

**FY 2018 Budget Committee Questions for the Record (Director
Mulvaney's Testimony; May 2017)**

Rep. Renacci

Director Mulvaney, thank you again for your commitment to balancing the budget within the next ten years. I appreciated your testimony and willingness to answer my questions during the May 24, 2017 hearing on the President's proposed budget. Our office had a constituent group reach out with an inquiry regarding further clarification for the elimination of the Emergency Food and Shelter Program.

Can you provide further explanation for the proposed elimination of this program?

The Budget proposes to eliminate the Emergency Food and Shelter Program (EFSP) because it is not aligned with the core mission of the Federal Emergency Management Agency (FEMA), overlaps with Federal programs administered by the Department of Housing and Urban Development (HUD), and because funding local shelters, food banks, and other related organizations is primarily a State and local responsibility.

As the EFSP does not directly support disaster survivors or their communities, it is not well-aligned with FEMA's core mission to prepare for, mitigate against, respond to, and recover from the consequences of major disasters and emergencies. The EFSP is a social service program, not a disaster or emergency management program.

In past years, FEMA proposed statutory authority that would allow it to transfer funding for the EFSP to HUD to be administered with other homeless assistance grants by the Office of Special Needs Assistance Programs. Federal expertise in homelessness assistance is largely resident at HUD, and HUD is already responsible for implementing many of the programs authorized by the McKinney-Vento Homeless Assistance Act. This includes Emergency Solutions Grants, which, similar to the EFSP, provide funds to States, cities, and counties for emergency shelters, homeless outreach, and other essential services to engage people who are living on the streets, as well as newer interventions such as rapid re-housing and homelessness prevention. However, Congress rejected proposals to transfer the program to HUD, where it could benefit from co-location with similar assistance programs.

The Budget proposed eliminating the EFSP for the reasons described above. Even with the elimination of the EFSP, FEMA will continue to support disaster food and shelter requirements under its emergency assistance authorities as described in the Stafford Act.

Rep. Lee

Last week, Agriculture Secretary Sonny Perdue said the budget would not include cuts to food assistance because, quote, "You don't try to fix things that aren't broken." And he's right -- pregnant mothers who receive food assistance have healthier babies and food stamps -- or SNAP -- have lifted 10 million people out of poverty. Yet according to this budget, you propose \$193 billion in SNAP over 10 years, which could mean at least thousands of families will have their food taken away.

Did the president speak to his Agriculture Secretary about this budget? And if so, why did he ignore his advice?

Could you explain to me how you find savings in SNAP-- which is outlined in your budget and includes burdensome new work requirements -- when you're ripping away programs that help people find a job in the first place?

The Budget was largely finalized before Secretary Perdue's confirmation. It is not for me to report on conversations between the President and Secretary Perdue regarding the Budget.

The Budget proposes a series of reforms in the Supplemental Nutrition Assistance Program (SNAP) that will close eligibility loopholes, target benefits to the neediest households, and provide States incentives to do more to get able-bodied adults to work. The SNAP proposals are not new work requirements, but rather acknowledge through policy that work is the best path out of poverty, and reserve exceptions to work to those areas hardest hit by economic decline. The Budget also prioritizes proven job training models and shifts some responsibility for funding training and employment services to States, localities, and employers, while giving them more flexibility to make decisions about how to structure their programs. We believe these proposals, will help ensure that American workers have the right skills to fill good jobs in the 21st Century economy and move up the economic ladder.

Rep. Lee

Below are several quotes from Donald Trump during the campaign:

"As Republicans, if you think you are going to change very substantially for the worse Medicare, Medicaid and Social Security in any substantial way, and at the same time you think you are going to win elections, it just really is not going to happen."

"I'm not a cutter. I'll probably be the only Republican that doesn't want to cut Social Security."

"I was the first & only potential GOP candidate to state there will be no cuts to Social Security, Medicare & Medicaid."

"Every Republican wants to do a big number on Social Security, they want to do it on Medicare, they want to do it on Medicaid. And we can't do that."

