

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO THE VIEWS AND ESTIMATES LETTER
TO THE COMMITTEE ON THE BUDGET
OFFERED BY MR. SMITH OF MISSOURI**

Strike all and insert the following:

**VIEWS AND ESTIMATES LETTER
TO THE COMMITTEE ON THE BUDGET**

March 6, 2024

The Honorable Jodey Arrington
Chairman
Committee on the Budget
204 Cannon House Office Building
Washington, DC 20515

Dear Chairman Arrington,

As required by Section 301(d) of the *Congressional Budget Act of 1974 (P.L. 93-344)* and in response to your letter dated February 8, 2024, this letter transmits the Views and Estimates of the Committee on Ways and Means on those aspects of the federal budget for fiscal year (FY) 2025 that fall within the Committee's jurisdiction. Specifically, the House Committee on the Budget asked for committees of jurisdiction to include efforts to address mandatory spending, improper payments, and unauthorized spending. This Congress, the Ways and Means Committee has focused extensively on identifying and tackling improper payments, particularly fraud, in its larger effort to reduce programmatic waste and mandatory spending. Additionally, the Committee laid the foundation for upcoming reauthorizations this year for programs in the Work and Welfare Subcommittee space. The Committee is committed to building upon these efforts in the second session of the 118th Congress. Below is a list of the Committee's Views and Estimates organized by subcommittee.

Work and Welfare – The Committee will provide continued oversight of unemployment fraud and review the operation of state unemployment insurance programs, including areas to improve access to earned benefits, speed claims processing, combat fraud, prevent errors and reduce improper payments, enhance program integrity, and accelerate returns to work. Addressing unemployment insurance fraud has been a core mission of the Committee in the 118th Congress. The first full Committee hearing of this Congress heard testimony from government witnesses about fraudulent theft of over \$100 billion of taxpayer dollars from pandemic unemployment compensation programs. According to a Government Accountability Office (GAO) report requested by the Committee, between \$100-\$135 billion in pandemic unemployment benefits was

lost to fraudsters. Accordingly, the first piece of legislation the Committee passed was H.R. 1163, *Protecting Families and Victims of Unemployment Fraud Act*, which subsequently passed the full House of Representatives with bipartisan support on May 11, 2023. On October 19, 2023, the Ways and Means Oversight Subcommittee held an additional hearing on pandemic fraud in programs serving both workers and businesses. The Committee continues to evaluate lessons learned from law enforcement, GAO, Inspectors General, and the public and remains committed to ensuring safeguards are implemented in future legislation to prevent and eradicate fraud.

The Committee will investigate improper payments across the Work and Welfare Subcommittee jurisdiction, including in the Supplemental Security Income (SSI) program administered by the Social Security Administration (SSA). According to SSA, between fiscal years 2015 – 2019 \$21 billion (7 percent) was estimated to have been overpaid to SSI recipients. This places undue burden and stress on seniors and people with disabilities, putting them on the hook for avoidable “surprise bills” due to the government’s mistakes that led them to wrongfully receive overpayments in the first place. The Committee will continue to monitor the SSA’s rollout of the payroll information exchange and other important tools to combat improper payments.

The Committee will work to improve welfare programs under the Committee’s jurisdiction to redirect Temporary Assistance for Needy Families (TANF) dollars to promote work among low-income families. As part of this effort, the Committee will work to reauthorize the TANF program, which has not been fully reauthorized since 2005, to strengthen accountability, eliminate programmatic waste, fraud, and abuse, identify and eradicate improper payments, and direct more TANF dollars toward core work activities.

Building on witness testimony and recommendations made by former foster youth and experts during two Subcommittee hearings in 2023, the Committee will also work to reauthorize child welfare services funding provided under Title IV-B of the Social Security Act to address the needs of vulnerable children in foster care. The Committee will work to strengthen the child support program to ensure that states and tribes have the enforcement tools necessary to collect child support on behalf of children and families. This effort will seek to prevent additional mandatory costs by introducing legislation to continue to allow state contractors to access tax data for the purposes of child support enforcement, as well as providing access for tribal agencies. The Committee will also focus on opportunities to reduce duplication, overlap, and fragmentation in our social safety net to improve the overall effectiveness of federal efforts to reduce poverty and save taxpayer dollars.

