

MEMBERS' DAY

HEARING
BEFORE THE
COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES
ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION

HEARING HELD IN WASHINGTON, DC, MARCH 30, 2011

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CONTENTS

	Page
Hearing held in Washington, DC, March 30, 2011	1
Hon. Austin Scott, a Representative in Congress from the State of Georgia	1
Prepared statement of	3
Hon. Kevin Brady, a Representative in Congress from the State of Texas ..	6
Prepared statement of	12
Hon. G. K. Butterfield, a Representative in Congress from the State of North Carolina	14
Prepared statement of	16
Hon. Hansen Clarke, a Representative in Congress from the State of Michigan	17
Prepared statement of	19
Hon. Bill Posey, a Representative in Congress from the State of Florida ...	20
Prepared statement of	22
Hon. Scott E. Rigell, a Representative in Congress from the State of Virginia	23
Prepared statement of	25
Hon. Jason Altmire, a Representative in Congress from the State of Pennsylvania	28
Prepared statement of	29
Hon. David N. Cicilline, a Representative in Congress from the State of Rhode Island	32
Prepared statement of	33
Hon. Charles J. “Chuck” Fleischmann, a Representative in Congress from the State of Tennessee	35
Prepared statement of	36
Hon. Judy Chu, Chair, Congressional Asian Pacific American Caucus (CAPAC)	37
Prepared statement of	38
Hon. John Garamendi, a Representative in Congress from the State of California	46
Prepared statement of	47
Hon. James E. Clyburn, a Representative in Congress from the State of South Carolina	49
Prepared statement of	50
Hon. Henry C. “Hank” Johnson, Jr., a Representative in Congress from the State of Georgia	51
Prepared statement of	53
Hon. Charles F. Bass, a Representative in Congress from the State of New Hampshire	54
Prepared statement of	55
Hon. Cynthia M. Lummis, a Representative in Congress from the State of Wyoming	57
Prepared statement of	59
Hon. Peter Welch, a Representative in Congress from the State of Vermont	60
Prepared statement of	62
Hon. William R. Keating, a Representative in Congress from the State of Massachusetts	63
Prepared statement of	64
Hon. Pete Olson, a Representative in Congress from the State of Texas	67
Prepared statement of	68
Hon. Jeff Duncan, a Representative in Congress from the State of South Carolina	70
Prepared statement of	71

	Page
Hearing held in Washington, DC, March 30, 2011—Continued	
Hon. David Loebsack, a Representative in Congress from the State of Iowa	72
Prepared statement of	74
Hon. Colleen W. Hanabusa, a Representative in Congress from the State of Hawaii	75
Prepared statement of	76
Hon. Mazie K. Hirono, a Representative in Congress from the State of Hawaii	79
Prepared statement of	81
Hon. Laura Richardson, a Representative in Congress from the State of California	83
Prepared statement of	85
Hon. Gene Green, a Representative in Congress from the State of Texas ..	91
Prepared statement of	92
Hon. Lynn C. Woolsey, a Representative in Congress from the State of California	94
Prepared statement of	95
Hon. Janice D. Schakowsky, a Representative in Congress from the State of Illinois	97
Prepared statement of	98
Charts	100
Hon. Richard B. Nugent, a Representative in Congress from the State of Florida	100
Prepared statement of	102
Hon. Xavier Becerra, a Representative in Congress from the State of California	103
Prepared statement of	107
Hon. Cedric L. Richmond, a Representative in Congress from the State of Louisiana	108
Prepared statement of	110
Hon. Ed Whitfield, a Representative in Congress from the State of Kentucky	114
Prepared statement of	115
Hon. Theodore E. Deutch, a Representative in Congress from the State of Florida	117
Prepared statement of	118
Hon. Donna M. Christensen, a Delegate in Congress from the U.S. Virgin Islands	120
Prepared statement of	122
Hon. Sandy Adams,, a Representative in Congress from the State of Florida, prepared statement of	123
Hon. Judy Biggert, a Representative in Congress from the State of Illinois, prepared statement of	124
Hon. Michael C. Burgess, M.D., a Representative in Congress from the State of Texas, prepared statement of	125
Hon. Emanuel Cleaver, a Representative in Congress from the State of Missouri; Chairman, Congressional Black Caucus, prepared statement of	125
Hon. Eni F.H. Faleomavaega, a Delegate in Congress from the Territory of American Samoa, prepared statement of	142
Hon. Rick Larsen, a Representative in Congress from the State of Washington, prepared statement of	144
Hon. Barbara Lee, a Representative in Congress from the State of Texas, prepared statement of	145
Hon. Ben Ray Luján, a Representative in Congress from the State of New Mexico, prepared statement of	147
Hon. Steven M. Palazzo, a Representative in Congress from the State of Mississippi, prepared statement of	149
Hon. Donald M. Payne, a Representative in Congress from the State of New Jersey, prepared statement of	150
Hon. Stevan Pearce, a Representative in Congress from the State of New Mexico, prepared statement of	152
Hon. Mike Quigley, a Representative in Congress from the State of Illinois, prepared statement of	153
Hon. Betty Sutton,, a Representative in Congress from the State of Ohio, prepared statement of	154

	Page
Hearing held in Washington, DC, March 30, 2011—Continued	
Hon. Niki Tsongas, a Representative in Congress from the State of Massachusetts, prepared statement of	156
Hon. Timothy J. Walz, a Representative in Congress from the State of Minnesota, prepared statement of	156
Hon. Frederica S. Wilson, a Representative in Congress from the State of Florida, prepared statement of	158

MEMBERS' DAY

WEDNESDAY, MARCH 30, 2011

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC.

The committee met, pursuant to call, at 10:05 a.m., in room 210, Cannon House Office Building, Hon. Diane Black presiding.

Present: Representatives Garrett, McClintock, Stutzman, Black, Ribble, Mulvaney, Huelskamp, Amash, Rokita, Guinta, Woodall, Van Hollen, Schwartz, Yarmuth, Castor, Tonko, and Bass.

Mrs. BLACK. This hearing will come to order. Good morning and welcome to the Budget Committee's annual Members' Day hearing.

This hearing, which is directed by Section 301(e)(1) of the Congressional Budget Act, is intended to provide a forum in which Members can relay their priorities for their districts, for their States, and indeed for our country. We are pleased to have a diverse group of Members from both sides of the aisle. And we look forward to receiving their testimony.

Before we begin, I would like to turn it over to my colleague, the ranking member, Mr. Van Hollen, for comments he has.

Mr. VAN HOLLEN. Thank you very much, Congresswoman Black, and I just want to join you and others on both sides of the aisle in welcoming our Members and their testimony today.

We look forward to hearing your thoughts on issues as they relate both to your Congressional districts as well as the whole Nation.

So I thank you for coming together at this hearing and, without further ado, turn it back over to you.

Mrs. BLACK. Thank you, Mr. Van Hollen.

Just as a reminder, Members will have 5 minutes to give their oral testimony. And their written statements will be submitted for the record.

Additionally, members of the committee will be permitted to question the witnesses following their statements. But out of consideration for our colleagues' time and to expedite today's proceedings, I ask that you please keep your comments brief.

I now will call on our first witness.

Mr. Austin Scott from Georgia, you are recognized.

STATEMENT OF THE HON. AUSTIN SCOTT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. AUSTIN SCOTT OF GEORGIA. Thank you, Chairman Black—that has a nice ring to it I might add—Ranking Member Van Hol-

len, distinguished members of the committee. Thank you for the opportunity to share my thoughts on the fiscal year 2012 budget.

As president of the 87-strong Republican freshman class, President Obama's fiscal year 2012 budget reminded of the wisdom of the late cowboy and comedian Will Rogers. He once quipped, "Government programs have a beginning, a middle, and no end." I usually would find that funny, except for the fact that it is frighteningly true. Our debt is a threat to our national security.

Senator Obama recognized this. Senator Obama recognized this. On October 1 of 2008, and I will quote then-Senator Obama, we cannot mortgage our children's future on a mountain debt. It is time to put an end to the runaway spending and the record deficits. It is not how you would run your family budget, and it must not be how Washington handles your tax dollars.

Yet on February 14 of 2011, the President submitted his budget request to Congress, which proposed \$1.6 trillion in deficit spending. As the father of an 11-year-old son, I couldn't agree more with what Senator Obama said when he talked about the threat of our national debt to our security.

We need to be a Congress that supports personal freedoms, individual liberties, and economic opportunities for all Americans. My freshman classmates and I are outraged that wasteful, duplicative, and ineffective government spending is so out of control.

My constituents in the Eighth District of Georgia, like many of yours, would be outraged to know that their scarce tax dollars are used to fund examples like the National Science Foundation provided more than \$200,000 to study why political candidates make vague statements. The Department of Veterans Affairs spends \$175 million every year to maintain hundreds of buildings it does not use, including a pink octagonal monkey house in Dayton, Ohio. Medicare paid out over \$35 million to a vast network of 118 phantom medical clinics allegedly established by members of a criminal gang to submit phony reimbursement claims. The Internal Revenue Service paid out \$112 million in undeserved tax refunds to prisoners who filed fraudulent returns, according to the Treasury Department's Inspector General for Tax Administration. The National Institute of Health spent nearly \$442 million to study the number of male prostitutes in Vietnam and their social settings. A \$700,000 Federal grant paid for researchers to examine greenhouse gas emissions from organic dairies, which are caused by cow burps among other things.

These are just some of the many examples that can be found in Senator Tom Coburn's 2010 Waste Book, which was released December 20, 2010. As you can guess, there are countless more. They illustrate very well the mind set that guides spending in Washington with the bureaucracy that has been created here. To quote Ronald Reagan, I would venture as far as to say that our government spends money like drunken sailors, but that would insult the sailors because at least they spend their own money.

It was exactly this mind set that the other 86 Republican freshmen and I were sent here to reverse. My freshman colleagues and I were sent here to turn Washington's culture of spending on its head. We have started down the right road by proposing to cut \$100 billion in the continuing resolution. Now we have to continue

with a responsible budget that puts us on the road to fiscal responsibility.

I appreciate this committee's recognition of this problem and willingness to have a serious consideration about it. Please do your due diligence to get our runaway spending out of control. Thank you for the opportunity to testify before this distinguished committee today. I look forward to working with you to address the issues.

[The prepared statement of Austin Scott follows:]

PREPARED STATEMENT OF HON. AUSTIN SCOTT, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF GEORGIA

Chairman Ryan, Ranking Member Van Hollen, distinguished members of the committee, thank you for the opportunity to share my thoughts on the Fiscal Year 2012 budget.

As president of the 87-strong Republican Freshman Class, President Obama's Fiscal Year 2012 budget reminded of the wisdom from the late cowboy and comedian Will Rogers who once quipped that, "Government programs have a beginning, middle, and no end."

I would usually find that funny except for the fact that it is frighteningly true. Our debt is a threat to our national security.

Yet, on February 14, 2011 the President submitted his budget request to Congress which proposed \$1.6 Trillion in deficit spending.

This is despite the fact that then Senator Obama said on October 1, 2008:

"We cannot mortgage our children's future on a mountain of debt. It's time to put an end to the runaway spending and the record deficits—it's not how you would run your family budget, and it must not be how Washington handles your tax dollars."

As the father of a 11 year old son, I couldn't agree more. We need to be a Congress that supports personal freedom, individual liberties, and economic opportunities.

My freshman classmates and I are outraged that wasteful, duplicative, and ineffective government spending is so out of control.

My constituents in the 8th District of Georgia, like many of yours, would be outraged to know that their scarce taxpayer dollars are used to fund examples like:

- The National Science Foundation provided more than to \$200,000 to study why political candidates make vague statements.
- The Department of Veterans Affairs (VA) spends \$175 million every year to maintain hundreds of buildings it does not use, including a pink, octagonal monkey house in Dayton, Ohio.
- Medicare paid out over \$35 million to a vast network of 118 "phantom" medical clinics, allegedly established by members of a criminal gang to submit phony reimbursement claims.
- The Internal Revenue Service paid out \$112 million in undeserved tax refunds to prisoners who filed fraudulent returns, according to the Treasury Department's Inspector General for Tax Administration (TIGTA).
- The National Institutes of Health (NIH) spent nearly \$442,340 million to study the number of male prostitutes in Vietnam and their social setting.
- A \$700,000 federal grant paid for researchers to examine "greenhouse gas emission from organic dairies, which are cause by cow burps, among other things."

These are just some of the many examples that can be found in Sen. Tom Coburn's 2010 Wastebook which was released on December 20, 2010. As you can guess, there are countless more.

They illustrate very well the mindset that guides spending in Washington. To quote Ronald Reagan, I would venture as far to say that our government spends money like drunken sailors, but that would insult the sailors because at least they spend their own money.

It was exactly this mindset that the other 86 Republican freshmen and I were sent here to reverse. My freshman colleagues and I were sent to here to turn Washington's culture of spending on its head.

We've started down the right road by cutting \$100 billion in the CR, now we have to continue with a responsible budget that puts on the road to fiscal responsibility.

I appreciate this committee's recognition of this problem and willingness to have a serious consideration about it. Please do your due diligence to get our runaway spending out of control.

Thank you for the opportunity to testify before your Committee today.

Mrs. BLACK. Thank you, Mr. Scott.

Do any of the Members have questions for the witness?

Mr. Woodall, you are recognized.

Mr. WOODALL. Madam Chair, I would just be remiss if I didn't welcome my friend from Georgia and my president of my class.

Tell me this, Mr. Scott, when you were back home over those last 10 days, did you feel some coalescing around the kind of what I would call more aggressive budget cutting and balancing that you are trying to bring out in the freshman class?

Mr. AUSTIN SCOTT OF GEORGIA. Absolutely. And Mr. Woodall, what I will tell you is that the amount of fear, absolute fear that I think the United States citizen has right now, whether it is the business owner who is worried about renewing their note to keep their operations going or the person who works at that business who may be changing the oil at the car dealership, every American out there has had to adjust their budget down to deal with the realities of this economy. And they expect us to do the same thing. And they are very scared that they don't see the courage or the political will to turn this country and get it back on the right track.

And you know, we are out there trying to reassure them that that political will is there and that we are going to get this turned around and back on the right track.

Mr. WOODALL. Where is the courage? That is a good message I may quote you on.

Madam Chair, thank you.

Mrs. BLACK. Mr. Rokita, you are recognized.

Mr. ROKITA. Thank you, Madam Chairman.

Thank you, Mr. Scott.

I appreciate your leadership as well. I have been reviewing your testimony here. And I completely agree with your testimony that there is this waste in the Federal Government. And I appreciate the examples that you have given. I appreciate the examples the Senator has given in his publication.

What this committee has been studying, however, is the fact that—and it is a fact, and it is a bipartisan fact—that the drivers of our debt really are the three major social entitlement programs.

Mr. AUSTIN SCOTT OF GEORGIA. Yes, sir.

Mr. ROKITA. Social Security, Medicare, Medicaid. Your testimony, unless I am missing something, doesn't seem to address that in much detail.

So to follow up on Mr. Woodall's question, what kind of feedback are you getting in your district from your constituents or from what you hear from other freshmen about the appetite for addressing the drivers of our debt, those three programs? Do your constituents have the courage and the political will to take less largesse now so that our kids don't have a bankrupt country?

Mr. AUSTIN SCOTT OF GEORGIA. Yes, sir. I think absolutely that Americans understand that we must address this problem—these problems I should say—now.

I think that they understand the fiscal realities, especially when you put graphs up that show the growth of the national debt. I think that what confuses them, if you will, is the doublespeak of some elected officials, for example, when we have someone who says that we cannot mortgage our children's future and then they

present a budget that has a \$1.6 trillion deficit in it. That is where the disconnect is between Washington and back home.

I think what they want is absolute transparency with where we are. They want a plan for where we are going. They understand that we are all going to have to give some now so that our children and our grandchildren can again have the benefit of being an American.

Mr. ROKITA. And one quick follow up, if I could. You mentioned the deficit. In this budget that we are working on, do you have an idea what level of deficit in the proposed budget your constituents are willing to live with?

Mr. AUSTIN SCOTT OF GEORGIA. No, sir, I don't. I think, again, that what they expect us to do is to take steps in the right direction. And I think that if we are totally transparent with them and we start making those steps in the right direction, that we will start to get the economy back on track. And as you know, if we can start getting that economic growth, if we can get 4 percent economic growth, which is something that quite honestly I don't think—and I hold myself accountable for this, too—I don't think any of us talk about how do we get to 4 percent economic growth again. I personally think you get there by more access to capital markets and reducing the regulatory burden on small businesses. But if we can get that 4 percent economic growth, then the dynamics of the problems that we have shift.

Mrs. BLACK. Thank you, Mr. Scott.

We appreciate your testimony.

Mr. AUSTIN SCOTT OF GEORGIA. Thank you, Madam Chairman.

Mrs. BLACK. I am sorry, excuse me.

Mr. Yarmuth, you are recognized.

Mr. YARMUTH. Thank you, Madam Chair.

When I was home over the last weekend, most of my constituents were asking me why, in the Republicans' budget, or continuing resolution, H.R. 1, that we did not share the sacrifice equally among society; that the people who seemed to be hit hardest by the proposed cuts in that budget were the most vulnerable population.

So, Mr. Scott, you mentioned a few things that you considered wasteful spending, so I am just going to ask you a couple. Do you consider nutrition assistance for low-income women and their children wasteful spending?

Mr. AUSTIN SCOTT OF GEORGIA. It depends. I will tell you this. I think that the administration of those programs should be handled at the State level. And right now, the biggest problem that I have with what we have, whether you are talking about the WIC program or whether it is the SNAP program, is Washington trying to administer those programs and absolutely prohibiting the States from getting involved in getting rid of the fraud and the waste in some of those programs.

Mr. YARMUTH. I think we can all agree on that. But just in general principles, do you consider spending on those types of programs wasteful, or spending on Pell Grants, or spending on heating assistance for low income citizens?

And do you consider wasteful spending the \$4 billion in tax expenditures that we give to oil companies every year?

Mr. AUSTIN SCOTT OF GEORGIA. I am certainly willing to put all of those issues on the table and take a look at all of them.

Mr. YARMUTH. Great. Thanks for your testimony.

Mr. AUSTIN SCOTT OF GEORGIA. Thank you.

Mrs. BLACK. Any further questions? Thank you. Thank you, Mr. Scott.

Mr. AUSTIN SCOTT OF GEORGIA. Thank you.

Mrs. BLACK. I would now like to recognize Mr. Brady from Texas.

**STATEMENT OF THE HON. KEVIN BRADY, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF TEXAS**

Mr. BRADY OF TEXAS. Thank you, Chairman Black, Ranking Member Van Hollen, each of the members of the Budget Committee, thanks for allowing me to testify today.

The Joint Economic Committee is charged with reviewing the economic report of the President and providing an analysis and recommendations to you as the Budget Committee.

I am disappointed that neither President Obama's budget nor the economic report really exhibited any urgency toward addressing our financial challenges in America. In fact, it seemed to me the report laid out government spending as the path to economic growth in this country. They were wrong the past 2 years and have failed, and it is time for a new approach.

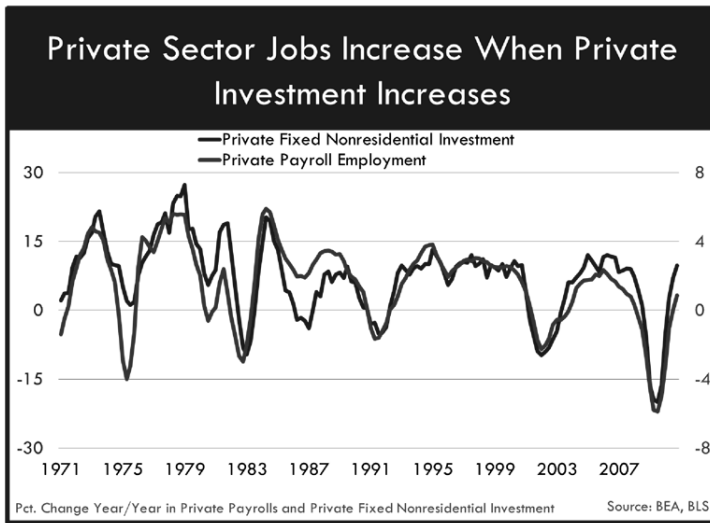
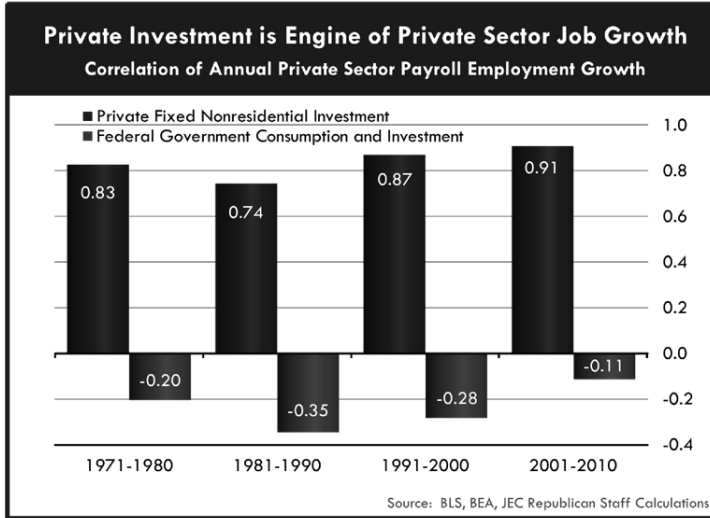
Several months ago, I asked the Republican staff of the Joint Economic Committee to study published economic reports over the last 40 years looking at America's international competitors who got themselves in trouble with too much debt, what they did to get out of it, and what it did to their economy. On March 15, the results were published in "Spend Less, Owe Less, Grow the Economy."

[The information follows:]

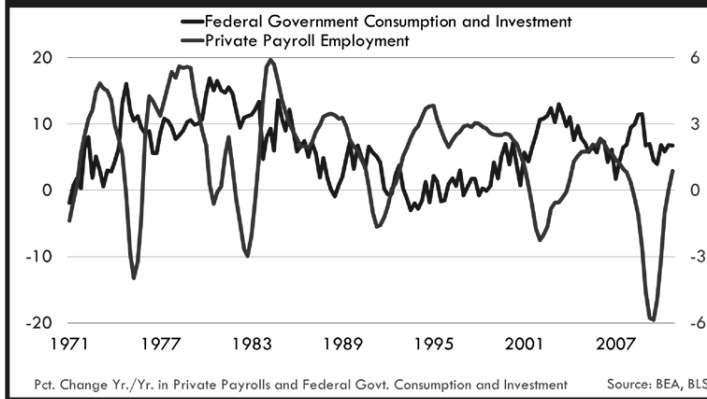


Joint Economic Committee
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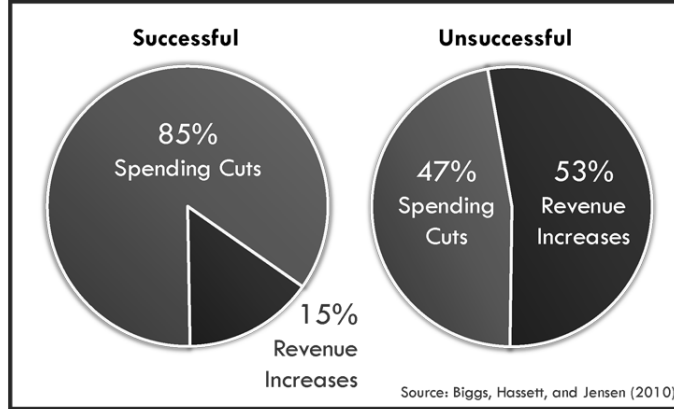
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Owe Less,
Grow the Economy

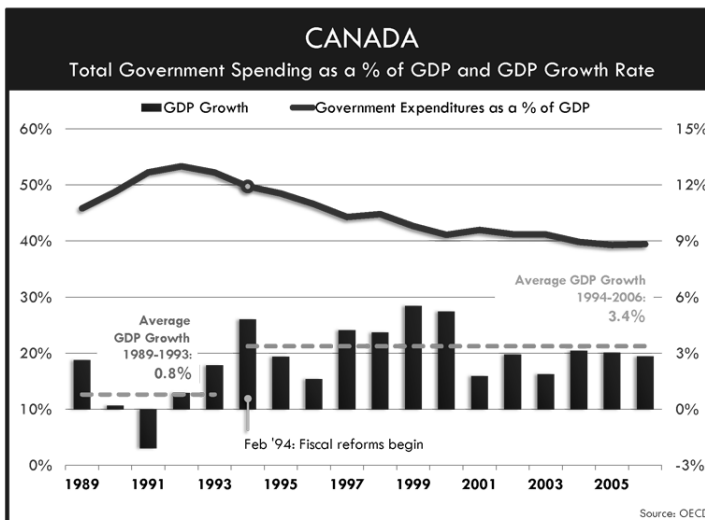
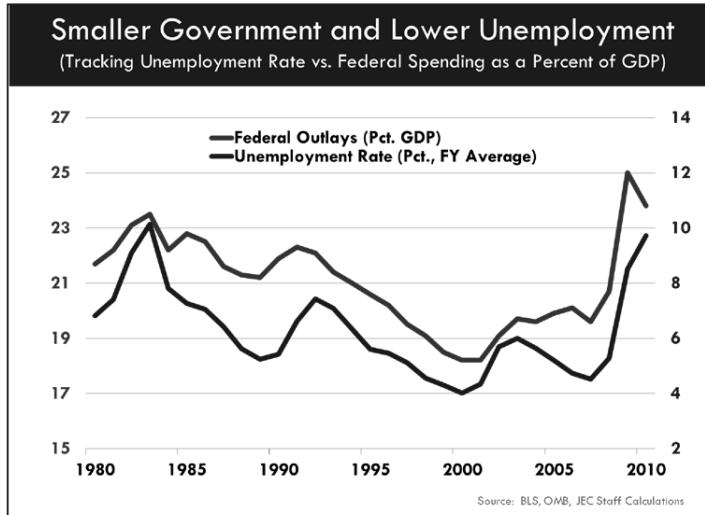


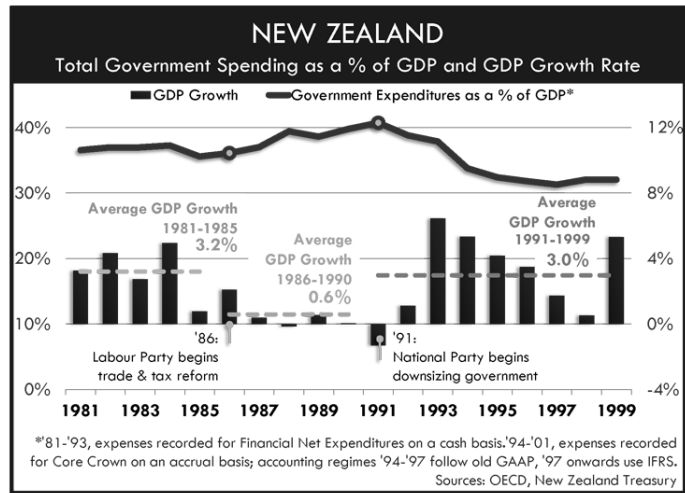
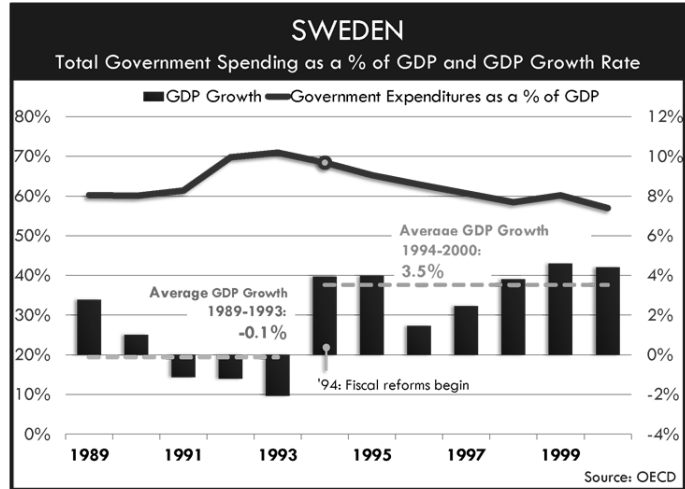
Increased Federal Spending Has Not Led to Private Sector Job Creation



Fiscal Consolidations Average Spending Cuts and Revenue Increases







Mr. BRADY OF TEXAS. And I would ask, Madam Chairman, this document be entered into the record.

