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Written Testimony of Treasury Secretary Jacob J. Lew
before the House Committee on Ways and Means
on the President's Fiscal Year 2016 Budget Proposal
February 3, 2015

Chairman Ryan, Ranking Member Levin, and Members of the Committee, thank you for the opportunity to appear before you today to discuss the President's Fiscal Year 2016 Budget.

The President's Budget invests in the American people and our country by promoting inclusive economic growth, increasing job creation, and expanding opportunity. While our economic recovery is well established, we have more work to do to make sure the gains are shared more broadly — what we call Middle Class Economics.

The President's Budget achieves $1.8 trillion of deficit reduction over 10 years, primarily from much-needed reforms to our health, tax, and immigration systems. Under this Budget, deficits decline to about 2.5 percent of GDP over the 10-year budget window, down 75 percent from the Great Recession peak of 9.8 percent of GDP. At the same time, this Budget shows that investing in growth and opportunity go hand in hand with putting the nation's finances on a strong and sustainable path. The President strongly believes that now is the time to invest in America's future in order to drive inclusive economic growth and opportunity, secure the nation's safety, and put the nation's finances on the road to a more sustainable fiscal outlook. We believe our Budget does just that.

This Budget makes needed investments in key priorities while maintaining a responsible fiscal course. For a stronger economic future, we propose a fully paid-for increase in the discretionary budget caps to make room for a range of domestic and security investments, including increased investments in education, job training, research, manufacturing, infrastructure and national defense. At the same time, we want to simplify and improve our tax code to make the paychecks of working families go further, ensure the wealthiest pay their fair share, and fix our broken business tax system in order to promote long-term growth and broad-based prosperity while using one-time transition revenue to pay for much needed investments in our nation's infrastructure.

Introduction

When the President took office six years ago, the federal government's fiscal outlook was bleak. The economy was shrinking at its fastest rate in 50 years and shedding more than 800,000 private sector jobs per month. Unemployment peaked at 10 percent in 2009, a level not seen in over 25 years. Health care spending was on an unsustainable path, and the deficit hit a post-World War II high.

Since that time, the policies put in place by this Administration and Congress have helped produce a sustained economic recovery and unprecedented decline in the deficit, putting us on a sustainable fiscal path. In 2014, our economy achieved a number of important milestones. We have seen nearly five years of private sector job growth — a new record. In 2014, we added more jobs than any year since the late 1990s. For the first time in two decades, the United States is producing more oil than it imports, and we are now the world's leading producer of petroleum and natural gas. The manufacturing sector continues the strongest period of job growth since the 1990s. And rising home prices have restored nearly $5 trillion in home equity to homeowners. By virtually any metric, our economy is stronger and continuing to gain strength.

From fiscal year 2009 to 2014, the deficit as a share of GDP fell by two-thirds, a rapid decline by historical standards. Over the past several decades, only the period of demobilization following the end of World War II saw a faster pace of fiscal consolidation. In fact, the deficit for fiscal year 2014 came in almost one percentage point lower than we anticipated in our Budget one year ago. This year's Budget expects that the deficit will decline to 2.5 percent of GDP in fiscal year 2016 and achieve primary balance in 2022.

Strong growth combined with the Administration's policy choices have dramatically improved our fiscal trajectory. Unfortunately, the political environment in Washington in the early part of this decade, governing from crisis to crisis, has held back the recovery that otherwise would have created more jobs for working Americans. When Congress allowed the sequestration cuts to become law, they caused a notable drag on the economy — those that took effect in March 2013 reduced the Gross Domestic Product by 0.6 percentage points and cost 750,000 jobs, according to the Congressional Budget Office. In 2011 and again in 2013, the full faith and credit of the United States was used as a bargaining chip, driving down consumer confidence and driving up uncertainty in the business and international communities. Over the past year, we have seen real progress in returning to regular order in conducting fiscal policy. I am hopeful that the bipartisan progress will continue with the kind of compromise that nurtures growth and preserves our sustainable fiscal path.

The U.S. economy appears to have entered a period of self-sustaining growth. The economy grew 2.5 percent last year. Private sector forecasters expect the economy will grow roughly 3 percent this year, while the International Monetary Fund recently revised its U.S. growth estimate higher, expecting 3.4 percent growth in 2016. This is substantially faster than all of the other advanced economies combined.

