/ Operations, Security, and Preparedness (HRA/OSP). This is a net increase of $827 thousand from FY 2024. In particular, VA is requesting a $4.2 million increase for the Human Resources Service Center and a $3.3 million net decrease within other areas of the HRA/OSP budget. A requested increase in direct funding of 38.7 percent for the Office of Chief Human Capital Officer will ideally help the Department expedite hiring and bolster the work of the Human Resources Service Center. While it is encouraging to see that cuts in this area are coming from the Office of Assistant Secretary and Office of Administration, rather than security or emergency management offices, it is notable that many of these offices' levels of requested funding are either equal to FY 2024's request or increases that are blunted by inflation. HRA/OSP funding is critical to ensuring that VA facilities across the country provide safe working environments for staff and veterans, to making certain that VA is are able to continue serving our veterans during unplanned emergency situations such as natural disasters or security incidents, and to maintaining the increase in VA Police Officers graduating the VA Police Officer Standardized Training program. I have heard repeated concerns from VA employees in Kansas about safety concerns and it would be naïve of us to assume that VA is immune to the growing number of threats facing our world today. We must make certain that VA is secure against risks both physical and digital and able to quickly hire and onboard qualified security personnel and talent to work toward having the best VA workforce possible to serve American veterans.

Cost of War Toxic Exposures Fund

In FY 2025, the President's budget request includes $24.5 billion for the Cost of War Toxic Exposures Fund (TEF) that was established in the PACT Act (P.L. 117-168). You may recall that in last year's Views and Estimates letter, I raised serious concern about TEF. That concern remains. The purpose of the TEF is to ensure an adequate level of funding for the increased delivery of health care, benefits, and research for toxic-exposed veterans and their survivors pursuant to the PACT Act. That is an important priority that I continue to support. However, in practice the TEF has added increased complexity to VA's budgeting and to the Congressional Budget Office's (CBO's) cost estimates for veterans' legislation. This has served not to support toxic-exposed veterans and their survivors, but to obscure VA's funding decisions and allocations, decrease transparency about how VA is using the taxpayer dollars that are provided to it, and complicate Congress' ability to enact subsequent legislation to support veterans – including toxic-exposed veterans – and their families. Veterans not exposed to toxic substances but who need assistance with mental health, substance use disorder, or a number of other complex issues have their legislative needs subordinated to the TEF, for better or worse. Over time, these unintended impacts of the TEF will only increase. I hope to work with our colleagues in the Senate and House, the Administration, CBO, veterans service organizations, and other willing partners to mitigate the unintended impacts of the TEF while preserving its original purpose of a providing appropriate levels of funding to address the negative health effects of military toxic exposures.

Closing

I am grateful for the Committee on the Budget for your work and for requesting my views and estimates on the President's FY 2025 budget request for VA. I look forward to working with you, our colleagues in the Senate and House, the Administration, veterans service organizations, and other stakeholders to ensure the appropriate provision of resources for our nation's veterans and their families and also the responsible stewardship of the taxpayer dollars that support VA. Together, I am confident in our ability to effectively fund and oversee the Department on behalf of the men and women who have bravely served and sacrificed in defense of American ideals throughout history.

Sincerely,

Jerry Moran

Jerry Moran
Ranking Member

SUPPLEMENTAL MATERIALS

TITLE III—BUDGET ENFORCEMENT IN THE SENATE

SEC. 121. AUTHORITY FOR FISCAL YEAR 2024 BUDGET RESOLUTION IN THE SENATE.

Applicability.

(a) FISCAL YEAR 2024.—For the purpose of enforcing the Congressional Budget Act of 1974 (2 U.S.C. 621 et seq.) and enforcing budgetary points of order in prior concurrent resolutions on the budget, the allocations, aggregates, and levels provided for in subsection (b) shall apply in the Senate in the same manner as for a concurrent resolution on the budget for fiscal year 2024 with appropriate budgetary levels for fiscal year 2024 and for fiscal years 2025 through 2033.

Congressional Record, publication. Time periods.