Before I summarize its findings, let me show you two charts. On the first chart—let's go to another one—that one.

The last 40 years in America, we plotted Federal growth, which is the—the next chart, does that stick with this one? We charted job growth over the last 40 years compared to private fixed nonresidential investment; all that really means, businesses large and small who buy new equipment, new software, new buildings. The correlation between growth in the private sector, private invest-

ment is nearly identical. In fact, what this chart shows is that there is no substitute for private investment to spur the economy. Not rebates, not stimulus, not even shovel-ready projects.

And I will make the point further in the next chart. Over the last 40 years, we tracked the size of spending—let’s go back one more—we tracked the size of spending in the Federal Government along with job growth along Main Street. The blue line represents Washington spending; the red line is jobs along Main Street. As you can tell, over the past 40 years, there is no correlation between the two. In fact, there is a negative one. As the government grows, jobs along Main Street shrink. Just the opposite as well.

This shows, in fact, that if you continue to spend more as the Federal Government, our market will continue to shrink. And again, there is no substitute for private investment. The “Spend Less, Owe Less, Grow the Economy,” it is a report that provides clear and convincing evidence that countries that reduced their government budget deficits, and they do it through spending cuts, can boost their economy and job creation in the short term. Respected economists found 21 instances between 1970 and 2007 where 10 of America’s international competitors successfully reduced their government debt-to-GDP ratio by 4.5 percent points or more, and they did it, not by raising taxes, but entirely on spending cuts.

For example, here we go, Canada, neighboring Canada had a very small, less than 1 percent, economic growth as their government spending grew. They shrunk their spending by nearly 13 percentage points of their GDP between 1994 and 2006. As you can tell, they boosted their economic growth from less than 1 percent to 3.5 percent over the next 12 years.

Sweden, another example of a developed economy like ours, it was actually shrinking in the 1990s, their economy. And after reducing its government spending by over 11 percentage points of GDP, Sweden’s negative growth revived to an average of 3.4 percent annually.

New Zealand, another example, lower spending, higher growth. Their spending increased, growth slowed. They got their financial house in order, and growth was restored.

So you may say, well, these three countries aren’t the United States. But these countries aren’t alone. Economists found 26 episodes in 9 developed economies where reducing government budget deficits and debt through spending cuts provided a large boost to economic growth in the first 3 years after their fiscal consolidation began.

Perhaps the most important finding is this in this report: While most economists agree that reducing Federal spending increases economic growth in the long term, what this report shows is reducing Federal spending boosts economic growth and job creation in the short term as well. Here is why: What the report showed was economic growth occurred for two reasons. Businesses no longer expecting the government to levy higher taxes on them to pay for excessive spending, they stepped up private investment, buying new buildings, new equipment, new software. And business investment, as we have shown, equals jobs. Secondly, households, no longer fac-

ing higher taxes, have higher expectations. And the combination led to purchase more homes and cars.

If I am out of time, Madam Chairman, we will summarize the rest and are available for questions.

[The prepared statement of Kevin Brady follows:]

PREPARED STATEMENT OF HON. KEVIN BRADY, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF TEXAS

Chairman Ryan and Ranking Minority Member Van Hollen, I thank you for inviting me to testify before the Budget Committee today.

The Joint Economic Committee is charged with reviewing The Economic Report of the President and providing its views, analyses, and recommendations regarding the goals set forth in The Report to the Budget Committees. I must express my disappointment that neither President Obama's Budget nor his Economic Report exhibited any urgency in addressing the serious fiscal challenges facing our nation. Instead, The Report makes clear that President Obama believes that the federal government, not the free enterprise system, will lead the way in creating jobs. Moreover, President Obama warns that reducing federal spending at this time will pose a threat to the current economic recovery.

Several months ago, I asked the Republican staff of the Joint Economic Committee to survey the published economic literature on fiscal consolidations—programs designed to reduce government budget deficits and government debt as a percentage of GDP—and to study the results of such programs in other developed countries—our international competitors—over the last four decades. On March 15, 2011, the results were published in "Spend Less, Owe Less, Grow the Economy." I ask that this document be entered into the record. Before I summarize its findings, let me show you two charts.

As the first chart proves, private business investment, not the government, is the engine of job creation in America. Since 1971, jobs in the private sector increased when companies bought new buildings, equipment, and software.

In contrast, the second chart shows little correlation between federal spending and private sector job growth over the past forty years. Just the opposite—as federal spending grew jobs along Main Street actually shrank.

There is no substitute for private business investment in job creation—not federal spending, not tax rebates, and not even "shovel-ready" projects.

"Spend Less, Owe Less, Grow the Economy" provides clear and convincing evidence that countries that reduce their government budget deficits and debt through spending cuts boost economic growth and job creation.

Respected economists found 21 instances between 1970 and 2007 where ten of America's international competitors successfully reduced their government debt-to-GDP ratio by 4.5 percentage points or more based predominantly or entirely on spending cuts.

For example, neighboring Canada shrank total government spending by 12.8 percentage points of GDP between 1994 and 2006 and boosted its annual economic growth from under one percent to a robust 3.4% average over the next twelve years. Sweden's economy was shrinking in the early 1990's. After reducing its government spending by 11.4 percentage points of GDP from 1994 to 2000, Sweden's negative growth economy revived—to an average 3.4% annually. New Zealand did the same.

These countries are not alone. Economists found 26 episodes in nine developed economies where reducing government budget deficits and debt through spending cuts provided a large boost to economic growth in the first three years after their fiscal consolidation began.

Perhaps the most important finding is this: While most economists agree that reducing federal spending increases economic growth in the long term, reducing federal spending boosts economic growth and job creation in the short term as well.

According to the studies of fiscal consolidation surveyed, economic growth occurs for two reasons:

(1) Businesses no longer expect the government to levy large tax increases in the future to pay for excessive spending—so businesses step up their investment in buildings, equipment, and software. And business investment, as we've shown, equals jobs. When businesses invest more, the unemployment rate goes down.

(2) No longer facing higher taxes, households have higher expectations for permanent disposable income and become more confident. This combination leads them to purchase more homes and cars.

Another important finding is that the absence of tax increases proved more important for realizing these growth effects than for achieving budget deficit reduction.

To maximize short-term growth and job creation, the report found that spending reductions must be “large, credible and difficult to reverse once made.” The savings that produced the greatest economic growth results include: rightsizing the government workforce and its compensation; eliminating duplicative agencies and programs; eliminating subsidies to businesses; and reforming and reducing transfer payments to individuals.

In the area of entitlements, the study found evidence of strong economic growth effects from reforming government pension and health care to make them “sustainable and solvent” even when the reforms are phased in slowly and exempt current beneficiaries from change.

As this study shows, ample real-life data prove there are significant economic growth and job creation benefits that accrue from reducing spending and reforming entitlement programs to restore their sustainability for future generations.

In closing, I’d like to add an observation about the United States. Many Representatives and Senators point to the late 1990s as a period of rapid private sector job growth. What is often left out of the discussion is that the size of the federal government relative to the economy shrank during the period. From fiscal year 1992 to fiscal year 2001, federal outlays declined by just under 4% of GDP from 22.1% to 18.2%.

So far, President Obama has emphasized the risk of reducing America’s deficits and debt now. But he ignores the risk of delay.

For America’s economic future, it’s time for a proven path forward. To grow our economy, it’s time for Washington to spend less and owe less as a nation.

I look forward to answering your questions.

Mrs. BLACK. Thank you.

Are there any questions?

Mr. Van Hollen?

Mr. VAN HOLLEN. Thank you, Madam Chairman.

Look, I want to thank my friend, Congressman Brady.

Mr. BRADY OF TEXAS. Yes, how are you.

Mr. VAN HOLLEN. Good to see you.

Thank you for your testimony. And I have had an opportunity to look at the Republican staff report, the Republican report from the Joint Economic Committee. And you have presented the findings well here. And I don’t want to get into debate now.

The only comment I would make is I think you know very well that many economists, and including those who advised the bipartisan fiscal commission that made its recommendations to this Congress that have gotten a lot of discussion, as well as the Rivlin-Domenici Commission, both said two things: Number one, yes, we have to reduce our deficits and debt, no doubt about it in terms of our long term economic growth. But in the short term, both those bipartisan commissions also said if you cut too fast too deeply, you will slow down a very fragile recovery and threaten to put people out of work.

And you know, the chairman of the Federal Reserve, Ben Bernanke, came up with a low estimate the other day in testimony before this House, which was 200,000 jobs would be lost, which he noted is not a trivial number, especially since we just celebrated last month a good jobs report that was a little less than 200,000. So I understand, and I know you do, too, that there are lots of ways to look at these things. But I think it is important to put those facts on the table because those are the opinions of a bipartisan group, not just sort of one side of the House. Thank you.

Mr. BRADY OF TEXAS. If I may, a couple points. Thank you for raising that point. But many of those economists have been wrong. We actually, after going on almost a trillion dollar spending spree, we have 2.2 million fewer jobs than when the stimulus began. Mark Zandi, one of the leading economists who say we will lose

jobs if we make some spending cuts, he promised 4 million new jobs by the end of 2010. We actually had 3 million fewer. He was 7 million jobs off. And today we were promised if we went on a spending spree of the stimulus that our unemployment rate would be 6.9 percent. It is time to stop listening to the economists who got it wrong and start looking at a proven approach to it.

Now, I will always put in perspective the spending reductions of this Republican House, \$61 billion, represent four one-thousandths of the U.S. economy. To put it in another perspective, if the economy were the length of a football field, the Republican spending reductions are about the length of your shoes. The impact on our economy from those economists, I believe, is wildly exaggerated. Yet the risk of not acting on our financial crisis and bringing the \$2 trillion of business investment that is standing on the sidelines today to me the risk to our economy is to not move with some solid financial rules.

Mrs. BLACK. Are there other questions for Mr. Brady?

Mr. VAN HOLLEN. If I may just follow up before my time expires. Again, this is not the place for an extended debate, and I am not going to engage you in that debate. I will say that as you know, what we are talking about in the budget cuts is about 12 percent of the budget. And we are also talking about cuts within a very short period of time. So that amplifies the impact, which is why those economists have made the statements they have. But I have no further—

Mr. BRADY OF TEXAS. May I just point out, in the economic report it showed the countries, our competitors with developed economies who had the greatest success, their spending cuts were large, credible, and difficult to reverse. So they sent the signal to the market that they could have confidence in reinvesting in business investment again. So I think the Republican model we are taking forward is proven.

Mr. VAN HOLLEN. All right. Thank you, Madam Chair.

Mrs. BLACK. Other questions for the witness?

Mr. BRADY OF TEXAS. By the way, thank you all for your service on the committee. You have a big challenge, and I appreciate it very much.

Mrs. BLACK. Thank you, Mr. Brady. I would like to now recognize Mr. Butterfield from North Carolina.

STATEMENT OF THE HON. G.K. BUTTERFIELD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. BUTTERFIELD. Let me thank you, Chairman Black and Ranking Member Van Hollen.

And to my colleagues who serve on this committee, thank you very much for allowing me to come by and spend this time with you this morning.

I realize that I am not a part of this committee, and so I am not permitted to engage in debate. But I just want to briefly respond to my colleague from Texas who just spoke. You talk to the elected officials in my district, both Democrat and Republican, and they will tell you that we have not been on a spending spree with the stimulus infusion of capital into rural America. It has really been a godsend for the communities that I represent.

I represent, Madam Chairman, a low-income, rural district in northeastern North Carolina. And so as we develop the 2012 budget, I want to basically talk about four areas of importance to the people that I represent. My district is the fourth poorest district in the Nation. If you would take all 435 districts that we represent, I would be number four from the bottom. So I want to talk with you about LIHEAP, community development, hunger, and what I call persistent poverty.

The Low Income Home Energy Assistance Program is a lifeline, it is a lifeline for low-income families and a lifeline for the elderly all across the Nation. Well over half of the allocated funds for this program go directly to home heating assistance. In fiscal year 2010, 309,000 households in my State benefited from LIHEAP. With the crude oil price already reaching \$104 a barrel and the very real threat of even higher prices, many families in my State and across the country could be pushed beyond the breaking point. Recognizing the slow recovery and the rising cost of fuel, I urge this committee to support level funding for LIHEAP.

I also urge strong support for the Community Development Block Grant program. I represent 88 cities and towns in my district. And my mayors, both Democrat and Republican mayors, have made it clear to me that cuts to this program would have a significant impact on their communities and communities across the country, especially small rural communities.

As any State, county, or municipal official will tell you, the CDBG program continues to be a highly flexible and successful means of helping communities address a wide range of issues. It is the largest source of Federal financial assistance for State and local neighborhood revitalization, housing rehabilitation and economic development activities. This program provides funding that is often matched with local dollars to help create local private sector jobs and address the needs of the communities.

CDBG funds have helped local governments in revitalizing neighborhoods to create safe, nurturing communities for families. And we should continue, Madam Chairman, to strongly support the program with nothing less than level funding.

Let me also talk about hunger. We don't talk about this too often. A recently released national study on hunger found that my district, the First District of North Carolina, suffered the second highest food hardship rate in the country. The Food Research and Action Center study found that nearly one in five American households struggled to afford enough food last year and that nearly one in three faced food hardship in my district.

We all know that hunger exists in America. We all know that. It is a fact of life in every congressional district. Knowing that we all represent people struggling against hunger, I am deeply concerned about cuts to our Federal nutrition safety net. Specifically, I urge the committee to strongly support the Special Supplemental Nutrition Program for Women, Infants and Children, known as WIC, and the FEMA Emergency Food and Shelter Program, and the Commodities Supplemental Food Program.

Finally, let me mention rates of persistent poverty in counties and Census tracts in your State and mine. You are going to hear us talk about this more and more and more. We have got to talk

about persistent poverty in our country. We talk about the middle class, and rightfully so, but persistent poverty must become a part of the conversation. Across the country, there are hundreds of communities where 20 percent or more of the population has been living below the poverty line for the last 30 years. Repeat that: 20 percent or more of the population in communities all across the Nation have lived below the poverty level for 30 years.

These communities are located in Democratic districts and Republican districts alike. These communities lack access to quality schools, affordable quality health care, adequate job opportunities. And so in drafting the budget that seeks to improve the life of every American, I urge you to include provisions that direct at least 10 percent of agency funds go to these communities. Did I hear you tapping?

Mrs. BLACK. You did.

Mr. BUTTERFIELD. All right. I just wanted to make sure I was hearing that.

Mrs. BLACK. Sure. I probably did a very gentle tap.

Mr. BUTTERFIELD. I think I have one paragraph left. Can I finish that?

Mrs. BLACK. You may finish.

Mr. BUTTERFIELD. Yes. As a Nation, we can only be as strong as our weakest link. We need to make sure that every community, every community is included as we work toward economic recovery. And I thank you so very much.

[The prepared statement of G.K. Butterfield follows:]

PREPARED STATEMENT OF HON. G. K. BUTTERFIELD, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NORTH CAROLINA

I represent a largely poor and rural district in northeastern North Carolina. As we develop a budget for the coming fiscal year, I want to talk about four areas of particular importance to the people I represent: LIHEAP, community development, hunger and persistent poverty.

As we all know, the Low Income Home Energy Assistance Program is truly a lifeline for low-income families and the elderly across the nation. Well over half of the allocated funds for this program go directly to home heating assistance.

In fiscal year 2010, an estimated 309,161 households in North Carolina benefited from LIHEAP. With the crude oil price already reaching \$104 a barrel and the very real threat of even higher prices, many families in North Carolina and across the country could be pushed beyond the breaking point.

Given how slowly the economy is recovering and the rising costs of fuel, I urge the committee to support level funding for LIHEAP.

I also want to urge strong support for the Community Development Block Grant program.

I represent 88 cities and towns, and they have made it clear that cuts to this program would have a significant impact on communities across the country—especially on small, rural communities.

As any state, county or municipal official will tell you, the CDGB program continues to be a highly flexible and successful means of helping communities address a wide range of issues. It is the largest source of federal financial assistance for state and local neighborhood revitalization, housing rehabilitation and economic development activities.

This essential program provides funding that is often matched with local dollars to help create local, private-sector jobs and address the needs of the community. CDBG funds have helped local governments in revitalizing neighborhoods to create safe, nurturing communities for families, and we should continue to strongly support the program with nothing less than level funding.

I also need to talk with you about hunger. A recently released national study on hunger found that my district suffered the second highest food hardship rate.

The Food Research and Action Center study found that nearly one in five American households struggled to afford enough food in 2010, and that nearly one in three faced food hardship in my district.

We all know that hunger exists in America—it's a fact of life in every congressional district. Knowing that we all represent people struggling against hunger, I am deeply concerned about cuts to our federal nutrition safety net.

Specifically, I want to urge the committee to strongly support the Special Supplemental Nutrition Program for Women, Infants, and Children, known as the WIC program; the FEMA Emergency Food and Shelter Program; and, the Commodity Supplemental Food Program.

Finally I want to talk with you about persistent poverty. Across the country, there are 474 counties where 20 percent or more of the population has been living below the poverty line for the last 30 years.

These communities lack access to quality schools, affordable quality health care and adequate job opportunities. In drafting a budget that seeks to improve the lives of every American, I urge you to include provisions that direct at least 10 percent of federal agency investments to communities where 20 percent or more of the population have lived below the poverty line for the last 30 years.

As a nation, we can only be as strong as our weakest link. We need to make sure every community is included as we work toward economic recovery.

Mrs. BLACK. You are very welcome.

And I do want to say you began by saying you are not part of this committee. But that is the purpose of this, so that all Members will have an opportunity to address this committee. So thank you for your remarks.

Are there questions for the witness? Questions?

Thank you again.

I am told that we are waiting for more Members to show up, so we are going to take a brief recess until 10:45 so everyone will have an opportunity to rest a little bit.

[Recess.]

Mrs. BLACK. We are ready for your testimony.

So, Mr. Clarke, you will have 5 minutes.

STATEMENT OF THE HON. HANSEN CLARKE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. CLARKE OF MICHIGAN. Thank you very much, Madam Chair, for giving me this opportunity to share with you the priorities, not only for the district that I represent, but also for this country.

I am the Representative of the 13th Congressional District in Michigan. It includes the City of Detroit, the eastern suburbs of all of the Grosse Pointes, Harper Woods, and the great downriver communities of Lincoln Park, Wyandotte, River Rouge, and Ecourse.

All of this is connected by the Detroit River, which is the busiest international border crossing in North America. It is also one of the largest metropolitan urban centers in the country. It has a large hub international airport, as well as a large regional water system.

All of this puts us at great risk to attack from terrorists or any other catastrophe. I am a member of the Homeland Security Committee, which I just left, so I understand the risk that is posed to this region.

Regardless of the source of the emergency, it will be our local police, fire, and emergency medical responders that will need to address that situation. But because of State and local revenue losses, these first responders really don't have the resources to be fully equipped or even secure themselves. That is why I urge this committee to support fully funding firefighter grants, the Community-

Oriented Policing grants, and other funding to better protect urban areas from these types of emergencies.

Also, my region is known to be the motor capital of the world. Now, a lot of the jobs have been sent overseas, other parts of the country. But we still have the foundation of America's manufacturing engine in our area. We have experienced tough economic times in Metro Detroit. But you know, decades ago, this entire country was suffering economically during the Great Depression. And at that time, folks in my district transformed themselves from the Motor City to the arsenal of democracy and helped save this country and helped save this world from the threat of fascism.

Again, I believe that Metro Detroit can provide economic security for our families and also prosperity for the U.S. economy by now promoting and selling the best manufactured products in the United States that can be exported worldwide. In order for us to have that type of manufacturing capacity, I urge this committee to make sure that we continue our research and development funding, especially in manufacturing and advanced vehicle research.

We have great universities, like Wayne State University, that could partner with the Federal Government to create businesses that hire a lot of people. The direct investment that this government took in General Motors appears to be paying off. GM has recently announced four consecutive quarters of profitability.

I want to wrap it up, but just to say that in order to really maintain and attract the investment that we need to rebuild our manufacturing capacity, we have got to have a well trained, well educated workforce. Funding for Title 1, which is the foundation of our young people learning, is very important. Pell Grants, other grants for low-income students to help give them access to a higher education is critical, but also funding in the Workforce Investment Act to keep our great Michigan Works! job training offices open, to provide continued funding to Job Corps, Youth Build, and TRIO, other programs that have helped and motivate people, young people to be productive citizens.

One point I would like to add, though, there are folks that, regardless of how prosperous times are, always struggle. They are single parents like the mother who raised me. Sometimes they are going through very difficult financial situations. The Low Income Home Energy Assistance Program, known as LIHEAP, is very important for many families who are struggling to make ends meet. I urge you to continue support.

I would also finally like to speak on behalf of citizens who are not usually represented in the Congress. These are mostly men that I have met in Detroit who get their meals out of garbage dumpsters in the alleys of downtown Detroit, which is outrageous. And what is even worse, not only do they not have homes and they have lost hope, but in their past, they have served this country honorably as members of the military. So I urge you, maintain and strengthen support for funding for our homeless veterans. Thank you very much.

[The prepared statement of Hansen Clarke follows:]

PREPARED STATEMENT OF HON. HANSEN CLARKE, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MICHIGAN

Thank you, Mr. Chairman, for the opportunity to testify as the Committee considers a Budget Resolution for Fiscal Year 2012. I thank you for the opportunity to discuss the priorities that matter to the 13th District of Michigan and Metro Detroit.

These are difficult times for our nation, and I know that the Committee must weigh the pressing national priorities as you work to craft a budget that reflects our values, and promotes our security today and for the long term: our national security, our economic security, and the financial security of our families and our communities.

We're going to have to come to some decisions on how we deal with the debt right away, and that has been the primary focus of the debate both here in Congress and in the media. However, I urge the Committee to look more broadly about how to save money. Let's not make deep cuts that are small in their impact on the deficit but hurt job training, stop kids from going to college and prevent people from getting the healthcare they need. We've got to look at the overall big picture, and make strategic investments that improve our nation for the long term.

I am going to talk about Metro Detroit and the people I represent, but I want to tell you that investing in Detroit means investing in the country. Improving our community starts from the financial security of individuals and families, but means that we are able to improve our nation's economic security, attract investment, put our budget back on track, and ultimately make our nation safer and more secure. Each of these priorities and values is also about attracting investment, making our communities better places to work and live, and rebuilding the human capital that we need to excel.

That means that we need to continue critical investments that fight poverty, improve healthcare, restore our communities, and create opportunities—through education and job training—that help our people get jobs. We need to continue investing in infrastructure and supporting small businesses so that we can put more people back to work. And we need to invest in the future, in science and technology, research and development, that were the heart of the American success story and enabled America, and Detroit in particular, to be “the great arsenal of democracy.”

I urge the committee to support funding that puts a priority on job creation and provides an environment that enables individuals to get good jobs.

We absolutely cannot shortchange our investments in education if we want to get out of the deficit and grow our economy. I urge the Committee to fully fund programs that expand access to education. Initiatives like Pell Grants, Supplemental Educational Opportunity Grants, and the TRIO program expand access to higher education, while Title I and early education programs are essential to supporting the foundation of learning. Funding for the Workforce Investment Act, and critical initiatives such as Job Corps and Youth Build make a difference for those most in need and make sure those who have been dislocated or chronically unemployed can get jobs and make a life for themselves and their communities. The Michigan Works! System is using this funding to create opportunities for those most in need throughout Michigan. We need to particularly serve those in our society who often get overlooked but may have the most to contribute.

It may not be the first thing that comes to mind when you think about job creation, but we are missing an opportunity to restore our economy if we are allowing the tragedy of homelessness in general, and homeless veterans in particular, to continue without a response. I urge the Committee to fully fund homeless veterans programs, including those at the Veterans Health Administration, the Veterans Benefit Administration, and particularly employment programs through the Department of Labor so that these citizens who have contributed to our nation can continue to serve our country in the economy. Preserving human capital also means preserving less obvious programs like weatherization and the Low Income Home Energy Assistance Program (LIHEAP), which makes sure that people can afford to heat their homes. And unless a person is warm, has access to good nutrition, and is secure, they are going to have trouble working or finding a job. I urge the Committee to fully fund LIHEAP to address the needs of families at risk.

We also need to support entrepreneurs and small business people who want to make a better life for themselves and their communities and are the true job-creators in our economy. That means investing in research and development and supporting manufacturing for the future. A strong domestic manufacturing base is essential to maintaining and creating high-quality jobs that will expand the Nation's middle class and improve our economy. I urge the Committee to fully fund programs such as the Manufacturing Extension Partnership, the Advanced Technology Vehi-

cles Manufacturing Incentive Program, and the President's proposed Advanced Manufacturing Technology Consortia (AMTech) Program. These programs help manufacturers, including auto companies in Michigan, invest in engineering, production, and factory renovation to lead the world in advanced technologies. The Advanced Technology Vehicles Manufacturing Incentive, in particular, have enabled Detroit's car companies to take the lead in plug-in hybrids and restore our automotive industry. Manufacturing means American jobs now and in the future.

As a Member of the Science, Space, and Technology Committee, I strongly urge you to give high priority to scientific research and development and math and science education. Investing in science will pay enormous dividends by leading to new medical breakthroughs, new discoveries, and entire new industries. Innovation has been the strength of America, and will continue to be so if we continue to invest strategically.

Finally, as a Member of the Homeland Security Committee, I urge this committee to support full funding for Assistance to Firefighter Grants and Community-Oriented Policing Services. Our first responders are on the front lines of homeland security, working hard every day to keep our families and communities safe. In the current economy, they need federal support more than ever to make sure they can continue their work protecting our communities and preventing crime.

Mr. Chairman, I appreciate the difficulty that faces your Committee in creating next year's budget. Our nation faces unprecedented fiscal challenges, and we must put partisan differences aside to achieve common-sense reforms that can bring us closer to balance. While we cannot afford to continue in the same way we have in the past, we cannot afford to eliminate strategic investments that further America's growth. I look forward to working together to reduce our deficit while promoting those priorities that make America strong. Thank you.

Mrs. BLACK. Thank you, Mr. Clarke.

Are there questions for Mr. Clarke?

Thank you for your testimony. It will be on the record.

Mr. CLARKE OF MICHIGAN. I appreciate this opportunity. Supporting Metro Detroit is the best way to support our country.

Mrs. BLACK. Thank you.

I would now like to recognize Mr. Posey from Florida.

STATEMENT OF THE HON. BILL POSEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. POSEY. Thank you, Madam Chairman, and members for the opportunity to appear before you this morning and urge you to preserve NASA's core mission, which is human space flight.

More specifically, I would ask that as you proceed in developing a budget resolution, that you include sufficient funding and language directing NASA to make human space flight its highest priority. Our Nation is critically near the tipping point of ceding our leadership in space exploration for our future generations, as many of you already know.

Direction from NASA administration has been seriously lacking with respect to their goals. By failing to set priorities within NASA's budget, the administration has left NASA with no priorities. As a result, human space flight and exploration are suffering, and the U.S. will be ceding its leadership in space to China and Russia.

