

**Statement of
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**Before the
House Committee on Energy and Commerce
Consumer Protection and Commerce Subcommittee**

“The Fiscal Year 2022 Department of Commerce Budget”

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Chair Schakowsky, Ranking Member Bilirakis, and members of the Subcommittee, thank you for this opportunity to discuss President Biden’s Fiscal Year (FY) 2022 Budget Request for the U.S. Department of Commerce. The priorities included in this Budget Request build upon the legislation and investments Congress enacted last year, and I am grateful for your steadfast support.

As you know, the Department of Commerce is responsible for promoting job creation, supporting and overseeing international trade, and providing economic, environmental, and scientific information needed by businesses, citizens, and governments. The President’s FY 2022 Budget Request calls for \$11.5 billion in discretionary funding for the Department of Commerce, a 29% increase above the 2021 enacted level.

This funding will allow us to maintain existing programs and activities and make critical investments that will help reimagine and rebuild a new American economy that invests in the promise and potential of every American. The Budget Request also includes the American Jobs Plan—a once-in-a-generation investment in America that will create millions of good jobs, rebuild our country’s infrastructure, and position the United States to out-compete China.

The Biden Administration is hard at work delivering economic relief to millions of Americans who need it the most. I am proud of the work the Department is doing, but we know we must do more to help our nation build back better and lay the foundation for shared growth and prosperity for decades to come. Across the federal government, President Biden’s FY 2022 Budget makes historic new investments and reinvests in discretionary programs that are a foundation of American strength.

At the Department of Commerce, the Budget Request increases funding for programs that support American manufacturing, spur research and technological innovation, advance economic recovery in underserved communities, invest in climate science research and resiliency activities, improve weather and climate forecasting, and strengthen American competitiveness and security.

FY 2022 President's Budget Request

Support American Manufacturing

Manufacturing has long been the backbone of our country and we must strengthen our manufacturing to move America forward. To ensure robust resurgence of American manufacturing and increase the security and resilience of our supply chain, the FY 2022 Budget Request more than doubles funding for the Department's most effective manufacturing programs: Manufacturing Innovation Institutes (MIIs) and the Manufacturing Extension Partnership (MEP).

An MII is a public-private partnership of companies, academia, state and local governments, and federal agencies that co-invest in the development of world-leading technologies and capabilities. President Biden's Budget Request calls for an additional \$150 million for two new MIIs, one of which will help restore the United States as the global leader in the design and manufacture of semiconductors.

The request also calls for an additional \$125 million for MEP. The MEP National Network consists of 51 MEP Centers located in all 50 states and Puerto Rico. The additional \$125 million will support MEP efforts to make U.S. supply chains more resilient by: partnering with federal agencies and industry stakeholder to identify supply chain gaps; mapping critical manufacturing supply chains (in alignment with the President's Executive Order 14017, America's Supply Chains); implementing the supplier scouting responsibilities outlined in President's Executive Order 14005, Ensuring the Future Is Made in All of America by All of America's Workers; and, increasing individual manufacturer resiliency by addressing issues that preclude them from entering new supply chains.

The funding will also be used for workforce development through activities such as providing MEP Centers resources for upskilling a diverse workforce and assisting manufacturers with career development pathways that recruit and retain talent. Finally, the additional funds will enable MEP Centers to strengthen their core services and increase their technology demonstration capabilities.

Spur Research and Technological Innovation

Public investments in research and development lay the foundation for future breakthroughs that generate new businesses, jobs, and exportable goods. The President's Budget Request calls for \$916 million, an increase of \$128 million over the FY 2021 enacted level, to expand scientific and technological research at NIST. With this investment, NIST will spur research advances in climate-resilient building codes, computing, cybersecurity, artificial intelligence, quantum information science, biotechnology, and advanced manufacturing.

U.S. leadership in advanced communications requires commercial operators to have access to a full array of spectrum bands to share with federal agencies. The Budget provides the National Telecommunications and Information Administration, or NTIA, \$89.5 million, an increase of \$44 million above the FY 2021 enacted level. Of this increase, \$39 million is dedicated to

advanced communications research to support the development and deployment of broadband and 5G technologies, by identifying innovative approaches to spectrum sharing. This includes a \$26.7 million investment in applied research with the Federal Advanced Communications Test Site (FACTS) at NTIA's Table Mountain field site in Boulder, Colorado. The Budget also proposes an increase of \$10 million to broadband programs that will support the President's goal of expanding broadband access, including support for the Office of Internet Connectivity and Growth and the implementation of NTIA's broadband grant programs.

