



Chairman Ander Crenshaw

Subcommittee on Financial Services and General Government
House Committee on Appropriations

FY 2017 Budget Hearing: Office of Management & Budget
Opening Statement As Prepared
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Good afternoon, the hearing will come to order.

Today, we will hear from OMB Director Shaun Donovan, who has the dubious honor of submitting for the first time in our nation's history a \$4 trillion dollar budget. This record-level of spending corresponds with a record-level of revenue. However, it still isn't enough to balance the budget. So another \$500 billion is added to the Federal debt, which, in gross terms, exceeds \$20 trillion for the first time.

It took 233 years to accumulate the first \$10 trillion in debt, but only eight years to acquire the next \$10 trillion of debt.

The only way to retire the Federal debt is for spending, as a percentage of GDP, to be lower than its historical average; and for revenue, as a percentage of GDP, to be higher than its historical average. The budget before us, however, projects that both spending and revenue, as a percentage of GDP, will remain above their historical average through 2026. In other words, this budget is a permanent source of debt.

As a percentage of GDP, gross debt hovers around 105 percent. A level neither seen nor tolerated since the end of World War II. I would be most fearful if this country became acclimated to this level of debt.

Make no mistake, it is an economic burden that threatens the living standards of future generations. As such, I am disappointed that the Administration's final budget request to Congress did not propose any substantive entitlement reforms to prevent further intergenerational inequity. Let alone, not one substantial entitlement reform in the last eight years.

Back in 2000, there was talk of retiring the Federal debt by 2013. Instead, the Federal debt has exceeded GDP since 2012.

The Office of Management and Budget has the great responsibility of constructing a budget that reflects the President's vision for our country. Because of this responsibility, I believe, OMB has an even greater responsibility to be judicious and deliberate with its own budget request.

Today, I hope to not only have an informative discussion about OMB's appropriation request, but also to dive into some of the important policies and assumptions included in the President's overall request.

For fiscal year 2017 OMB is requesting a six percent increase over enacted levels, at just under \$101 million. In addition, the budget requests a significant increase for the IT account at 17 percent

over enacted. I appreciate the strides the Administration has made to improve the use of IT resources across the government, increase efficiency, reduce waste and identify savings. However, at a time where our nation is incurring significant debt for generations to come, OMB should be exercising greater fiscal restraint. May I remind the Director when the President first took office in 2008 OMB received \$78 million; therefore, I believe, your agency has an even greater duty to lead by example and live within the means of your own budget.

I would also like to discuss the role OMB has in strengthening Federal cybersecurity and the steps the Federal government is taking to prevent the kind of IT failure we saw with the breaches of OPM's background security and personnel databases. More and more, we are seeing threats to our national security via cyberattacks to our networks and operating systems. OMB's role in guiding and coordinating cyber policy is increasingly important.

Today I would also like to discuss the Department of Labor's proposed fiduciary standard rule. As you know, last month, the Department of Labor submitted its rule to redefine fiduciary standards to OMB for its mandatory review.

OMB has a critical task of reviewing all federal regulations to ensure all proposed regulations keep pace with modern technology, promote the changing needs of society, and avoid duplicative or inconsistent policies.

I believe the Department of Labor's rule will significantly harm low and middle income investors seeking financial advice regarding their retirement and will cause unintended consequences to many American's IRA accounts by limiting access to investment advice provided to many smaller account holders. At a time when many Americans lack adequate retirement savings, we should be empowering families to save more for retirement by preserving access to all forms of affordable investment advice.

Finally, I want to address the Administration's inadequate proposal to fund the Army Corps of Engineers. I am very disappointed the Administration chose to ignore the importance of our nation's ports and waterways. As we move toward larger Post Panamax ships, ensuring our ports are dredged deep enough to handle these larger ships is essential to secure America's place in a globally competitive market.

In Jacksonville, Florida, my local port, JAXPORT, is a major economic driver of our community. JAXPORT supports more than 132,000 jobs and contributes \$27 billion to the regional economy every year.

Unfortunately, the President's budget not only cut Army Corps funding by 22 percent, but does not fund a single new deep draft navigation project. In order to modernize our federal navigation channels we need a budget that reflects the needs of our nation's ports. Director, I am hoping to hear from you today on why the Administration woefully underfunded the Army Corps of Engineers, and the decision to fund only one new start project in the 2017 budget request.

Again, thank you for taking the time to meet with us today Director Donovan. I look forward to hearing your testimony.

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