

**TESTIMONY OF
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BEFORE THE HOUSE COMMITTEE ON THE BUDGET**

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Chairman Yarmuth, Ranking Member Womack, Members of the Committee:

Thank you for this opportunity to testify on President Trump's Fiscal Year (FY) 2020 Budget.

Over the past two years, President Trump has unleashed the American economy through his pro-growth agenda, which we've coined MAGAnomics, resulting in a return to prosperity for the American people.

Working alongside many of you on this committee, President Trump signed historic tax reform into law, marking the first time in more than 30 years that our nation's tax code was updated and improved. It provided much needed relief to all Americans, especially the middle class.

Throughout his Administration, President Trump has implemented a robust regulatory reform agenda, resulting in small businesses and the American economy saving more than \$33 billion in burdensome, regulatory costs.

Simply put, hardworking Americans are benefitting from President Trump's taxpayer first, pro-growth policies.

The unemployment rate remains near historic lows, and over 5.3 million jobs have been created since the election. For the first time in history, we have more vacant jobs than people to fill them. Nearly 5 million Americans have been lifted off food stamps.

Under President Trump, African American and Hispanic communities are experiencing their highest employment levels in recorded history.

Total unemployment stands at 4 percent. Before tax reform was enacted, most forecasters, including CBO, predicted higher rates.

President Trump's policies have achieved economic growth that critics continually denied ever being possible.

As the President said at his State of the Union this year, our nation's economy is **STRONG**.

However, these great achievements will be challenging to maintain if we do not get our fiscal house in order. Annual deficits are continuing to rise and will exceed \$1 trillion a year, and

interest payments on the national debt are projected to exceed military spending by 2024. The national debt nearly doubled under the prior Administration and is now more than \$22 trillion. This level of debt is unsustainable and threatens the prosperity and economic freedom of future generations.

The President came to our nation's capital with a commitment to help get our fiscal house back in order and end the wasteful spending in Washington. He's using every tool at his disposal to put taxpayers first and drain the swamp.

The President's commitment to fiscal responsibility has been outlined in his previous budgets, and again today he is requesting more cuts to both discretionary and mandatory spending than any other president in history.

Yet each time the President has called for fiscal restraint and spending reforms, he has been blatantly ignored. The President even persisted in these efforts to save taxpayer dollars with a push for a \$15 billion rescissions package in 2018, but again Congress rejected it. The simplest proposed restraints on spending have fallen on deaf ears here.

In the last six years, Congress has three times enacted deals to raise discretionary spending caps. The last caps deal, in 2018, increased discretionary spending levels for fiscal years 2018 and 2019 by nearly \$300 billion, pouring money into wasteful non-defense discretionary programs that we know don't work and increase the deficit.

This January, CBO warned, "high and rising federal debt would reduce national saving and income, boost the government's interest payments, limit lawmakers' ability to respond to unforeseen events, and increase the likelihood of a fiscal crisis."

Even when presented with these astonishing statistics, many in Congress have already called for the spending caps to once again be raised.

Those opposed to decreasing Washington spending have called for massive tax increases as a means to reduce deficits. However, not only would this punish taxpayers, destroy jobs, and slow America's economic engine, but it also would ignore the reality of our current fiscal situation. Contrary to fearful predictions before passage of historic tax reform, revenues are increasing and are in line with 50 year historic averages. CBO, which previously was not hopeful about the impact of tax reform, now forecasts \$6.8 trillion in higher cumulative GDP over the next decade, due largely to tax reform.

The problem is not that Americans are taxed too little, it is that Washington spends too much.

Washington has a spending problem and it is undoubtedly one of the largest threats to our national security and the future economic success of our nation for generations to come. It is time for this irresponsible spending to end.

The President's Budget does exactly that, decreasing our yearly deficits and achieving a balanced budget within 15 years, a goal many in this committee have championed.

Similar to President Trump's previous budgets, the FY2020 Budget was written with the everyday American in mind. All across the country, hardworking taxpayers have to balance their household budgets, finding ways to do more with less and save for the future. Our federal agencies and departments should be held to the same level of responsibility, and with accountability.

This year, President Trump directed most agencies to meet a target of 5 percent reduction to non-defense discretionary spending. I am proud to report to you today that we have achieved his 5 percent goal.

Americans work hard for their paychecks, and their tax dollars should be spent wisely or not spent at all. This Budget ends wasteful spending like the \$60 million being spent every year to organize unions in other countries. It cuts \$13 billion in foreign aid, including \$336 million for education and cultural exchanges. Academic exchanges funded by the U.S. Government represent only 1 percent of the 1 million international students that came to the US in the 2017-2018 academic year. It stops millions going to the Senior Community Service Employment Program, which the Department of Labor Inspector General found rife with fraud and abuse, including \$4.2 million in unreasonable executive compensation, personal travel, and even Netflix subscriptions.

We save hundreds of millions of dollars by rightsizing and reforming the under-performing Job Corps program, a residential youth training program that has made headlines in recent years for security incidents, and which evaluations and government oversight reviews have repeatedly found ineffective and poorly managed. In a New York Times report last year, a former teacher from Texas quit in protest, saying "Job Corps doesn't work. The adults are making money, the politicians are getting photo ops. But we are all failing the students." Our Budget reforms the program and closes poorly performing centers. While there are competing philosophies on how best to balance the budget, we hope we can find bipartisan agreement that programs and activities with decades-long history of failure and fraud should come to an end.

These are just a few examples.

By refocusing the Budget to spend taxpayer dollars more efficiently, effectively, and accountably, agencies can continue to provide necessary services to the American people and we can confidently say that investments for key national priorities will be met.