Should Congress fail to step in where the administration has left a leadership void, we would be making an unacceptable compromise in our national security and lose economic and intangible benefits from our space program. The President abandoned the Constellation program in his budget, calling for it to be canceled with no solid alternative or plan for the future. By doing so, he set our human space flight program dangerously adrift with vague milestones for the world's premiere space exploration organization.

Last year, Congress and the administration agreed on an authorization bill that focused on developing goals after the space shuttle's retirement. This included plans for a new heavy lift capacity, while giving limited support to commercial operations. Unfortunately, the President's proposed budget is a substantial departure from the authorization bill that he signed into law in October, cutting \$2 billion from the heavy lift program, while increasing subsidies for the low Earth orbit commercial companies. This cut is in spite of the fact that by the administration's own estimate, the 2016 timetable for a return flight would have been unattainable at last year's projected funding levels.

The President's budget has misplaced priorities, gutting vital heavy lift capacity while dealing significantly lighter cuts to unrelated projects like studying climate change. In fiscal year 2010, for example, 16—16—different Federal agencies and departments were funded at over \$8 billion to address climate change. There were no—zero, zilch, nada—no other agencies funded to pursue human space flight.

Human space flight is a matter of national security. Space is the world's military high ground, our Golan Heights, if you will. By ceding our leadership to other Nations, such as China, Russia, and India, we would be literally giving them the ultimate military high ground. China and Russia have announced plans to colonize the Moon. They are not going there to collect and study rocks like we did.

We must also not lose sight of the major asset that the human space flight workforce is to our Nation. The workforce is not a spigot that you can turn on and off whenever you want to. It has taken decades to build it, and it will evaporate overnight with no programs in place.

Without a clear vision and a robust investment in our human space flight program, the community will quickly atrophy, as the engineers and their expertise are lost to other pursuits and possibly even other countries.

The administration's plan is to retire the shuttle program this summer, after over 30 years of service ferrying astronauts, modules, components to the International Space Station, launching and repairing numerous satellites, including the Hubble, launching three interplanetary probes, advancing scientific experimentation, including microgravity research, all important goals for this Nation. Despite this incredible list of accomplishments, when the space shuttle Atlantis touches down for the final time this summer, it will be more bitter than it will be sweet. That is because there is currently no clear vision of the future of America's space flight program. And it is a step backwards for America's leadership in space.

The time to refocus NASA on its primary human space flight mission is now. The Budget Committee has authority to reject the administration's continued efforts to reshape NASA as yet another agency without a clear focus, without a clear mission. Just imagine one day without your cell phones, one day without your laptops, one day without a weather report, one day without a GPS, one day not being able to use a credit card nor withdraw cash from a bank, all satellite-linked communications. Most of the public realizes the

compelling importance of this. And that is why I ask you to give it your best consideration. And thank you for your leadership and this opportunity to address you concerning human space flight. Thank you.

[The prepared statement of Bill Posey follows:]

PREPARED STATEMENT OF HON. BILL POSEY, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF FLORIDA

Chairman Ryan, Members of the Budget Committee, I appreciate the opportunity to come before you today to respectfully urge you to preserve NASA's core mission: human space flight.

More specifically, I would ask that as you proceed in developing a budget resolution that you include sufficient funding and language directing that NASA's human space flight program is the priority within the overall amounts made available to NASA in the Budget Resolution.

Our nation is critically near the tipping point of ceding our leadership in space exploration for generations to come. Direction from the Administration has been seriously lacking with respect to NASA. By failing to set priorities within NASA's budget, the Administration has left NASA with no priorities.

As a result, human space flight and Exploration are suffering and the U.S. will cede its leadership in space to our adversaries: China and Russia. This is not in our national security interest nor is it in our economic security interests.

Should Congress fail to step in where the Administration has left a leadership void we will be making unacceptable compromises in our national security and lose economic and intangible benefits from our space program.

The driver that our investment in human space flight is to our technological advancement and thus our economic competitiveness is immeasurable.

The President abandoned the Constellation program in his FY 2011 budget submission, calling for it to be cancelled with no solid alternative or plan for the future. By so doing, he set our human space flight program dangerously adrift with vague milestones for the world's premiere space exploration organization.

Last year, after a robust debate, Congress and the Administration agreed on an Authorization Bill that focused on developing goals after the Space Shuttle's retirement. This included plans for a new heavy lift capability while giving limited support to commercial space operations. Congress must act now to ensure these objectives are realized.

Unfortunately, the President's FY 2012 Budget is a substantial departure from the Authorization Bill that he signed into law in October—cutting \$2 billion from the heavy lift program while increasing taxpayer subsidies for commercial space companies.

This cut is in spite of the fact that, by the Administration's own estimate, the 2016 timeline for a return to flight would likely have been unattainable at last year's projected funding levels.

The President's FY 2012 Budget submission has misplaced priorities—gutting vital heavy lift capability while dealing significantly lighter cuts to superfluous projects like studying climate change.

In FY 2010, 16 federal agencies and departments were funded at over \$8 billion to address climate change. There are NO other agencies funded to pursue human space flight.

Human space flight is a matter of national security importance. Space is the world's military high ground, our Golan Heights if you will.

By ceding our leadership to other nations such as China, Russia, and India we would be walking away from the ultimate military high ground.

China and Russia continue to increase the sophistication of their human space flight programs and are reaping the national security and economic benefits of those investments.

Unlike the United States, China and Russia do not have civilian agencies comparable to NASA, so every bit of advancement in their space programs is a military advancement.

We also must not lose sight of the major national asset that the human space flight workforce is to our nation. Our human space flight program attracts and inspires some of the world's greatest minds.

The workforce is not a spigot that can be turned off and then back on at a later date. It takes years, sometimes decades to build.

Without a clear vision and a robust investment in our human space flight program this community will quickly atrophy as these engineers and their expertise are lost to other pursuits and possibly other countries.

The Administration plans to retire the Shuttle program this summer after over 30 years of service: ferrying astronauts, modules, and components to the International Space Station; launching and repairing numerous satellites including the Hubble; launching three interplanetary probes; and advancing advanced scientific experimentation including microgravity research.

Despite this incredible list of accomplishments, when Space Shuttle Atlantis touches down for the final time this summer, it will be more bitter than sweet because there is currently no clear vision of the future of America's human space flight program. And, it is a step backward for American leadership in space.

The time to refocus NASA on its primary human space flight mission is now. The Budget Committee has the authority to reject the Administration's continued efforts to reshape NASA as yet another agency without focus and absent a clear mission.

Thank you for your leadership, and the opportunity to address the committee regarding human space flight—a matter of great economic and national security importance.

Mrs. BLACK. Thank you, Mr. Posey.

Are there questions for the witness?

No questions.

Thank you very much.

I would now like to recognize Mr. Rigell from Virginia.

**STATEMENT OF THE HON. SCOTT RIGELL, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF VIRGINIA**

Mr. RIGELL. Thank you, Madam Chairwoman, and members of the committee. I really appreciate this opportunity to share with you my perspective and grave concern on the state and trajectory of our Nation's budget and overall fiscal condition.

I have the privilege of serving on the House Armed Services Committee and the Committee on Homeland Security, which gives me a full appreciation of the range of external threats to our Republic. Yet as I see it, the gravest threat to our country is being addressed right here as you prepare our budget for fiscal year 2012. You know, as an entrepreneur with 30 years experience in reading financial statements, I came to the sobering conclusion years ago that our Nation's deficits were placing us at serious and increasing risk. Indeed, that is why I sought this office.

You know, Americans instinctively know that no family, no business, no country, not even America, can stay on this path of borrowing more than 40 cents out of every dollar that we are spending. That is truly going to lead, in my view, to catastrophic consequences.

You know, in a recent committee hearing, I was stunned to hear a Member say that we are not headed toward bankruptcy. Well, I truly believe that we are well beyond heading toward bankruptcy, that we are indeed bankrupt. When unfunded mandates are placed on our Nation's balance sheet, as they should be, our obligations eclipse the sum of all foreseeable revenue streams.

Like the dangerous mind set of invulnerability that took hold of the captain of the Titanic, I just don't think we can quite grasp the painful reality that America is indeed subject to the laws of finance. Lenders will eventually stop lending. Higher risk will be reflected in much higher interest rates. If we do not change course sharply, there will be a day of reckoning. And that day, in my view, is much closer than most think.

I often hear this in conversations about our budget, "Scott, you are right, it is not fair to our grandchildren to leave them this debt." And it is not only our grandchildren that are at risk. I sound the alarm today that the day of reckoning must be brought up, not one, but two generations. It is each one of us here today. And our debt makes no distinction of party affiliation, ethnicity, gender, or age.

You know, and I have always believed that if you present a problem you should also present a way forward. Now, after all, confronting big problems is what we do as Americans. And it is in that spirit that I respectfully share with you this morning a way forward that I would ask you to consider as you prepare our budget. I ask that you consider studying the budget of our country in a manner similar to what every American family does when looking over the family checkbook. First, prioritize and pay the most important and critical bills, like a home mortgage payment and food. And then you back into everything else. It may sound simplistic, but it works. That is the path to ensuring a bright financial future.

Our first national budget priority is to raise an Army, broadly defined, to ensure that we meet our constitutional duty to keep the American people safe. Now, good and reasonable people can disagree on the amount, but we can get that right.

Our second, our second national budget priority, as I see it, is to meet the deep obligation that we have to our seniors who are receiving Social Security and to those who are near to be eligible for Social Security. You know, common sense tells me that we have got to change the dates at which people are eligible for Social Security. We have a different obligation to my 88-year-old father than we do to my 22-year-old son.

And after defense and Social Security are paid for, we take the steps in this Congress this year so that over a reasonable period of time, 5 to 7 years, all other expenses match our remaining tax revenues, which ideally are growing because our economy would be growing.

And I want to share this with you today, that as an entrepreneur I know instinctively that cutting expenses is in and of itself an act of job creation because it restores confidence in our future and confidence in our economy. I believe that we need to have an overall program that shifts responsibility and funding to the States for Medicaid, for example, through block grants, unfettered with reams of regulation. We can give and should give the Governors the running room that they have asked for.

This is a profoundly challenging time in America. And if we don't get this right, God help us. But I am convinced that we will. I am ready to work with each and every Member, regardless of party affiliation, who is ready to come together and make those difficult but necessary decisions that will put us on a better fiscal path. I thank you for the time and the opportunity to address the committee.

[The prepared statement of Scott Rigell follows:]

PREPARED STATEMENT OF HON. SCOTT E. RIGELL, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF VIRGINIA

Mr. Chairman and Members of the Committee, it's a privilege to be here today to share my thoughts on what, I believe, is by far the most urgent issue facing our nation—the 2012 federal budget and the overall financial health of our nation.

I often say that we are a nation at serious and increasing risk. I truly believe this now more than ever before. We simply cannot continue to borrow 42 cents of every dollar we spend and expect to dig ourselves out of this debt crisis. No family, no business and certainly no country can stay on that course without dire consequences.

America is vulnerable and we can no longer be a debtor nation beholden to foreign creditors in Europe, the Middle East and China.

There is a day of reckoning ahead and it is much sooner than many realize. The consequences of not acting now will spell disaster for future generations. Our national debt is not only jeopardizing our children and grandchildren—it's an immediate threat to every single one of us here today.

We must balance our budget, sharply reduce the deficit and stop out of control spending in this Congress, with this President. We must find a way to say that an American dollar spent is an American dollar earned—not borrowed.

As an entrepreneur with more than 25 years of business experience, I know firsthand what it takes to grow and maintain a successful business. We need to start running this government more like a business and it begins with addressing head-on the challenge of entitlements.

Entitlements are a significant portion of our federal spending with three programs alone—Medicare, Medicaid, and Social Security—accounting for almost \$1.5 trillion a year.

In my view, when looking at spending cuts for the 2012 budget, we need to fulfill our national obligation to our military in defense spending and to our senior citizens in mandatory spending on Social Security. From there, we back into everything else; this includes Medicare and Medicaid. As I see it, we have a far different obligation to my 88-year-old father than we do to my 22-year-old son.

Federal entitlement programs are massive, bureaucratic giants that are wildly above projected costs. For example, when Medicare was created, Congress projected its cost for FY 1990 to be \$12 billion. They were off by more than 800%.

And this spending shows no sign of slowing down: according to the Congressional Budget Office, Medicare spending will double by 2050 and the federal share of Medicaid will double by 2016. Furthermore, when my children are placed on Social Security and Medicare in a matter of decades, entitlements will consume all federal revenues with nothing left over for defense, education, highways, law enforcement, or other necessary expenditures. I cannot even fathom what this fiscal situation will look like for future generations.

Based on the information before us, we must address entitlements this Congress, this budget, this year! We must not waver; we must take immediate action that includes focusing on both discretionary and mandatory spending. Our nation's spiraling debt has each one of us keenly aware that we face demands for government services and programs that far exceed our revenues. It will take courage and the desire to do what is right for America—regardless of the political pain that may follow.

And so, I ask my colleagues here today to address entitlement spending as you look for meaningful and impactful budget reforms in the 2012 budget.

It is through difficult times that America finds its greatest moments, and I have no doubt that we will once again rise to meet these challenges. Thank you for allowing me to speak to you today.

Mrs. BLACK. Thank you.

Are there questions for the witness?

Ms. Schwartz, you are recognized.

Ms. SCHWARTZ. I appreciate your comments and your commitment to reining in the deficit. Obviously, it is a sentiment that we all share. How we do it is really the debate.

So you do know that the cuts are being made in only 12 percent of the budget as we are proceeding, the way you define it as well in terms of really eliminating real opportunity for a real conversation about defense, although you suggest that there is some opportunity there to cut that back.

You believe just if we cut, we will just grow. I assume as an entrepreneur, I don't know what kind of a business you were an entrepreneur of, but I assume you occasionally trained an employee, that you might even have borrowed some money or made an investment in a piece of equipment?

Mr. RIGELL. Many times.

Ms. SCHWARTZ. So given that you think that, that you suggest that the government ought to run the way you ran your business, and I don't, again, know about the specifics of your business, do you think the government has any role in either educating or training the future workforce or in making certain kinds of investments that might grow the economy, or do you think those have to be off the table?

Mr. RIGELL. No, I think that there are many legitimate uses of tax revenues, investments, and infrastructure. I think transportation in particular is something that only government can really do.

And so I have supported investments in infrastructure, for example, and it is really a challenge, of course, in 5 minutes to cover all of this and to say how you would fix the budget. But entitlements, in my view, need to be on the table.

I believe, for example—

Ms. SCHWARTZ. On the infrastructure, what would you cut to pay for that money, to get that money, or how would you raise the revenue for infrastructure?

Mr. RIGELL. Well, we have a revenue stream now going to infrastructure.

Ms. SCHWARTZ. Which is kind of empty.

Mr. RIGELL. Well, there is still some money there. And I appreciate the opportunity, I really do, to engage in a conversation about this critical topic. I believe that, for example, means testing of Medicare, we should talk about that. I am trying to find, as I am sure you are, these ways in which we can come together, and this party, I have been an elected official for all of about 11 weeks now, and there is something broken here. Something is wrong, putting us all at risk.

Ms. SCHWARTZ. Many of us believe that if we could get past some of the immediate sense of the only answer to our deficit reduction is to either undermine our commitments to our seniors or to our children and to only focus on a very, very narrow window of where we cut, and then we actually could make some investments, that is a different conversation than we are actually having as you know.

So I appreciate the fact that you have some interest in potentially finding common ground that at the moment we are having, we are experiencing difficulty in actually being able to do that at all.

Mr. RIGELL. Thank you.

Mrs. BLACK. Mr. Yarmuth you are recognized.

Mr. YARMUTH. Thank you, Madam Chair, I just want to ask one question by way of clarification.

You talked about a family meeting its obligations and spending only what it takes in. But isn't it a fact that the vast majority of families do considerable borrowing? They borrow to buy their

homes. They borrow to buy their cars, and they borrow to pay for their education.

So the question is not whether you borrow. It is a question of priorities and whether there is a long-term return on that investment.

Mr. RIGELL. Without question. I personally have borrowed many times both for business reasons and, of course, for a home. I think the difference is here that the path that we are on—I really don't think it is in dispute. I trust it is not with members of the Budget Committee, that the path that we are on, that is far different than a family buying a home or something like that.

Even the President's own projections have us spending, having a deficit of over \$1 trillion for the foreseeable future. And it is just, it is my strongly held view as a business and still a businessowner and entrepreneur and having a master's degree in business that this is placing every American at risk.

Mr. YARMUTH. I don't disagree with you at all. I just wanted to make sure that we agree on the point that there are circumstances in which borrowing is a very useful tool.

Mr. RIGELL. It can be. Sure.

Mr. YARMUTH. For government or for a family.

Thanks very much for your testimony.

Mrs. BLACK. Mr. Guinta has a question, and I am also going to turn the chair over to him.

Mr. GUINTA [presiding]. Thank you, Mrs. Black.

I just had one question for Mr. Rigell. Thank you for coming and spending some time. Do you think it is good public policy to run deficits to the extent of \$1.6 trillion a year, and if so, if you do feel that way, how long could we sustain that kind of deficit before we put our financial, our country at greater financial risk?

Mr. RIGELL. Mr. Chairman, thank you for the opportunity to respond to that. I wake up concerned about this. When I go to bed at night, I am concerned about it. It takes just about every waking moment that I walk around with this sense that our country is at serious risk. I don't think we can long stay on this path. And I want to just lay out with a scenario. I am inherently a very optimistic person. As an entrepreneur, as a business owner, I am; I go to work every day believing we can do better than the day before.

But I think it might go something like this. I know that lenders, they will work with you, work with you, work with you. But at one point, they will turn, and it when it turns, it turns very, very quickly. It could be a trader, for example, in China who says you know let's just reduce a little bit of exposure here, let's sell \$5 billion of Treasuries, what could frankly be a modest amount, that could be picked up by a trader say in Denmark. He says, what happened there, \$5 billion? Let's just take ours down by a half a billion.

And this idea that the world is entirely rational, that doesn't comport with world history and markets. We have seen it, the Internet bubble, for example, and this latest rash of where we had housing prices increase so rapidly that it wasn't really justified by an underlying economic model.

So my point in this is that once people start selling, we could be going along in a normal day thinking that everything is all right, and it can turn very, very quickly. And I truly believe and I take,

in fact, it pains me to say this, Mr. Chairman, that my America, your America, our America, Independent, Democrat, Republicans, we are all at risk, and I think we are much closer to that date than many realize.

Mr. GUINTA. Thank you, sir.

Are there any other questions for this Member?

Thank you for testifying.

Mr. RIGELL. Thank you for the opportunity to address the committee. I appreciate it.

Mr. GUINTA. Our pleasure.

Next is the gentleman from Pennsylvania, Mr. Altmire.

STATEMENT OF THE HON. JASON ALTMIRE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. ALTMIRE. Thank you, Mr. Chairman, and members of the committee for the opportunity to testify on the fiscal year 2011 budget resolution. I believe there is an urgent need to address our Nation's budget deficit and secure our long-term fiscal stability. This effort is going to require more than just spending cuts and budget freezes. It is going to force us to re-evaluate how every Federal dollar is spent.

I join you and the committee in support of those goals but urge caution against making misguided cuts that may jeopardize our national security and global competitiveness.

And while I recognize the fiscal constraints we face, we must also recognize we cannot balance our budget on the backs, in particular, of American's veterans. And as the committee prepares this year's budget resolution, I want to emphasize our duty to fulfill the promises we have made to our Nation's veterans and urge the committee to fully fund their medical care and disability benefits for our Nation's veterans.

Since 2007, Congress has provided historic increases in funding for veterans' programs and succeeded in enacting advanced appropriations to ensure the Department of Veterans Affairs' ability to care for veterans is never compromised by politically-charged budget debates. The President requested \$61.8 billion for the VA in 2012, a 10.6 percent increase in funding from 2010. And while this is not a small increase, I believe we should respect the recommendations of the independent budget written by the veterans' community themselves, which estimates that more than \$65 billion is necessary to properly care for our Nation's aging veteran population and meet the needs of those returning from overseas operations.

It is vital that we make the necessary investments in suicide prevention, claims backlog reduction, care for female veterans and the elimination of the terrible injustice of veterans' homelessness.

I urge the committee to prioritize the needs of veterans as you draft the fiscal 2012 budget.

And in light of America's immigration and national security challenges, I also ask the committee to support the President's request of \$43.2 billion for the Department of Homeland Security. This level of funding will demonstrate a commitment to ensuring our immigration laws are enforced and our borders are secure. It is particularly important that we provide adequate funding for the E-

verify and Systemic Alien Verification for Entitlements programs. These programs make sure certain jobs are being filled by American citizens.

The first step to addressing the problem of illegal immigration is to secure our border. I ask the committee to adopt the President's request for funding to support 21,370 Border Patrol agents and to hire additional 300 Customs and Border Protection officers. As the thwarted attacks of cargo planes last year showed, terrorists are still determined to inflict harm on our country. Additional officers will improve passenger and cargo screening, both here and abroad.

I am concerned that the President's budget does not include funding for border fence construction. The 2,000-mile board between the U.S. and Mexico is still not properly protected. I disagree with this decision to suspend construction of the physical fence and believe we need to support funding to complete the fence so we can further strengthen our national security and stem the tide of illegal immigration.

Finally, it is imperative that the committee continues the tradition of excellence and innovation in research in the National Institutes of Health by agreeing to the President's request of the \$32 billion budget for NIH. This level is critical for the NIH to remain an international leader in science and biomedical research. In the past year alone, the NIH has taken great strides toward development of a universal flu vaccine, and its work in gene research is opening up new pathways to individualized treatment for a variety of diseases. Through the NIH, America can continue to be the leading source for development of cures and treatments that help millions of individuals live their life to the fullest.

The NIH is also a key to our continued economic recovery. It generates high quality and high-paying jobs in cutting-edge fields and protects America's competitive advantage in these fields. I believe we must continue to make investments in the NIH so the next great medical breakthrough is discovered in America and not imported here from abroad.

Mr. Chairman and members of the committee, again, I thank you for the opportunity to testify. I yield back the balance of my time and would take any questions.

[The prepared statement of Jason Altmire follows:]

PREPARED STATEMENT OF HON. JASON ALTMIRE, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF PENNSYLVANIA

Thank you, Mr. Chairman and members of the Committee. I appreciate the opportunity to testify today on the fiscal year 2012 budget resolution.

There is an urgent need to address our nation's budget deficit and secure our long term fiscal stability. This effort is going to require more than just spending cuts and budget freezes. It is going to force all of us to reevaluate how every federal dollar is spent. I join you in support of those goals, but urge caution against making misguided cuts that may jeopardize our national security or global competitiveness. And, while I recognize the fiscal constraints we face, we must also recognize that we cannot balance our budget on the backs of America's heroes.

As you prepare this year's budget resolution, I want to emphasize our duty to fulfill the promises made to our nation's veterans and urge the Committee to fully fund their medical care and disability benefits. Since 2007, Congress has provided historic increases in funding for veterans' programs and succeeded in enacting advanced appropriations to ensure that the Department of Veterans Affairs' (VA) ability to care for veterans is never compromised by politically-charged budget debates. I believe we can continue this tradition and honor the commitment we made to the brave men and women who fought to defend our country.

The president requested \$61.8 billion for the VA in 2012, a 10.6 percent increase in funding from 2010. While this is not an insignificant increase, I believe we should respect the recommendations of the Independent Budget, written by the veteran's community, which estimates that more than \$65 billion is necessary to properly care for our nation's aging veteran population and meet the needs of those returning home from overseas operations. It is vital that we make necessary investments in suicide prevention, claims backlog reduction, care for female veterans, and the elimination of the terrible injustice of veteran homelessness. Mr. Chairman, on behalf of the selfless and heroic veterans residing in western Pennsylvania and across the country, I urge the Committee to prioritize the needs of veterans and incorporate the recommendations of the Independent Budget as you draft the fiscal year 2012 budget.

In light of America's immigration and national security challenges, I also ask the Committee to support the president's request of \$43.2 billion for the Department of Homeland Security for Fiscal Year 2012. This level of funding will demonstrate a commitment to ensuring our immigration laws are enforced and our borders are secure.

It is particularly important that we provide adequate funding for the E-Verify and Systemic Alien Verification for Entitlements (SAVE) programs. These programs make certain jobs are being filled by U.S. citizens and legal immigrants. During a time when too many Americans are unemployed and searching for work, we must ensure that jobs are going to those who are legally eligible to work in this country.

The first step to addressing the problem of illegal immigration is to secure our border, of which a crucial component is maintaining the proper number of Border Patrol agents. I ask the Committee to adopt the president's requests for funding to support 21,370 Border Patrol agents and to hire an additional 300 Customs and Border Protection Officers. As the thwarted attacks of cargo planes last year showed, terrorists are still determined to inflict harm on our country, and these additional officers will improve passenger and cargo screening, both here and abroad.

I am concerned, however, that the president's proposed budget does not include funding for border fence construction. The 2,000 mile border between the U.S. and Mexico is still not properly protected. While the Administration's cancellation of the overly expensive and incomplete SBInet virtual fence program is a good example of targeting inefficient government spending, I disagree with the decision to suspend construction of the physical border fence while a more effective technological solution is studied. I urge the Committee to support funding to complete the physical border fence so we can strengthen our national security and stem the tide of illegal immigration.

Finally, it is imperative that the Committee continues the tradition of excellence in innovation and research at the National Institutes of Health (NIH) by agreeing to the president's request for \$32 billion. This level is critical for the NIH to continue its mission and remain an international leader in science and biomedical research. In the past year alone, the NIH has made great strides toward development of a universal flu vaccine, and its work in gene research is opening up new pathways to individualized treatment for a variety of diseases. A recent trial for immunotherapy for a rare pediatric cancer was so successful that the trial ended early. Patients undergoing standard treatment were given the option to use the new method because of the highly positive results.

Through the NIH's role as the preeminent medical research institution in the world, America can continue to be the leading source for the development of cures and treatments that help millions of individuals live their life to the fullest despite the disease or illness they may suffer from. Every day, NIH researchers bring us one step closer to improved methods of early detection and further progress against major diseases and conditions. The NIH is also key to our continued economic recovery. It generates high-quality and high-paying jobs in cutting-edge fields, and protects America's competitive advantage in these fields. We must continue to make investments in the NIH so the next great medical breakthrough is discovered in America and not imported from abroad.

Mr. Chairman and members of the Committee, thank you again for the opportunity to address the Committee and outline my priorities for the fiscal year 2012 budget. I yield back the balance of my time.

Mr. GUINTA. Questions from the committee?

Mr. Garrett.

Mr. GARRETT. Just a brief one. So I agree with you on two points and that is, first, the purpose of coming and setting priorities as to where we need to spend; that is what we all need to do, families,

businesses and, most importantly, in government. And secondly on the priorities that you picked, I think those are good priority items.

I guess my only question is, as you come and sit down and made that list of priorities and I guess figured out what each one of those priority items cost, did you then at the same time say, recognizing as we are with the fiscal situation we are in with \$1.6 trillion deficits and that is not sustainable and all the rest, I don't want to use the word offsets, but did you do the nonpriority items on the bottom of your list that you can report back to us and say, these are the items that I would specifically say that to get us on the trajectory we all want to be, how do you do it?

Mr. ALTMIRE. I appreciate the question. It is what every Member here should be doing. We need to eliminate waste and duplication, the things that the committee are discussing. We need to talk about across-the-board belt tightening, shared sacrifice in the country, and I look forward to the committee's budget on that and working with, as the bill moves to the floor, to support the initiatives that are going to offset the cost of some of these things.

But I want to be clear. No one should stand ahead of our Nation's veterans when it comes time to making funding decisions.

Mr. GARRETT. And I always say the same thing here and back in the district. So we are on the same page as that.