Despite significant progress, we have more to do to fully address our nation's ongoing challenges. The benefits of the growth are not being shared by all Americans. While more Americans have jobs than ever before, there are still millions of Americans in search of work as well as millions of part-time workers in search of full-time opportunities. Despite the drop in the unemployment rate, average hourly earnings have been rising only slowly, and the income of the typical American family has not kept up with inflation — in fact it has trended down for the last 15 years.

With the recovery now well-established, we need to ensure that hard working Americans share the gains. The President's Budget encourages growth and opportunity in the short-run and makes investments that will promote broadly shared growth over the longer term, while remaining dedicated to maintaining fiscal responsibility. While the recovery in the U.S. economy has helped to drive global growth, the rest of the world cannot depend on the United States to be the sole engine of growth. At the recent G-20 meeting in Brisbane, there was agreement that more needs to be done to stimulate domestic demand around the world. Our strength allows us to maintain our leadership in the global community, and while we must lead by example, we cannot do it alone.

The Bipartisan Budget Act of 2013 reversed a portion of sequestration and allowed for higher investment levels in 2014 and 2015, but it did nothing to alleviate sequestration in 2016. Sequestration imposed arbitrary spending cuts that are bad for our economy and our security. These across-the-board cuts were never even intended to go into effect; rather, they were purposely unpalatable to create pressure to pass balanced, responsible deficit reduction. Congress should not repeat the mistakes of the past by allowing further sequestration cuts in 2016. In the absence of congressional action, non-defense discretionary funding in 2016 will be at its lowest level since 2006, adjusted for inflation, even as the need for pro-growth investments in infrastructure, education, and innovation has only increased due to the Great Recession and its aftermath. Inflation-adjusted defense funding will also be at its lowest level since 2006.

The President's Budget makes needed investments in key priorities, even while setting the nation on a fiscally responsible course. The Budget proposes increasing the discretionary caps in the context of a balanced fiscal plan, while making room for a range of domestic investments that will help move the nation forward. These include investments to strengthen the economy by improving the education and skills of the U.S. workforce, accelerating scientific discovery, and continuing to bolster manufacturing.

The proposals in the President's Budget aim to strike a balance between achieving long-run fiscal responsibility and helping working families get ahead. Among the proposals to help families, this Budget simplifies and expands child care tax benefits; enhances educational opportunities by partnering with states to make community college and career and technical schools free for responsible students and consolidating and expanding education tax incentives; makes it easy and automatic for workers to save for retirement; and reforms the tax system and raises the minimum wage to better support and reward work. These investments in the middle class are fully paid for by repealing perhaps the single largest income tax loophole, called "stepped-up basis," raising the top capital gains and dividends rate back to 28 percent — the same rate during the Reagan Administration — and reforming financial sector taxation to discourage excessive borrowing by the largest financial institutions.

The President's trade agenda is another important component of our strategy to grow the economy and strengthen the middle class. Exports account for a significant portion of our economic growth over the course of the last four years and ninety-eight percent of our exporters are small businesses. Expanding the reach of America's exports will create new opportunities for our small businesses to grow. I look forward to working with all of you to pass trade promotion authority legislation that creates a level playing field for our businesses and workers.

The Budget calls for business tax reform that will be revenue-neutral in the long run, make our companies more competitive, and directly benefit the middle class by paying for a plan to repair and expand our existing infrastructure to support our economy for the next generation with a one-time tax on previously untaxed foreign income. We know that investing in our nation's physical and human capital will provide the best long-run return for the economy. Moreover, Congress should address the so-called tax extenders in a fiscally responsible manner, including preventing a tax increase for 26 million working families and students by making permanent the expiring tax credits that benefit them. The Budget increases the resources we are putting toward national security both at home and abroad because economic prosperity and fiscal responsibility cannot come at the expense of our safety.

Taking the right steps today will make our fiscal challenges easier tomorrow. A stronger economy today will ease those fiscal challenges and improve the lives of working Americans. A credible plan, built on the bipartisan cooperation that we have seen recently, is the best way to secure long-run growth.

Reforming the Tax Code

Our framework for business tax reform will simplify compliance for and provide tax relief to small businesses, while tightening our international tax system to close loopholes that strip the U.S. tax base by allowing multinational corporations to avoid paying U.S. taxes.

