

Statement of Secretary Steven T. Mnuchin
Department of the Treasury
Before the Committee on Finance
United States Senate
February 12, 2020

Chairman Grassley, Ranking Member Wyden, and members of the Committee, I am pleased to be with you today to discuss the President's Fiscal Year (FY) 2021 Budget and the Treasury Department's top priorities.

President Trump's economic freedom agenda is working. Tax cuts, regulatory reform, and better trade deals are improving the lives of hardworking Americans. Unemployment remains historically low at 3.6% and is at or near all-time lows for African Americans, Hispanic Americans, and veterans. The unemployment rate for women recently reached its lowest point in nearly 70 years. Before President Trump came into office, experts were predicting that we would only grow by 14,000 jobs per month in 2019.¹ We averaged 175,000 jobs per month.²

Wages for non-supervisory workers rose by 3.2% in 2019, compared to 3.0% for all private-sector employees, which means that wages rose faster for workers than they did for their bosses.³ The improved employment environment means that more Americans have returned to the job market, increasing labor participation. Last month's labor force participation rate among prime age adults reached 83.1 percent—an eleven-year high.⁴

American families are earning more each year and—thanks to the Tax Cuts and Jobs Act—paying significantly lower taxes. They also have more career opportunities now than ever before.

America's economic strength and competitiveness is a bright spot in the world as other nations experience headwinds. In the year to come, we expect even greater economic growth in the United States as we finalize trade deals with some of our most important trading partners. The Phase One deal with China will result in critical, enforceable protections for our businesses, and a tremendous boost for our farmers.

The USMCA will further add to our success by setting some of the highest standards ever included in a trade agreement. We are proud to have earned the support of a broad coalition of industries, including manufacturing and agriculture, as well as labor. We are pleased that it passed Congress with strong bipartisan support. I particularly want to thank many members of this Committee for their work on this important issue.

In addition to improving our business environment, President Trump's economic policies will result in economic growth that will reduce our national debt and deficits over time. Federal

¹ Congressional Budget Office (August 2016). *An Update to the Budget and Economic Outlook: 2016 to 2026*.

² Bureau of Labor Statistics (February 7, 2020). "The Employment Situation – January 2019."

³ *ibid.*

⁴ *ibid.*

government revenue increased by 4% from FY 2018 to FY 2019.⁵ Unfortunately, in order to secure critical funding to rebuild the military, Democratic members of Congress insisted on increasing other government spending, which resulted in spending growth of 8% from FY 2018 to FY 2019.⁶ The Administration is committed to working with members from both sides of the aisle to address spending going forward.

The President's FY 2021 Budget for the Treasury Department makes clear that we continue to prioritize economic growth as well as our critical role in national security matters. Of particular interest to this Committee, we are requesting \$12 billion for the Internal Revenue Service (IRS). This includes funding to implement the Taxpayer First Act and the third year of the Integrated Business Systems Modernization Plan. We continue to bring the IRS into the 21st century by updating systems and utilizing data analytics and other technological advancements to enhance the effectiveness of audit enforcement activities. We are requesting a program integrity cap adjustment to reduce the tax gap with net savings of \$64 billion over ten years. We also remain focused on improving customer service for taxpayers by reducing call and wait times and enhancing the IRS' online service capabilities.

I am pleased to join you today to discuss ways for us to work together to make our economy even stronger by creating more jobs and higher wages for hardworking Americans. Thank you very much, and I look forward to answering your questions.

⁵ Bureau of Fiscal Service (October 2019). "Final Monthly Treasury Statement."

⁶ *ibid.*