Health – The Committee will work to advance policies to improve health outcomes and access to better care. In particular, the Committee will seek solutions to make health care more affordable for Americans through transparency, increased choices, and meaningful competition while modernizing and personalizing health care. The Committee will examine policies targeted at improving rural health outcomes and reducing access disparities. The Committee will monitor administrative action to implement the Inflation Reduction Act and the surprise medical billing ban in the Consolidated Appropriations Act of 2021.

The Committee will also examine policies that reduce the cost of health insurance, increase health care quality and improve outcomes, protect access to innovation, and correct misaligned incentives to eliminate excessive spending, waste, fraud, and abuse. This includes working with

the Health and Human Services Office of Inspector General's Health Care Fraud and Abuse Control program and continuing to uncover and address improper payments and fraud in all parts of the Medicare program, premium tax credits, and certain tax-exempt health entities.

Finally, the Committee will continue to make clear that any actions regarding Medicare will be to secure and strengthen it for today's seniors and future retirees, such as ensuring the solvency of the Medicare Hospital Insurance Trust Fund.

Social Security – The Committee will work to save and strengthen Social Security for today's and tomorrow's workers and beneficiaries by examining the future trajectory of the Social Security programs.

The Committee will pursue policies to provide meaningful relief to public servants whose benefits have been unfairly reduced. It will reject proposals to deny benefits to individuals who meet the eligibility criteria in the law and policies that would improperly extend benefits to those who do not. In FY 2022 the Social Security Administration made more than \$8.3 billion in improper Social Security payments, more than three times as much as in FY 2021. The Committee will build on last year's efforts, including the October 18, 2023, Social Security Subcommittee hearing on Protecting Beneficiaries from the Harm of Improper Payments, to push the Social Security Administration to use its existing authority to prevent improper payments before they occur and pursue policies that ensure beneficiaries are treated fairly when they do occur.

In 2023, the Social Security initial disability claims backlog grew to over one million for the first time in history and, on average, claimants are waiting more than seven months for an initial decision. These growing trends are not only harmful to Americans whose livelihoods often depend on timely decision-making by the agency, but delayed processing of claims can also reduce the quality and integrity of decisions. This year, the Committee will build on the October 26, 2023, Social Security Subcommittee hearing on One Million Claims and Growing: Improving Social Security's Disability Adjudication Process, to promote policy and process changes that will improve the timeliness and accuracy of claims processing and adjudication without sacrificing program integrity.

The Committee will also continue to build on its efforts to protect both Americans and the Social Security Programs from fraud, particularly that related to identity theft as a result of the proliferation of the use, misuse, and improper disclosure of Social Security numbers. In addition, the Committee will examine the agency's deployment of resources to ensure that they remain focused on the agency's core mission of providing all Americans with timely and accurate service. The Committee will continue to provide the American public with transparency and accountability for the Administration's management, performance, program stewardship, and long-range strategic planning related to the Social Security programs.

Tax Policy – The Committee will prioritize tax policies that benefit American workers, families, farmers, and small businesses. The Committee recognizes that hardworking families are still facing higher costs for food, fuel, housing, health care, and education, and that the tax code impacts their ability to build a more prosperous future and combat the ongoing cost of living

crisis. The Committee will examine policies that expand economic opportunity for all and grow America's middle class. These worker-focused policies will include re-shoring investment and jobs, strengthening our supply chains, growing retirement savings, developing workforce skills and experience, and encouraging small business growth. The Committee will closely review full and fair administration of the tax laws by the IRS as well as revenue provisions included in the President's FY 2025 Budget Request. The Committee will continue to review special provisions in the tax code, including credits included in the Inflation Reduction Act, which will cost over twice as much as originally projected. The Committee will also continue to examine improper payments made by the IRS and root out fraud within tax programs including the COVID-era employee retention tax credit, which, if unaddressed, would cost taxpayers up to \$1 billion per day.

Trade – The Committee seeks to protect and increase economic opportunities for American workers, farmers, and small businesses by improving the effectiveness of U.S. trade laws that address unfair trade practices, strengthening the resilience of key supply chains, opening new markets to U.S. goods--especially U.S. agriculture--eliminating unfair foreign trade barriers to our goods and services, and enforcing U.S. rights under trade agreements. Establishing a more level playing field for Americans impacted by international trade will support economic growth, while increased trade enforcement will ensure effective customs administration, including duty collection.