I continue to believe the best way to achieve reform today is to start with pro-growth business tax reform that protects and strengthens the middle class, lowers rates, simplifies the system, levels the playing field, and eliminates unfair and inefficient loopholes. When we make the switch to a smarter business tax system, there also will be one-time revenue during the transition, and we can use some of that revenue to create jobs rebuilding our roads and bridges, repairing our tunnels, and investing in our transit systems.

It has been almost three years since the President laid out his framework for sweeping business tax reform. Making sure the system works for everybody is as urgent today as it was then. This year, business tax reform represents an opportunity for members of both parties and the Administration to work together to make progress for the American people.

Small businesses are a source of innovations, but their growth can be discouraged by the high costs of complying with complex tax laws. Over 80 percent of all tax compliance costs are borne by small businesses, and the burdens are heaviest on the smallest of the small businesses. While the largest, most complex businesses spend less than one-tenth of one percent of their receipts on the costs of complying with the tax code, a small business with less than $100,000 in receipts on average spends well more than 10 percent of its receipts on compliance costs. This is unacceptable. While the current tax code contains a number of provisions intended to simplify compliance for small businesses, more can be done. For example, small business expensing allows small businesses to deduct the cost of their investments in equipment and avoid the complexity of depreciation accounting. While the expensing limit had been $500,000 for a number of years, it recently reverted to $25,000 for 2015. As part of tax reform that is revenue neutral in the long-run, the President proposes to extend permanently expensing up to $1 million. This provides significant tax relief to America’s small businesses and would allow small business to avoid the complexity of tracking depreciation. The President also proposes to dramatically simplify taxes for small businesses, by allowing all businesses with less than $25 million in gross receipts to use cash accounting and dispense with an array of other complicated accounting rules. In addition, there are proposals to increase the deductibility of start-up expenses for new businesses and to eliminate capital gains taxation on investments in small business stock. These changes will reduce compliance costs of small businesses and encourage investment and entrepreneurship.

On the international side, we are proposing reforms that would fix the current broken and inefficient system for taxing the foreign income of U.S. multinational corporations. The current system rewards U.S. companies that locate their operations and shift profits abroad and keep them outside the United States. In fact, as indicated in the President's Framework for Business Tax Reform, certain small countries with very low tax rates have attracted profits of U.S. multinational companies that exceed multiples of the GDP of those countries. Much of the manipulation comes from the ability to defer U.S. tax on certain earnings of foreign subsidiaries until that income is repatriated.

Tax reform must seek to balance the need to reduce tax incentives to locate overseas with the need for U.S. companies to be able to compete overseas for the investments and operations absolutely necessary to serve and expand into foreign markets in ways that benefit U.S. jobs and economic growth. The core of the President's tax plan, which is detailed in this year's Budget, is a global minimum tax. The global minimum tax would ensure that U.S. multinational firms pay at least a 19-percent tax on their foreign earnings as they are earned — rather than deferring the tax for years or forever — while exempting from the minimum tax a return to real activities performed abroad. After this initial payment, foreign earnings could be reinvested in the U.S. without additional tax, which would level the playing field and encourage firms to create jobs here at home.

In addition to the global minimum tax, our international tax reform proposals would address the ability under current law for multinational firms to erode the U.S. base with excessive interest deductions and take further steps to stem corporate tax inversions, building on the Treasury Department's first, targeted action last September.

As we have consistently said, business tax reform together with anti-inversion legislation is the only way to fully address these transactions. Our business tax reform will help make inversions less attractive by making the United States a more competitive location from which to do business. Specific anti-inversion measures are also needed even after the business tax system has been reformed, as there will always be other countries with lower tax rates and less stringent rules for taxing foreign earnings.

In addition to these new detailed proposals in the reserve fund for business tax reform, this year's Budget includes new details on the President's plan to simplify our complex tax code for individuals, to make it fairer by eliminating some of the biggest loopholes, and to use the savings from closing loopholes to invest in helping middle class families get ahead and growing the economy. One of the largest loopholes in the individual income tax code is a provision known as stepped-up basis. Stepped-up basis refers to the fact that capital gains on assets held until death are never subject to income taxes. Hundreds of billions of dollars escape capital gains taxation each year because of this loophole that lets the wealthy pass appreciated assets onto their heirs tax-free. Stepped-up basis perpetuates wealth disparities and inequality of opportunity, particularly given that retirement accounts such as 401(k)s and IRAs — which often represent a middle class taxpayer's only major capital asset beyond a home — do not receive this special treatment. The budget closes the stepped-up basis loophole by treating bequests and gifts other than to charitable organizations as realization events, like other cases where assets change hands. By closing this loophole, we unlock resources that could be reinvested more productively elsewhere, making our proposal a pro-growth way to raise revenue. The budget also increases the total top capital gains and dividend rate to 28 percent, the rate under President Reagan.