Director Mulvaney, in your view, is Social Security Disability Insurance not part of Social Security? If not, please justify your answer.

Director Mulvaney, do you believe that individuals with disabilities should receive federal benefits?

You said that "In keeping with his campaign promise, Mr. Trump would leave core Social Security benefits and Medicare untouched." But Donald Trump didn't promise to leave "core Social Security" untouched, because there is no such thing. He promised to not cut Social Security.

Director Mulvaney, is it your view that he is keeping that promise with this budget?

The President's Budget does not cut core Social Security benefits. The Budget proposes overdue and much needed reforms to disability programs. The main goal of our reforms is to increase the labor force participation of people with disabilities, ensuring they are able to return to work before they apply for long-term disability benefits. These disability programs should be helping people stay in the workforce and be self-sufficient. As part of this reform effort, the Administration calls on Congress to establish an expert panel that will identify specific changes to program rules based on results of successful demonstrations and other evidence. Even with the additional demonstrations that will promote work, rehabilitation, and job training, anyone who is disabled and unable to do substantial work will continue to receive full payments according to current law. Additionally, we propose a series of program integrity efforts that are aimed at addressing inequities in the system, detecting and preventing fraud, and removing program inequities. The President's budget also funds the administrative part of Social Security at the same levels as 2017, ensuring there are no cuts to customer service for beneficiaries and applicants.

Rep. Lee

Under this budget, Medicaid spending would be cut *by* \$1.4 billion -- and would actually be cut in *half within ten years*. According to the CBO, just a fraction of those cuts -- in the AHCA -- would take away healthcare from 14 million people.

Does this violate President Trump's campaign promise not to cut Medicaid?

How would you go about deciding who deserves publicly supported healthcare?

No. Under the President's Budget, Medicaid would still see growth over Fiscal Year 2017, but the Budget policies would slow future growth in Medicaid spending. By giving States the choice of either a per capita cap or block grant and providing new flexibilities, States will be best positioned to design programs that work for the needs of those most truly vulnerable.

Rep. Lee

Director Mulvaney, in your budget you cut HUD by \$6 billion, eliminate the national Housing Trust Fund, cut \$2 billion from rental assistance programs, cause more than 250,000 families to lose their housing vouchers, and gut the public housing program, among other things. Together these draconian cuts would increase homelessness and housing poverty throughout the country.

Could you please explain which rental assistance programs will be cut specifically, and how many people will lose their housing? Are you cutting any of the funding to support housing vouchers for veterans?

The 2018 President's Budget reflects the Administration's commitment to fiscal responsibility while maintaining assistance to over 4.5 million current low-income residents, encouraging work, and promoting family self-sufficiency.

The Budget provides over \$35.2 billion for the Department of Housing and Urban Development (HUD) rental assistance programs and includes reform proposals that serve as an initial step toward a comprehensive legislative reform package next year. Of this total, the Budget provides \$19.3 billion for Housing Choice Vouchers, \$4.5 billion for Public Housing, \$10.8 billion for Project Based Rental Assistance, \$510 million for Housing for the Elderly, and \$121 million for Housing for Persons with Disabilities. The Budget provides sufficient resources to renew HUD-VA Supportive Housing (HUD-VASH) vouchers for currently assisted veterans.

The Administration looks forward to working with the Congress and its stakeholders to find ways to reform these important programs to support those in need while ensuring that the programs are sustainable in the long term.

Rep. Lee

Director Mulvaney, when you were in Congress we worked together on reducing military spending and auditing the pentagon. You were a co-lead on my Audit the Pentagon Act, which would cut by 5 percent the budget of any federal agency that does not produce a financial statement for the previous year that can be audited by an independent auditor. So I find it somewhat odd that now you are a lead architect and advocate for increasing military spending especially when the Pentagon has YET to complete an audit. Ever.

Director Mulvaney, does your budget include OCO funding for non-war activities?