With respect to trade negotiations, the Committee intends to vigorously oversee trade initiatives in order to advance American interests and protect the Constitutional role of Congress regarding commerce with foreign nations. Current trade initiatives include the Indo-Pacific Economic Framework for Prosperity, the Americas Partnership for Economic Prosperity, the United States-Taiwan Initiative on 21st Century Trade, and the United States-Kenya Strategic Trade and Investment Partnership.

The Committee will continue its oversight related to enforcement of trade agreements, including the United States-Mexico-Canada Agreement, other bilateral and regional free trade agreements, and the World Trade Organization (WTO) agreements, to hold trading partners accountable and render commitments secured from trading partners meaningful. The Committee will continue to closely scrutinize implementation of the Uyghur Forced Labor Prevention Act to ensure products manufactured wholly or in part by forced labor in the Xinjiang Uyghur Autonomous Region of the People's Republic of China do not enter the United States. Given concerns over China's disrespect for American intellectual property protections and otherwise aggressive posture, the Committee will monitor such activities to protect America's interests and vital supply chains. In addition, the Committee will continue its oversight over ongoing trade negotiations under the auspices of the WTO, other plurilateral efforts, and bilateral investment treaties, as well as the U.S. role in the WTO, including U.S. goals, negotiations, dispute settlement, and accessions. The Committee will continue oversight and consider legislation regarding the operation of U.S. preference programs for developing countries. Finally, the Committee will continue its oversight over the budgets and activities of agencies within its jurisdiction, including the Office of the U.S. Trade Representative, U.S. Customs and Border Protection, U.S. Department of Commerce, and the U.S. International Trade Commission.

The Fiscal Year 2025 Budget

The Committee will review the President's FY 2025 Budget. This review will provide the Committee the opportunity to assess the effectiveness or lack of effectiveness of the President's budget in promoting job creation and economic growth, reducing budget deficits and debt, and ensuring the long-term sustainability of programs within the Committee's jurisdiction.

Public Debt Limit

On June 3, 2023, the Fiscal Responsibility Act of 2023 was enacted into law, which temporarily suspended the statutory debt limit through January 1, 2025. At the end of January 2024, the U.S.'s debt subject to limit stood at \$34.1 trillion. This is a roughly \$188 billion increase from the beginning of January 2024 and a roughly \$1.008 trillion increase from the beginning of FY 2024.

In FY 2023, gross interest payments on the debt grew by nearly 40 percent from FY 2022 to almost \$880 billion. Starting in 2025, interest payments on the federal debt will be greater in relation to gross domestic product than at any point since at least 1940, when the Office of Management and Budget first began reporting such data. Interest payments on the federal debt are now the fastest growing expenditure in the federal budget and within a few years debt servicing costs alone are projected to become the second largest federal government outlay, after only Social Security. If left unchecked, debt servicing costs will crowd out other government spending and force the federal government to prioritize debt servicing at the expense of American families.

In the December 6, 2023, Oversight Subcommittee hearing, Hidden Cost: The True Price of Federal Debt to American Taxpayers, the Committee examined the Treasury's debt management practices and the real-world harm that growing debt servicing costs inflicts on American families including higher rates for mortgages, car loans, and other products financed in the economy. The 10-year U.S. Treasury yield, which is used as the basis for mortgage rates, reached 5 percent in October 2023, a level not seen since 2007.

The Committee has a responsibility to ensure that the United States meets its obligations, but that responsibility goes beyond just raising the debt limit. We must also ensure that the growth of our national debt does not spiral out of control and make us more dependent on financing from foreign nations as more and more of our own domestic budget is consumed by debt interest payments. Current debt levels are already a threat to economic growth and, unless action is taken, the projected increase in the national debt is a threat to the economic foundation of the country. Thus, the Committee will continue to monitor the growth of outstanding debt and debt interest and intends to pursue policies to address their growth and reduce the need for future increases in the statutory debt limit.

The Committee on Ways and Means looks forward to working with the Committee on the Budget as we promote prosperity, opportunity, security, and fiscal prudence.

Sincerely,

Jason Smith

Chairman, Committee on Ways and Means