Since the 2008 financial crisis, the President and Congress have taken major steps to make the financial system safer and the broader economy more resilient, including enacting legislation that ensures taxpayers will not be on the hook to bail out financial firms perceived to be "too big to fail." Recognizing that excessive leverage undertaken by major financial firms was a significant cause of the financial crisis, the Budget builds on the reforms we have already put in place by proposing a financial fee that would further discourage excessive borrowing by large financial institutions.

Building a 21st Century Infrastructure

Transportation is critical to the nation's economy, allowing Americans to travel safely and conveniently, and enabling our businesses — in particular small businesses — to move goods to market at competitive prices. As part of transitioning to a reformed international tax system, the President's business tax reform plan would impose a one-time transition toll charge of 14 percent on the up to $2 trillion of untaxed foreign earnings that U.S. companies have accumulated overseas — raising enough revenue to fill the projected shortfall in the Highway Trust Fund and make new investments as part of the President's six-year surface transportation reauthorization. Unlike a voluntary repatriation holiday — which would lose revenue — the President's proposed toll charge is a one-time, mandatory tax on previously untaxed foreign earnings, regardless of whether the earnings are repatriated.

To spur economic growth and allow states and localities to initiate sound multi-year investments, the FY 2016 President's Budget request includes a 6-year expanded surface transportation reauthorization proposal to improve safety, support critical infrastructure projects, and create jobs while improving America's roads, bridges, transit systems, and railways. This builds on the Administration's 4-year proposal, the Generating Renewal, Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities throughout America — or the GROW AMERICA Act — which was submitted to Congress last year.

Our Build America Investment Initiative has taken a series of new steps by federal agencies to support the efforts of state and local governments to access federal financing programs, structure public-private collaboration, and attract private investment to build and improve roads, bridges, ports, broadband, and water systems in metropolitan and rural areas in ways that boost economic growth and resilience, while protecting the interests of taxpayers and workers. As part of that initiative we are proposing the creation of an innovative new kind of municipal bond, Qualified Public Infrastructure Bonds (QPIB), an idea we have worked on with Senator Wyden. Today, public-private partnerships that combine public ownership with private sector management and operations expertise are limited in their use of municipal bonds. QPIBs will extend the benefits of municipal bonds to public-private partnerships, like partnerships that involve long-term leasing and management contracts, lowering the cost of borrowing and attracting new capital.

Providing Opportunity Through Education

The single greatest resource that our economy has is our people, and it is critical that Americans have the skills and knowledge to compete in the global economy. Research has shown that the value of a postsecondary education is higher now than ever before. Therefore, the President has proposed programs that will make community college and career and technical school free for every responsible student as well as improve programs that provide education tax incentives for those who attend college.

The higher education benefits we provide through our tax system, including the American Opportunity Tax Credit created in 2009, are making college more affordable for millions of students and their families. But families have difficulty choosing among overlapping benefits and navigating complicated rules, and schools may not provide the information families need to claim tax benefits for which they are eligible. Building on bipartisan reform proposals, the President's education tax reform plan would simplify, consolidate, and expand education tax credits. The plan would cut taxes for 8.5 million families and students, simplify taxes for the more than 25 million families and students that claim education tax benefits, and provide students working toward a college degree with up to $2,500 of assistance each year for five years. These education tax reforms would complement our other proposals to make college more affordable, including continuing historic increases in the Pell scholarship program and simplifying financial aid forms. Together with free community college and career and technical schools, these proposals would benefit students, families, and the broader economy by helping more students earn a postsecondary credential, making them, and by extension our country, more competitive in the global marketplace.

Reforming the Tax System to Better Support and Reward Work

This year's Budget proposes a number of new policies to reduce taxes on working families. Together, these policies will benefit over 44 million families, providing an average tax cut of nearly $600.