The FY 2018 DOD OCO budget includes funding for enduring costs that support combat operations, but will likely continue after those combat operations come to an end. OMB intends to work with DOD on a plan to transition those enduring costs to the base budget, with the ultimate goal of limiting OCO requests to direct war costs.

Rep. Lee

Director Mulvaney, 20 million people are currently facing starvation in 4 countries. The fiscal year 2017 Consolidated Appropriations Act provided \$990 million in humanitarian relief to address this critical famine, and hundreds of millions of dollars were included in the 2017 Security Assistance Appropriations Act for international disaster assistance.

Has this money gone out the door yet? And if not, when do you plan to allocate these funds?

We appreciate that the fiscal year 2017 appropriations included \$990 million for famine prevention, relief, and mitigation and that the Security Assistance Appropriations Act, 2017 (SAAA) included funding for International Disaster Assistance (IDA) for humanitarian needs, part of which is being used to help people from several of the countries in or at risk of famine. In FY 2017, the United States has already committed nearly \$1.2 billion in humanitarian assistance to address the needs of affected populations from these four countries, including nearly \$565 million in International Disaster Assistance (IDA) and nearly \$461 million in P.L. 480 Title II (the two principal accounts into which the famine funding was appropriated).

OMB approved the U.S. Agency for International Development's (USAID's) apportionment request for the SAAA funds on April 6, 2017. Pursuant to OMB Circular A-11, OMB automatically apportioned the amounts provided in the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2017 (the Act), on May 5, 2017, for a renewable period of 30 days. Once OMB receives USAID's request for an account-specific apportionment under the Act, OMB, we anticipate approving it apportioning those funds in a timely manner.

Rep. Lee

You sent me a letter back yesterday (5/23/2017) on HIV promising to advance the safety and security of the American people. You say in your letter that your budget supports Ryan White HIV/AIDs program but your budget before us cuts it by \$136 million.

Clearly, this is another one of Trump's broken promises.

How can you justify this large cut when your letter specifically states support for the program?

How can you justify cutting \$1 billion in cuts to global HIV efforts when we are on the precipice of ending the epidemic? How will that help the security and safety of the American people?

The Budget prioritizes national security and economic growth while eliminating the deficit in the next decade. To do this, the Budget focuses Federal funds on the highest priorities. The Budget maintains funding (level with the FY 2017 CR) for the most important HIV/AIDS activities such as providing direct health care services to Americans living with HIV through the Ryan White HIV/AIDS program. Specifically, the Budget provides a total of \$2.26 billion for Ryan White, including \$899 million for the AIDS Drug Assistance Program (level with the FY 2017 CR) which helps States provide medications to patients who cannot afford them. The Budget eliminates funding for the AIDS Education and Training Centers and Special Projects of National Significance within the Ryan White program, which are not focused on direct health care services. Funding for provider training and demonstration projects were more needed decades ago when we knew less about models for HIV care. Today, treatment protocols are more established and funding for direct health care services must be the priority for the program.

The Budget reduces foreign assistance to refocus on the highest priorities and strategic objectives, and to bring the U.S. share of collective efforts into better balance with the global community. The United States has been the largest donor by far to global HIV/AIDS efforts, providing over half of global donor funding in recent years to combat this epidemic. The Budget reduces funding for several global health programs, including HIV/AIDS, with the expectation that other donors can and should increase their commitments to these causes. The Budget ensures sufficient funding to continue HIV/AIDS antiretroviral treatment for all current patients under the President's Emergency Plan for AIDS Relief (PEPFAR). Within the proposed budget for PEPFAR, the State Department would prioritize 12 countries in which the United States will continue to work towards epidemic control. This will allow PEPFAR to continue to achieve impact within a lower budget by reprioritizing resources and leveraging funding from other donors and host country governments.

CDC will concentrate its global HIV efforts on countries, populations, and programs where resources will have the greatest public health impact. CDC will focus on scaling up HIV treatment where possible in fast track countries to decrease new infections and AIDS-related deaths, scaling up alternative service delivery models to reduce service

delivery costs, preventing sexual violence that contributes to risk of HIV, and preventing, finding and treating TB among people living with HIV.