But those vets, when you talk to them at the VFW Hall or the American Legion Hall, they also say, well, we are concerned about—and they are, about their kids and their grandkids and the debt.

The waste, fraud and abuse aspect which you allude to is good, but when we have panels here and the experts are from all stripes, left and right, and they talk about that, and you ask them, well, what does that really mean as far as dollars and cents or maybe percentages, they will give you numbers, I don't know, one, two, three, sometimes a little higher as far as overall that you could find in any program. So, assuming even if it is 5, 5 percent, then we can implement a program to save that 5 percent somehow, because that is not always done, right? That is not enough. So besides the waste, fraud and abuse and across the board, can you help us out with—

Mr. ALTMIRE. Right. As the gentleman I am sure understands, during the debate on the CR and the amendment process, I supported I think more than a dozen of the majority's recommended cuts, in addition to what was recommended in the CR. So I look forward to making the difficult decisions and stand ready to work with the gentleman and anyone on the committee on specific line items and go line by line through the budget. And it has to be shared sacrifice. It has to be across the board, again, with the exception of the veterans and some of the programs I laid out.

Mr. GARRETT. Great. Appreciate that. Thanks much.

Mr. GUINTA. Any other questions from the committee?

Seeing none, I thank you for your testimony.

Mr. ALTMIRE. Thank you.

Mr. GUINTA. Next is the member from Rhode Island, the gentleman from Rhode Island Mr. Cicilline.

STATEMENT OF THE HON. DAVID N. CICILLINE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF RHODE ISLAND

Mr. CICILLINE. Thank you, Mr. Chairman and members of the Budget Committee. The economic recovery of my district, the State of Rhode Island and our whole country demands that we work collaboratively and focus our energy and resources on those initiatives that will help spur job growth now while providing our workers, our entrepreneurs and our businesses, particularly smaller enterprises and manufacturers, with the tools they need to compete in the global economy.

During this time when Congress must make the tough choices required to lower the deficit and cut spending, we must sustain those investments that help us create jobs, innovate for the future and remain competitive in the global marketplace.

While there are so many vital programs to defend throughout this budget, I am here today to call your attention to several programs that are critically important to creating jobs and growing the economy in the near term for my State and for our country.

Within the Department of Commerce, the President's fiscal year 2012 budget proposes \$143 million for the Hollings Manufacturing Extension Partnership; \$526 million for the International Trade Administration; and \$325 million for the Economic Development Administration, in part to support programs authorized by the America COMPETES Reauthorization Act.

Employment in manufacturing shrank from 20 million jobs in 1979 to fewer than 12 million jobs today. In Rhode Island, we have experienced the loss of more than 30,000 manufacturing jobs in the last decade alone. Despite these sobering statistics, the American manufacturing sector is really in the midst of a resurgence. Yet if this vital economic engine is to be sustained, Congress must continue its investments in programs that help manufacturers compete in the global economy, retool to be more efficient and effective businesses, and retrain their workforce so that skill sets utilized in declining segments can be transferred to those that are expanding.

Through the Hollings Manufacturing Extension Partnership, small- and medium-sized manufacturing firms are given the tools and expertise to improve productivity and competitiveness.

For every dollar of Federal investment, the Manufacturing Extension Partnership delivers \$32 in economic growth. It is a vital program that helps strengthen our economy and enhances our competitiveness and generates robust job growth.

Beyond helping American manufacturers retool and increase efficiency, if our Nation is going to compete in the global economy, we must guarantee that manufacturers are not disadvantaged by an uneven playing field in foreign trade, and we must ensure they have expert assistance services they need to access foreign markets.

If businesses, particularly manufacturers, are going to be able to compete in the global economy, they must have increased access to the global market. The International Trade Administration within the Department of Commerce provides America's businesses with access to trade specialists in industry and market access experts through their expert assistance centers.

The ITA plays a critical role in monitoring the compliance of foreign countries to trade agreements with the United States, while also working to identify potential obstacles American businesses make confront in accessing foreign markets. Research in the Department of Commerce indicates that for every additional \$100,000 in annual export sales, one new job is created. For Rhode Island alone, that meant 54 million jobs created or retained in our economy in 2009.

In addition, I applaud the administration's efforts to thrust innovation to the forefront of our Nation's economic agenda. Initiatives, such as the Regional Innovation Program, will help assemble the many stakeholders in economic development, all levels of government, private firms, regional interests, colleges and universities and beyond, to drive regional innovation, collaboration and job growth.

Just as we must encourage innovative thinking among stakeholders in our economy, we must also promote innovation in government programs that support small businesses and entrepreneurs. The Small Business Administration's \$3 billion in authorized leverage annually through the SBIC program. However, each year, the SBA has between \$1 billion to \$2 billion in additional leverage authority that remains untapped. Through these two new initiatives, the Early Stage Innovation Funds and the Impact Investment Fund, the SBA will leverage existing untapped authority, propelling much-needed capital in the hands of startups and entrepreneurs. Both of these programs at no additional costs to taxpayers provide entrepreneurs with the tools and resources to support innovation and grow concepts into commercialized products thereby creating jobs and driving economic growth.

Through the Hollings Manufacturing Extension Partnership and the ITA as well as programs conducted through the EDA, Economic Development Administration, and the SBA, Federal funds are effectively leveraging resources from State and local governments as well as the private sector.

I thank the committee for the time today and for the opportunity to provide testimony on this issue and for your thoughtful deliberation. And I ask that you fund these job-creating programs. I respectfully urge this committee to fully fund these critically important economic initiatives at the levels requested in the President's fiscal year 2012 budget.

Thank you, Mr. Chairman.

[The prepared statement of David N. Cicilline follows:]

PREPARED STATEMENT OF HON. DAVID N. CICILLINE, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF RHODE ISLAND

Thank you Chairman Ryan, Ranking Member Van Hollen, and members of the Budget Committee. The economic recovery of my District, the State of Rhode Island, and the nation as a whole demands that we work collaboratively and focus our energy and resources on those initiatives that will help spur job growth now, while providing our workers, our entrepreneurs, and our businesses—particularly smaller enterprises and manufacturers—with the tools they need to compete in the global economy.

During this time when Congress must make the tough choices required to lower the deficit and cut spending, we must sustain those investments that help us create jobs, innovate for the future, and remain competitive in the global marketplace.

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Within the Department of Commerce, the President's Fiscal Year 2012 Budget proposes \$143 million for the Hollings Manufacturing Extension Partnership, \$526 million for the International Trade Administration, and \$325 million for the Economic Development Administration, in part, to support programs authorized by the America COMPETES Reauthorization Act.

Employment in manufacturing shrank from 20 million jobs in 1979 to fewer than 12 million jobs today. In Rhode Island, we experienced the loss of more than 30,000 manufacturing jobs in the last decade alone. Despite these sobering statistics, the American manufacturing sector is in the midst of resurgence. Yet, if this vital economic engine is to be sustained, Congress must continue its investments in programs that help manufacturers compete in a global economy, retool to be more efficient and effective businesses, and retrain their workforce so that skill-sets utilized in declining segments can be transferred to those that are expanding. Through the Hollings Manufacturing Extension Partnership, small and medium sized manufacturing firms are given the tools and expertise to improve productivity and competitiveness. For every \$1 of federal investment, the Manufacturing Extension Partnership delivers \$32 in economic growth—it is a vital program that helps strengthen our economy, enhances our competitiveness and generates robust job growth.

Beyond helping American manufacturers retool and increase efficiency, if our nation is going to compete in the global economy we must guarantee that manufacturers are not disadvantaged by an uneven playing field in foreign trade, and we must ensure they have the export assistance services they need in order to access foreign markets. If businesses, particularly manufacturers, are going to be able to compete in the global economy they must have increased access to the global market. The International Trade Administration (ITA) within the Department of Commerce provides America's businesses with access to trade specialists and industry and market access experts through their Export Assistance Centers. Moreover, the ITA plays a critical role in monitoring the compliance of foreign countries to trade agreements with the United States, while also working to identify potential obstacles American businesses may confront in accessing foreign markets. Research from the Department of Commerce indicates that for every additional \$100,000 in annual export sales, one new job is created. For Rhode Island alone, that meant 5,400 jobs created or retained in our economy in 2009.

Additionally, I applaud the Administration's efforts to thrust innovation to the forefront of our nation's economic agenda. Initiatives such as the Regional Innovation Program will help assemble the many stakeholders in economic development—all levels of government, private firms, regional interests, colleges and universities, and beyond—to drive regional innovation, collaboration, and job growth. Furthermore, just as we must encourage innovative thinking among stakeholders in our economy, we must also promote innovation in the government programs that support small businesses and entrepreneurs. The Small Business Administration has \$3 billion in authorized leverage annually through the Small Business Investment Company program. However, each year the SBA has between \$1 billion to \$2 billion in additional leverage authority that remains untapped. Through two new initiatives, the Early Stage Innovation Fund and Impact Investment Fund, the SBA will leverage existing, untapped authority—propelling much needed capital into the hands of start-ups and entrepreneurs. Both of these programs—at no additional cost to taxpayers—provide entrepreneurs with the tools and resources to support innovation and grow concepts into commercialized products, thereby creating jobs and driving economic growth.

Through the Hollings Manufacturing Extension Partnership and the ITA, as well as programs conducted through the Economic Development Administration and the Small Business Administration, federal funds are effectively leveraging resources from state and local governments as well as the private sector.

I thank the Committee for their time today and their thoughtful deliberation to fund these job-creating programs. I respectfully urge this Committee to fully fund these critically important economic initiatives at the levels requested in the President's Fiscal Year 2012 Budget.

Mr. GUINTA. Thank you.

Questions from any member of the committee?

Seeing none, I just want to thank the gentleman from Rhode Island for testifying. We share a common bond in that we both represent New England and look forward to working with you through

this challenging process but one that I feel optimistic in our opportunities for success.

Mr. CICILLINE. Thank you, Mr. Chairman.

I look forward to working with you as well.

Mr. GUINTA. The gentleman from Tennessee, Mr. Fleischmann.

STATEMENT OF THE HON. CHUCK FLEISCHMANN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE

Mr. FLEISCHMANN. Thank you, Mr. Chairman and members of the Budget Committee.

I want to thank you for the opportunity to testify regarding the 2012 budget. I appreciate the hard work ahead of you and wish you the best during this challenging process.

I will keep my comments short, because I am not here to ask for additional funding in certain areas or spending that might help with a pet project or a campaign promise. Rather, as a recently elected Member of Congress, I want to stress the problems of our massive debt and uncontrollable spending and encourage you all to set us on a path of fiscal sustainability and stress my desire to help with this process.

As you know well, the current fiscal outlook is bleak, and it has gotten dramatically worse over the last few years. A few key facts: Our current national debt is \$14 trillion, which amounts to \$45,000 for every U.S. citizen. The total national debt held by the public is \$9.5 trillion and has increased 43 percent in just the last 2 years.

Our public debt is on a path of being 100 percent of our gross domestic product in just a few years, and 47 percent of that debt is owned by foreign sources. Currently, the Federal Government is borrowing more than 42 cents for every dollar it spends.

Mr. Chairman, the cause of this problem is not a lack of revenue; it is increased spending.

Since 1970, the Federal Government has grown eight times faster than the median household income. Since World War II, tax revenues have averaged about 18 percent of the economy, and these revenues are predicted to remain about at that level for the foreseeable future. During this time, spending has averaged around 20 percent of the economy. However, recently spending has gone well above this 20 percent average and is now predicted to explode to nearly 80 percent of the economy in future years, a massive and unsustainable increase. The effect of this massive debt is more than simply depressing numbers; there are real-world consequences.

In the short term, the debt drives out private investment, worries financial markets and slows economic growth. In the long term, it pushes us to financial instability and threatens our global leadership financially, politically and militarily. It even threatens our national sovereignty as foreign governments buy our debt and puts at risk important programs, such as Medicare and Social Security.

Every day we wait to address this problem, it gets harder to solve. Of course, other parts of big government, like excessive regulations, also contribute to a stagnant economy and a high unemployment rate. But the debt is certainly a key contributor.

The American people and certainly the people of the Third District of Tennessee understand this problem. They may not know every fact and figure, but they know the Federal Government has gotten too large and the current fiscal path is simply unsustainable.

Mr. Chairman, there is a very real sense that we might be the first generation of Americans to pass along an America in worse shape than the one we inherited. And the massive debt is the main reason.

However, there is some good news. There is, as always in America, reason for hope. Simply put, the public is ready for action. I hear it in every town hall meeting and in almost every constituent discussion: Please make the tough decisions now so we can pass along a better America to future generations.

With the American people ready for meaningful action, it seems like we, as Members of Congress, should seize this opportunity and begin the long, hard process of putting our fiscal house in order.

I sincerely think that H.R. 1 was a good start in addressing this problem. Congress showed that we are ready to have a robust and honest debate about spending priorities, and in the end, we are willing to make tough choices. But this critical legislation was just one small step in the right direction. We obviously have a long way to go.

Mr. Chairman, again, I wanted to use my time today to stress the need to address the debt in a real and meaningful way. I do not pretend to have all the answers. But I want to be part of the solution. I look forward to working with you and Members from both sides of the aisle in the coming months to make the hard choices and put us on a financially sustainable path. Thank you.

[The prepared statement of Chuck Fleischmann follows:]

PREPARED STATEMENT OF HON. CHARLES J. "CHUCK" FLEISCHMANN, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE

Chairman Ryan, Ranking Member Van Hollen and members of the Budget Committee, thank you for the opportunity to testify regarding the 2012 budget. I appreciate the hard work ahead of you and wish you the best during this challenging process.

I will keep my comments short because I am not here to ask for additional funding in certain areas or spending that might help with a pet project or a campaign promise. Rather, as a recently elected Member of Congress, I want to stress the problems of our massive debt and uncontrollable spending, encourage you to set us on a path to fiscal sustainability, and stress my desire to help with this process.

As you know well, the current fiscal outlook is bleak, and it has gotten dramatically worse over the last few years. A few key facts:

- Our current national debt is \$14 trillion which amounts to \$45,000 per every U.S. citizen.

- The total national debt held by the public is \$9.5 trillion, and it has increased 43% in just the last 2 years.

- Our public debt is on a path to being 100% of our GDP in just a few years, and 47% of that debt is owned by foreign sources.

- Currently, the federal government is borrowing more than 42 cents for every dollar it spends.

And the cause of this problem is increased spending, not a lack of revenue:

- Since 1970, federal government spending has grown 8 times faster than median household income.

- Since World War II tax revenues have averaged about 18 % of the economy, and these revenues are predicted to remain at about that level for the foreseeable future. During this time spending has averaged around 20% of the economy. However, recently spending has gone well above this 20% average, and it is now predicted to

explode to nearly 80% of the economy in future years—a massive and unsustainable increase.

The effect of this massive debt is more than simply depressing numbers. There are real world consequences. In the short term, the debt drives out private investment, worries financial markets and slows economic growth. In the long term, it pushes us to financial instability and threatens our global leadership financially, politically and militarily. It even threatens our national sovereignty as foreign governments buy our debt and puts at risk important programs like Medicare and Social Security. Every day we wait to address the problem, it only gets harder to solve.

Of course, other parts of big government, like excessive regulations, also contribute to a stagnant economy and our high unemployment rate, but the debt is certainly a key contributor.

The American people, certainly the people of the 3rd district of Tennessee, understand the problem. They may not know every fact and every figure, but they know the federal government has gotten too large and the current fiscal path is simply unsustainable. Mr. Chairman, there is a very real sense that we might be the first generation of Americans to pass along an America in worse shape than the one we inherited, and the massive debt is the main reason.

However, there is good news. There is, as always in America, reason for hope. Simply put, the public is ready for action. I hear it in every town hall meeting and in almost every constituent discussion—“please make the tough decisions now so that we can pass along a better America to future generations.” With the American people ready for meaningful action, it seems like we, as Members of Congress, should seize this opportunity and begin the long, hard process of putting our fiscal house in order.

I sincerely think that H.R. 1 was a good start in addressing this problem. Congress showed that we are ready to have a robust and honest debate about spending priorities; and, in the end, we are willing to make the tough choices. But this critical legislation was just one small step in the right direction. We obviously have a long way to go.

Mr. Chairman, again, I wanted to use my time today to stress the need to address the debt in a real and meaningful way. I do not pretend to have all the answers, but I want to be part of the solution. I look forward to working with you and members from both sides of the aisle in the coming months to make the hard choices and put us on a financially sustainable course. Thank you.

Mr. GUINTA. Thank you for your testimony.

And without objection, we will move on to our next member, the gentleman from California, Mr. Garamendi.

Mr. GARRETT. Ms. Chu was first.

Mr. GUINTA. Without objection, thank you very much.

The gentlelady from California.

STATEMENT OF THE HON. JUDY CHU, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Ms. CHU. Thank you, Mr. Chair.

I thank you for the opportunity to submit testimony as chair of the Congressional Asian Pacific American Caucus. I have submitted a longer and more detailed testimony for the record.

Asian Americans, Native Hawaiians and Pacific Islanders are a diverse community with diverse needs. Unfortunately, the population is often aggregated together during data collection, which leads to false impressions about our community.

I would like to share with you the top five issues that are facing the Asian Pacific American community and how Congress can play a role in helping our community.

Unemployment is a significant issue for our community. Certain sub groups are dealing with far higher levels of unemployment than the 9.5 national rate. For example, Native Hawaiian and Pacific Islanders face a 13.2 percent unemployment rate. Samoans are dealing with a 17 percent unemployment. That is why we must

fully fund the President's budget request for the Employment and Training Administration.

Educational attainment is also a problem for several populations within the Asian Pacific American community. In 2006, a staggering 40 percent of Hmong, 38 percent of Laotians and 35 percent of Cambodian populations did not complete high school. This creates a strong need within the Asian Pacific American population for education programs to target our community early in school and to ensure Asian Pacific American students graduate and go on to some form of post secondary education.

To that end, it is critically important for your budget to include the President's full request for both the Early Learning Challenge Fund and TRIO programs, which help 4,700 Asian Pacific American population participants pursue and complete postsecondary education.

On housing, Asian Pacific Americans who defaulted on their mortgage loans are more likely to enter foreclosure than ever seek a loan modification. In fact, the Asian Pacific American population has suffered the largest percentage decline in home ownership of any racial group. In order to assist these homeowners, we must fully fund the President's budget request for the Housing Counseling Assistance Program.

On immigration, the Federal year 2012 budget recommended an increase of \$1.75 million over last year for immigrant integration and citizenship. I strongly support these requests because these funds are critical to the success of the United States and greatly benefit the Asian Pacific Islander community, two-thirds of whom are immigrants and refugees. Immigrants who integrate into U.S. society go on to become informed voters but, most importantly, entrepreneurs and future job creators.

However, funding for programs that support a humane immigration system is dwarfed by the size of budget for border and interior immigration enforcement. We must ensure that our immigration budget is balanced and that it supports both programs that benefit immigrants and also enforces our immigration laws.

And lastly is the issue of civil rights. Protecting our civil rights is essential. The Asian Pacific American community continues to face a myriad of problems in this arena. Hate crimes are on the rise. Voting rights are under attack, and employment discrimination is rampant. By having the proper resources, the Civil Rights Division would be able to ensure that hate crime offenses are aggressively investigated and prosecuted and that voters are not discriminated at the polls and that employment discrimination is eradicated from the workplace. I ask you to fully support the President's budget request for the Civil Rights Division of the Department of Justice.

In conclusion, I strongly urge you to support these programs. Thank you for your consideration.

[The prepared statement of Judy Chu follows:]

PREPARED STATEMENT OF HON. JUDY CHU, CHAIR, CONGRESSIONAL ASIAN PACIFIC AMERICAN CAUCUS (CAPAC)

Thank you for the opportunity to submit testimony as Chair of the Congressional Asian Pacific American Caucus (CAPAC). I am honored to have the opportunity to

share with you the issues that are facing our community and how Congress can play a role in helping our community.

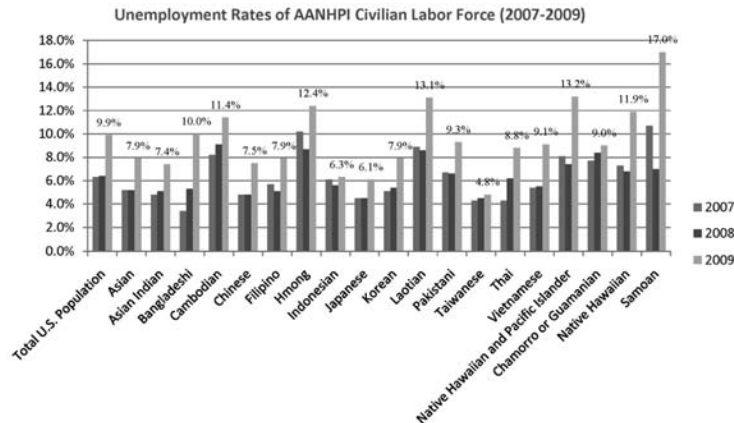
Asian Americans, Native Hawaiians, and Pacific Islanders (AANHPIs) are a diverse community with diverse needs. Unfortunately, this population is often aggregated together during data collection which leads to false impressions about our community. Asian Americans, in general, are thought to be the “model minority” when in fact our community has tremendous unmet needs that threaten the prosperity of the AANHPI community and the prosperity of our country.

My testimony will focus on sharing data that might surprise you about our community. It will demonstrate what programs in the budget are the most crucial to AANHPI needs, and hopefully, can be incorporated in the roadmap this committee sets for our future.

ECONOMIC DEVELOPMENT

Unemployment

Unemployment is a critical issue for a significant portion of our community. Aggregate data for 2009 shows that the unemployment rate for the Asian American civilian labor force (7.9%) is lower than that of the overall population (9.9%). However, disaggregated data shows that the unemployment rate is higher for certain subgroups such as Southeast Asians, including Cambodians (11.4%), Hmong (12.4%), and Laotians (13.1%). The data also indicates that the unemployment rate for the Native Hawaiian and Pacific Islander (NHPI) civilian labor force (13.2%) is much higher than that of the overall population and is particularly acute among Samoans (17%). Finally, the data confirms that no AANHPI group has been left untouched by the recent economic downturn, with every subgroup experiencing increased unemployment between 2008 and 2009. Recent news¹ has shown that while aggregate unemployment data shows low unemployment rates for Asian Americans, the period of unemployment lasts longer in our community.



Source of Data: American Community Survey (2007, 2008, 2009)

The pervasive and deep unemployment within our community means we need job creation solutions for not just the unemployed, but for the long-term unemployed. High-quality job training and education services to meet the needs of workers and employers are essential to putting Americans and our community back to work. The Department of Labor spearheads Workforce Investment Act programs that provided job training and reemployment services to over 8 million Americans last year, including disadvantaged youth and workers who have lost their jobs as a result of plant closings or mass layoffs. Over 4 million workers gained the employment-related assistance and training they needed last year through these programs to reenter the workforce. While funding has remained steady for Workforce Investment Act programs over the past few years, participation rates have jumped 234% in the past two years alone with workers struggling to regain their footing during the recession. The President’s overall budget request of \$9,948,356 for the Employment and Training Administration maintains this commitment to workforce programs critical to our community so that as the economy recovers and job growth returns, workers will have the education and skillsets they need to reenter the labor market.

Business Development

Supporting minority businesses is key to economic recovery and long-term growth. Minority firms currently provide nearly 5 million people with steady jobs, but have the potential to create 16.1 million jobs, leading to stronger communities and bolstering America's economy. The U.S. Census Bureau projects that by 2050, the minority community will represent 54% of the total U.S. population indicating that over the next 40 years the growth of America's workforce will primarily come from minorities. Minority-owned firms have the potential to contribute significantly to our long-term economic progress and stability.

Asian-owned firms account for over 1.5 million of all minority firms and employ nearly 52 percent of all employees in these firms.ⁱⁱ The economic impact of Asian firms to the economy is significant, but the potential for greater economic growth and contribution to our economy is vast. In order to tap into the potential growth, we must invest in business development programs targeted at minority firms such as the Minority Business Development Agency.

In FY 2010 MBDA's return on investment was 123x and they created 6,218 jobs. Their performance speaks for itself and we must keep programs such as these funded as our economy recovers. That is why the President's request for \$32.322 million for the Minority Business Development Agency (MBDA) is important to promoting AAPI business growth and the growth of all minority businesses.

Another focus for business development is developing exports for minority firms. Increasing exports of our products and services to global markets can help revive the fortunes of U.S. companies, spur future economic growth and support jobs here at home. Minority firms in the United States are primed for exporting and are twice as likely to generate sales from exporting as non-minority-owned firms. Some of the reasons are due in large part to language capabilities, cultural compatibility and business agility. AANHPI firms are especially capable of export to one of the largest markets in the world: Asia. However, the Trade and Competitiveness Coalition has reported that small businesses, compared with large firms, are especially dependent on U.S. government initiatives to open foreign markets. Unlike big companies, most small businesses do not possess offshore business affiliates or contacts that can be used to circumvent trade barriers and gain market access. It is vital that the House Budget support the President's request for expanding exports for small businesses, especially at the Small Business Administration and the Department of Commerce.

EDUCATION

Early Education Programs

For children in poverty, achievement gaps begin well before kindergarten. Study after study has shown that investing in quality early learning programs can yield a huge return-on-investment by reducing the costs of special education, high school dropouts, teen pregnancy, crime, incarceration, and dependence on social services later in life and increasing the likelihood of college attendance and completion. As nearly thirteen percent of Asian Americans live below poverty,ⁱⁱⁱ and certain sub-groups such as the Hmong and the Vietnamese have poverty rates of 29.9% and 15.5% respectively,^{iv} this issue is critical.

Thus, we urge you to include in your budget the President's request for \$350 million for the Early Learning Challenge Fund to expand access to high-quality early childhood education.

TRIO

Educational attainment is also a problem for certain populations in our community. In 2006 a staggering 40 percent of Hmong, 38% of Laotian and 35% of Cambodian populations did not complete high school.^v TRIO programs provide hundreds of thousands of students with the necessary support to enroll in and graduate from college and, ultimately, help narrow the gap between low-income, first-generation students and their peers. The President's request of \$920.1 million for TRIO programs is essential to helping the estimated 4,700 AANHPI participants pursue and complete postsecondary education.

AANAPISI

Although Asian Americans are sometimes portrayed as universally excelling in school, disaggregated data shows a significant portion of the community falls well below national averages. These students are from low income backgrounds, are the first in their families to attend college, and struggle to secure the financial resources to support themselves while in school.^{vi} Based on analysis of the National Postsec-

ondary Student Aid Survey (2008), AANHPIs also have greater financial need than other racial groups taking into account expected family contribution and total aid.

The authorized Asian American and Native American Pacific Islander-Serving Institution (AANAPISI) program was created to better support low-income AANHPI students with a variety of targeted services, helping them overcome barriers to a college degree and putting them on the path to success. It is important to our community that the committee provides \$4.575 million to the AANAPISI program to serve AANHPI students.

CIVIL RIGHTS

Civil Rights Enforcement

The Civil Rights Division of the U.S. Department of Justice is more important than ever due to:

Hate Crimes. The AANHPI community continues to face a myriad of problems in this arena: hate crimes are on the rise, voting rights are under attack, and employment discrimination is rampant. According to the FBI, the total number of hate incidents reported by law enforcement agencies was 7,783 in 2008—up from 7,624 in 2007.^{vii} More than half of the attacks were racially-motivated, with anti-Asian bias accounting for 3.4 percent of the incidents and anti-Muslim bias 7.5 percent.^{viii} These numbers are likely to go up because of the growing anti-Muslim sentiment in our country. By having the proper resources, the Civil Rights division of the U.S. Department of Justice would be able to ensure that hate crime offenses are aggressively investigated and prosecuted.