Enhance Cybersecurity

Recent cybersecurity incidents such as SolarWinds, Microsoft Exchange, Colonial Pipeline, and last week's cyberattack on JBS, the world's largest meat producer, are sobering reminders that U.S. public and private sector entities increasingly face sophisticated malicious cyber activity from both nation-state actors and cyber criminals. The President's FY 2022 Budget Request calls for funding to enable the Department of Commerce to upgrade its own cybersecurity posture and support research and tools to enable the private sector to do the same. Specifically, this President's Budget includes \$106.9 million for cybersecurity upgrades at the Department of Commerce to address threats posed by both state and non-state actors. The funding will enable the Department to employ a "whole of Commerce" approach to mature cybersecurity practices. It also calls for \$83.8 million for NIST's Cybersecurity and Privacy Research to continue to strengthen the security of our digital world through a portfolio that bridges foundational and applied cybersecurity research, and through the development of publicly available frameworks, standards, and technical guidance documents.

Advance Economic Recovery in Underserved Communities

Every American should have an equal chance to pursue their potential. Yet, for far too many Americans, this has never been within reach. The President's 2022 Budget Request calls for \$70 million for MBDA to expand opportunities for minority-owned businesses and help eliminate barriers for minority-owned firms. The request also will elevate MBDA's position within the Department of Commerce and establish an Assistant Secretary for MBDA.

The President's Budget Request also prioritizes creating good jobs by revitalizing former energy communities. To spur economic revitalization and support energy workers, the request includes \$84 million, an increase of \$50 million over the FY 2021 enacted level, for EDA's Assistance to Coal Communities Program. These funds will help ensure that communities most impacted by the transition to clean energy are not left behind.

The President's Budget Request includes \$300 million for EDA to support locally driven economic development projects in communities across the nation. These investments will enable local communities to establish a foundation for sustainable job growth and build durable regional economies by funding projects that advance equity, support workforce education and skills training, enable business expansion and technology updates, support growth in exports and foreign direct investment, and address the climate crisis.

Investments in Climate Science and Research

Climate change is one of the greatest challenges of our time. Yet it is also an opportunity for economic growth and innovation. In the President's Budget Request, the Administration proposes a whole of government approach to address this challenge and harness this opportunity.

NOAA climate science provides the data, tools, and information that are the foundation for both efforts. The President's Budget Request therefore includes \$855 million for NOAA to expand climate observation, forecasting, and research so that NOAA can provide better data, information and tools to federal agencies, states, Tribes, communities, and businesses across America to enable smart policy and decision-making. This investment will also improve community and coastal resilience by investing in modern infrastructure and funding competitive grants to help protect communities from the costly economic and environmental impacts of severe weather events and climate change. The increased resources will also support an expanded and improved drought early warning system.

Improve Weather and Climate Forecasting

Families, businesses, and state and local governments rely on NOAA's weather satellites and forecasts every day. When severe weather strikes, these forecasts can literally mean the difference between life and death in impacted communities. The President's Budget Request invests \$2 billion, approximately \$500 million more than the FY 2021 enacted level, in the next generation of satellites.

With these additional resources, NOAA will be able to enhance its world-leading satellite observing systems by incorporating a diverse array of new technologies to improve data for weather and climate forecasts and provide critical information to the public. This data will allow for more informed decision-making that protects life and property, safeguards the economy, and supports the fight against climate change. NOAA's National Weather Service is funded at \$1.3 billion, which is \$102.7 million above the Enacted level. This funding supports 122 Weather Forecast Offices, 13 River Forecast Centers, 18 Weather Service Offices, and 9 National Centers across the United States.

Strengthen American Competitiveness and Security

American businesses and workers can compete if we all play by the same rules. The FY 2022 Budget requests \$559 million for the International Trade Administration to ensure it has the staff and resources it needs to defend U.S. workers by addressing unfair foreign trade practices and barriers, strengthening enforcement of U.S. trade laws, and enhancing oversight of foreign government compliance with trade agreements. The FY 2022 Budget Request for ITA includes \$8 million, an increase of \$5 million above the Enacted level, to sustain ITA's role in analyzing the growing number of exclusion requests from Section 232 duties on imported steel and aluminum products. ITA's analysis supports the Bureau of Industry and Security's (BIS) Section 232 exclusion request determination process.

The President's Budget also requests \$142 million for the BIS. This funding will enable BIS to analyze the growing number of Section 232 exclusion requests on imported steel and aluminum products, support Committee on Foreign Investment in the United States (CFIUS) related activities, analyze export control and Entity List proposals, conduct enforcement related actions, and implement export controls. Within the \$142 million, the Budget Request proposes \$2.1 million for BIS to address the Securing the Information and Communication Technology and Services (ICTS) Supply Chain Executive Order (EO 13873). EO 13873 seeks to secure and protect our national security, including economic strength and security, and public health and safety. Across the Department the President's Budget requests \$11.9 million: \$2.1 million at BIS, \$4 million at NTIA, and \$5.8 million within Departmental Management to fund efforts related to EO 13873.

Support for Travel and Tourism Recovery

The FY 2022 Budget Request also provides \$3.1 million above the enacted level for the Survey of International Air Travelers (SIAT), for a total program level of \$7.9 million. Results from this improved survey will enable the federal government and other stakeholders to design economic programs that will help the travel and tourism industry recover from the economic impacts of the COVID-19 pandemic. Further, the improved survey will allow ITA to collect data from non-traditional and non-urban markets, strengthening the federal government's ability to provide travel and tourism industry market intelligence to smaller states and destinations.