Rep. Wasserman Schultz

Homestead Air Base

Pepper Steel

Miami Drum

Airco Plating

Continental Cleaners

Anodyne, Inc.

Petroleum Products

Florida Petroleum Reprocessors

Wingate Road Municipal Incinerator Dump

Hollingsworth Solderless, and

Flash Cleaners

These are the eleven superfund sites in Miami-Dade and Broward county the counties that comprise Florida's 23rd district. Over one thousand superfund sites in the nation, releasing hazardous toxic chemicals into our soil, groundwater, and air, are in serious need of remediation. Some of these sites have been waiting for over 20 years.

While carcinogens are being released into our communities on a daily basis, this budget cuts the EPA superfund, responsible for the cleanup, by more than \$330 million.

A 2016 University of Florida study showed that people living in Florida counties with hazardous waste sites were 6 percent more likely to be diagnosed with cancer than those not living in close proximity to such sites.

Miami Dade and Broward are two of the nation's most populous counties each day we wait to remediate these sites, children and families are put at risk.

Don't you agree we can do better for American families?

OMB defers to EPA on the specific timing for the remedial activities at these sites in Miami Dade and Broward Counties. However, many Superfund site cleanups have experienced long delays. While a good portion of these sites include complex groundwater, soil, and sediment contamination, some delays are due to increasing indirect costs of administering the Superfund program. That's why the President's Budget seeks to promote efficiencies by managing administrative costs. The Budget also

proposes that EPA would optimize the use of existing settlement funds to support cleanup at those sites where dedicated settlement funds exist.

Rep. Wasserman Schultz

Director Mulvaney, the President's budget completely eliminates FEMA's Emergency Food and Shelter Program. This program is a public private partnership with several of the nation's leading charitable organizations, including Catholic Charities USA, the United Way, The Jewish Federations of North America, the Salvation Army, and the American Red Cross.

It is a small, yet far reaching program, supporting the work of more than 14,000 nonprofits and agencies in more than 2,500 counties and cities. Its mission is to provide temporary homelessness and hunger prevention assistance to families and individuals who have fallen into economic crisis by virtue of an economic downturn, unexpected plant closing, illness, or other predicament. It is preventative in nature designed to be quick and flexible and keep people from falling into chronic, long-term suffering and homelessness.

Created during the 1983 Recession, it is the program of last resort for families in crisis. So I ask, what is the justification for canceling the EFSP program, which does so much, for so many, for so little?

The Budget proposes to eliminate the Emergency Food and Shelter Program (EFSP) because it is not aligned with the core mission of the Federal Emergency Management Agency (FEMA), overlaps with Federal programs administered by the Department of Housing and Urban Development (HUD), and because funding local shelters, food banks, and other related organizations is primarily a State and local responsibility.

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Rep. Wasserman Schultz

The budget proposes to shift 25 percent of the cost of nutrition assistance benefits to states. The same proposals would allow states to reduce nutrition assistance as a "cost management" tool to deal with the new benefit costs. Currently nutrition assistance is based on USDA's estimate of a very bare bones healthy diet. How much could states cut basic benefits? Is there any floor below which they can't go? If Florida wanted to cut benefits by 20, 40 or 60% would that be permissible?

The Budget proposes to re-balance the Federal/State partnership in providing SNAP benefits to low-income households by gradually establishing a State match for benefit costs. Right now, 100 percent of SNAP benefits are federally funded. States have little stake in making conservative decisions in how they operate the program, or in building paths to self-sufficiency for the able-bodied adults participating in the program. This proposal would create a more balanced incentive structure for States to consider both benefit and administrative costs when making decisions about how to use available flexibilities to manage the Program.