Voting Rights. AANHPIs continue to face discrimination at the polls and numerous barriers that successfully disenfranchise certain communities.^{ix} With more resources, the Civil Rights division can expand efforts to guarantee citizens' voting rights by addressing voting rights violations.

Employment Discrimination. A record number of Muslim workers in the United States have experienced alleged employment discrimination, including claims that co-workers called them “terrorist” or “Osama” and employers barring them from wearing head scarves or taking prayer breaks.^x Muslims make up less than 2 percent of the United States population, but they made up about one-fourth of the 3,386 religious discrimination claims filed with the Equal Employment Opportunity Commission in 2009. This is a problem for the Asian American community as many of these practicing Muslims are Asian Americans. If we ensure that the Civil Rights division has enough funds, they will have what they need to increase efforts to eradicate this type of discrimination.

For these reasons, we support the President's request of \$161.8 million for the Civil Rights division, which is a \$16.3 million boost from FY 2010.

Community Relations

Not only must we protect our civil rights, but we must foster an environment where all citizens feel respected and accepted by their community. The Community Relations Service (CRS) in the Department of Justice can help promote these types of attitudes. CRS serves as the Department's “peacemaker” for community conflicts and tensions arising from real or perceived discriminatory practices based on race, color, or national origin and helps communities prevent and respond to alleged violent hate crimes committed on the basis of actual or perceived race, color national origin, gender, gender identity, sexual orientation, religion or disability.^{xi} To carry out its goal, CRS implemented several strategies and programs including an Anti-Racial Profiling Program and Sikh (AMS) Cultural Awareness program.^{xii} We support the President's request of \$11.5 million for this program, which is a \$1.5 million increase from FY 2010.

HOUSING

Housing Counseling Assistance Programs and Foreclosure Relief Programs

Housing counseling programs that are able to work with the community in a linguistically and culturally appropriate manner have been integral to ensuring the community development needs of AANHPI communities. In fact, AANHPIs make up a substantial portion of the population in 6 of the 10 US cities with the highest foreclosure rates.

AANHPIs have suffered the largest percentage decline in homeownership of any racial group.^{xiii} A new study by the Asian Real Estate Association and the UCLA Asian American Studies Centers saw AANHPIs experience a significant loss of equity following the national foreclosure crisis.^{xiv} Asian Americans average loss during 2007-2009 was -\$42,900 and for Native Hawaiians and Pacific Islanders (NHPI) was -\$47,000. The national equity loss during that same period was -\$9,100.

Financial and foreclosure assistance is also much needed in AANHPI communities. It has been observed by advocates working in the community that of the AANHPIs who defaulted on their mortgages loans, they are more likely to enter into foreclosure, rather than seeking alternative means of staying in their homes like loan modifications or other alternatives.

In order to assist these homeowners, we must also consider how to best reach and serve these communities. The AANHPI community is comprised of two-thirds immigrants and refugees, represents 50 ethnic groups, and 100 language groups. Additionally, there are nearly a million Native Hawaiian and Pacific Islanders. With these diverse needs, it is critical that there is support for housing counseling organizations supported by the Housing Counseling Assistance Programs that provide linguistically and culturally appropriate services to these constituencies. The President's FY12 budget requests \$88 million for the Housing Counseling Assistance program and should be funded at this level.

Affordable Housing Programs: Senior Housing Programs (Section 202) and Section 8 Vouchers

AANHPIs are often concentrated in dense, overcrowded neighborhoods and frequently live in areas where housing and rental markets are expensive. In order to create housing opportunities for those most in need in the community, we need to preserve funding for affordable rental developments, senior housing, and rebuilding aging public housing.

Some parts of the AANHPI community are living at 38% poverty rates and have average households larger than the average for the total population. With an inability to own a home due to financial hardship and/or limited access to credit, many are renters who live in overcrowded conditions in order to afford rent. At the national level and for seven metropolitan areas, Asian homeowners live in overcrowded conditions at a greater proportion than the total population. The largest difference in overcrowded homes occurs in the Minneapolis metropolitan area, where Asian households are 25% more crowded than the total households in the area.^{xv} The severity of these conditions is also felt within ethnic subgroups as well particularly in areas where rental prices are usually high. For example, one-fourth of South Asian American rental households are overcrowded by federal and municipal standards of no more than one person per room compared to 8.2% of New York City's general population.^{xvi}

The AANHPI population age 65 and older increased 52% between 2000 and 2007, while the overall increase nationwide was 6% over the same time period. This dramatic increase represents a major demographic shift in the community. Nationwide, 1 in 8 AANHPI seniors are living below the federal poverty threshold compared with 1 in 10 of all seniors. The number of seniors living in poverty increased by 52% from 95,244 in the Census 2000 to 144,537 in the 2005-2007 American Community Survey.^{xvii}

We should support the increased support for the President's FY2012 budget for \$9,429 million for Section 8 Vouchers. Section 202, however, the President requested \$757 billion represents a decrease from FY2010 enacted figures of \$825 million. To provide for the rising elderly population, we should fully restore this figure to the FY 2010 levels.

Native Hawaiian Block Grants

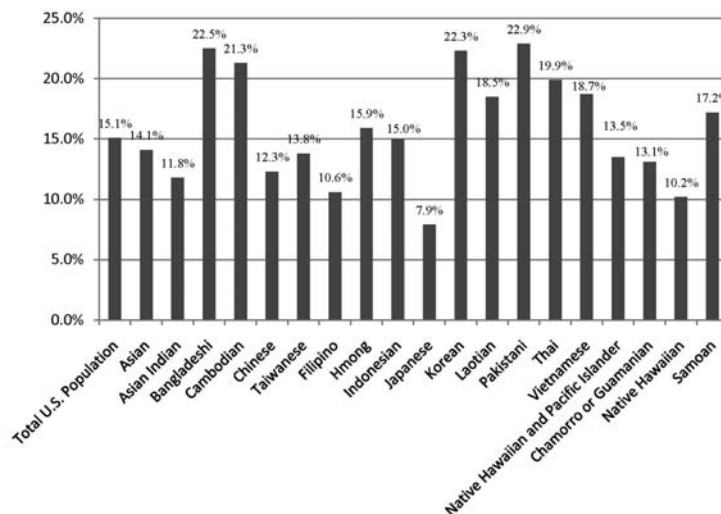
The Native Hawaiian Block Grants have been critical for new construction, rehabilitation, acquisition, infrastructure, and various support services for Native Hawaiian and Pacific Islanders.

There are nearly 1 million Native Hawaiians and Pacific Islanders. One out of five in this population lives in poverty. They are a population highest risk of foreclosure and renters continue to experience adverse treatment at levels of Hispanic and African American renters.

The President's FY 12 budget funds the Native Hawaiian Block Grant at \$10 million, which is a \$3 million drop from FY 2010 enacted levels.

HEALTHCARE

Rates of Uninsured Among AANHPI Population (2009)



Source of Data: American Community Survey (2009)

Access to Healthcare

Access to healthcare remains a key issue for many in our AANHPI community. Aggregate data for 2009 show that the rate of uninsured people among the Asian American population (14.1%) is lower than that of the overall population (15.1%). However, disaggregated data show that the rate of uninsured people is much higher for certain groups. In particular, South Asians, such as Bangladeshis (22.5%) and Pakistanis (22.9%), and Southeast Asians, such as Cambodians (21.3%), Hmongs (15.9%), Laotians (18.5%), Thais (19.9%), and Vietnamese (18.7%), are impacted by a lack of health insurance coverage.^{xviii}

The Affordable Care Act will provide these individuals and their families with improved access to affordable health care and essential health care services. Under the new law, Medicaid coverage will be expanded to cover children and adults with incomes up to 133 percent of the federal poverty level. Almost 1.3 million AANHPIs will be newly eligible for Medicaid. This Medicaid expansion will provide coverage to many AANHPI individuals and families who would otherwise go without quality, affordable health coverage.^{xix,xx}

In addition, the new law will expand coverage through the creation of state health exchanges for individuals who do not qualify for Medicaid or who cannot get affordable coverage from their employer. These exchanges will allow individuals to shop for insurance and easily compare prices and benefits. To ensure that health insurance is affordable, the law will provide refundable tax credits to offset a portion of the cost of health insurance premiums. It is estimated that close to 1.5 million AANHPI will be eligible for premium tax credits to purchase coverage.

These coverage expansions should have a significant impact on AANHPIs with low or moderate incomes. It is critical that the FY 2012 Budget fully funds the Affordable Care Act to ensure that we are on track to providing health coverage to the neediest members of the AANHPI community.

Healthcare Disparities

For far too long, the health challenges of AANHPIs have gone unnoticed and the deadly effects of this lack of knowledge and awareness have been deeply felt by the community. Among one Pacific Islander-American group, 20 percent of births are pre-term. Deaths from breast cancer are four times higher among some Asian-born women compared to their U.S.-born counterparts. Rates of vaccine-preventable liver

and cervical cancer among the Hmong community in California are 3 to 4 times higher than those of other Asian American groups.

One important way to address these disparities is to fund community health centers. These centers play a critical role in expanding access by serving as a trusted safety net for AANHPI communities because they provide culturally and linguistically competent services that address some of the key barriers that confront our community. The expansion of community health centers is one of the cornerstones to helping the AANHPI community. It is important to maintain the funding for community health centers and provide \$2.19 billion in FY 2012 Budget.

Hepatitis B

Among the most serious conditions affecting the AANHPI community is hepatitis B, an infection of the liver and the leading cause of liver cancer. About 1.3-1.5 million people in the U.S. are chronically infected with hepatitis B, with approximately 5,000-6,000 people dying each year from hepatitis B related liver disease or liver cancer. Over half of the chronic hepatitis B cases and resulting deaths are represented by AANHPIs. What is tragic about these deaths is that they are completely preventable with a vaccine that has been available for 20 years.

The President recommended a \$101 million boost to the Centers for Disease Control and Prevention. We support this increased level in funding in order for the Centers for Disease Control to increase awareness, testing, and vaccination for Hepatitis B.

IMMIGRATION

Immigrant Integration and Citizenship

In the last decade, the government has become increasingly aware of the value of speeding the integration of immigrants into our society. During the Presidency of George W. Bush, the Office of Citizenship was established. In its early days, that office concentrated on, among other things, improving access to citizenship education and instructional materials.

The Office of Citizenship plays a key role in immigrant integration by, among other things, leading initiatives to promote citizenship awareness; supporting national and community-based organizations that prepare immigrants for citizenship by providing grants, educational materials, and technical assistance; and building collaborative partnerships with state and local governmental and non-governmental organizations to expand integration and citizenship resources in communities.

The President recommended \$19,749,000 for Immigrant Integration and Citizenship for FY2012, an increase of \$1.75 million over the FY2011 request. This funding will support immigrant integration efforts, including funding for new programs supporting English language acquisition and citizenship education.

We strongly support this request because these funds will greatly benefit the AANHPI community and are critical to the success of the United States. Immigrants who integrate into U.S. society go on to become informed voters, active community members, innovators, entrepreneurs and future job-creators. Whether they come on family or employment visas, through the asylum or refugee program, or through other much smaller legal immigration programs, legal permanent residents come to this country with the dream of becoming U.S. citizens and giving back to their adopted home.

The Office of Citizenship has already helped thousands more people prepare to become citizens through Congress's support and it has helped to reinforce the network of excellent state service providers around the country. Strong support for integration programs boost human potential and make us a stronger nation.

Immigration Enforcement Efforts

However, funding for programs that support a humane immigration system is dwarfed by the size of the budget for border and interior immigration enforcement. Compared to a meager \$1.75 million increase for integration services, the FY2012 Budget spends an additional \$64 million on the controversial Secure Communities Program, increases detention services by \$158 million and institutes an all-time high of over 21,000 Border Patrol agents. The FY2012 Budget is too strongly focused on border enforcement.

Instead, we must ensure our immigration budget is balanced, that it supports both programs that benefit immigrants, the foundation of the American nation since it was established, and also enforces our immigration laws. Immigration enforcement alone will not fix the broken U.S. immigration system. We urge you to robustly support immigration services and create a more equitable immigration budget that does not rely on enforcement-only immigration policy.

TERRITORIES

The Office of Insular Affairs (OIA) carries out the Secretary's responsibilities for U.S.-affiliated insular areas. These include the territories of Guam, American Samoa, the U.S. Virgin Islands (USVI), and the Commonwealth of the Northern Mariana Islands (CNMI), as well as the three Freely Associated States (FAS): the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and the Republic of Palau.^{xxi} OIA is the primary federal program aimed at combating the economic and fiscal problems in the insular areas.

Unfortunately, the President's request included a \$1.1 million reduction from fiscal year 2010 levels. It is understandable in these tough economic times everyone must make sacrifices, but reductions in the OIA funding will translate to cuts to vital projects which foster development of the insular areas in accountability, financial management, tax systems and procedures, insular management controls, economic development, training/education, energy, public safety, health, immigration, labor, and law enforcement. We are requesting the committee to restore the \$1.1 million cut in funding to the Office of Insular Affairs.

ENDNOTES

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ⁱⁱⁱ "Asian Americans and Pacific Islanders—Facts, not Fiction," The Steinhardt Institute for Higher Education Policy, NYU. 2008.

^{iv} "American Community Survey," US Census Bureau. 2009.

^v "American Community Survey," US Census Bureau. 2006.

^{vi} "Federal Higher Education Policy Priorities and the Asian American and Pacific Islander Community," The Asian and Pacific Islander American Scholarship Fund. 2010.

^{vii} US Department of Justice, Federal Bureau of Investigation, 2008 Hate Crime Statistics.

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^{xi} U.S. Department of Justice, Budget and Performance Summary. Fiscal Year 2012.

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^{xv} "A New Path to Homeownership for Asian American Home Buyers," Asian Real Estate Association of America and UCLA Asian American Studies Press.

^{xvi} Finding a Path to South Asian Community Development, Chhaya Community Development Corporation.

^{xvii} ACS <http://www.aafny.org/cic/briefs/usseniors2009.pdf>

^{xviii} American Community Survey, 2009.

^{xix} "How Health Reform Helps Asian Americans," *Families USA*, September 2010.

^{xx} "How Health Reform Helps Native Hawaiians and Other Pacific Islanders," *Families USA*, September 2010.

^{xxi} "Budget Justifications and Performance Information Fiscal Year 2012," Office of Insular Affairs. Department of the Interior. 2011. <http://www.doi.gov/oia/budget/FY2012—Budget—Justification.pdf>

Mr. GUINTA. Thank you, very much, Ms. Chu, for your testimony. I look forward to working with you through the upcoming budget process.

Ms. CHU. Thank you.

Mr. GUINTA. Mr. Garamendi, I will either allow you your 5 minutes, unless you would prefer to yield to Mr. Clyburn, and I will let you decide.

STATEMENT OF THE HON. JOHN GARAMENDI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. GARAMENDI. I think I better get on with it, despite my high regard for Mr. Clyburn.

Thank you, Mr. Chairman. It is an honor to testify before you today on the Federal budget. It is true it is the truest reflection of our Nation's value carried out through public policy.

The budget also reflects our priorities. I think we can all agree that the priority number one is growing the economy. How do we grow the economy? We simply must make it in America and use our Nation's treasure wisely. In all that the Federal Government does, we must always achieve the utmost efficiency and effectiveness, especially in this economy. We must also prioritize the investments that create jobs now and lay down the foundation for a healthier economy in the future. Programs that are inefficient, for example, much of the military procurement, and programs that are ineffective at creating jobs must be modified.

While there are many proposals for immediate cuts in the halls of Congress, it appears that very little thought has been given to the actual efficiency and effectiveness of those cuts. The continuing resolution passed by this House earlier this year would actually hinder economic growth and destroy some 700,000 jobs. This is contrary to America's interest. Without policies that promote strong economic growth and job creation, our economy will be hampered.

We must adequately invest in the following six categories: elementary, secondary and higher education; research; infrastructure; manufacturing; export enhancement; and, of course, national defense. I believe we must prioritize these six critical investments and urge the Budget Committee to set budget levels that meet our present and future needs, keeping in mind that efficiency and effectiveness and job creation are of paramount importance.

We must also remember that America's manufacturing sector is the backbone of middle America. If America's manufacturing sector were a country, it would be the ninth largest in the world. People working in the manufacturing sector earn \$25,000 more than per year than employees in the other sectors—the service sector. Yet one-third of all jobs lost during the great recession were in manufacturing, despite manufacturing only represents one-tenth of the jobs in America. Without the return of manufacturing, America's future economic prosperity is jeopardized. We need to make it in America if America is going to make it.

National defense is a compelling fact and must be addressed. I urge the deficit commission—excuse me, I agree with the deficit commission that we must take—let me start this paragraph over. The national deficit is a compelling fact and must be addressed. I agree with the deficit commission that we must take the long view, that is 5 to 10 years, in addressing the deficit and not engage in precipitous, immediate cuts that will harm the economy and only have a minor effect on the overall deficit. I believe the President's 2012 budget is appropriate, given the current economic situation.

One critical way to reduce the deficit is to let the Bush tax cuts for millionaires and billionaires expire sooner rather than later, bringing those taxes to the level that existed during the Clinton administration. I would include the Defense Department's base budg-

et as part of the package of reductions in the coming years. I would further reduce the deficit—excuse me, the defense budget by accelerating the removal of combat troops in Afghanistan, completing that withdrawal by 2013.

The deficit cannot be significantly reduced unless we also address the runaway medical costs in this Nation. Our economy will have difficulty competing on an international stage if medical costs continue to absorb an ever increasing share of the American economy, thereby squeezing out other necessary activities. Cost containment must apply to all public and private medical activities.

I bring your attention to a comprehensive study on this issue that I conducted in 2005 while California's insurance commissioner. The study, "Priced Out: Health Care in California" was based on a panel of national experts who compiled data and made 45 concrete recommendations across all segments of the medical system. Those recommendations run the gamut from requiring full disclosure of health expenditures at hospitals to pay-for-performance incentives to wider generic drug availability. Recommendations address the benefits and cost sharing, health care quality, Medicare and Medicaid reform, prescription drugs and the broadbased public health programs. In my view, Congress must pursue all of the paths recommended in the report. And we happen to do most of it with the health reform. It should not be repealed.

I note that this report, "Priced Out," is California-specific, but the issues in it address both State and Federal level concerns.

Social Security will undoubtedly be on the agenda. However, it is wrong to address this issue as a driver of the deficit. It is not. Long and appropriate separation of this essential program for retirement should be addressed, as it has in the past, with minor tweaks over time so as to maintain Social Security strength. In any case, this program is both effective and efficient for the foreseeable future. So long as we do not raid Social Security trust fund or make substantial changes to the program, we will not have a Social Security crisis. Any effort to privatize Social Security must be categorically rejected.

Mr. Chairman, I thank you for this opportunity to address you on the subject of the budget.

[The prepared statement of John Garamendi follows:]

PREPARED STATEMENT OF HON. JOHN GARAMENDI, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF CALIFORNIA

Thank you Chairman Ryan, Ranking Member Van Hollen, and members of the Budget Committee. It is an honor to testify before you on the federal budget, which is the truest reflection of our nation's values carried out through public policy. The budget is also a reflection of our priorities. I think we can all agree that priority number 1 is growing the economy. How do we grow the economy? We Make It In America, and we use our nation's treasure wisely.

In all that the Federal Government does we must always achieve the utmost efficiency and effectiveness. Especially in this economy, we must also prioritize the investments that create jobs now and lay down the foundation for a healthier economy in the future. Programs that are inefficient (for example, much of our military procurement) and programs that are ineffective at creating jobs must be modified.

While there are many proposals for immediate cuts in the Halls of Congress, it appears that there has been little thought given to actual efficiency and effectiveness. The Continuing Resolution passed by this House earlier in the year would hinder economic growth and destroy 700,000 jobs. This is contrary to America's interest. Without policies that promote strong economic growth and job creation, our

economy will be hampered. We must adequately invest in the following six categories:

- Elementary, secondary and higher education
- Research
- Infrastructure
- Manufacturing
- Export enhancement
- National Defense

I believe that we must prioritize these six critical investments and urge the Budget Committee to set budget levels that meet our present and future needs, keeping in mind that efficiency, effectiveness, and job creation are of paramount importance.

We must also remember that America's manufacturing sector is the backbone of our middle class. If America's manufacturing sector were a country, it would be the 9th largest economy in the world. People working in manufacturing earn an average of \$25,000 more per year than service sector employees and usually have better benefits. Yet one-third of all jobs lost during the Great Recession were in manufacturing despite manufacturing only representing one-tenth of the jobs in America. Without the return of manufacturing, America's future economic prosperity is jeopardized. We need to Make It In America to make it in America.

The national deficit is a compelling fact and must be addressed. I agree with the Deficit Commission that we must take the long view (5 to 10 years) in addressing the deficit and not engage in precipitous immediate cuts that will harm the recovery and only have a minor effect on the overall deficit.

I believe that the President's 2012 proposed budget is appropriate given the current economic situation. One critical way to reduce the deficit is to let the Bush tax cuts for millionaires and billionaires expire, bringing them to the levels that existed during the Clinton administration. I would include the Defense Department's base budget as part of a package of reductions in the coming decade. I would further reduce the defense budget by accelerating the removal of combat troops from Afghanistan, completing that withdrawal no later than 2013.

The deficit cannot be significantly reduced unless we also address runaway medical costs. Our economy will have difficulty competing on the international stage if medical costs continue to absorb an ever increasing share of the American economy thereby squeezing out other necessary activities. Cost containment must apply to all public and private medical activities.

I bring to your attention a comprehensive study of this issue that I conducted in 2005 while California Insurance Commissioner, "Priced Out, Healthcare in California." We convened a panel of national experts who compiled data and made 45 concrete recommendations across all parts of the medical system. These recommendations run the gamut, from requiring full disclosure of health expenditures at hospitals to pay-for-performance incentives to wider generic drug availability. The recommendations address benefits and cost sharing, health care quality, Medicaid reform, prescription drugs, and broad based public health. In my view Congress must pursue all of the paths recommended in the report. I note that this report is California specific, but the issues it addresses apply to both state and federal levels.

Social Security should not be on the agenda. It is wrong to address this issue as a driver of the deficit. The long and appropriate separation of this essential program for retirement should be addressed as it has in the past with minor tweaks over time so as to maintain its strength. In any case this program is both effective and efficient. For the foreseeable future, so long as we do not raid the Social Security trust fund or make substantial changes to the program, we will not have a Social Security crisis. Any effort to privatize Social Security must categorically be rejected.

Thank you for this opportunity to address you on this subject.

Mr. GUINTA. Thank you, Mr. Garamendi, for your comments.

I wonder, on a personal request, if you wouldn't mind sharing the results of the study with me and any other Member who may want it. I would be curious to take a look at it.

Mr. GARAMENDI. I will be happy to do so, and I will present it to you within an hour.

Mr. GUINTA. Thank you. Thank you very much.

Next is the gentleman from South Carolina, Mr. Clyburn.

STATEMENT OF THE HON. JAMES E. CLYBURN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

Mr. CLYBURN. Thank you very much, Mr. Chairman. Thank you so much for holding this hearing here today. I have submitted a written statement to the committee and request permission to revise and extend it based upon what I may say here today.

Mr. GUINTA. Without objection.

Mr. CLYBURN. Thank you so much.

Mr. Chairman, I want to take just a few moments to talk about an issue pertaining to the budget that is very, very important to a significant number of citizens in our great country. It is a concept. I am not here today to talk about particulars, but a concept, a concept that is budget-neutral.

I am not here to ask that you increase funding in any category. I am here to ask today that we tackle the issue of the widening gap between the haves and the have-nots in our society. I saw this as a very serious problem when we were putting together the Recovery Act, at which time I brought before the appropriate bodies a concept that we called a 10-20-30 concept. It says simply that 10 percent of the resources in the category, in this instance it was the rural development section of the agricultural bill, that 10 percent of those resources ought to be targeted to those counties and communities where 20 percent or more of the populations have been locked beneath the poverty level for the last 30 years.

Now I have vetted this with the White House. I have vetted this with OMB. I vetted it with some of the most well known constitutional scholars. And they all tell me that this is a constitutional and an equitable way to deal with the issue of persistent poverty that exists in various communities across the country.

This is not about skin color. It is about what I would call "stressed" communities. If you are in South Carolina, North Carolina or maybe even Georgia, they would be African-American communities. If we are in South Dakota or Alaska, they would be Native American communities. If you are in Kentucky and West Virginia, they would be white communities, Appalachian. If you are in Arizona and New Mexico, they would be Latino.

So what we are discussing here has got nothing to do with targeting communities based upon skin color or ethnicity. It has to do with basing—with targeting communities based upon the persistent poverty that has existed in these communities for a long, long time.

Now we all went back in our research for 30 years, and here is what we found. We found 474 counties for the last 30 years in the United States of America where 20 percent or more of the populations have been beneath the poverty level for the last 30 years. Of those 474 counties, 7 of them are in my congressional district, 7 out of the 15 that I represent. But my good friend, Hal Rogers from Kentucky, represents 24 congressional districts; 23 of his 24 counties fall in this category. Two-thirds of the counties of those 474 counties are represented by Republicans. Only one-third are represented by Democrats, so this is not about politics.

It is about people who are locked and why the gap is continuing to get wider. Because I don't think this is by design. I think that when we put together budgets up here and we send moneys over

to the various Departments and people apply for the money, they come in using what sophistication they have. And let me tell you what happened in Marion County, South Carolina, communities that have been trying to get water—where the water is contaminated, they have to buy water, they have to go and haul water from across town or some place else in the county—they have been trying to get water for 50 years. Because this little formula was there in the recovery package, South Carolina was obliged to direct 10 percent of its money into these communities. And Brittons Neck, South Carolina, in Marion County is now getting water for the first time. Communities in Orangeburg County, Bowman, Branchville are getting water for the first time.

So I come today to say, Mr. Chairman, as we put lists together for this budget, I would ask the committee to look into this and to see whether or not it makes sense for us to begin targeting resources where the needs really are. These people do not have the sophistication to hire, nor do they have the resources, to hire big grant writers to write their grants and compete for the money.

And I will close with this. I have been around a long time. I have sat on committees evaluating grant applications. I will tell you, Mr. Chairman, I am a graduate South Carolina State College, now University. I have sat on the panels with people who were Stanford University graduates and Yale University graduates, and they are seeing these proposals written by their colleagues. My community have no chance. People tend to respond in a positive way to people they know well. And so Branchville would never have water if they had to hire a grants writer. They don't have the resources to do it. They don't have the sophistication in their communities. I do believe that we are responsible for responding to need. And I would hope that when this budget is put together, we will take a hard look at these persistently poverty communities because they are there in the Census tracts, in the numeration districts, and they are crying out for a response from us.

Thank you, Mr. Chairman. And I will appreciate any consideration you would give my request.

[The prepared statement of James E. Clyburn follows:]

PREPARED STATEMENT OF HON. JAMES E. CLYBURN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF SOUTH CAROLINA

HIGHLY DISTRESSED COMMUNITIES

Thank you very much. I thank the Chairman for holding this hearing today.

I want to take just a few moments to talk about an issue pertaining to the budget that's very, very important to a significant number of citizens in our great country.

The Wharton School of Business recently held a conference named in honor of Whitney Young, a leader and friend in the struggle for social justice, equality and civil rights.

Whitney Young is probably known best for growing and transforming the Urban League from a sleepy little organization into one of the country's biggest and most aggressive crusaders for social justice.

What he is less known for is his call for a "Domestic Marshall Plan"—a program to eradicate poverty and deprivation in the United States, similar to the Marshall Plan that was launched to reconstruct Europe after World War II.

I'd like to use that call for a Domestic Marshall Plan as a jumping off point for my remarks this morning.