(b) COMMITTEE ALLOCATIONS, AGGREGATES, AND LEVELS.—The Chairman of the Committee on the Budget of the Senate shall submit a statement for publication in the Congressional Record as soon as practicable after the date of enactment of this Act that includes—

(1) for the Committee on Appropriations of the Senate, committee allocations for fiscal year 2024 consistent with the discretionary spending limits set forth in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by this Act, and the outlays flowing therefrom, for the purpose of enforcing section 302 of the Congressional Budget Act of 1974;

(2) for all committees other than the Committee on Appropriations, committee allocations for fiscal years 2024, 2024 through 2028, and 2024 through 2033, consistent with the May 2023 baseline of the Congressional Budget Office, as adjusted for the budgetary effects of any provision of law enacted during the period beginning on the date such baseline was issued and ending on the date of submission of such statement, for the purpose of enforcing section 302 of the Congressional Budget Act of 1974 (2 U.S.C. 633);

(3) aggregate spending levels for fiscal year 2024 in accordance with the allocations established under paragraphs (1) and (2), for the purpose of enforcing section 311 of the Congressional Budget Act of 1974 (2 U.S.C. 642);

(4) aggregate revenue levels for fiscal years 2024, 2024 through 2028, and 2024 through 2033, consistent with the May 2023 baseline of the Congressional Budget Office, as adjusted for the budgetary effects of any provision of law enacted during the period beginning on the date such baseline was issued and ending on the date of submission of such statement, for the purpose of enforcing section 311 of the Congressional Budget Act of 1974 (2 U.S.C. 642);

(5) levels of Social Security revenues and outlays for fiscal years 2024, 2024 through 2028, and 2024 through 2033, consistent with the May 2023 baseline of the Congressional Budget Office, as adjusted for the budgetary effects of any provision of law enacted during the period beginning on the date such baseline was issued and ending on the date of submission of such statement, for the purpose of enforcing sections 302 and 311 of the Congressional Budget Act of 1974 (2 U.S.C. 633, 642); and

(6) a statement under the heading "Accounts Identified for Advance Appropriations" for the purpose of enforcing section 123 of this title.

(c) ADDITIONAL MATTER.—The statement referred to in subsection (b) may also include for fiscal year 2024 the deficit-neutral reserve fund in section 3003 of S. Con. Res. 14 (117th Congress), the concurrent resolution on the budget for fiscal year 2022, updated by 2 fiscal years.

(d) EXPIRATION.—This section shall expire if a concurrent resolution on the budget for fiscal year 2024 is agreed to by the Senate and the House of Representatives pursuant to section 301 of the Congressional Budget Act of 1974 (2 U.S.C. 632).

Time periods.

SEC. 122. AUTHORITY FOR FISCAL YEAR 2025 BUDGET RESOLUTION IN THE SENATE.

Applicability.

(a) FISCAL YEAR 2025.—For the purpose of enforcing the Congressional Budget Act of 1974 (2 U.S.C. 621 et seq.), after April 15, 2024, and enforcing budgetary points of order in prior concurrent resolutions on the budget, the allocations, aggregates, and levels provided for in subsection (b) shall apply in the Senate in the same manner as for a concurrent resolution on the budget for fiscal year 2025 with appropriate budgetary levels for fiscal year 2025 and for fiscal years 2026 through 2034.

Deadline. Congressional Record, publication.

(b) COMMITTEE ALLOCATIONS, AGGREGATES, AND LEVELS.—After April 15, 2024, but not later than May 15, 2024, the Chairman of the Committee on the Budget of the Senate shall submit a statement for publication in the Congressional Record that includes—

(1) for the Committee on Appropriations of the Senate, committee allocations for fiscal year 2025 consistent with the discretionary spending limits set forth in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by this Act, and the outlays flowing therefrom, for the purpose of enforcing section 302 of the Congressional Budget Act of 1974 (2 U.S.C. 633);

(2) for all committees other than the Committee on Appropriations, committee allocations for fiscal years 2025, 2025 through 2029, and 2025 through 2034 consistent with the most recent baseline of the Congressional Budget Office, as adjusted for the budgetary effects of any provision of law enacted during the period beginning on the date such baseline is issued and ending on the date of submission of such statement, for the purpose of enforcing section 302 of the Congressional Budget Act of 1974 (2 U.S.C. 633);

(3) aggregate spending levels for fiscal year 2025 in accordance with the allocations established under paragraphs (1) and (2), for the purpose of enforcing section 311 of the Congressional Budget Act of 1974 (2 U.S.C. 642);

(4) aggregate revenue levels for fiscal years 2025, 2025 through 2029, and 2025 through 2034 consistent with the most recent baseline of the Congressional Budget Office, as adjusted for the budgetary effects of any provision of law enacted during the period beginning on the date such baseline is issued and ending on the date of submission of such statement, for the purpose of enforcing section 311 of the Congressional Budget Act of 1974 (2 U.S.C. 642);

(5) levels of Social Security revenues and outlays for fiscal years 2025, 2025 through 2029, and 2025 through 2034 consistent with the most recent baseline of the Congressional Budget Office, as adjusted for the budgetary effects of any provision of law enacted during the period beginning on the date such baseline is issued and ending on the date of submission of such statement, for the purpose of enforcing sections 302 and 311 of the Congressional Budget Act of 1974 (2 U.S.C. 633, 642); and

(6) a statement under the heading "Accounts Identified for Advance Appropriations" for the purpose of enforcing section 123 of this title.