In today's economy, having both parents in the workforce is a necessity for many families, yet dual-earner couples can face high penalties for working. When both spouses work, the family incurs additional costs in the form of commuting costs, professional expenses, child care, and, increasingly, elder care. When layered on top of other costs, including federal and local taxes, these work-related costs can contribute to a sense that work is not worth it, especially for parents of young children and couples caring for aging parents. While women, including married women, are increasingly the breadwinners of the family, they are still much more likely than their male counterparts to withdraw from the labor force in these circumstances, taking a toll on their future job options and earnings, and hurting overall economic growth. Building on congressional proposals from members of both parties, the Budget proposes to address these challenges with a new second-earner credit that recognizes the additional costs faced by families in which both spouses work. A total of 24 million couples would benefit from this proposal, which would provide a new, simple second-earner tax credit of up to $500.

The Earned Income Tax Credit is among the nation's most effective tools for reducing poverty and encouraging people to enter the workforce. However, low-wage workers without children and non-custodial parents miss out on the anti-poverty and employment effects of the EITC because the credit available to them is small and phases out at very low incomes. Our plan to help working families get ahead incorporates the proposed childless worker EITC expansion — an idea that has bipartisan support in this Congress — reducing poverty and hardship for 13.2 million low-income workers struggling to make ends meet while boosting employment. This proposal would double the EITC for workers without qualifying children, increase the income level at which the credit phases out, and make it available to workers age 21 through 66.

The Budget also makes permanent improvements to the EITC and Child Tax Credit that augment wages for 16 million families with 29 million children each year. These improvements provide additional benefits to low-income working parents, families with three or more children, and married families, but they are currently scheduled to expire at the end of 2017. As we made clear during the extenders debate at the end of 2014, we cannot apply a double standard where we address extenders for business but not working families. Finally, the President continues to call on Congress to raise the federal minimum wage and to index it to inflation. No American who works full time should have to live in poverty, and the proposed new minimum wage would both help working families make ends meet and add spending to the economy.

Providing Child Care for Working Families

Over 60 percent of families with children have either two working parents or a single parent who works. That is why access to high-quality, affordable child care is critical for working families and for the broader economy; it helps parents continue working or join the workforce and supports healthy child development and late successes in school. But with the cost of infant and toddler care rivaling the cost of college in many states, many families struggle to afford quality care for their children, and the average child care tax benefit of $550 falls well short of what is needed to provide meaningful help. The Child and Dependent Care Tax Credit and child care flexible spending accounts are also unnecessarily complex, often requiring significant paperwork and advanced planning for families to receive the full benefits.

This year's Budget streamlines child care tax benefits and triples the maximum child care credit for middle-class families with young children, increasing it to $3,000 per child. The child care tax proposals would benefit 5.1 million families, helping them cover child care costs for 6.7 million children. These tax proposals complement proposals to ensure that quality, affordable care is available to all eligible low- and moderate-income working families with young children, as opposed to the small share of children who receive this help today. In addition, this year's Budget makes critical investments that expand access to comprehensive early learning

Encouraging Retirement Savings

As many as 78 million working Americans — about half the workforce — do not have a retirement savings plan at work. Fewer than 10 percent of those without plans at work contribute to a plan of their own. The Budget proposes additional tax relief to small businesses that start offering a retirement plan, such as a 401(k), or that start automatically enrolling workers in their plan. The President's retirement proposals would give 30 million additional workers access to a workplace savings opportunity and would complement the Administration's efforts over the past year to make saving for retirement easier by creating the simple, risk-free, and no-fee *my*RA starter savings vehicle.

Innovation

One of the major strengths of our country remains our ability to innovate. The United States competes in a global economy, and to continue to provide jobs and opportunity for Americans, we need to invest in American innovation, bolster our manufacturing base, and keep our nation at the forefront of technology.

After a decade of decline, the manufacturing sector is adding jobs for the first time since the 1990s and is poised for growth in the years ahead. The Budget takes steps to build on recent bipartisan legislation and the nine manufacturing institutes funded to date to support 16 institutes by the end of 2016 and put us on pace to build 45 institutes over a decade; equip small and medium manufacturers with the capabilities and access to technologies they need to improve their innovation and productivity; and, through a new $10 billion public-private Scale-Up Manufacturing Investment Fund for American manufacturing start-ups, ensure that what is invented in America can be made in America.

The Budget calls for investing in a wide array of research and development, from the President's signature BRAIN Initiative (Brain Research Through Advancing Innovative Neurotechnologies), the Precision Medicine Initiative, and combatting antibiotic resistance to advanced manufacturing, clean energy technology, and agriculture.