Some of Whitney Young's ideas were incorporated into President Lyndon Johnson's War on Poverty over 40 years ago. Yet the scourge is still with us.

Before the War on Poverty and the Great Society, we had the New Deal. All of these investments in America helped to move us forward as a nation. But some communities have been left behind each time, and we have begun to call them highly distressed communities.

Some of these communities are in the Sixth Congressional District of South Carolina, which I proudly represent. For many years, the I-95 corridor of South Carolina was passed over for economic development. Federal funds found their way to South Carolina but mysteriously did not find their way into the Sixth Congressional District.

The I-95 corridor is plagued with health disparities. The Sixth District has the dubious distinction of leading the state in incidents of stroke, heart disease and diabetes. We lead the state in amputations for both adult and juvenile diabetes. This region is known as the buckle of the stroke belt and is home to the highest rate of prostate cancer deaths among black males in the South.

Scientists tell me that many of these health problems are directly related to water quality. In some of the places in my district, the water is not fit for human consumption. One particular instance in which my office was involved: the Health Department would not allow a water hookup to a home because of the contamination. Yet the people still drink the water, because they have no choice.

Two years ago, I authored a provision in Rural Development section of the Recovery Act or Stimulus bill that we called the 10-20-30 formula. It stipulated that at least 10 percent of the funds be targeted to persistent poverty counties—counties where at least a 20 percent poverty rate has persisted for the past 30 years.

The formula is working—Marion County South Carolina received a \$3 million loan and a \$4.7 million grant to build 71 miles of water lines and three water projects in Orangeburg County benefited from this formula, including a \$5.6 million grant to bring potable water to these communities.

Citizens in these counties will soon be enjoying their first clean glass of water from the faucet, free of contaminants and pollutants, thanks to this formula.

I am reaching out to Members who represent highly distressed communities and am bringing together a bipartisan task force to ensure that these areas are not overlooked as we emerge from the recession.

Hopefully, his task force will work to ensure that future budgets provide desperately needed resources to all highly distressed communities going forward—including empowerment zones, renewal communities, and empowerment communities.

I thank the Chairman once again for holding this important hearing today.

Mr. GUINTA. Thank you for your compelling testimony.

I will certainly convey your request to the members of the committee, and I thank you for your time.

Mr. CLYBURN. Thank you.

Mr. GUINTA. Next is the gentleman from Georgia, Mr. Johnson.

STATEMENT OF THE HON. HENRY C. "HANK" JOHNSON, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. JOHNSON OF GEORGIA. Thank you, Mr. Chairman, very much for holding this hearing and allowing me the opportunity to testify.

Let me say that I am astounded and it is amazing to me that persistent poverty in this country would yield communities where there is no safe running drinking water. It is just totally amazing to me that in the year 2011, that that is the case in America. And those kinds of facts are not particularly well known and well publicized. But I certainly think that Americans who are well off or relatively prosperous should take a few days to maybe ride through some of these areas of persistent poverty so that they can understand what it is like to live in those areas and then perhaps their hearts may change from a knife attack on the budget to a buttery, a buttery approach to making sure that the budget reflects our values and takes care of people, particularly the least of these.

America is now digging itself out of the worst recession since the Great Depression. As State and local governments cut back during

this difficult economic time, President Obama had to make some tough decisions with his budget proposal. The President's budget proposal invests in America's future, which will grow our economy, lead to job growth and lift low-income and middle class families.

I strongly urge this committee to give high priority to Workforce Investment Act funding, viral hepatitis funding, legal services for low-income individuals, and housing and foreclosure prevention programs.

The key to jump-starting our economy is to put Americans back to work. Workforce Investment Act funds provide employment and workforce development services to low-income adults. In DeKalb County, where I represent, these funds have been used to provide career training to more than 65,000 individuals over the past 2 years. With the national unemployment rate at 8.9 percent and with Georgia's unemployment rate being stuck at 10.2 percent, it is essential that this program remain a priority to the President's budget proposal.

It is also important to ensure that we have healthy Americans. Healthy Americans are working Americans who contribute to our society. This is why I strongly support adequate funding for viral hepatitis programs at the Centers for Disease Control and Prevention. Viral hepatitis diseases affect nearly 6 million Americans, the majority of whom do not know that they are infected. The President's budget proposal requests \$25 million for viral hepatitis programs. While the President's budget requests a \$5.2 million increase, it is not enough. At least \$50 million should be requested to ensure the CDC can adequately fund prevention and treatment of viral hepatitis.

Further, because of the current economic conditions, more Americans are in need of legal assistance. This is why the Legal Services Corporation is so critical. Nearly 57 million Americans nationwide are eligible for LSC services. In my home State of Georgia, Legal Services Corporation provides essential legal services to seniors trying to save their homes from foreclosure and veterans seeking benefits.

I am also here today to speak on the importance of homeownership and foreclosure prevention programs in the President's budget proposal. Foreclosures remain at an all-time high, and Georgia ranks sixth in the Nation for foreclosures. I am deeply concerned about this issue. In Gwinnett County, which is also a part of my district, 1 in every 174 homes is facing foreclosure.

As more homeowners become renters, it is important to ensure that they have access to affordable housing. This is why I support full funding of the Home Investment Partnership Program. This program is a primary source of funds used by nonprofits and other developers for homes and apartments to house low-income families. In an economy where nearly 14 million Americans are unemployed and foreclosures are on the rise, it is vital that affordable housing is available to those in need.

It is important to remember that the budget is a document that reflects America's core values. We must not balance the budget on the backs of the unemployed, middle class families, government workers or seniors.

Again, thank you for holding this hearing and giving me the opportunity to testify.

And I yield back the balance of my time.

[The prepared statement of Henry C. "Hank" Johnson, Jr., follows:]

PREPARED STATEMENT OF HON. HENRY C. "HANK" JOHNSON, JR., A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF GEORGIA

Thank you, Chairman Ryan and Ranking Member Van Hollen, for holding this hearing today and giving me the opportunity to testify on President Obama's fiscal year 2012 budget.

America is digging itself out of the worst recession since the Great Depression. As state and local governments cut back during this difficult economic time, President Obama had to make some tough decisions. The President's budget invests in America's future, which will grow our economy, lead to job growth, and lift low-income and middle-class families.

As this Committee develops the FY12 budget, I strongly urge you to give high priority to Workforce Investment Act funding, viral hepatitis funding, legal services for low-income individuals, and housing and foreclosure prevention programs.

The key to jumpstarting our economy is to put Americans back to work. Workforce Investment Act funds provide employment and workforce development services to low-income adults. In DeKalb County, GA these funds have been used to provide career training to more than 65,000 people over the past two years. With the national unemployment rate at 8.9% and Georgia's unemployment rate at 10.2%, and even higher in my district, it is essential that this program remains a priority in the FY12 budget.

It is important to recognize that healthy Americans are working Americans who contribute to our society. This is why I strongly support adequate funding for viral hepatitis programs at the Centers for Disease Control and Prevention. Viral hepatitis affects nearly 6 million Americans, the majority of whom do not even know that they are infected.

The President requests \$25 million for viral hepatitis programs in his budget. While this is a \$5.2 million increase, at least \$50 million should be requested to ensure the CDC can adequately fund prevention and treatment of viral hepatitis. As an American battling this chronic illness, I know firsthand the importance and cost-effectiveness of prevention and treatment.

Because of the economy, more Americans are in need of legal assistance. Nearly 57 million Americans are eligible for assistance from the Legal Services Corporation (LSC). In Georgia, LSC provides essential legal services to seniors trying to save their homes from foreclosure and veterans seeking benefits. I strongly support LSC funding.

I also want to speak on the importance of home ownership and foreclosure prevention programs in the President's budget. Foreclosure rates remain at an all time high and Georgia ranks sixth in the nation for foreclosures. In Gwinnett, which is part of my district, 1 in every 174 homes is facing foreclosure.

As more home owners become renters, it is important to ensure that they have access to affordable housing. This is why I support full funding of the HOME Investment Partnership Program which is a primary source of funds for homes and apartments to house low-income families. With nearly 14 million Americans unemployed, and foreclosures on the rise, it is vital that affordable housing is available to those in need.

I speak today in support of these programs because it is important to remember that the budget is a document reflecting America's core values. We must never balance the budget on the backs of the unemployed, middle-class families, government workers, or seniors. Again, thank you for holding this hearing and I yield back the balance of my time.

Mr. GUINTA. I thank you Mr. Johnson for your testimony and also look forward to working with you through this process and how we confront our challenges and ensure that we have adequate funding for different programs that may affect Georgia and other States in our country.

Thank you so much.

Mr. JOHNSON OF GEORGIA. Thank you, Mr. Chairman.

Mr. GUINTA. Next is the gentleman from New Hampshire, Mr. Bass.

STATEMENT OF THE HON. CHARLES F. BASS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW HAMPSHIRE

Mr. BASS OF NEW HAMPSHIRE. Thank you very much, Mr. Chairman.

It is indeed a unique pleasure to see you chairing this distinguished committee here today. You should be proud of that. I had the honor of serving on this committee for 8 years, and I joined the committee at the time that Congressman, now Governor of Ohio, John Kasich assumed the chairmanship of the committee, and the Nation at that time faced many of the same opportunities that we face here today.

That was 1995. We were faced with what we considered to be chronically institutional deficits that appeared to be endless. And under the leadership of John Kasich and our leadership in the House and Senate at that time, we were able to send President Clinton budgets that brought us not only into balance but into surplus within 4 years.

We have the same opportunity today, although the challenges are much greater. But I think this committee can make these difficult choices. But within that context, I have a couple of recommendations. Number one, I believe that every single dollar that is expended by this government should be subject to scrutiny and should be on the table. That includes all entitlements. It includes defense. And it includes nondefense discretionary spending. There is no item or line item in the Federal Government that should not be subject to budgetary oversight and scrutiny.

Secondly, I recommend to you, having been through eight budget cycles on this committee, that the simpler the budget is, the more likely it is to be able, A, to pass and, B, to be implementable through reconciliation by the committees that have jurisdiction over the entitlement side of spending.

I know that the committee will be discussing all sorts of different recommendations that will be provided by research and by staff and by the CBO and by other interest groups. But to the extent that you can give the authorizing committees—and the major ones, of course, are Ways and Means and Energy and Commerce—the ability to do as much as they can and be as innovative as they can with a minimum amount of direction, if you will, from the Budget Committee, I think it is more likely, A, that we will pass the budget and, B, that the committees will be able to do their work.

To the extent that you do provide recommendations, watch out for downshifting. One program in particular comes to mind which I fought hard for when I was on this committee, and that is full funding of special education, otherwise known as IDEA funding. Because we set the rules here in Washington but provide an unfortunately small percentage of the funding, States and localities have to come up with the funding to meet the goals of the law. So if we decide to cut IDEA funding, we are going to be shifting on a dollar-per-dollar basis that additional cost to cities and to States.

And you, Mr. Chairman, would know as well as anybody because of the years of distinguished service that you gave New Hampshire's largest city as its mayor.

Fourthly, I am glad that the committee is bringing up the budget sooner rather than later and sticking with the statutory schedule that was outlined in the Budget Empowerment Control Act of 1974. We are now embroiled in a controversy over last year's budget, which was not a controversy that we wanted to have, but we inherited it from the previous administration. Don't allow us to get tied up in that so that we wind up where the previous leadership was last year with no budget, no appropriations, no reconciliation. That would define failure.

I am glad that we are bringing the budget out and we are bringing it out soon and that we can move forward with fiscal year 2012 funding as quickly as possible.

As I said in the beginning of my testimony, this is a unique opportunity, once again, to turn the direction of America away from runaway spending and toward getting our spending under control and moving toward a goal of living within our means.

However, at some point, I think the Budget Committee and the Rules Committee should have some serious and detailed hearings on the issue of budget process reform and get testimony from people like myself and others who have ideas as to how this system can work better than it does today. I myself have discussed for some time the reestablishment of a committee that was established back in the early 1940s called the Reduction in Nonessential Federal Expenditures Committee established by Harry F. Byrd in the early 1940s. It is credited with the fact that most of the Depression-era make-work programs that were enacted by the Congress in the 1930s are no longer in existence today. The committee should look at mechanisms that create incentives for Members of Congress to want to vote to reduce spending rather than to increase spending. And one way to do that is to give either to this committee or a permanent select committee the ability to bring spending reduction proposals from any portion of the budget directly to the floor of the House in the form of a resolution for a vote. And then let the general public decide whether they think this is a good idea or not.

So, having said these things, Mr. Chairman, I believe that this committee has enormous challenges over the next month or two, but also enormous opportunities. You will be cutting new ground as occurred back in 1995. Don't let it pass. I know it won't. I know that the Members of this Committee are dedicated to fiscal responsibility, to low taxes and to a government that will promote job creation and economic recovery.

And with that, I thank you for your time and wish you well.

[The prepared statement of Charles F. Bass follows:]

PREPARED STATEMENT OF HON. CHARLES F. BASS, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NEW HAMPSHIRE

Chairman Ryan, Ranking Member Van Hollen, I appreciate the opportunity to come before the Committee today and testify on my priorities for the upcoming Fiscal Year 2012 Budget Resolution.

Today we find ourselves in a unique situation in which Congress is not only establishing spending for the next fiscal year under regular order, we are also still trying

to finish last year's work. For the first time in modern budget history, Congress failed to pass a federal budget and enact any of the appropriations bills. While we finish the process for this fiscal year, we also have the challenge of establishing future spending levels after years of irresponsible and out-of-control spending. I think all of us here today can agree that one of the keys to job creation and economic growth is reducing government spending and getting a handle on mandatory spending. Future budget resolutions must reflect this reality.

While H.R. 1 was a strong statement about our commitment to cutting federal spending, simply taking the ax to government programs without careful consideration of the consequences is risky. We need to take a hard look at the least effective government programs and target those for cuts or elimination. Taxpayer dollars should not be allocated to programs that are ineffective or duplicative.

A recent GAO report highlighted 34 examples of duplicative programs within the federal government. We need to take a close look at these programs and eliminate the redundancy. According to the GAO report, the federal government's efforts to address financial literacy are spread across more than 20 different agencies and roughly 56 programs. Five agencies within the Department of Transportation administer over 100 programs related to surface transportation, totaling \$58 billion. These are just some of the unnecessary and fragmented programs that the federal government should consolidate or eliminate to operate more efficiently.

The effects of the failure to pass a budget or any of the appropriations bills last year are already being felt in my home state of New Hampshire. In Berlin, New Hampshire, we have a federal corrections institute that is sitting idle and waiting to be opened. Because we are operating on one Continuing Resolution after another, there isn't funding available to hire guards or transfer prisoners. This state-of-the-art, \$276 million federal prison is estimated to create more than 300 new jobs and have a \$40 million annual impact on my Congressional district, but right now it sits empty. What's worse, each year that this facility sits vacant, the Bureau of Prisons will spend \$4 million just to maintain it.

We must also recognize that reducing spending in some federal programs will cause even more spending at the local level. One such program is the Individuals with Disabilities Education Act (IDEA). Under IDEA, the federal government promised local communities that it would fund up to 40 percent of the cost to educate students with disabilities. To date, we are funding this program at about 18 to 20 percent. Local communities are required by law to provide a federally-mandated level of services to students with special needs. The federal government's failure to live up to its promise and fully fund its share only diverts local education resources that either have to be made up through cuts to other programs or by raising local taxes. We all agree that students with special needs deserve these extra services, but insufficient federal IDEA funding continues a broken promise that has a direct impact on each and every school district across the country.

There are many worthwhile programs that need funding, such as the Low Income Home Energy Assistance Program, community health centers, and the Land and Water Conservation Fund, all of which have positive impacts on our economy and way of life in New Hampshire. As we work through the budget process, we will have a lot of tough choices to make to sufficiently fund these programs while at the same time learning to live within our means. The first place we can start is by eliminating wasteful programs, but this cannot be our only action.

While there has been a lot of talk about cutting discretionary spending, if want to truly address the crushing debt that inhibits our economic recovery, we must examine mandatory spending, which consumes two-thirds of the federal budget. As Congress crafts next year's budget, this issue must be a part of the debate. The first step this Committee and Congress as a whole can take is to grant the authority to reform mandatory spending to the Committees of jurisdiction, which can use their expertise and examine reform measures much more closely. We must also ensure that we include the American people in this important debate.

If we don't deal with this issue now, we will doom our children and grandchildren to a future of unsustainable debt that threatens our nation's economic competitiveness. We need to start the discussion now, and I commend the Chairman for his leadership on bringing this issue to the forefront.

Thank you again Mr. Chairman for the opportunity to speak today about New Hampshire's priorities and how we can work together to get government spending under control and learn to live within our means.

Mr. GUINTA. Well, I thank you, sir, for coming and testifying and sharing the challenges and opportunities that this Nation faced back in the mid-1990s.

And I thank you for your service and bringing fiscal responsibility and discipline again to our Nation. And I, too, feel that while the challenges remain probably some of the greatest that we have ever faced, I, too, am optimistic that we are up for the challenge. And difficult decisions have to be made, but I look forward to continuing our work on behalf of New Hampshire and the Nation.

I have appreciated your counsel and the responsibility that you have assumed in this 112th Congress and look forward to many more moments of dialogue with you and hopefully that we can implement some of the things that you have talked about here today. Thank you.

Mr. BASS OF NEW HAMPSHIRE. Thank you very much, Mr. Chairman.

Mr. GUINTA. The committee welcomes the gentlelady from Wyoming, Ms. Lummis, thank you for coming before the committee today.

STATEMENT OF THE HON. CYNTHIA M. LUMMIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WYOMING

Mrs. LUMMIS. Mr. Chairman, I deeply appreciate this opportunity to testify. I loved serving on this Budget Committee in the last session. I miss this committee, and I have great respect for the task in front of you.

I am here to share my thoughts and the ideas of my constituents in Wyoming about the fiscal challenges facing our country.

I have been listening to Wyoming's commonsense-minded people, everywhere from the feed store to the grocery store. They want Congress and the President to put America on a path to fiscal stability by halting this country's spending spree and tackling our long-term debt problem.

But the President's 2012 budget proposal would have the taxpayers shell out \$844 billion in annual interest on our debt by the next decade, over triple what we pay currently. That is an unacceptable projection, and we need to make reforms now to change course.

This is no longer a fiscal issue; it is a moral issue. I am a Member of the House Appropriations Committee. And I have had the opportunity to help reduce our discretionary spending, but discretionary spending alone will not get our country on sound fiscal footing. Discretionary spending accounts for less than 40 percent of our government's budget.

In fact, if you take away defense spending and mandatory spending, that only leaves 12 percent that is nondefense discretionary and nonmandatory spending. So I am here today to stress the urgency of tackling entitlements in the 112th Congress. Medicare, Medicaid, and Social Security will eventually collapse under their own weight if they are left unchanged. We must address this unsustainable entitlement issue if we are to preserve entitlements for future generations.

The chairman of this committee, Mr. Ryan, is no stranger to ideas for reforming entitlements. I support his Roadmap for America's Future, and I look forward to seeing many of its provisions in the House budget for fiscal year 2012. For example, proposals to raise the Social Security retirement age for younger generations

have received backing from leaders in both parties. I have heard Steny Hoyer discuss it. I have heard John Boehner discuss it. And the roadmap has recognized the need for this change. And the National Commission on Fiscal Responsibility and Reform included it in their final report.

Now, that is why I have introduced a stand-alone bill to increase the retirement age for today's 4-year-olds by 3 years, from the current law of 67 to age 70. It would not affect anyone in their 50s, 60s, 70s, 80s, 90s, or 100s. It only affects people 49 and younger. It is H.R. 837. It is called Alex's Law, named after a 4-year-old child of a member of my staff. This is a commonsense approach to help save Social Security for future generations. It is necessary because the life expectancy after 65 for today's retirees compared to 1940 is 5 years longer.

We all know that the Social Security trust fund will be exhausted by 2037, which means every retiree will see a 22 percent cut in benefits. And the cuts will continue to get worse if Washington looks the other way. So my bill is just a first step. It only closes between one-third and one-half of the Social Security shortfall. But changing the retirement age is a gradual adjustment. We will not begin to see the full effects of this reform for decades. It comes in the outyears. But it is still the most commonsense and well understood reform, one that seems to have generated the most bipartisan support. And it is a starting point for a more comprehensive package to make the program solvent.

I also want to talk a little bit about Medicaid. We need to work with States, and specifically the Nation's governors, to cap or limit the Federal financial commitment to Medicaid and, in exchange, give States the flexibility to manage their Medicaid programs as they see fit. By capping and then block granting the Federal dollars to the States that are actually running Medicaid, we can return the decision of how best to run these programs to the States, their elected officials, and the citizens to which they are accountable. And we will learn best practices from the States. They will be the incubators, the laboratories for great ideas.

A State-centered Medicaid program could provide better care for beneficiaries at lower costs. In Wyoming, we absolutely know that. Because we have the smallest population in the Nation, we were able to survey 100 percent of children on Medicaid. And we compared and analyzed claims data under both Medicaid and Blue Cross Blue Shield, and found that it was more than twice as expensive to cover children under Medicaid than Blue Cross Blue Shield and almost 1.5 times more expensive to cover adults. But our State Medicaid programs are currently at the mercy of a bureaucracy that disallows them from trying alternative coverage mechanisms, including a health savings account-type of arrangement for the uninsured. And that is under development by the State of Wyoming using entirely State dollars.

Entitlement programs along with other mandatory spending consume roughly 60 percent of the Federal budget. We can't afford to continue ignoring their importance in our fiscal future. Appropriations bills and discretionary spending have been the first focus. And we have done that in the last number of weeks. But in order to really get at the problem of our fiscal trajectory, we must pro-

vide that same platform for entitlements. We must have the debate in committees, on the House floor, on the Senate floor if we are to find solutions for our future safety net. The fiscal year 2012 budget is the opportunity to bring these entitlement reforms to the budget.

Mr. Chairman, I deeply appreciate the opportunity to appear before you today. I can assure you, America is ready for this discussion, and they are demanding that we put politics aside in the interests of our Nation. I look forward to working with all members of this committee, both sides of the aisle, to address this crisis situation.

[The prepared statement of Cynthia M. Lummis follows:]

PREPARED STATEMENT OF HON. CYNTHIA M. LUMMIS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF WYOMING

Chairman Ryan and Ranking Member Van Hollen, thank you for providing members with the opportunity to testify before the House Budget Committee today about the Fiscal Year 2012 budget. I miss serving on this committee, and I have great respect for the task in front of you. I am here to share my thoughts, and the ideas of my constituents, about the fiscal challenges facing our country.

I've been listening to Wyoming's common-sense minded people from the feed store to the grocery store. They want Congress and the President to put America on a path to fiscal stability by halting this country's spending spree and tackling our long-term debt problem. But the President's 2012 budget proposal would have the taxpayers shell out \$844 billion in annual interest on our debt by the next decade—over triple what we pay currently. It is an unacceptable projection, and we need to make reforms now to change course. This is no longer a fiscal issue; it is a moral issue.

On the House Appropriations Committee, I have the opportunity to help reduce our discretionary spending. But discretionary spending alone will not get our country on sound fiscal footing: discretionary spending accounts for less than 40 percent of our government's budget. I am here today to stress the urgency of tackling entitlements in the 112th Congress.

Medicare, Social Security and Medicaid will eventually collapse under their own weight if they are left unchanged. We must address these unsustainable entitlement programs if we are to preserve them for future generations.

Chairman Ryan, you are no stranger to ideas for reforming entitlements in order to save entitlements. I support your Roadmap for America's Future, and I look forward to seeing many of its provisions included in the House budget for Fiscal Year 2012. For example, proposals to raise the Social Security retirement age for younger generations have received backing from leaders in both parties. The Roadmap has recognized the need for this change and the National Commission on Fiscal Responsibility and Reform included it in their final report.

That is why I have introduced a stand-alone bill to increase the retirement age for today's four-year-olds by three years, from the current law of 67 to age 70. It would not affect anyone in their 50s, 60s, 70s, 80s, 90s or 100s. H.R. 867 is named Alex's Law after a four-year-old child of a member of my staff. This common-sense approach to help save social security for future generations is necessary because the life expectancy after 65 for today's retirees compared to 1940 is 5 years longer. We all know that the Social Security trust fund will be exhausted by 2037, which means every retiree will see a 22 percent cut in benefits. The cuts will get worse if Washington continues to look the other way.

Alex's law is a first step, which can close between one third and one half of Social Security's shortfall. Changing the retirement age is a gradual adjustment, so we will not begin to see the full effect of this reform for decades. But it is still the most common-sense and well understood reform, the one that seems to have generated the most bipartisan support, and is a starting point for a more comprehensive package to make the program solvent.

We must also address medical entitlement programs—Medicare's financial situation is worse than Social Security's and Medicaid's unsustainable trajectory is putting the future of state budgets and our social safety net at risk. While both need to be reformed, Medicaid is an immediate threat to state budgets and deserves immediate attention, particularly in light of the massive expansion of the program under Obama Care. We need to work with the states, and specifically the nation's governors, to cap or limit the federal financial commitment to Medicaid and in ex-

change give states the flexibility to manage their Medicaid programs as they see fit. By capping, and then block granting the federal dollars to the states who are actually running Medicaid, we can return the decision of how to best run this program to the states, their elected officials, and the citizens to which they are accountable.

A state-centered Medicaid program could provide better care for beneficiaries at lower costs. In the State of Wyoming, a comprehensive analysis of claims data under both Medicaid and the private Blue Cross Blue Shield plan found that it was more than twice as expensive to cover children under Medicaid, and about one and one half times more expensive to cover adults. But state Medicaid programs are currently at the mercy of a bureaucracy that disallows them from trying alternative coverage mechanisms, including a health savings account type arrangement for the uninsured that is under development by the State of Wyoming using entirely state dollars.

Entitlement programs, along with other mandatory spending, consume roughly 60% of the federal budget. We cannot afford to continue ignoring their importance in our fiscal future. Appropriations bills and discretionary spending have been the first focus—the requirement to pass spending measures to keep our government running has provided a platform for Congress to debate cuts. We must provide the same platform for entitlements. We must have the debate in committees and on the House and Senate floor if we are to find solutions for our future safety net. This Fiscal Year 2012 budget is the opportunity to bring entitlements to the forefront.

Thank you Chairman Ryan and Ranking Member Van Hollen for allowing me to testify in front of the House Budget Committee today. I came here to not only offer my proposals for consideration during the upcoming Fiscal Year 2012 budget, but also to express my willingness to work with any Member who is serious about entitlement reform. We need to have a serious conversation about any reform option that is put on the table, have a debate on the merits, and stop the demagoging and scare tactics on both sides. America is ready for this discussion and they are demanding we put politics aside in the interest of our nation.

Mr. GUINTA. Thank you, Ms. Lummis, for testifying here today and representing Wyoming so ably.

And I look forward to working with you and every member of this committee and this Congress. Thank you so much for your testimony today.

We will now take a brief recess as we wait for additional Members to come testify. It should be no more than 15 minutes.

[Recess.]

Mr. MULVANEY [presiding]. Gentlemen, thank you very much for coming in.

I apologize for being a few minutes late.

We are just wrapping up a Members-only Budget Committee. I have Mr. Welch going first. Are you gentlemen planning on doing this together, or is it individually?

**STATEMENT OF THE HON. PETER WELCH, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF VERMONT**

Mr. WELCH. I think individually. Thank you very much, Mr. Chairman. I appreciate the opportunity to appear here.

I want to say a couple of things. First of all, I applaud the Budget Committee and your chairman for focusing much needed attention on the fiscal crisis in our country.

Number two, I applaud the new majority. They ran on a commitment and a platform of restoring fiscal stability, and they won. The American people support that.

Three, this committee is putting forward a plan for the consideration of Congress. And that is where I have real questions about the wisdom of the plan that has been put forward.