(c) ADDITIONAL MATTER.—The statement referred to in subsection (b) may also include for fiscal year 2025 the deficit-neutral reserve fund in section 3003 of S. Con. Res. 14 (117th Congress), the concurrent resolution on the budget for fiscal year 2022, updated by 3 fiscal years.

(d) EXPIRATION.—This section shall expire if a concurrent resolution on the budget for fiscal year 2025 is agreed to by the Senate and the House of Representatives pursuant to section 301 of the Congressional Budget Act of 1974 (2 U.S.C. 632).

SEC. 123. LIMITATION ON ADVANCE APPROPRIATIONS IN THE SENATE.

(a) POINT OF ORDER AGAINST ADVANCE APPROPRIATIONS IN THE SENATE.—

(1) IN GENERAL.—

(A) POINT OF ORDER.—Except as provided in paragraph (2), it shall not be in order in the Senate to consider any bill, joint resolution, motion, amendment, amendment between the Houses, or conference report that would provide an advance appropriation for a discretionary account.

(B) DEFINITION.—In this subsection, the term "advance appropriation" means any new budget authority provided in a bill or joint resolution making appropriations for fiscal year 2024 that first becomes available for any fiscal year after 2024 or any new budget authority provided in a bill or joint resolution making appropriations for fiscal year 2025 that first becomes available for any fiscal year after 2025.

(2) EXCEPTIONS.—Advance appropriations may be provided— Time periods.

(A) for fiscal years 2025 and 2026, for programs, projects, activities, or accounts identified in a statement submitted to the Congressional Record by the Chairman of the Committee on the Budget of the Senate under the heading "Accounts Identified for Advance Appropriations" in an aggregate amount not to exceed $28,852,000,000 in new budget authority in each fiscal year;

(B) for the Corporation for Public Broadcasting;

(C) for the Department of Veterans Affairs for the Medical Services, Medical Support and Compliance, Veterans Medical Community Care, and Medical Facilities accounts of the Veterans Health Administration; and

(D) for the Department of Health and Human Services for the Indian Health Services and Indian Health Facilities accounts—

(i) for fiscal year 2025, in an amount that is not more than the amount provided for fiscal year 2024 in a bill or joint resolution making appropriations for fiscal year 2023 or 2024 for programs, projects, and activities that are not prohibited from using amounts provided for fiscal year 2024 in a bill or joint resolution making appropriations for fiscal year 2023; and

(ii) for fiscal year 2026, in an amount that is not more than the amount provided for fiscal year 2025 in a bill or joint resolution making appropriations for fiscal year 2024 or 2025 for programs, projects, and activities that are not prohibited from using amounts provided for fiscal year 2025 in a bill or joint resolution making appropriations for fiscal year 2024.

(3) SUPERMAJORITY WAIVER AND APPEAL.—

(A) WAIVER.—In the Senate, paragraph (1) may be waived or suspended only by an affirmative vote of three-fifths of the Members, duly chosen and sworn.

(B) APPEAL.—An affirmative vote of three-fifths of the Members of the Senate, duly chosen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under paragraph (1).

(4) FORM OF POINT OF ORDER.—A point of order under paragraph (1) may be raised by a Senator as provided in section 313(e) of the Congressional Budget Act of 1974 (2 U.S.C. 644(e)).

(5) CONFERENCE REPORTS.—When the Senate is considering a conference report on, or an amendment between the Houses in relation to, a bill or joint resolution, upon a point of order being made by any Senator pursuant to this subsection, and such point of order being sustained, such material contained in such conference report or amendment between the Houses shall be stricken, and the Senate shall proceed to consider the question of whether the Senate shall recede from its amendment and concur with a further amendment, or concur in the House amendment with a further amendment, as the case may be, which further amendment shall consist of only that portion of the conference report or House amendment, as the case may be, not so stricken. Any such motion in the Senate shall be debatable. In any case in which such point of order is sustained against a conference report (or Senate amendment derived from such conference report by operation of this paragraph), no further amendment shall be in order.