To secure America's energy future and to protect the planet for future generations, the Budget helps increase American low-carbon energy production while improving energy efficiency. The Administration has made combatting climate change a high priority by working hard to reduce carbon pollution here in the United States and by bringing other countries along to forge an effective global effort to combat this problem. In the United States, our carbon pollution is near its lowest levels in almost two decades. We set higher standards for fuel economy, so that our cars will go twice as far on a gallon of gas, and we are setting a new standard for trucks that will propel American manufacturing and spur the development of new technologies. This strategy has already borne fruit — thanks to lower gas prices and higher fuel standards, the typical family should save $750 at the pump this year.

Ensuring Our Nation's Safety and Security

The Budget recognizes that while America is a world leader in domestic economic growth, it must also continue to promote U.S. national security interests while mobilizing the international community to address global challenges to the nation's safety and security. That is why the Budget advances national security priorities by proposing the funding increases above current law needed to execute the President's defense strategy. The Budget includes $612 billion of total national defense discretionary funds, a $26 billion, or 4.5 percent, increase from the 2015 enacted level. This reverses the decline in national defense spending of the past five years and proposes to transition enduring overseas contingency operations costs to the base budget, to fully fund and account for the costs of keeping the nation secure.

Health Care Reform

With the Affordable Care Act in place, millions of Americans no longer have to worry that an unexpected illness will throw them into bankruptcy, and people with preexisting conditions are now guaranteed access to health insurance. We have reduced the share of uninsured Americans by almost one quarter, as about 10 million people gained the financial security of health coverage in the past year alone. And since the Affordable Care Act became law, health care prices have risen at their lowest rates in decades. Had health insurance premiums kept growing at the rate they did in the last decade, the average annual premium for a family with an employer plan would be $1,800 higher than it is today.

The health care cost slowdown is already yielding substantial fiscal dividends. Compared with the 2011 Mid-Session Review, aggregate projected federal health care spending for 2020 has decreased by $216 billion based on current budget estimates, savings above and beyond the deficit reduction directly attributable to the Affordable Care Act. Including related interest savings, the savings totals $262 billion.

Comprehensive, Pro-growth Immigration Reform

The President believes that we need to fix our broken immigration system by continuing to strengthen border security, by cracking down on employers who hire undocumented workers, and by providing a pathway to citizenship for hardworking men and women who are already here and contribute to our nation every day.

Immigration reform will encourage economic growth and help achieve better fiscal policy. The President has laid out principles for immigration reform but wants to work with Congress to craft specific legislation. The Congressional Budget Office estimates that the immigration bill that passed with bipartisan support in the Senate in 2013 — and which is largely consistent with the President's vision — would increase the size of the economy by over 3 percent in the next decade and more than 5 percent over 20 years. Meanwhile, the immigration bill would reduce the deficit by about $160 billion in the first decade and by almost $1 trillion over 20 years. Similarly, the Social Security actuaries have found that the Senate bill would reduce the Social Security shortfall by $300 billion over the first 10 years. The Administration supports the Senate approach and calls on the House of Representatives to act on comprehensive immigration reform this year.

Conclusion

In summary, this budget puts forward a series of proposals to keep America's economic resurgence on track, build on the progress we have made, and help more Americans share in our economic gains through rising wages, higher incomes, and a growing middle class. The roadmap laid out in this budget includes strategies for students to begin school prepared for success, graduate from high-school, and attend college without amassing unaffordable debt; for workers to find good jobs in high-tech manufacturing; for working families to care for a sick child or an aging parent; and for states and cities to rebuild their infrastructure and expand their broadband networks.

This Budget is practical, not partisan, and it provides a comprehensive and balanced approach to the realities we face. It invests in long-term growth, while also building on the progress that has already been made to ensure a sustainable path for the debt and deficit. The Budget is a credible, common-sense plan that makes hard choices. It focuses on middle class economics that will help drive growth, create jobs, and expand opportunity for all Americans, unlocking a brighter future for future generations. I believe, as does the President, that there is plenty of opportunity for bipartisan cooperation and a number of areas where we can find common ground to move our country forward, starting with business tax reform. I look forward to working with the members of this Committee to make progress on tax reform this year. Together, we can achieve meaningful reform that will help America's families, boost our economy, and enable U.S. businesses expand and be more competitive.