We do have to get our fiscal house in order. The only way we are going to accomplish that goal is by putting everything on the table. It means that defense has to be on the table. It means tax expendi-

tures have to be on the table. It means line items in the appropriations bill have to be on the table. And it means that we cannot continue to pay for wars on the credit card.

The way we are going right now is that we are trying to attack the problem to get 100 percent of the solution by focusing on 12 percent of the budget, the nondefense discretionary spending. And it means that the decisions that are being asked of Congress are basically to do such things as to cut low-income heating assistance, cut back on scholarships for students that are trying to get ahead, to cut back on economic development aid that is essential to our communities, to cut back on Community Development Block Grants. All of these are legitimate questions.

But if the goal, if the goal of this committee is the stated goal, and that is to restore fiscal solvency to this country, then the only way we can be successful is by putting every element of the budget on the table. And that, as I mentioned, is defense. It is entitlements. It is tax expenditures.

The proposal that we are dealing with in Congress right now has two problems with it. Number one, it will fail. It will fail in achieving the goals that the Budget Committee majority states is its goal, and that is to restore fiscal stability to this country.

It happens to be a goal I share. We have a chance of getting from here to there if we put everything on the table so that those tough choices that we have to make about eliminating government inefficiencies, by eliminating tax breaks that no longer have any economic value, any growth potential; if we put everything on the table, we have a chance of succeeding together.

Everything is not on the table now. And that is going to guarantee failure. That is my major criticism of what we are doing in the budget.

Second, we are starting down a road of playing Russian roulette with the American economy. And we are on the brink of doing real damage. There are many in this body who are suggesting that we should stiff the creditors of the American government by saying "no" on extending the debt limit. I believe that is reckless, and it is irresponsible, and it is a politically loaded decision that will do great harm to this country.

My view is that we have got to acknowledge the obvious, and that is America pays its bills. Extending the debt limit is not about incurring new obligations; it is about honoring past obligations, some under Democratic administrations, some under Republican administrations. And it is true that we have many debates about what the shape and form of the budget should be. But those debates should be resolved in the budget. We should not use the debt limit ceiling as a hostage. That is going to have real consequences, detrimental consequences to American families and American workers.

So my view, we should be in agreement to support a continuation of the debt limit on a clean extension, not to use that as political leverage to get your position or ours. We can get to where we need to be, but not if we have an approach on the budget that limits what we can consider.

I mean, why is it that we continue tax breaks for oil companies that are doing well? A trillion dollars in profits in the past 10 years.

Why is it that Goldman Sachs paid 1.1 percent of its income in taxes, even though it had a profit—this is in 2008—of \$2.3 billion and received, courtesy of the American taxpayer and the Federal Reserve in the form of subsidized interest rates, \$800 billion?

Those types of distortions have to be part of our discussion. If we consider everything, we can succeed in achieving your stated goal of restoring fiscal stability to this country.

Thank you, Mr. Chairman. I yield back.

[The prepared statement of Peter Welch follows:]

PREPARED STATEMENT OF HON. PETER WELCH, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF VERMONT

Thank you Mr. Chairman,

America has a debt problem. There is no denying that fact. The question for this Congress is, how do we address this issue thoughtfully and in a manner that moves our nation forward. Unfortunately, the debate thus far has advanced neither of these aspirations.

There are two issues with the current approach to tackling this nation's budget problem. The first is that this approach simply won't work. Thus far, this Congress has been focused solely on 12% of the federal budget, the so-called non-security domestic discretionary spending. We could eliminate the entirety of non-security domestic discretionary spending and this nation would still have a yearly budget deficit of nearly \$1 trillion. Trying to accomplish 100% of the necessary cuts by looking at 12% of the budget just doesn't work. To truly and effectively address our nation's budget problems, this Congress needs to put everything on the table. We need to put the nearly \$40 billion in taxpayer subsidies that go to mature, profitable oil companies on the table. We need to put the bloated Pentagon budget on the table. And yes, we need to put entitlement programs on the table.

There is a second problem with this Congress' approach to solving the nation's debt problem. While I salute my friends in Congress for trying to cut the federal budget, I have to ask, why must we do so in a way that destroys institutions? This Congress is making no distinctions in its zeal to slash and threatening institutions along the way.

Vermont Public Radio is one of these institutions. Vermont Public Radio is the link between 251 towns, cities and villages in the state of Vermont. Farmers listen to it in their barns, parents listen to it on their way to bringing their kids to school, people at work listen to it for the weather reports and it welds together the political discussion in the state of Vermont, which is vibrant, which is varied, which has people with different points of view having a common reference point. Just this month, however, the House voted to prohibit federal funding of Vermont Public Radio.

The Low Income Heating Assistance Program is one of these institutions. LIHEAP provides badly-needed help to low-income folks throughout the country struggling to heat their homes. Nearly 20,000 Vermonters rely on this help. Laura is one of them. She is a single, disabled mother with an adult disabled child. She relies on a Seasonal Fuel benefit for just over \$1,000—plus a \$611 bonus—to keep herself and her daughter warm in the winter. At a time when fuel prices are rising to nearly \$4 a gallon, we're going to cut the assistance to Laura but hand nearly \$40 billion dollars in tax breaks to oil companies that made over \$1 trillion in the past 10 years? That just doesn't pass for common sense.

If this Congress continues down its current path of cutting the federal budget, it will fail. And worse, it will destroy important institutions that make this country what it is. We have a serious problem that needs to be addressed. But as we work to address it, we would be wise to remember that the federal budget is more than a series of appropriations. We need a real plan, Mr. Chairman and I hope to work with you for common ground.

Mr. MULVANEY. Thank you, Mr. Welch.

I appreciate that.

For what it is worth, I will speak very briefly to your point on the budget. I think if you are serious about, and I believe that you are, seeing everything on the table, I think you will be relatively

pleased with what you see coming out of the budget this year. There are many of us who tend to agree with you that the only way to do what we want to do, which is to restore fiscal responsibility and some semblance of balance in this world, is to put everything on the table.

Not only is it the only way that we can actually do it numerically, it is probably the only way to do it with a sense of shared sacrifice, because we are going to be calling on a lot of folks to give up a lot of things. The more things that are on the table I think the better. So I think you will see some things you may like in this year's budget based upon the early discussions.

Thank you, Mr. Welch.

Mr. WELCH. Thank you, Mr. Chairman.

Mr. MULVANEY. Mr. Keating?

STATEMENT OF THE HON. WILLIAM R. KEATING, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. KEATING. Thank you very much, Mr. Chairman.

And thank you for the opportunity to testify on the budget today.

My constituents in the South Shore, Cape, and islands in Massachusetts have very strong opinions on how their taxpayer money should be spent. And what I want to do is just communicate some of those views to you. We sent out to several thousands of people solicitations, and we had tremendous response from those people. And let me just pick more specific parts of that to communicate what they feel, because the responses I got, frankly, were overwhelming. And the people wanted me to communicate their specific ones in today's testimony.

Most of my constituents wanted the budget to reflect their top priority. And amazingly and not surprisingly, however, that is job creation. As the country emerges from the worst economic disaster since the Depression, the people of Massachusetts want more action, more priority on jobs. They want tax credits to hire veterans returning from Iraq and Afghanistan, who have some of the highest unemployment rates in the country, incentives for businesses to keep jobs right here in America rather than offshore, a renewed focus on green jobs, because these are the jobs of the future. America must be prepared to lead the world in this important sector.

Many of the constituents understand that the key to job growth is effective education. Cutting education priorities is the wrong move at the wrong time. The Federal Government has an obligation, a sacred responsibility to prepare our children for a competitive global economy and the challenges of the 21st century. Education is the great equalizer. So cutting the Workforce Investment Act, job training initiatives, or cutting Pell Grants for needy college students threatens job and economic growth and America's overall competitiveness.

Education has allowed Massachusetts to become the hub of technology and innovation. Americans and people all over the globe know that they will encounter world class ideas, get world class care at Massachusetts' institutions. And we are proud of the contributions that we can share with the rest of the country. But these very initiatives are at risk without proper funding.

And let's be clear. The Federal Government should be funding these initiatives. They save American lives, and most importantly, they create American jobs when we need it the most.

We also need to consider those who have done this before us, like our seniors and our veterans who have made this country what it is. I am particularly concerned that the budget that is being proposed by the majority will target benefits that seniors in my district depend on, like Social Security and Medicare. For the majority of retirees, Social Security provides more than half of their annual income. Reducing benefits would not reduce the deficit but would greatly harm our seniors in my district more than any in Massachusetts. I represent the highest number of our seniors and elder citizens.

An overwhelming majority of my constituents do not want this Congress to cut Federal initiatives that serve them, their neighbors, and their families, or our most vulnerable populations.

I leave you with a story of Sheara Whalley of Scituate, Massachusetts, one of my constituents, to remind you that through targeted cuts, we should be very careful and surgical about how we approach these things. This is a personal story. I admired her for sharing this with us. And it is important to realize this is just not issues; these are faces. These are people. And it is behind every dollar we spend.

Ms. Whalley had contacted my office because of the threat of budget cuts to cancer research. You see, Mr. Chairman, Ms. Whalley chose to live in Massachusetts precisely because of the access of cutting-edge research that occurs in that State. She is a survivor of advanced ovarian cancer, and she has participated in clinical trials that she credits with her life nearly 5 years after the diagnosis.

There is still much work to be done in cancer detection, treatment, and prevention at the National Cancer Institute, the Centers for Disease Control and Prevention, and the Department of Defense Ovarian Cancer Research Project. Ms. Whalley wrote to me that the cancer that she suffered through is still a short-term death sentence for many today.

As a new Congressman, I take these budget negotiations seriously, knowing that my constituents are relying on me to share with Congress their personal stories and to make sure that they be heard over the political rhetoric that often consumes us.

Thank you again for the opportunity to testify. I look forward to working with you and your colleagues in a bipartisan manner to ensure that the American people's priorities are reflected in this budget. Thank you very much.

[The prepared statement of William R. Keating follows:]

PREPARED STATEMENT OF HON. WILLIAM R. KEATING, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. Chairman, thank you for the opportunity to testify before the Budget Committee today. My constituents on the South Shore, Cape and Islands in Massachusetts have strong opinions about how their taxpayer money should be spent, and I am here to communicate their views.

Last week, I emailed my constituents to make sure that they had the opportunity to share with me their priorities on the budget. What's most important to them? The responses I got were overwhelming. The people of Massachusetts want to be heard.

Most of my constituents want this budget to reflect their top priority: job creation. As this country emerges from the worst economic disaster since the Great Depression, the people of Massachusetts want more action on jobs.

- Tax credits to hire veterans returning from Iraq and Afghanistan, who have some of the highest unemployment rates in the country;
- Incentives for businesses to keep jobs in America—rather than offshore;
- A renewed focus on green jobs because these are the jobs of the future and America must be prepared to lead in this sector.

Many of my constituents understand that the key to job growth is effective education. Cutting education priorities is the wrong move at the wrong time. The federal government has an obligation—a sacred responsibility—to prepare our children for a competitive global economy and the challenges of the 21st century. Education is the great equalizer, so cutting the Workforce Investment Act job training initiatives or cutting Pell grants for needy college students threatens job and economic growth and American competitiveness.

Education has allowed Massachusetts to become a hub of technology and innovation. Americans and people all over the globe know that they will encounter world-class ideas and get world-class care at Massachusetts institutions. We are proud of the contributions that we can share with the rest of the country, but these initiatives are at risk without proper funding. And, let's be clear: the federal government should be funding these initiatives. They save American lives and create American jobs.

We also need to consider those who have done for us before, like our seniors and our Veterans. I am particularly concerned that the budget that is being proposed by the majority will target benefits that seniors in my district depend on, like Social Security and Medicare. For the majority of retirees, Social Security provides more than half of their annual income. Reducing benefits would not reduce the deficit, but it would greatly harm our seniors.

An overwhelming majority of my constituents do not want this Congress to cut federal initiatives that serve them, their neighbors, their family and our vulnerable populations.

I leave you with the story of Sheara Whalley of Scituate, Massachusetts, one of my constituents, to remind you that though targeted cuts must be made, there is a person—a story—behind every dollar we spend. And a person—a story—behind every tax dollar we earn.

Ms. Whalley contacted my office because of the threat of budget cuts to cancer research. You see, Mr. Chairman, Ms. Whalley chose to live in Massachusetts precisely because of access to cutting edge research. She is a survivor of advanced ovarian cancer, and she has participated in clinical trials that she credits with her life nearly five years after diagnosis. There is still much work to do for cancer detection, treatment and prevention at the National Cancer Institute, the Centers for Disease Control and Prevention, and the Department of Defense Ovarian Cancer Research Program. Ms. Whalley wrote to me that the cancer that she suffered through is still a “short-term death sentence for many today.”

As a new Congressman, I take these budget negotiations seriously, knowing that my constituents are relying on me to share their stories and make sure that they are heard over the political rhetoric.

Thank you again for the opportunity to testify. I look forward to working with you and our colleagues in a bipartisan manner to ensure that the American people's priorities are reflected in this budget.

Mr. MULVANEY. Thank you, Mr. Keating.

Ms. Bass, I will defer to you if you want to make a comment.

Ms. BASS OF CALIFORNIA. Yes, thank you for your testimony, Mr. Keating. I did have a question.

You described several areas that you didn't feel should be cut. And I believe you had some proposals that you put on the floor a few weeks ago. So perhaps you could tell us if we don't cut those areas, how could we afford to close the deficit?

Mr. KEATING. Well, thank you very much. And it is great to see you here as a fellow freshman participating so fully.

We do have to look at those areas. We have to do it in a way—one area I do believe divides America and will not save money is raising the retirement age of Social Security. That does not mean

that we have to look at other alternatives, maybe indexing above the \$106,000 should be explored, if necessary. If necessary.

In the areas on the floor I took action on certainly to jump out I think that could have savings without affecting the quality of life of the people that I serve, that was an opportunity to save \$43.6 billion in oil subsidies.

Now, I have done my research and talked to the think tanks that are involved, nonpartisan think tanks and asked them where these moneys go. And the answer was to shareholders. Now, that is great if you are a shareholder of an oil company. But that does not serve any need. And that is a significant amount of money that could be cut.

I also think in the defense budget looking at the moneys we are expending right now—and there was an amendment offered I believe by Mr. Paul—about cutting some of our expenditures in Europe in areas where the vestiges of the Cold War still remain, and we are still out of date in funding needs that are no longer needs, not only for this country nor even the countries involved. And those are a couple of examples. But there are areas, approached surgically, where we can do things.

But the one thing that we shouldn't do is just look at what I think is an artificial number of \$100 billion. Look further about what is done. I am concerned and have shared on the floor as well the fact that people like Mark Zandi from Moody's, who was an adviser for Senator McCain, has said that moving ahead with those type of cuts right now would cost us 700,000 lost jobs by 2012. And I am concerned of the effect of those lost jobs.

Now, Massachusetts is doing slightly better than the rest of the country. Ninety-seven percent of our citizens have health insurance. We were the first State to come out of—statistically come out of the recession. We are fifth right now in creating new jobs. But we are still doing that with much too high an unemployment rate and people suffering from the effects of not having a job. So that will remain my priority, getting people back to work. That is the best way to address all of our country's problems.

Ms. BASS OF CALIFORNIA. Thank you very much.

Maybe California could borrow some money from Massachusetts.

Mr. KEATING. Thank you.

Ms. BASS OF CALIFORNIA. Thank you, Mr. Keating.

Mr. MULVANEY. Mr. Keating, very briefly, thank you for your testimony.

Thank you, by the way, for taking the time to actually come up with specific proposals. We are going to need as many of those as we can get in the coming days.

I will reference the report that you mentioned, however, regarding the 700,000 jobs that are lost. I have seen a similar report I think from Goldman Sachs that said we would cut 2 percent off of the GDP. If you run the math at that multiplier level, then the stimulus bill should have created 9 million jobs and added 26 percent to GDP. So I think the gild is off the lily when it comes to the multiplier effect of government spending.

But to your larger point, all of these cuts have faces attached to them. There is no question. Every single person in this Congress has folks in their constituency who will be affected by them. I just

hope we don't lose the sight of the other faces, which are the folks who are paying the debt. I have three 11-year-olds who are faced with a crushing debt in their future and a dramatically lower standard of living. So I know that we share some of the same goals. I think we probably have different ideas on how to get there. But I do appreciate your testimony today.

Mr. KEATING. Thank you, Mr. Chair. And if I may—

Mr. MULVANEY. Certainly.

Mr. KEATING. If we are making cuts, I do want to see that applied to the deficit. And I think there is a real question that the cuts will not translate into deficit reduction. So that is something with we can discuss together and work towards, because I agree with you, the deficit reduction is important.

And I also believe, seeing what is happening in my State, that delicate balance of maintaining and creating new jobs while at the same time creating a framework to deal with that deficit remains all of our—all of us here in Congress—that remains our number one priority.

Mr. MULVANEY. Thank you, Mr. Keating.

Mr. KEATING. Thank you.

Mr. MULVANEY. Next up, Mr. Olson from Texas.

Mr. Olson, thank you for joining us today.

**STATEMENT OF THE HON. PETE OLSON, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF TEXAS**

Mr. OLSON. Mr. Chairman, thank you for the opportunity to testify today.

I appear before you to express my strong and unwavering support for the principles of American leadership in human space flight. As the former ranking member of the Space and Aeronautics Subcommittee and a proud Representative of the 22nd Congressional District of Texas, home to the Johnson Space Center, I call for careful consideration of human space flight funding within the overall NASA budget.

Since the first Mercury flight of May 5, 1961, the U.S. human space flight program has been a source of pride and inspiration for our Nation. A strong commitment to human space exploration is vital to America's national security and economy. And I respectfully submit that our Republican budget should reflect this national priority. NASA is a unique agency that has spurred private-sector job growth and fuels the economy with American ideas and innovation.

The extraordinary challenges of achieving access to space have also motivated and accelerated the development of technologies and industrial capabilities that have widespread applications and have contributed to the technological excellence of the United States. Human space exploration also continues to inspire our young Americans to pursue careers in the key areas of science, technology, engineering, mathematics.

Unfortunately, the Obama administration's budget for NASA cedes our historical dominance in human space flight to countries like China, Russia, India, who are anxious to seize the mantle of space supremacy. The President's budget also dismisses the priorities that Congress defined and the President signed in the NASA Authorization Act of 2010. The President's budget calls for more

funding for advancing the development of private commercial crew services at the expense of developing a space launch system and a multipurpose crew vehicle to replace the retiring shuttle.

With the cancellation of the Constellation program, we are also facing a gap between shuttle retirement and America's ability to independently access low-Earth orbit and beyond. America will be forced to rely solely on Russia to get our astronauts to the International Space Station, which the United States has paid the overwhelming share to build. Russia has learned the value of capitalism and recently announced that they are hiking the price of rides to the space station from \$56 million to nearly \$63 million per astronaut starting in 2014. This lack of independent access stems from a failure on the part of Congress to provide adequate resources to complete the mission we gave NASA.

As a strong fiscal conservative, I know that our Nation is on an untenable economic path. We face a tidal wave of debt. In getting our fiscal house in order, we must focus on ensuring that we preserve critical capabilities and guarantee that agencies are focused on their primary mission. For NASA, that mission is human space flight, plain and simple.

However, for years Congress has charged NASA with completing tasks that fall outside the scope of its primary mission. Specifically, NASA spent over \$1 billion in fiscal year 2010 on global warming research and climate change studies. Yet climate change research is currently being conducted by 16 different agencies in our Federal Government. Our Federal Government spent over \$8.7 billion on these programs in 2010 alone. In this time of limited resources, we must take a commonsense approach to Federal spending by cutting duplicative programs. We must focus our limited resources where they will most be effective, by reorienting NASA's mission back toward human space flight. If we reduce funding for climate change research, we can lower the overall NASA budget while maintaining our human space flight at levels that do not cede our Nation's global leadership to other Nations.

NASA's core mission is providing exceptionalism through human space exploration. America and the world have reaped benefits of this investment. The commitments we make to continuation of human space flight today will yield meaningful and sustained economic returns for decades to come.

Thank you for this opportunity. I yield back my time, and am happy to take your questions.

[The prepared statement of Pete Olson follows:]

PREPARED STATEMENT OF HON. PETE OLSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. Chairman, thank you for the opportunity to testify today.

I appear before you to express my strong and unwavering support for the principles of American leadership in human space flight.

As the former Ranking Member of the Space and Aeronautics Subcommittee and the proud representative of the 22nd district of Texas—home to the Johnson Space Center—I call for careful consideration of human space flight funding within the overall NASA budget.

Since the first Mercury flight on May 5, 1961, the U.S. human space flight program has been a source of pride and inspiration for our nation.

A strong commitment to human space exploration is vital to America's national security and economy, and I respectfully submit that our Republican budget should reflect this national priority.

NASA is a unique agency that has spurred private sector job growth and fuels the economy with American ideas and innovation.

The extraordinary challenges of achieving access to space have also motivated and accelerated the development of technologies and industrial capabilities that have widespread applications and have contributed to the technological excellence of the United States.

Human space exploration also continues to inspire our young Americans to pursue careers in the key areas of science, technology, engineering and mathematics.

Unfortunately, the Obama Administration's budget for NASA cedes our historical dominance in human space flight to countries like China, Russia, and India, who are anxious to seize the mantle of space supremacy.

The President's NASA budget also dismisses the priorities that Congress defined—AND the President signed—in the NASA Authorization Act of 2010.

The President's budget calls for more funding for advancing the development of private commercial crew services at the expense of developing a Space Launch System (SLS) and Multi-Purpose Crew Vehicle (MPCV) to replace the retiring Shuttle.

With the cancellation of the Constellation program, we are also facing a gap between shuttle retirement and America's ability to independently access low earth orbit and beyond.

America will be forced to rely solely on Russia to get our astronauts to the International Space Station, which the United States has paid the overwhelming share to build.

Russia has learned the value of capitalism and recently announced they are hiking the price of rides to the Space Station from \$56 million to nearly \$63 million per seat starting in 2014.

This lack of independent access stems from a failure on the part of Congress to provide adequate resources to complete the mission we gave NASA.

As a strong fiscal conservative, I know that our nation is on an untenable economic path; we face a tidal wave of debt.

In getting our fiscal house in order, we must focus on ensuring that we preserve critical capabilities and guarantee that agencies are focused on their primary mission.

For NASA, that mission is human space flight. Plain and simple.

However, for years Congress has charged NASA with completing tasks that fall outside the scope of its primary mission.

Specifically, NASA spent over one billion dollars in FY2010 on global warming research and climate change studies.

Yet, climate change research is currently being conducted across 16 different federal agencies.

Our federal government spent over \$8.7 billion on these programs in just 2010 alone.

In this time of limited resources, we must take a common-sense approach to federal spending by cutting duplicative programs.

We must focus our limited resources where they will be most effective, by reorienting NASA's mission back toward human space flight.

If we reduce funding for climate change research, we can lower the overall NASA budget while maintaining human space flight at levels that do not cede our nation's global leadership to other nations.

NASA's core mission is proving American exceptionalism through human space exploration.

America and the world have reaped the benefits of this investment.

The commitments we make to the continuation of human space flight today will yield meaningful and sustained economic returns for decades to come.

Thank you again for this opportunity, I yield back the balance of my time.

Mr. MULVANEY. Thank you, Mr. Olson.

Ms. Bass?

Ms. BASS OF CALIFORNIA. No questions.

Mr. MULVANEY. Mr. Olson, I have no questions.

Thank you very much for your testimony today. I appreciate the effort.

Mr. OLSON. Thank you.

Mr. MULVANEY. Gentlemen, we are sort of operating on a first come, first served at this point.

So if it is okay with you, Mr. Loeb sack, we will move now to Mr. Duncan.

Mr. Duncan, thank you for coming in. You have 5 minutes, please, sir, to make your presentation.

**STATEMENT OF THE HON. JEFF DUNCAN, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF SOUTH CAROLINA**

Mr. DUNCAN OF SOUTH CAROLINA. Thank you, Mr. Chairman. It is good to see you in the chairman's chair, as just a side note. Mr.

Chairman, thank you for the opportunity to discuss the Federal budget priorities which are of importance to the American people this afternoon. Our Nation faces an unprecedented spending and debt crisis that threatens our whole economy. And I appreciate the committee's willingness to hear from Members of Congress on these issues.

Mr. Chairman, as I traveled across the Third District of South Carolina last week, I encountered one overarching theme from the people in the Palmetto State: Government spending is out of control. Our Federal Government is too large, spends too much money and is out of touch with the needs of the American people. What we need to start doing today is roll back the size and scope of the Federal Government.

As you know all too well, we are now more than \$14 trillion in debt, and we are in our third year of deficit spending in excess of \$1 trillion. To make matters worse, the budget we received from President Obama is projected to run an additional deficit of \$1.6 trillion for fiscal year 2012. We must stop the spending insanity.

If the people of South Carolina made one thing clear in November, it was that our government must make significant spending cuts now in order to build surpluses, reduce our Nation's debt, and jump-start real job creation. Congress needs to accept the same financial realities that families and businesses are facing all across the country. We must look for practical ways to lower costs and control the runaway government spending, which represents one of the greatest threats to our national security. That is why we need to make fighting Washington's urge to grow government one of our top priorities.

We begin this process by going back to the basics. And that starts by adhering to the United States Constitution. Mr. Chairman, when I read this document, I don't see run a car company. I don't see take over banks. I don't see fund America's largest abortion provider. And I don't see run a national health insurance scheme listed in my copy.

Ending these government takeovers of private-sector functions and questionable line items should be the first things we address when we cut this budget.

In addition, the GAO has found duplicate programs within our government that could save another \$200 billion a year. If we decide that a government program is a legitimate answer to a problem we face, then let's only have one program that is responsible for the problem, not 17, or as you heard Mr. Olson say, many, many more addressing certain issues.

Beyond that low-hanging fruit, my constituents want me to make sure there are no sacred cows in this budget. Everything has to be on the table. For decades, both Republicans and Democrats have helped to fuel our addiction to government spending. But the

American people expect this Congress to finally cut up the credit cards and get spending under control. A lot of these cuts won't be easy. But we are all going to have to row this boat if we are going to get this country headed in the right direction.

This means reforming our entitlement systems, eliminating programs, reducing the size and scope of government, which will in the end ensure a future for our children where the government is solvent and secure. As a small business owner, when times were tough, I had to cut back. I had to set priorities and really address my spending. We all know that you can't dig your way out of a hole, and our country can't spend its way out of debt. Only by managing our government the same way that we manage our homes, our small businesses, and our large businesses will we be able to tackle this fiscal crisis.

If this is not the time to cut Federal spending and begin to work toward a balanced budget, I ask, when is the time? I would contend that the time is now. The time is now. Let history show that this Congress took this Nation back from the brink of financial disaster and put it on the right path to fiscal sanity. Again, Mr. Chairman, I want to thank you for giving us as Members of Congress and not members of the Budget Committee an opportunity to have a voice in this process.

I yield back the balance of my time.

[The prepared statement of Jeff Duncan follows:]

PREPARED STATEMENT OF HON. JEFF DUNCAN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF SOUTH CAROLINA

Mr. Chairman, thank you for the opportunity to discuss these matters of importance today. Our nation faces an unprecedented crisis that threatens all of our economy, and I appreciate your willingness to hear from members on these issues.

Mr. Chairman, as I toured the Third District last year as part of my campaign, I encountered one, overarching theme among my constituents—Government has gone out of control. Our federal government is too big, tries to do too much, and spends too much hard-earned taxpayer money in the process. What we need to start doing today is to roll back the size and scope of the federal government.

