

WRITTEN TESTIMONY BY THE DEPARTMENT OF COMMERCE FISCAL YEAR 2020 BUDGET REQUEST

Chairman Moran, Vice Chair Shaheen, and members of the Senate Appropriations Subcommittee on Commerce, Justice, Science and Related Agencies, thank you for this opportunity to discuss President Trump's Fiscal Year 2020 Budget Request for the U.S. Department of Commerce.

We appreciate your continued leadership in propelling the American economy forward and ensuring our national security. You help us achieve our mission of creating a platform of economic growth and opportunity. We extend our heartfelt thanks for your ongoing support.

Under the Secretary's stewardship, our requested resource allocations in the Fiscal Year (FY) 2020 Budget are centrally focused on helping American businesses and industries compete globally while improving the economic conditions and everyday lives of the American people.

The FY 2020 Budget Request for the Department of Commerce is \$12.2 billion, which represents an increase of approximately \$766 million from the FY 2019 enacted level.

We seek to sustain the Nation's economic successes by carrying forward key strategic investments from FY 2019 and introducing new initiatives that are critical for creating the conditions for further economic growth and opportunities for all Americans. This will further advance our nation's position as a global economic powerhouse and the industries that collectively serve as the economic engine here in the United States and abroad.

The FY 2020 Budget represents the Administration's diligent effort to assess the Department's programs.

As a result, the Budget balances our ongoing commitments to protect the Department's mission critical programs while demonstrating fiscal responsibility to the Nation's taxpayers, which is in adherence to the President's directive to make every taxpayer dollar stretch as far as possible.

The Department's leadership team remains steadfast in accomplishing our strategic initiatives and core competencies: accelerating American leadership; enhancing job creation; strengthening U.S. and National Security; fulfilling Constitutional requirements and supporting economic activity; and delivering customer-centric service excellence.

In addition, the Department will continue investment and job creation; preparing for and executing a successful 2020 Decennial Census; bolstering trade enforcement and export controls to combat unfair trade practices; supporting research and development in cutting edge technologies; and providing the observational infrastructure and personnel to develop timely and accurate weather forecasts.

All of the various missions the Department undertakes to benefit the Nation's taxpayers are important. However, with finite resources difficult trade-offs have to be made. In order to preserve our core missions, significant reductions and eliminations are recommended. These are primarily in areas of lower priority where we believe another State, local, or private-sector entity can better provide these services or administrative functions.

Conducting a Complete and Accurate Decennial Census

The Budget provides \$6.1 billion, an increase of more than \$2.3 billion from the FY 2019 enacted level, for the U.S. Census Bureau operations. The Budget supports the execution of the 2020 Census at \$6.4 billion in FY 2020 through a combination of \$5.3 billion in new appropriations and over \$1 billion in available balances that were appropriated in prior years.

The decennial census is a constitutional requirement and the Department's highest priority in 2020. This funding will support the Census Bureau launching of major efforts to count all the residents of the United States, including self-response operations that will begin in March 2020 with internet, telephone, and paper options available for the entire populace.

In 2020, the systems and operations that form the backbone of the most automated and high-tech decennial census in history will be reaching the final phases of integration, testing, and security checks before being deployed in the field. The field offices and other nationwide field infrastructure will be opened and operational, and intense nationwide recruitment and onboarding of hundreds of thousands of field staff will be well underway.

The advertising campaign and the partnership program will be operating at peak intensity to get the word out about the census and help maximize self-response to minimize the far costlier in-person visits to non-responding households. These operations are essential to conducting a modern, efficient, and accurate 2020 decennial census.

An accurate decennial census is imperative because of the important role this data plays in shaping the political landscape and informing the policy-making process. Most importantly, the decennial census underpins the apportionment of seats in the House of Representatives allocated to the states.

In addition, census data is used by governmental entities at the state and local levels for defining the representative boundaries for congressional districts, state legislative districts, school districts, and voting precincts, and in the annual distribution of over \$675 billion of federal funds by various departments and agencies.

