

**House Appropriations Committee
Subcommittee on Labor, Health and Human Services,
Education and Related Agencies
Hearing on the President's FY2012 Health and Human Services Budget Proposal
March 11, 2011**

Context: On March 11, the House Appropriations Committee's Subcommittee on Labor, Health and Human Services, Education and Related Agencies held a hearing to receive testimony from Secretary of Health and Human Services Kathleen Sebelius on the President's FY 2012 budget request.

Testimony and Q&A Summary: (Witness: Secretary of Health and Human Services Kathleen Sebelius).

In his opening remarks, Chairman Rehberg (R-MT) stated that the proposed FY12 budget appears to be below FY10 spending levels, but is not. Stimulus funds have been directed to many programs and now the Department of Health and Human Services (HHS) is seeking to convert these temporary increases into permanent spending. HHS has requested money for new programs and provided limited justification for the new funds. In addition, an additional \$2.6 trillion in new spending has been added through "Obamacare" (the Affordable Care Act) and increases in the deficit. Our nation is on a path to financial ruin, and HHS has a heavy burden to justify the requested funding levels.

Ranking Member DeLauro (D-CT) stated that she strongly supports the mission of HHS and that their work has always reflected our nation's priorities and morals. The proposed FY12 budget is very strong with regard to the well-being of children. Ranking Member DeLauro emphasized the importance of early learning and making investments in child care and Head Start. She was pleased to see continued investment in Head Start. She also applauded continued investments in the National Institutes of Health (NIH) and funds dedicated to reducing the stigma of mental illness. Despite continued investment in many critical areas, DeLauro expressed concern about cuts to LIHEAP, the Community Service Block Grant, and the elimination of subsidies to Children's Hospitals Graduate Medical Education.

Secretary Sebelius testified that the FY12 proposed budget recognizes that our nation cannot build prosperity on a mountain of debt, and that HHS has reviewed every program in order to cut waste, ineffective or redundant programs and repurpose funding. The entire discretionary budget is just under \$80 billion and this committee oversees \$72 billion. The budget includes proposals to make new investments in healthcare diversity and in community health centers. Proposals also are included to strengthen Medicare and Medicaid, including administrative improvements that will decrease waste, fraud and abuse. The budget also seeks increases in NIH funding, and

funding for child care and Head Start. The Secretary stated that success in school is enhanced by high quality early learning opportunities, and HHS also aims to raise the quality of these programs. The newly proposed Early Learning Challenge Fund promotes state innovation in early childhood education.

Discussion focus: Members engaged in many rounds of questions for Secretary Sebelius on a variety of issues.

Chairman Rehberg engaged Secretary Sebelius in a discussion regarding the funding of community health centers. The chairman insisted there is no cut to community health centers, because HR 1 provides \$1 billion and the Affordable Care Act provides \$1 billion, which amounts to the same level as the FY10 budget. Secretary Sebelius stated she could not answer the question given there is no FY2011 budget. She also stated that if HR 1 is passed, HHS will not be able to implement the Affordable Care Act. Later in the discussion, after Ranking Member DeLauro read direct quotes of Chairman Rehberg's support of community health centers, the chairman discussed his support of the health centers. He also wanted to know if community health centers are fully funded, whether the additional 127 that were opened as a result of stimulus funds will be covered and have the ability to remain open under the approved funding levels. Secretary Sebelius preferred to answer the committee in writing, but after pressed repeatedly, stated she thought HHS would be able to serve all of the health centers.

Ranking Member DeLauro focused her comments and questions on community health centers and early childhood education. In response to a question about the impact on decreased funding for community health centers, the Secretary responded that approximately 10 million people would be affected if cuts were made due to HR 1 and the Affordable Health Care Act was repealed. Ranking Member DeLauro also discussed the studies that show the positive long term outcomes as a result of Head Start, including education and earnings. The business community also understands the importance of investments in early learning, and Federal Reserve Chairman Ben Bernanke has stated that the payoffs of early childhood investment are large. The ranking member asked the secretary to comment on the effect of cutting Head Start by \$1.1 billion. Secretary Sebelius responded that approximately 218,000 children who are currently served would not have opportunity to participate. She also discussed the positive collaboration with the U.S. Department of Education and that HHS is continuing to work on improving the quality of Head Start.

Rep. Flake (R-AZ) also focused the majority of his comments and questions on Head Start and early learning. He discussed that information from HHS contradicts statements made by committee members that Head Start is "the most effective early childhood education program ever developed." Rep. Flake cited a randomized controlled experiment that found any gains made due to Head Start are lost by 1st grade. Secretary Sebelius stated that the study is almost six years old and there have been significant changes and improvements since the study was conducted. Program changes include requiring the lowest performing programs to re compete for funds. She also noted that HHS and the Department of Education are working together in a collaborative manner for the first time. Rep. Flake also expressed skepticism about the Early Learning Challenge Fund, and wondered why the Department of Education was launching their own program, and whether it meant they did not have confidence in HHS's programs. He remarked

that Head Start is double the cost of typical preschools, and the results either level off or disappear. During her time for comments, Rep. Lowey (D-NY) told Rep. Flake that if there is a need to improve Head Start, she would like to work with him on that instead of cutting the program. She noted that studies do show improvements in cognitive skills and parental involvement as a result of Head Start.

Rep. Lowey (D-NY) focused most of her time on Title X (which provides for family planning and reproductive health services) and what its elimination would mean to Americans. Secretary Sebelius responded that Title X provides services to about 5 million people. These are often low-income individuals who access contraception, cervical cancer screenings, and screenings for HIV and STDs. HHS estimates about 1 million unintended pregnancies were avoided because of access to contraception.

Rep. Roybal-Allard (D-CA) discussed the "devastation" that would occur if community clinics were closed, and is concerned that collapsing certain budget lines will mean that some diseases will be ignored regarding research and advancement in treatments. Secretary Sebelius understands the concerns regarding a lack of specificity towards certain diseases, but feels the approach laid out in the budget is better for addressing chronic disease.

Rep. Granger (R-TX) discussed her concern over recent FDA actions regarding off-label uses of a drug to treat breast cancer. She also is disappointed to see the elimination of subsidies for Children's Hospitals Graduate Medical Education. Secretary Sebelius said it was the toughest cut the department had to make and they never would have made if not for the economic conditions.

Rep. Lee (D-CA) discussed the impact of earmark elimination on the proposed budget and noted that the Congressional Black Caucus is paying close attention to health disparities. Secretary Sebelius responded that HHS will want input from the CBC when they release a forthcoming report and action plan on health disparities.

Rep. Lewis (R-CA) discussed the proposed increases in the HHS Office of Public Affairs and inquired as to the purpose of those increases. Secretary Sebelius stated that outreach to the public regarding the Affordable Care Act is important, and funds will also go to designing and developing new web tools so citizens know what is available and how to access care.

Rep. Jackson (D-IL) discussed that when he first joined the committee, the chair would not let him advance any programs unless they were "backed with good science." He is dismayed that today, many programs are under attack without the data to back up the claims.

Rep. Lummis (R-WY) requested the proposed budget be broken down by program to include both mandatory and discretionary spending. Secretary Sebelius thought that breakdown was already included in the budget.

Analysis: Committee members focused on numerous issues, including early childhood education. Rep. Flake has been vocal about Head Start and the Early Learning Challenge Fund, questioning effectiveness and necessity in both this hearing and during testimony from Secretary Duncan, while Rep. DeLauro and a few other Democrats voice strong support.