(b) EXPIRATION.—Subsection (a) shall terminate on the date on which a concurrent resolution on the budget for fiscal year 2024 or for fiscal year 2025 is agreed to by the Senate and House of Representatives pursuant to section 301 of the Congressional Budget Act of 1974 (2 U.S.C. 632).

SEC. 124. EXERCISE OF RULEMAKING POWERS.

This title is enacted by the Senate—

(1) as an exercise of the rulemaking power of the Senate, and as such shall be considered as part of the rules of the Senate, and such rules shall supersede other rules only to the extent that it is inconsistent therewith; and

(2) with full recognition of the constitutional right of the Senate to change such rules (so far as relating to the Senate) at any time, in the same manner, and to the same extent as in the case of any other rule of the Senate.

SECTION BY SECTION SUMMARY OF THE SENATE DEEMING RESOLUTION – TITLE III OF THE FISCAL RESPONSIBILITY ACT OF 2023

This legislative "deeming resolution" (or "deemer") serves in place of budget resolutions for fiscal years 2024 and 2025 representing the status quo upon enactment of this bill with no further changes to revenues or spending. It allows budget enforcement to apply in the Senate in the same manner as if a budget resolution had been adopted. This is very similar to language included in the *Bipartisan Budget Act of 2018* and the *Bipartisan Budget Act of 2019*.

Section 121. Authority for Fiscal Year 2024 Resolution in the Senate. This section serves as a deemer in place of an FY 2024 budget resolution. As soon as practicable after enactment, the Budget Committee Chairman shall file a statement in the *Congressional Record* with the information that would have been included in the joint statement of managers if a budget resolution conference agreement had been adopted. These include total federal revenues and spending, committee spending allocations, and Social Security revenue and outlay levels. These amounts are required to be established at current law levels. The filing can also include an update to a deficit-neutral reserve fund allowing the Chairman to make revisions in order to accommodate any legislation that does not increase the deficit over the budget window of 2024-2033. The deemer expires if Congress were to adopt an FY 2024 budget resolution.

Section 122. Authority for Fiscal Year 2025 Resolution in the Senate. If the House and Senate do not agree to a budget resolution by April 15, 2024, this section allows the Budget Committee Chairman to file a statement in the *Congressional Record* with the information that would have been included in the joint statement of managers of the budget resolution conference agreement. These amounts are required to reflect the status quo at the time, based on CBO's most recent baseline and estimate of enacted legislation. The filing can also update a deficit-neutral reserve fund allowing the Chairman to make revisions in order to accommodate any legislation that does not increase the deficit over the budget window of 2025-2034. The deemer expires if Congress were to adopt an FY 2025 budget resolution.

Section 123. Limitation on Advance Appropriations in the Senate. This section reinstates a longstanding 60-vote point of order against advance appropriations, with exemptions for certain accounts. It is modeled after the equivalent provision in the FY 2022 budget resolution.

Section. 124. Exercise of Rulemaking Powers. This section states that this title shall be considered part of the rules of the Senate.

BUDGET COMMITTEE WORK AND BUDGET ENFORCEMENT LEVELS
May 14, 2024

Mr. WHITEHOUSE. Mr./Madam President, I submit to the Senate the budget for fiscal year 2025. Last summer, Congress agreed to a two-year budget deal as part of negotiations surrounding the debt limit: the bipartisan Fiscal Responsibility Act of 2023 – the FRA.

It included a provision to serve in place of a formal budget resolution for both fiscal years 2024 and 2025, and I am submitting the necessary budgetary levels to implement that agreement today.

My Republican colleagues have suggested that the Committee should debate a budget resolution. I'd like to remind them that as I stand before you, we already have one in place.

I don't know why Republicans would insist on our committee wasting precious time on something that has already been done when we could—and indeed, should—be preparing for the future.

When at least $10 trillion of our national debt stems from two exogenous shocks to the economy—namely, the 2008 Financial Crisis and Covid—it would be folly for this Committee not to focus on future shocks to our economy.

That's why the Budget Committee has been focused on identifying threats to our nation's long-term fiscal outlook and on proposing solutions.

Like how climate change poses systemic risks to our economy. Like how tax cuts for the wealthy are driving up deficits. Like how making the wealthy pay their fair share would protect Social Security and Medicare forever. Like how we can cut healthcare costs with zero cuts to benefits if we pursue common sense reforms to healthcare delivery systems.

When it comes to economy-wide risks from climate change, economists, central bankers, financial experts, insurance and mortgage industry leaders, and many others, are ringing the alarm bells.