Combating Unfair Trade Practices

To support the Administration's aggressive approach to a global market that allows U.S. businesses to compete fairly, the Budget provides \$460 million for the International Trade Administration (ITA). The Budget will help ITA's enforcement and compliance program level the playing field for U.S. business by establishing a dedicated team to investigate allegations of circumvention and duty evasion following antidumping and countervailing duty investigations.

The Budget supports the modernization of the Committee on Foreign Investment in the United States (CFIUS) to implement the Foreign Investment Risk Review Modernization Act (FIRRMA). The Budget adds \$2.9 million for ITA to implement FIRRMA and \$3.3 million to increase the core competencies and sectoral expertise within the Industry and Analysis business unit. These investments will increase the analytical skills and sectoral intelligence available to senior leadership when considering complex trade issues, including cases under the new CFIUS regime.

The Budget supports conducting necessary additional investigations under Section 232 of the Trade Expansion Act of 1962, including \$3.0 million within ITA for ongoing support of the current, and any future, efforts to process requests for exclusion from tariffs imposed under Section 232.

The FY 2020 Budget also supports \$127 million for the Bureau of Industry and Security (BIS). This funding will augment the bureau's efforts to curtail illegal exports of sensitive products and technologies while facilitating secure trade with U.S. allies and close partners.

It provides \$2.5 million for BIS's role in the implementation of the Export Control Reform Act of 2018, including for carrying out expanded enforcement responsibilities, and \$1.5 million for BIS's role in the implementation of FIRRMA.

Sustaining Satellites and Vessels

The National Oceanic and Atmospheric Administration's (NOAA) FY 2020 Budget of \$4.5 billion prioritizes core government functions that promote national security and public safety and foster economic opportunity.

This Budget supports the necessary activities of sustaining current weather satellites to provide vital forecast information for significant weather events and supporting ongoing vessel and aircraft fleet recapitalization efforts. This budget supports the continued development of the NOAA satellite Geostationary and Polar constellations that provide vital forecast information for significant weather events.

As part of NOAA's FY 2020 request, the Budget provides \$755 million for NOAA's combined Polar Weather Satellites, allowing for a combined program with more efficient management and lower overall program cost while providing resources necessary to ensure continuity in the Polar orbit.

It also provides \$304 million for continued development of the Geostationary Operational Environmental Satellites-R series program, ensuring constellation continuity in the Geostationary orbit. Additionally, this budget includes several new initiatives that support the development of NOAA's future satellite capabilities, as well as positioning NOAA to take advantage of opportunities to procure observational data from commercial vendors.

Finally, this NOAA Budget supports: maintaining National Weather Service forecasting capabilities while promoting efficient and effective operations; continuing to rebuild fisheries and promote aquaculture development; recapitalizing the NOAA fleet to continue at-sea data collection; and fostering safe and efficient marine and coastal navigation.

Helping American Businesses Prosper

The Budget includes \$108 million to support the Bureau of Economic Analysis (BEA) fulfilling its mission to preserve the timeliness, relevance and accuracy of

the many key economic indicators and related data that it produces in an objective and cost-effective manner.

In 2020, BEA will produce annual gross domestic product statistics for the Commonwealth of Puerto Rico pursuant to recommendations from the Congressional Task Force on Economic Growth in Puerto Rico. BEA will also assist in the development of a data service framework, as called for in the Foundations for Evidence-Based Policymaking Act of 2018 and in alignment with the Federal Data Strategy, focused on modernizing data collection, analysis and dissemination. BEA will partner with Census to leverage data through support research.

The United States Patent and Trademark Office (USPTO) seeks authority to spend fee collections of \$3.451 billion. The USPTO continues to fulfill its mission by fully supporting the strategic and management priorities of issuing reliable and predictable intellectual property (IP) rights; shortening patent application pendency; enhancing patent administrative appeal and post-grant processes; fine tuning trademark operations; conducting outreach, education and engagement both domestically and internationally; promoting and protecting patent and trademark IP rights; and investing in information technology stabilization and modernization.