Under our match proposal, States would cover a portion of the cost of the benefits issued to participants. A State's share of the cost would be based on a formula that would be considerate of the number of people in poverty in a State, which is a key driver of SNAP participation, and the total taxable resources a State can draw on to support the program. Therefore, I do believe it is possible for States to meet the matching requirement without having to reduce benefit levels for participants. However, States may need to adjust benefit levels. I would welcome the opportunity to work with Congress to refine this proposal to ensure a basic benefit level.

Rep. Wasserman Schultz

Approximately 80 thousand Floridians use Planned Parenthood services each year. According to the President's Budget, Planned Parenthood will be excluded from participating in any program that receives Federal funding through the Department of Health and Human Services. This includes Medicaid, Title X, Zika virus prevention programs, HIV prevention grants, VAWA grants, maternal and child health programs, CDC cancer screening programs, and sexually transmitted disease and infertility prevention grants. Director Mulvaney, why do you believe these 80,000 women and men should be excluded from these services, and how do you respond to those of us who believe that access to preventive services should not depend on how much money you have in your wallet?

The President's Budget shows a strong commitment to women's health by funding most discretionary programs focused on women's health at current levels, including Title X and CDC's Breast and Cervical Cancer early detection activities. The Budget also increases funding for the Maternal and Child Health Block Grant (+\$30 million) and the Healthy Start program (+\$10 million). These programs can provide direct health care services and increase access to health services for low-income women and children, including pre-natal and post-partum care as well as parenting skills training, breastfeeding, and nutrition education. The Budget will also prohibit certain entities from receiving Federal funds under the Labor-HHS Appropriations bill, unless those entities certify that they will not perform and will not provide any Federal funds to any other entity that provides abortions. Federal funding that is no longer provided to these entities will be redirected toward other providers of women's health services.

Rep. Wasserman Schultz

Director Mulvaney, in addition to serving on the Budget Committee, I serve as the Ranking Member of the Military Construction and Veterans Affairs Appropriations subcommittee.

In our discussions with Secretary Shulkin, we've addressed the need to streamline how the VA provides veterans with the ability to receive care in the community. We currently have two accounts tasked with the same objective: one on the discretionary side and the Choice program on the mandatory side. Instead of streamlining these parallel programs, the President's budget would only extend and exacerbate the current practice.

On one hand, the President demands reforms at the VA and on the other, the President's budget proposes over \$9 billion for discretionary community care funding and \$2.9 billion in mandatory funding for the Choice program. Would you agree this seems inconsistent and can only hurt the VA's efforts to streamline care, improve wait times, and its delivery of services? Is the administration continuing this practice and adding funds to mandatory appropriations just to avoid the damaging discretionary budget caps your party has imposed? Additionally, if the authorizing Committees fail to pass legislation for "Choice 2.0" will the Appropriations Committee be forced to come up with the additional \$2.9 billion in the Community Care account?

The 2018 President's Budget requests an additional \$254 million in the Medical Community Care appropriation above the already-enacted FY 2018 advance appropriation of \$9.4 billion. In addition, the Budget proposes \$2.9 billion in new mandatory budget authority in FY 2018 for the Veterans Choice Program (Choice Program) to enable eligible veterans to continue receiving timely care, close to home. The Budget also proposes \$3.5 billion in mandatory budget authority in FY 2019 and each year through FY 2027 to support the Choice Program or its successor. The request for mandatory funding for the Choice Program is fully offset by proposed reductions to certain veterans' benefits programs.

The Administration's objective is to put forward a carefully-designed strategic approach to the delivery of VA health care, including a streamlined and consolidated community care program, to ensure that the Department of Veterans Affairs (VA) can fully care for veterans enrolled in its health care system. To date, the Choice Program has been successful in increasing access to care for millions of veterans. To safeguard these access gains, additional fully-offset funding for the Choice Program has been included in the FY 2018 Budget, to ensure veterans' care will not be disrupted as VA transitions to a revised, streamlined community care program. Regardless of how it is funded, this redesigned community care program will not only improve access and provide greater convenience for veterans, but will also streamline how VA delivers care within its facilities.