In the Budget Committee, we've heard testimony about rising seas making large swaths of coastline less and less habitable and less and less insurable. As the decades unspool ahead of us, more and more coastal communities will be at risk, eventually rendering trillions of dollars in real estate virtually worthless. We've heard similar testimony about property becoming uninsurable in wildfire-risk areas.

We're already seeing insurers flee communities on the frontlines of climate change. We've seen premiums skyrocketing in response to increased climate-related damages. Things will likely get uglier, so the Committee launched investigations into the climate change-fueled insurance crisis.

We are working with Democrats on the House Oversight Committee on an investigation into fossil fuel disinformation in order to better understand what has stalled political progress on climate action.

What our joint investigation revealed is that Big Oil knew the environmental and economic harms of its products but deceived the American public so as to keep producing and selling ever more oil and gas. We also learned that Big Oil and its trade associations continue to oppose climate policies, even those they publicly claim to support.

Unfortunately, our series of hearings on climate costs and the fossil fuel industry's role in the climate crisis have been largely met with derision and mockery by many of my Republican colleagues. As I said at our last hearing on this subject, history will judge.

While begrudgingly acknowledging that revenue is a subject within the purview of the Committee, the Republican response to our hearings on taxation has not evinced much more substantive interest in tackling our nation's long-term fiscal problems than have our climate hearings.

To date the Budget Committee has held seven hearings—with more planned—examining how tax cuts for the wealthy and corporations, and the resulting tax gap, have been primary drivers of the deficit.

We've learned that the Bush and Trump tax cuts have added $10 trillion to the debt and are the main reason that debt as a share of the economy is increasing.

And according to CBO, extending the Trump tax cuts—a Republican priority—would cost $4.6 trillion. That's trillion with a T.

We have heard testimony that by closing loopholes, making the wealthy and large corporations pay a fairer share, and cracking down on wealthy tax cheats, we can protect Social Security and Medicare forever, invest in an economy that works for everyone, and reduce the deficit.

Like my Medicare and Social Security Fair Share Act, which would shore up these twin pillars of retirement security *forever* without raising taxes on those making less than $400,000.

What have Republicans proposed? After they spent decades trying to cut benefits for seniors, they rose to their feet in acclamation in last year's State of the Union that they would not cut benefits.

The only solution, then, is more revenue, and I welcome their support to make the wealthy pay their fair share and protect these programs.

Another big driver of federal spending is health care. The U.S. continues to spend more on health care as a percentage of GDP than any other peer OECD country, and the Centers for Medicare and Medicaid Actuary estimates that health spending will grow to 20 percent of GDP by 2031. Yet the average life expectancy in this country is lower than that of many peer countries.

So, the Budget Committee is tackling this, too. We've held a series of hearings on reducing inefficiencies in health care that are continuing to increase costs for patients, families, and the federal government.

In just our most recent hearing, we heard how administrative burdens —the billing, the reporting, and all the non-clinical work incidental to the actual delivery of care—that providers face are responsible for over half a trillion dollars in health care spending every year.

And here, I'm happy to report that there have been some bipartisan glimmers of hope. There has been bipartisan agreement on the source of these problems, and I've begun having conversations with Ranking Member Grassley about what legislation we might be able to work on together in this space.

I can only say that I wish that my Republican colleagues were similarly willing to have serious conversations on climate and taxes.

As our hearings have made clear, if you care about debt and deficits, you have to care about climate change, unrigging our tax code, and addressing wasteful spending in health care.

That's what I'll keep driving home.

And with that:

Section 122 of the FRA requires that I submit the levels that will be used to enforce the second year of the spending agreement. This submission sets the spending level for appropriations for 2025 at the spending caps in law and allows the Appropriations Committee to begin their work. It also sets mandatory spending and revenue levels for ten years at current law levels. I am also updating the reserve fund in the FRA to be available for legislation that doesn't increase the deficit between 2025 and 2034.

I ask unanimous consent that the accompanying tables be printed in the Record.