American Jobs Plan

Within the FY 2022 Budget Request, the American Jobs Plan proposes once-in-a-generation investments that complement the annual funding priorities detailed above. These investments will strengthen supply chains, support American manufacturing, expand access to broadband, increase research and development, and upskill our workforce.

We need to strengthen our supply chains so that we can make more critical goods in America and put more people to work rather than outsourcing. The American Jobs Plan calls for \$50 billion to support production of critical goods and create a new office at the Department of Commerce that will monitor domestic industrial capacity. This office will incentivize manufacturers to maintain a robust domestic supply chain and support manufacturers in vulnerable supply chains, such those for the automotive, machinery, energy, and aerospace industries.

One critical industry that demands our immediate attention is the semiconductor industry. Semiconductors are the building blocks of our future economy; yet, today, we are experiencing a global chip shortage that is hurting businesses in every sector of our economy, including the auto industry. The American Jobs Plan supports the \$50 billion investment in semiconductor manufacturing and research, as called for by Congress in the bipartisan CHIPS Act. The Senate has already taken steps to fund the CHIPS Act through consideration of the U.S. Innovation and Competition Act of 2021, and I hope Congress will finalize this funding as soon as possible. This funding will strengthen and secure our domestic semiconductor supply chain and create tens of thousands of middle-class jobs.

Our nation is also falling behind its biggest competitors with regard to basic investments in research and development, manufacturing, and training. To combat this, the American Jobs Plan proposes funding NIST's critical programs for years to come. Specifically, the American Jobs Plan would provide \$14 billion to NIST in addition to the amount requested for it in the President's FY 2022 discretionary budget. NIST will use \$10 billion of this \$14 billion to quadruple funding for MEP and expand Manufacturing USA, finally scaling support for manufacturers to the level we need to be competitive globally. NIST will use the remaining \$4 billion to invest in Scientific and Technical Research and Services as part of the Make it in All of America strategy to spur innovation and productivity across the country.

The American Jobs Plan also seeks to make a major investment in efforts to ensure that minority and underserved communities have the access to capital and resources required to sustain good jobs and economic growth. To further invest in these communities, the American Jobs Plan would provide \$1 billion for the Minority Business Development Agency (MBDA) to support small business access to credit, venture capital, and research and development funding. Ensuring equitable access to capital is essential to supporting the growth of entrepreneurship in communities of color and underserved communities throughout the country.

We also need transformational investments in broadband to ensure that all Americans finally have access to affordable, reliable, high-speed Internet service. During the pandemic we have seen that high-speed broadband service is not a luxury, but a necessity for jobs, education, and healthcare. Yet, by one definition, more than 30 million Americans live in areas where there is no broadband infrastructure that provides minimally acceptable speeds. Due to systemic marginalization, one-quarter of Americans who are disproportionately people of color, low-income, older, disabled, or residents of rural communities lack access to high-speed broadband service. And, in part because the United States has some of the highest broadband prices among OECD countries, millions of Americans can't use broadband internet even if the infrastructure exists where they live. The American Jobs Plan proposes a historic investment of \$100 billion to bring broadband service to every American. This investment would allow more people to more fully participate in the modern economy and access job opportunities and training.

The American Jobs Plan also calls for bold investments in our workforce. It will spur targeted, sustainable, economic development in places like the Appalachian region that have been affected by changes in energy production, and communities in the Midwest that have been impacted by the manufacturing declines. As part of this effort, the American Jobs Plan proposes \$10 billion for the Economic Development Administration (EDA) to establish a Regional Innovation Hubs initiative that will enable United States leadership in key technology focus areas and support regional economic development that diffuses innovation throughout the country.

Furthermore, it will expand job training opportunities across the nation. The American Jobs Plan makes the investments necessary to ensure that we will be there to provide high-quality, demand-driven, affordable job training to any American seeking opportunities to increase the knowledge and training they bring to a job.

Finally, the American Jobs Plan will help us maximize the resilience of land and water resources to protect communities and the environment. President Biden's plan will protect and, where

necessary, restore nature-based infrastructure – our lands, forests, wetlands, watersheds, and coastal and ocean resources. Families and businesses throughout the United States rely on this infrastructure for their lives and livelihoods.

Under the President’s leadership, America is getting back on track. We have begun turning the tide on the pandemic. Our economy is growing and creating jobs. But we cannot simply return to the way things were before the pandemic and risk losing our gains. To build a more prosperous and secure future, Congress must invest in domestic manufacturing and America’s competitiveness to create good paying jobs that will ensure the United States continues to lead the 21st century global economy. The President’s FY 2022 Budget Request, including the American Jobs Plan, puts forward investments that do just that. Investments that will enable us to build back better.

I look forward to working with you to create an economy that works for all– now and in the future. I am now happy to take your questions.