Minority-owned businesses face unique challenges in obtaining the capital and support necessary to start and operate businesses. The Minority Business Development Agency (MBDA) is solely dedicated to addressing these challenges and helping minority businesses thrive.

To further this mission, the Budget proposes \$10 million to refocus the operations of MBDA as a policy office that is positioned to advocate for minority businesses across all federal programs. The fiscal year 2020 will begin the drawdown of business centers operations in six regions, as they are duplicative of programs operated by other federal agencies.

Supporting Research and Development of Critical Technologies

With a request of \$688 million, the FY 2020 Budget supports the National Institute of Standards and Technology's (NIST) mission to promote U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve our quality of life.

These programs encompass advanced manufacturing and material measurements; quantum science, engineering, and metrology; and artificial intelligence. FY 2020 funding also enables NIST to improve cybersecurity and privacy and includes support for the Manufacturing USA initiative and the National Institute for Innovation in Manufacturing Biopharmaceuticals.

While the Budget reduces overall research funding compared to the FY 2019 enacted, it includes targeted increases for quantum science to prioritize efforts to establish and support an industry consortium to accelerate quantum-related research and applications and an increase for artificial intelligence (AI) to expand ongoing research and metrology efforts to promote the adoption of AI technologies into the marketplace.

The Budget continues to support the National Telecommunications and Information Administration (NTIA) in representing the United States' interests at multi-stakeholder forums on Internet governance and digital commerce with a \$42 million request. The Budget supports the commercial sector's development of next-generation wireless services, including 5G and the Internet of Things, by funding NTIA's mission of evaluating and ensuring the most efficient use of spectrum resources by government users. Ensuring adequate access to scarce spectrum resources by both the commercial and government sectors is a crucial factor for economic growth and national security.

Advancing American Leadership in Commercial Space

The FY 2020 Budget provides \$10 million for the recently elevated Office of Space Commerce that enables the Department to provide leadership in advancing the Administration's ambitious agenda to promote the United States as the flag of choice for commercial space operations. This is essential to technological innovation, economic growth, jobs, national security, and rejuvenating the American passion for space exploration.

Eliminating Duplicative Programs, Cutting Red Tape, and Improving Operations

The Budget supports the orderly closure of the Economic Development Administration (EDA), which provides small grants with limited impacts and is an example of fragmentation and overlap that can exist between federal economic development programs, such as rural utilities service grants at the U.S. Department of Agriculture and formula grants to states from the Department of Transportation.

By eliminating EDA, the Budget saves approximately \$274 million from the FY 2019 enacted level.

The Budget also eliminates federal funding for the Manufacturing Extension Partnership (MEP) program within NIST, which subsidizes up to half the cost of state centers that provide consulting services to small- and medium-sized manufacturers. This proposal saves \$140 million from the FY 2019 enacted level and directs MEP centers to transition solely to non-federal revenue sources as originally intended when the program was established. The Budget includes wind-down costs associated with these closures.

In addition to the eliminations outlined above, the Department will further cut red tape and streamline programs by reorganizing Census, the Bureau of Labor Statistics, and BEA, in accordance with the Government Reform Plan and President's Management Agenda.

Finally, the Budget includes investments that will begin the implementation of modern capabilities to support administrative management systems (financial management, acquisitions, property), enterprise data warehouse and business intelligence reporting solutions across Commerce.

Conclusion

We look forward to working with this Committee and the rest of the Congress to achieve our shared goals on behalf of the American people. We appreciate your consideration of our FY 2020 budget request and look forward to further dialogue on how best to benefit American families by strengthening our Nation's economy and promoting public safety.

On behalf of Secretary Wilbur Ross and Deputy Secretary Karen Dunn Kelley, we are happy to answer any questions that you have about the Department's FY 2020 Budget.

For more information about the Department's FY 2020 Budget, please visit the Department's Website at: www.commerce.gov/cj