ALLOCATION OF SPENDING AUTHORITY TO SENATE COMMITTEE ON APPROPRIATIONS FOR FISCAL YEAR 2025

(Pursuant to Section 122 of the Fiscal Responsibility Act of 2023 and Section 302 of the Congressional Budget Act of 1974)
($ in billions)

	Budget Authority	Outlays
Appropriations:		
Revised Security Category/Defense	895.212	N/A
Revised Nonsecurity Category/Nondefense	710.688	N/A
General Purpose Discretionary	N/A	1,869.797
Memo:		
On-budget	1,599.212	1,863.193
Off-budget	6.688	6.604
Mandatory	1,562.610	1,544.166

N/A = not applicable. Budgetary changes related to program integrity initiatives and other adjustments pursuant to section 251(b) of the Balanced Budget and Emergency Deficit Control Act, as amended by the Fiscal Responsibility Act of 2023, will be held in reserve until consideration of legislation providing such funding. "Revised security category" means discretionary appropriations in budget function 050, while "revised nonsecurity category" means discretionary appropriations other than in budget function 050.

ALLOCATION OF SPENDING AUTHORITY TO SENATE COMMITTEES OTHER THAN APPROPRIATIONS
(Pursuant to Section 122 of the Fiscal Responsibility Act of 2023 and Section 302 of the Congressional Budget Act of 1974)
($ in billions)

	2025	2025-2029	2025-2034
Agriculture, Nutrition, and Forestry:			
Budget Authority	186.630	967.147	2,004.484
Outlays	175.749	916.958	1,877.482
Armed Services:			
Budget Authority	287.793	1,094.587	2,053.411
Outlays	285.585	1,091.957	2,056.297
Banking, Housing, and Urban Affairs:			
Budget Authority	29.964	170.669	356.235
Outlays	-14.947	-80.642	-130.907
Commerce, Science, and Transportation:			
Budget Authority	24.029	102.967	194.261
Outlays	18.793	98.312	177.180
Energy and Natural Resources:			
Budget Authority	10.108	41.737	82.818
Outlays	14.840	76.740	122.300
Environment and Public Works:			
Budget Authority	67.352	333.108	664.759
Outlays	16.385	62.091	88.801
Finance:			
Budget Authority	3,934.908	21,879.366	51,266.540
Outlays	3,932.931	21,884.552	51,247.329
Foreign Relations:			
Budget Authority	52.009	228.212	449.061
Outlays	49.447	225.675	446.499
Health, Education, Labor, and Pensions:			
Budget Authority	71.215	295.039	584.696
Outlays	79.517	297.034	564.497
Homeland Security and Governmental Affairs:			
Budget Authority	184.521	965.290	2,033.245
Outlays	186.079	955.982	2,005.571
Indian Affairs:			
Budget Authority	0.499	2.382	4.248
Outlays	0.876	3.120	4.994
Judiciary:			
Budget Authority	20.696	102.797	209.268
Outlays	23.650	106.526	210.899
Rules and Administration:			
Budget Authority	0.052	0.260	0.536
Outlays	0.030	0.162	0.356
Intelligence:			
Budget Authority	0.514	2.570	3.598
Outlays	0.514	2.570	3.598
Veterans' Affairs:			
Budget Authority	222.290	1,296.471	3,006.815
Outlays	218.748	1,302.338	3,032.704
Small Business:			
Budget Authority	0.000	0.000	0.000
Outlays	0.010	0.010	0.010
Unassigned to Committee:			
Budget Authority	-1,389.309	-7,354.901	-16,808.687
Outlays	-1,377.785	-7,285.811	-16,666.582

BUDGET AGGREGATES
(Pursuant to Section 122 of the Fiscal Responsibility Act of 2023 and Section 302 of the Congressional Budget Act of 1974)
($ in billions)

	2025	2025-2029	2025-2034
Spending:			
Budget Authority	5,302.483	N/A	N/A
Outlays	5,473.615	N/A	N/A
Revenue	3,713.563	21,082.529	47,281.026
Social Security:			
Outlays	1,409.171	7,953.297	18,448.817
Revenue	1,284.893	6,946.313	15,335.885

N/A = not applicable. Figures represent current law, including CBO's February 2024 baseline and legislation that has subsequently cleared Congress.

PAY-AS-YOU-GO SCORECARD FOR THE SENATE
($ in billions)

	Balances
Fiscal Year 2024	0
Fiscal Year 2025	0
Fiscal Years 2025-2029	0
Fiscal Years 2025-2034	0

Accounts Identified for Advance Appropriations
(Pursuant to Section 122 of the Fiscal Responsibility Act of 2023)

Financial Services and General Government:
- Payment to the Postal Service Fund

Labor, Health and Human Services, and Education:
- Employment and Training Administration
- Education for the Disadvantaged
- School Improvement Programs
- Career, Technical, and Adult Education
- Special Education

Transportation, Housing, and Urban Development:
- Tenant-based Rental Assistance
- Project-based Rental Assistance