The FY2020 President's Budget outlines a number of key priorities the Administration plans to continue or pursue:

- **Securing Our Southern Border and Protecting American values**

A nation without borders is not a nation at all. The Federal Government has no greater duty than protecting the American people, securing our borders, and preserving our values. The President's 2020 Budget includes increased funding for border security, immigration enforcement, cybersecurity, and law enforcement capabilities. The 2020 Budget investments include \$8.6 billion for construction of the border wall, and \$506

million to hire over 2,800 additional law enforcement officers and critical support personnel at U.S. Customs and Border Protection (CBP) and U.S. Immigration and Customs Enforcement (ICE).

- **Taking Care of Our Veterans**

Few deserve more of our nation's resources and care than our veterans who have served our country with honor, dedication, and distinction. That is why the President's Budget invests in world-class health care for our Nation's veterans by proposing \$80.2 billion in discretionary appropriations to fully fund VA medical care requirements in 2020 – a \$7.0 billion or nearly 10 percent increase over the 2019 enacted level. This amount fully funds the VA MISSION Act to ensure veterans can choose the best care for themselves and provides essential resources for VA's suicide prevention programs, a crisis that has plagued the veteran community for far too long and must come to an end.

- **Educating for the Future**

The President's Budget achieves two equally important goals: fiscal discipline in discretionary spending and support for priorities that would improve the Nation's schools and make the United States stronger by preparing the workforce for the jobs of the 21st Century. The Budget reduces the Federal role in education and prioritizes targeted investments in school safety, teacher quality, school choice, and workforce development. By modernizing U.S. education and training programs, the Budget would increase competition and transparency, reduce student debt, and ensure that what students are learning matches the needs of emerging industries. By increasing accountability for institutions of higher education and helping students complete postsecondary education more quickly, the Budget would help make higher education more affordable and protects both students and taxpayers.

- **Combatting the Opioid Epidemic**

America's opioid crisis is a serious public health challenge for our country. In addition to progress already being made by the Administration, the Budget makes significant investments to combat the drug abuse and opioid epidemic, which claimed more than 70,000 lives in 2017. In the last year, the President released a new Initiative to Stop Opioid Abuse and Reduce Drug Supply and Demand, secured \$6 billion in new resources in 2018 and 2019 to combat the epidemic, and signed the SUPPORT for Patients and Communities Act, which enhances the Federal response to the opioid crisis. The number of opioid prescriptions dispensed monthly has fallen by more than 20 percent since the beginning of 2017, and preliminary data from the Centers for Disease Control and Prevention (CDC) suggests that the number of drug overdose deaths are finally starting to level off or even decline. President Trump is determined to end this crisis and care for the people deeply harmed by the scourge of opioids.

- **Maintaining America's Military Pre-eminence**

The Government's fundamental responsibility is to protect the American people, the homeland, and the American way of life. While America possesses enduring national strengths, we face an era of increased strategic competition, global challenges, and

erosion of the U.S. comparative military advantage. In order to preserve peace through strength, we must continue to invest in the combat credible military capabilities needed to compete, deter, and if necessary, fight and win wars to protect the security of the United States. In FY 2020 the budget procures 110 advanced fighter aircraft, 12 battle force ships, and modernizes 165 Abrams main battle tanks, nearly two armored brigades worth. It also requests more than \$100 billion in research, development, testing and evaluation to maintain the military's technological superiority and conventional overmatch against priority challenges, and supports the President's commitment to expand and improve state-of-the-art missile defense systems as articulated in the recently released Missile Defense Review.

- **Managing the Federal Workforce of Tomorrow**

The last broad Federal civil service reform occurred over 40 years ago, when the Civil Service Reform Act of 1978 established the Office of Personnel Management (OPM). Today, both OPM and the Federal employment system it oversees are widely-viewed as archaic and ill-equipped to manage the 2.1 million member civilian workforce. The Legislative Branch recognizes this as well: The Government Accountability Office has kept "Federal human capital" on its high-risk list since 2001, and Congress is continually moved to exempt agencies, offices and occupations from the central personnel system that OPM oversees. These carve-outs have further reduced OPM's capacity to manage the workforce in an enterprise-wide manner. The Budget therefore proposes a restructuring of OPM that would enable the Executive Branch to fill the critical gap in strategic federal workforce management.

- **Reorganizing the Government to be More Efficient and Effective**

The Government-wide Reorganization recommendations released last summer speak to a situation in which Government has operated for too long with outdated technology, archaic organizational constructs, and antiquated management processes. This frustrates citizens who interact with the Government, and the Federal workers who operate within it. Indeed, the structural management of the workforce itself requires an overhaul. OPM today lacks jurisdiction over much of the federal workforce. And the vast majority of its existing budget and personnel are not even dedicated to workforce management, but to transactional, fee-for-service activities, including the conduct of background investigations. A key reorganization proposal incorporated into the Budget involves the transfer of OPM's background investigations portfolio to the Department of Defense, the shifting of its other transactional activities to the General Services Administration, and the creation of a central office -- with a Government-wide purview -- dedicated to strategic workforce management.

- **Drug pricing**

The Administration's comprehensive drug pricing strategy addresses the problem of high drug prices, provides greater access to lifesaving medical products, and ensures that the United States remains the leader in biomedical innovation. Consistent with the President's American Patient's First Blueprint, the Budget proposes strategies targeted at increasing

competition, encouraging better negotiation, incentivizing lower list prices, and lowering out-of-pocket costs for beneficiaries.

This Budget is yet another fiscally responsible and common sense spending plan from President Trump. I look forward to working with members of this committee and congress and remain hopeful we can prove to the American people that their government is capable of balancing a budget by prioritizing efficient and effective spending.

These principles will help define the course of our freedom and prosperity for decades to come.

Thank you for your time.

I look forward to hearing your questions.