Mr. Chairman, as you know all too well, we are now more than \$14 Trillion dollars in debt. That number equates to approximately 94% of our Gross Domestic Product. Economists tell us that debt over 90% of GDP costs us 1% of economic growth per year. Mr. Chairman, when you extrapolate that over the size of the American market, that means we are losing one million jobs per year in this country because of our debt. It is no wonder that our national unemployment rate remains far too high—and I can tell you that in the Third District of South Carolina, our unemployment rate remains above the national average.

Mr. Chairman, to make that worse, the budget we received from President Obama purports to run an additional deficit of \$1.6 trillion dollars for Fiscal Year 2012. Some suspect that number to actually be much higher, possibly as high as \$2 trillion dollars. Mr. Chairman, for the voters of South Carolina, this would be an unacceptable outcome.

If there has been one message I have heard as a Congressman from my constituents it is this—cut spending now. Cut discretionary spending, cut entitlements, but balance the budget in a way that does not mortgage the future of my boys and my future grandchildren.

Mr. Chairman, we need to start this process by going back to basics. If this Constitution, which I carry in my pocket every day, Mr. Chairman, if this Constitution doesn't specifically enumerate powers to this government, then this government should stop doing those things, and we in this body should ensure that taxpayers stop having paying for them. I do not see "run a car company," "takeover banks," "pay off Planned Parenthood," or "run a national health insurance scheme" listed in my copy of the Constitution. Ending these government takeovers of private sector functions and questionable line items should be the first things we cut in this budget.

In addition, Mr. Chairman, the GAO has found duplicate programs within our government that could save another \$200 billion dollars a year. If we decide that a government program is the legitimate answer to a problem, let's only have one program that is responsible for that problem, not seventeen.

Beyond that low hanging fruit, Mr. Chairman, my constituents want to make sure that there are no sacred cows in this budget. Everything has to be on the table. No pet project, no pet program, no constituency is safe from the debt crisis that we face, so none of those spending priorities can go unscathed. This means reforming our entitlement systems, dialing back the pensions of federal employees, eliminating programs, and in the end returning our financial future to solvency.

Common sense dictates that we cut up the credit cards and live within our means, just like every American household has to do.

Mr. Chairman, if we cannot make the tough choices in this crisis, facing a debt meltdown not unlike what the failed Socialist euro-states have faced, when can we? If this isn't the time to cut federal spending back to a balanced budget, to surpluses that help us pay down this debt, when is that time? I would argue that this time is now. Mr. Chairman and members of this Committee, I hope that you also will be as committed to ending these deficits and this debt, and will produce a budget that does not spend more than it takes in. Prudence, and our constituents, demand no less.

Thank you for this time, Mr. Chairman.

Mr. MULVANEY. Thank you, Mr. Duncan.

Ms. Bass?

Mr. Duncan, all I can say is I appreciate your testimony. It sounds like you are speaking to some of the same people that I may be speaking with, but that would cover the fact that our districts touch each other. So maybe that explains that. Thank you, sir. I appreciate you coming in.

Mr. Loeb sack, thank you for waiting, and thank you for coming in a little bit ahead of time today. You can go ahead and have 5 minutes, please, sir.

**STATEMENT OF THE HON. DAVID LOEBSACK, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA**

Mr. LOEBSACK. Thank you, Mr. Chairman, thank you, ranking member, for the opportunity to testify today about my constituents' priorities for the 2012 budget.

As we know, our country is facing great challenges that demand tough choices and really very serious bipartisan work. We must come together to make thoughtful decisions that eliminate unnecessary spending and prioritize job growth, economic recovery, and the long-term fiscal health of our Nation. We must work together to get our fiscal house in order.

However, at a time when so many families and businesses are still struggling, we must ensure that the choices we make do not set back our economic recovery but instead pave the way for ongoing economic growth. I have heard time and again from my constituents that especially in these tough economic times, we cannot divest in the areas that promote economic growth, job creation, and strong communities. Renewable energy development that will create jobs, training to ensure American workers lead the 21st century global economy, infrastructure that businesses and farmers need to support economic growth, research that promotes innovation and industrial competitiveness, and equipment that our first responders need to keep our families safe are just some of the areas that my constituents have told me are critical to our communities, to our State, and indeed to our Nation.

Furthermore, there are two overarching issues that continue to be important in my district and are pressing as you consider the budget, flood recovery and education. As I have testified the past 2 years before this committee, Iowa suffered the worst natural disaster in our State's history in 2008, and our communities are still struggling to recover. It is vitally important for not only my district but districts across the country that FEMA be provided adequate resources to respond to natural disasters and also fulfill its obligation of previous recovery commitments.

I also hope that FEMA and the other Departments involved will be provided resources to examine reforms to the disaster recovery system. Additionally, the Army Corps of Engineers provides vital disaster response, recovery, and flood-prevention functions. I urge you to consider the critical need for a new WRDA bill and funding for new flood protection projects, such as the proposal to protect Cedar Rapids in my district.

Flood protection can also be a community effort. And I am fortunate to come from Iowa, where civic engagement and a sense of community are the norm, not the exception. The outpouring of support during the 2008 floods was humbling. But those who responded to the flooding in my district told me that they had to send away volunteers who wanted to help, if you can imagine that. This wasn't because they didn't need the assistance but because they didn't have the infrastructure and planning tools to utilize the sudden influx of people.

That is why I helped to create the Volunteer Generation Fund, to invest in volunteer recruitment and management, and help States, cities, and towns develop the infrastructure to effectively respond to natural disasters and other emergencies. It is vital, I believe, that the Volunteer Generation Fund be included in budget discussions.

I would also like to talk today about the importance of education for America's future. The investments that we make in education now determine our country's future competitiveness. That is why I believe that this is not the time to make cuts in education. I grew up in poverty. And if it hadn't been for student loan programs and financial aid, I would not have been able to attend Iowa State University and, indeed, I would not be here where I am today.

Earlier this year, I spent a week visiting colleges and community colleges across my district, speaking to students about the importance of financial aid and Pell Grants. They told me that Pell Grants made it possible for them not only to get a higher education but also to enhance their future. I was proud to sponsor an amendment to create year-round Pell Grants in 2008. In its first year, 760,000 students nationwide took advantage of the chance to access financial aid over the summer in order to graduate faster and with less debt. This program is making a big difference for many students, and I believe it should be maintained.

Mr. Chairman, I urge you to consider these priorities. This debate is not about sacred cows or about pet projects; it is about moving America forward. Thank you again for allowing me to testify today, and I yield back the balance of my time.

[The prepared statement of David Loeb sack follows:]

PREPARED STATEMENT OF HON. DAVID LOEBSACK, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF IOWA

Chairman Ryan and Ranking Member Van Hollen, thank you for the opportunity to testify today about my constituents' priorities for the 2012 budget.

Our country is facing great challenges that demand tough choices and serious, bipartisan work. We must come together to make thoughtful decisions that eliminate unnecessary spending and prioritize job growth, economic recovery, and the long-term fiscal health of our nation.

We must work together to get our fiscal house in order. However, at a time when so many families and businesses are still struggling, we must ensure that the choices we make do not set back our economic recovery but instead pave the way for ongoing economic growth.

I have heard time and again from my constituents that, especially in these tough economic times, we cannot divest in the areas that promote economic growth, job creation, and strong communities.

Renewable energy development that will create jobs; training to ensure American workers lead the 21st century global economy; infrastructure that businesses and farmers need to support economic growth; research that promotes innovation and industrial competitiveness; and equipment that our first responders need to keep our families safe are just some of the areas that my constituents have told me are critical to our communities, state, and nation.

Furthermore, there are two overarching issues that continue to be important to my District and are pressing as you consider the budget—flood recovery and education.

As I have testified the past two years before this Committee, Iowa suffered the worst natural disaster in our state's history in 2008 and our communities are still struggling to recover.

It is vitally important for not only my District but districts across the country that FEMA be provided adequate resources to respond to natural disasters and also fulfill their obligation to previous recovery commitments. I also hope that FEMA and the other Departments involved will be provided resources to examine reforms to the disaster recovery system.

Additionally, the Army Corps of Engineers provides vital disaster response, recovery, and flood prevention functions. I urge you to consider the critical need for a new WRDA bill and funding for new flood protection projects such as the proposal to protect Cedar Rapids in my District.

Flood prevention can also be a community effort and I am fortunate to come from Iowa where civic engagement and a sense of community are the norm. The outpouring of support during the 2008 Floods was humbling, but those who responded to the flooding in my district told me that they had to send away volunteers who wanted to help. This wasn't because they didn't need the assistance, but because they didn't have the infrastructure and planning tools to utilize the sudden influx of people.

That is why I helped create the Volunteer Generation Fund to invest in volunteer recruitment and management and help states, cities, and towns develop the infrastructure to effectively respond to natural disasters and other emergencies. It is vital that the Volunteer Generation Fund be included in budget discussions.

I'd also like to talk today about the importance of education for America's future. The investments that we make in education now determine our country's future competitiveness. That is why I believe that this is not the time to make cuts in education. I grew up in poverty and if it hadn't been for student loan programs and financial aid, I would not have been able to attend Iowa State and would not be where I am today.

Earlier this year, I spent a week visiting colleges and community colleges across my District, speaking with students about the importance of financial aid and Pell Grants. They told me that Pell grants made it possible for them to not only get a higher education, but also to enhance their future.

I was proud to sponsor an amendment to create year-round Pell grants in 2008. In its first year, 760,000 students nationwide took advantage of the chance to access financial aid over the summer in order to graduate faster and with less debt. This program is making a big difference for many students and it should be maintained.

I urge you to consider these priorities. Thank you again for allowing me to testify today.

Mr. MULVANEY. Mr. Loeb sack, thank you very much for coming in today. We appreciate your presentation.

Mr. LOEBSACK. Thank you.

Mr. MULVANEY. We will move right now to Ms. Hanabusa from Hawaii. Thank you for coming in as well.

STATEMENT OF THE HON. COLLEEN HANABUSA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII

Ms. HANABUSA. Thank you very much, Mr. Chairman.

And I appreciate the opportunity to testify on behalf of several programs that are not only very critical to Hawaii but also you will find, when I mention them, are very timely and have great significance to not only Hawaii but all of the Pacific Rim.

First of all, I would like to ask this committee's consideration on the Pacific Tsunami Warning Center. As you know, the H.R. 1 was cutting about 21 percent from the NOAA budget. By doing that, of course, the National Weather Service would be cut and in addition to that the Pacific Tsunami Warning Center. I need not tell you about the impact of what happened with the tsunami, earthquake, and the devastation that happened to Japan. What prevented Hawaii's loss of lives was the fact that the Pacific Tsunami Warning Center was really on the mark on all of its projections, telling us exactly when the waves would hit, the height of those waves, and where we would be in danger.

It doesn't mean we didn't suffer damage. We have at least \$30 million suffered on the Big Island alone. But we were fortunate in that there were no loss of lives.

It is also critical not only for Hawaii, but it is critical for the whole Pacific area. The Pacific Tsunami Warning Center works in conjunction with Alaska. And through that, they both protect not only protect Alaska, Hawaii, all the territories we have in the Pacific, but Oregon, California, Washington. Those coasts are also taken care of.

We cannot afford to lose what this institution does. It is about \$25 million. I will admit to you right up front the Pacific Tsunami Warning Center has been an earmark for Hawaii, and we no longer will see earmarks. But that doesn't eliminate or in any way diminish the importance that this establishment serves.

Think about what has happened. It caused one of our colleagues to say we need something like the Pacific Tsunami Warning Center on the Atlantic side, in the Caribbean, to also give people the proper warning. We are talking about lives; \$25 million, yes, but the lives of the people, the preparation, and the years and years of experience.

I would like to share with you that my staff was there just about a week ago. And while they were being given a tour of the Pacific Tsunami Warning Center, another earthquake hit off the coast of Japan exactly in the same place. And they were told—it was about 5 points on the Richter scale—they were told then that a tsunami would not be generated. That is the kind of information that we need. That is the kind of information, because fear and people acting in a frantic manner causes as much problems as anything else.

In addition to that, I would like to also ask this committee's consideration for the East-West Center. The East-West Center was created by Congress about 50 years ago. The East-West Center has been cut, and yes, I will also say that in President Obama's budget, it is cut to \$10 million. It is a \$21 million necessity. It has tradi-

tionally always been plussed up. What this means for the Pacific area is really the future of economic development. It shows us that at a time when Japan, a major ally of ours, is going through great changes, it also provides the institution that brings the Pacific Nations together, like China, like Korea, and it gives everyone the opportunity to meet, to meet in an academic, as well now with APEC, in an economic setting. This is very critical. And we ask that this committee also look at that and realize that it is very significant, especially with the devastation that we must now rebuild in the Pacific.

I have also pointed out two other programs. One is the Native Hawaiian Housing Block Grant program. That has been cut to zero. Today there has been a bill introduced to make things right with the native Hawaiians, the last of the indigenous people that we must make right. And in light of that bill, I ask that this also be restored. Because we know that part of our commitment when the native Hawaiians were given by way of the Hawaiian Homes Commission Act by Congress in 1920, it was the necessity of homes.

And finally, last but not least is the rail project. Honolulu is second only to the ranking member's Los Angeles in terms of congestion. And we do not have mass transit of that nature. This project needs to continue. It also reduces our dependence on fossil fuels. We are the most fossil fuel-dependent State in the Nation because we are in the middle of the Pacific. Please assist us in getting free of fossil fuel dependence.

Thank you very much, Mr. Chairman. Thank you, ranking member.

[The prepared statement of Colleen Hanabusa follows:]

PREPARED STATEMENT OF HON. COLLEEN W. HANABUSA, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF HAWAII

Mr. Chairman, I appreciate this opportunity to testify in support of several programs that are of importance to the State of Hawaii: the Pacific Tsunami Warning Center, the East-West Center, Native Hawaiian Housing Block Grants, and the Honolulu Rail Transit Project.

PACIFIC TSUNAMI WARNING CENTER

Within minutes following the recent devastating earthquake off Japan, NOAA's Pacific Tsunami Warning Center was able to issue warnings for Japan, Russia, Marcus Island, and the Northern Marianas Islands. Additionally, NOAA's West Coast/Alaska Tsunami Warning Center issued a tsunami information statement (assessing potential tsunami threats) for Alaska, British Columbia, Washington, Oregon and California. These centers later issued tsunami warnings for Hawaii, Alaska, Washington, Oregon and California. This advanced warning allowed local emergency managers and the public to take life-saving actions such as local evacuation orders.

In their haste to cut every program no matter its value, the House Republican's budget which passed in February slashed \$1.2 billion, or 21 percent, of President Obama's proposed budget for NOAA. Part of the NOAA budget is the National Weather Service which includes the Tsunami Warning Program.

The FY 2011 request for the Tsunami Warning Program was \$25 million. This provides for 24 hour/7 days a week tsunami monitoring, maintenance of the DART buoy tsunami warning system, advanced computer modeling of the coast lines most at risk to tsunamis and the issuing of tsunami advisories, watches and warnings for the entire coastline of the U.S. and its territories as well as many nations in the Pacific.

If these drastic cuts from H.R. 1 were to take effect, a NOAA-wide rolling furlough scenario would likely be inevitable, impacting Buoy Center employees, contractors,

and Tsunami Warning Center personnel. NOAA would attempt to plan any furloughs to ensure at least one Tsunami Warning Center would remain fully staffed. However, the risk to forecasts would increase by creating a single point of failure. Additionally, most NOAA observing systems would be maintained on an emergency-only basis.

These reckless cuts put considerable stress on national tsunami monitoring, hindering scientists' ability to forecast weather and alert communities about imminent, dangerous events. Ultimately these irresponsible cuts put American lives at risk.

EAST-WEST CENTER

The East-West Center, which was established by an act of Congress 50 years ago, is a national institution headquartered in my Honolulu district and employs 190 of my constituents. It needs an appropriation commensurate with previous levels approved by Congress—at least \$21 million—in order to sustain its core functions, which I believe are vitally important to our national interests.

This brings me to the budget, and I want to make four main points. First, this is a government-sponsored program that for good reason is set up outside the government but with a great deal of governmental involvement. The Secretary of State appoints a third of the members of the governing board of the East-West Center, and an assistant secretary of State sits *ex officio* on the Center's board. The Center works closely with governmental authorities, but it can be far more flexible, far less expensive, and can reach groups that government programs have a harder time working with, such as Muslim journalists, minorities, or Taiwanese authorities.

Second, this is a program that brings a significant share of non-appropriated resources to the public good that it provides, unlike the big government bureaucracies. The high point in the governmental budget for the East-West Center was during the administrations of former Presidents Reagan and George H. Bush. Last year's Congressional appropriation was still less than that during the administration of George H. W. Bush.

The Center's gets a big bang for the Federal buck by using the appropriated money to leverage other income. Over the years, the Center has evolved into a true public-private partnership. The effect of any reductions in the appropriated level would be to dramatically undermine the Center's ability to leverage Federal funds to obtain private monies. Most of the appropriated income goes to salaries and infrastructure, while most of the programmatic money comes from non-appropriated resources. Thus, the Center estimates that if the appropriation is reduced from the levels that Congress has appropriated in recent years to the OMB request—which would amount to a decrease of more than 50 percent in one year—it would have to eliminate 120 positions. This would inflict a staggering blow to the Center's ability to conduct its public diplomacy activities.

Third, as you know, the President's budget request for the Center in FY 2012 is \$10.830 million. In previous administrations as well as the current one, it has been widely understood that the President's budget request for the Center is artificially low in expectation that Congress will plus this figure up to enable it to implement programs and activities that complement and add critical value to State Department's efforts in Asia. Indeed, for the past five fiscal years, the OMB figure generally has hovered in the \$10 million to \$12 million range, which if left unaltered, would incapacitate the Center. Fortunately, Congress has approved appropriations for the Center ranging from \$19.240 million in FY 2005 to \$21 million in FY 2009 and \$23 million in FY2010. And importantly, neither the State Department nor OMB has objected to the "plus up"—precisely because they expect it.

Finally, I would like to underscore a policy point. Funding for the Center at the \$10.8 million level would have an immediate and potentially disastrous impact on this country's foreign policy and national security interests in one of the most dynamic regions of the world, the Asia Pacific. I want to reiterate that the East-West Center is not a foreign aid program. It serves as a key instrument of public diplomacy aimed at projecting US values and interests by working directly with our regional counterparts on key issues of mutual concern. At the President's proposed budget, it simply would not be able to carry out these core functions.

A more than 50 percent cut in the East-West Center's funding would send a powerful negative signal of US disinterest in Asia Pacific just ahead of the summit in Hawaii this November of the heads of government of the Asia Pacific Economic Cooperation forum (APEC)—a group that includes China, Russia, Japan, Australia, and many other of our partners and allies in the region. The East-West Center has long been involved in APEC. It would be unable to provide meaningful help to the State Department in hosting this year's meeting. In addition, draconian cuts to the Center's current budget will mean that it no longer could serve as the organizing

US committee for the Pacific Economic Cooperation Council (PECC), an official “second track” to APEC—an activity it assumed some years ago at the request of the Department of State.

The Center has been a key partner with the State Department and with state and local officials and the business community in providing staff and facilities for the APEC meeting and leading national outreach efforts focused on the trade and foreign policy implications of APEC. In short, without the Center’s help, the United States risks falling short as an APEC host in the eyes of the nations of the Asia Pacific.

To conclude, Mr. Chair, and particularly in light of tight fiscal resources, I urge the committee to support the East-West Center at the Congressional level in the past fiscal years—\$21 million—so it may continue to provide vital, cost-effective support for U.S. foreign policy and security interests in a critically important, fast-growing region of the world. This is truly an example of public diplomacy that works—an effective program that gives the taxpayers the best value for their money.

THE NATIVE HAWAIIAN HOUSING BLOCK GRANT (NHHBG) PROGRAM

The Native Hawaiian Housing Block Grant (NHHBG) program fulfills a trust obligation which Congress created in 1920 through the Hawaiian Homes Commission Act, recognizing that it is necessary to return Native Hawaiians to the land for the preservation of their culture, traditions, and values. This grant program provides affordable housing opportunities to low-income Native Hawaiian families eligible to reside on the Hawaiian home lands. Funds are used to develop new and existing units and the infrastructure to support them, as well as support services, housing counseling, and community facilities for residents. A disruption in funding would have a devastating impact on the 20 regional plans in development statewide—including a new 18-home community designed to zero out electricity costs through sustainable energy technologies. According to the Department of Hawaiian Home Lands’ 2010 Native Hawaiian Housing Plan, there are 7,300 Native Hawaiian families living on Hawaiian home lands; 25,000 Native Hawaiian applicants on the wait list to reside on Hawaiian home lands; and an estimated 32,000 potential Native Hawaiian applicants.

HONOLULU RAIL TRANSIT PROJECT AND SUPPORT FOR THE DEPARTMENT OF TRANSPORTATION’S PROPOSED FY 2012 BUDGET

The Administration’s Department of Transportation FY 2012 budget proposal includes \$3.2 billion for Capital Investment Projects (New Starts Account). This includes \$250 million in funding for the Honolulu Rail Transit Project. The \$3.2 billion proposal is an increase of \$1 billion over the Administration’s FY 2011 request.

While some of my colleagues may push back on this increased funding, the reality is that our country faces nearly \$4.00/gallon gas on the mainland and is already an average of \$4.14/gallon in Honolulu. It is essential that the country increase its investment in public transit as the cost of daily commuting by car becomes prohibitive and struggling middle class families are forced to choose between meeting essential family needs like paying the mortgage, rent, medical and grocery bills or spending \$80 just to fill up the family car.

According to a recent study, Honolulu was the 2nd most congested Metro area in the country in 2010, only behind Los Angeles and worse than San Francisco, Washington DC and New York. Public transportation is extremely well utilized in Honolulu as ridership statistics show. Honolulu has the 4th most annual transit boardings per capita and the 4th most annual transit passenger miles per capita in the country.

Individuals completed 77 million unlinked trips in 2009 and utilized an active fleet of 531 buses. With a 41 cents operating expense per passenger mile, Honolulu had the best bus cost effectiveness among the nation’s top 50 transit bus operators.

The population of O’ahu continues to grow, thus the demand on ridership and car traffic will be higher in the coming years. By 2030 it is estimated that compared to 2005, O’ahu will have 200,000 more residents, 100,000 more jobs and 750,000 more daily trips.

This new 20-mile rail system will connect East Kapolei to the Ala Moana Center with 21 stations including stops at Honolulu International Airport and Aloha Stadium. This \$5.5 billion project will be paid for through local and federal government funding. 70 percent coming from the state/local government and 30 percent from the federal government. The local government is holding to its end of the bargain with over \$613 million in General Excise & Use Tax collected to date.

Mr. MULVANEY. Thank you, Ms. Hanabusa.

Ms. Bass?

Ms. BASS OF CALIFORNIA. I just wanted to make a comment.

Thank you, Congress Member, for testifying. I just really, one, want to express my sympathy for what happened on the island after the earthquake and my really appreciation to you for bringing it to our attention about the tsunami center, because I think living on the West Coast in California, we have the tsunami warning center as well. And I think most of the times we think ourselves beyond the realm of possibility of facing a tsunami. And you have put a human face on that. But also coming and giving us a specific example about how that benefited in this last crisis.

And I could imagine that if that center had not been there when the earthquake happened last week, I could imagine that people would have just been very fearful. Because I remember watching the news when that actually happened, and the tsunami warning went off in Japan. So thank you for your testimony and for raising our awareness about the significance of that to Hawaii.

Ms. HANABUSA. Thank you.

But I would also like to add that the Pacific Tsunami Warning Center does serve the Pacific. Yes, it is in my district. It is in Hawaii, but it does service the whole Pacific. And everyone looks to them for any information. CNN was telling the rest of the Nation what was going on by reports by the Pacific Tsunami Warning Center. Thank you. Thank you very much.

Mr. MULVANEY. Thank you, again. We are going to take a brief recess to round up some more testimony, and be back in about 10 minutes.

[Recess.]

Mr. STUTZMAN [presiding]. The House Budget Committee will come to order.

And the chair will recognize Congresswoman Mazie Hirono for 5 minutes. Thank you for being here. I look forward to your testimony.

**STATEMENT OF THE HON. MAZIE K. HIRONO, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII**

Ms. HIRONO. Thank you.

Mr. Chairman, members of the committee, thank you for the opportunity to testify before you today. This committee has an important job. Crafting the congressional budget resolution is a statement of our national priorities. And I appreciate the opportunity to offer my views on what some of those priorities should be.

While I recognize that over the long term we must rein in our budget deficit, arbitrarily cutting our Federal spending back to fiscal year 2008 levels, which has been proposed, is in my view a meat-ae approach to fiscal discipline. It is also an inadequate response to the domestic and global challenges that we face. This approach fails to recognize something very important about the programs being slashed and what they mean to our local communities. Our local communities are the backbone of our Nation. They are where we make our homes, where we raise and educate our children. They are also where small businesses get their start, sometimes on the road to becoming big businesses.

In short, our local communities are the bedrock on which our national strength is built. Continuing to adequately fund the programs that mean the most to these communities is vitally important to our long-term success. Today I would like focus on three programs that provide critical support to all of our communities. First, Community Development Block Grants, CDBG; second, Community Services Block Grants, CSBG; and third, Head Start.

Programs like these are highly successful because they are community identified and community led. It is not the Federal Government telling them what to do at every step. Earlier this month, hundreds of county leaders converged in D.C. for their annual National Association of Counties meeting. All of the county council members from my district impressed upon me the importance of these programs, because they fulfill important needs of the people they represent. I am sure your local leaders conveyed the same message to you. In fact, leaders of this bipartisan group adopted two resolutions that support full funding of programs like CDBG and CSBG.

Since 1974, the CDBG program has been a lifeline to people from all of the four counties in Hawaii. CDBG funds have supported economic development, job creation, and facility needs for the most disadvantaged in Hawaii. It has also given some of them a much needed hand up when times are tough, a hand they wouldn't have received without the Federal funding.

For example, CDBG funds helped families on the Island of Kauai access affordable housing. The lack of affordable housing in a place as expensive as Hawaii is a serious concern for many people in Kauai and indeed throughout the State. More than 1,300 residents are on Kauai Habitat for Humanity's affordable housing waiting list. With CDBG funds, Kauai Habitat for Humanity will complete the final phase of infrastructure improvements and build affordable homes for over 125 low- to moderate-income families.

Turning to Community Service Block Grants, the Community Action Network supported by these grants helps 20 million people, 20 million people in need across the country. One Community Action Program in my County of Maui, called the Maui Economic Opportunity, MEO, receives about \$466,000 annually in CSBG funding. This funding helps generate \$18 million a year in services to low-income individuals and their families and to small businesses.

With CSBG funds, MEO provided a wide variety of services to some 22,000 people in that county, which includes the Islands of Lanai, Molokai, and Maui last year alone. These include comprehensive programs like early childhood services, business development and job programs, transportation for seniors and the disabled, and an array of other services that strengthen the community and provide opportunities to all ages.

The third area I ask the committee to support is robust funding for Federal programs that help our keiki, a Hawaiian word meaning children. In Hawaii and nationwide, helping our children thrive is an investment in our future. For children in poverty, achievement gaps begin well before kindergarten. Study after study has shown that investing in quality early learning programs can yield a huge return on investment by reducing the costs of special education, high school dropouts, teen pregnancy, crime, incarceration,

and dependence on social services later in life. Quality early-learning programs increase the likelihood of college attendance and completion. So, robust support for programs like Head Start makes sense.

I recently met with Family Support Services of West Hawaii. And this program was recently able to open a new Head Start center in the rural community of Ka'u on the Island of Hawaii. A target of our Race to the Top reform efforts, Ka'u remains one of the most economically disadvantaged areas in my State.

Head Start not only supports our children; it creates opportunities for others in our communities and for people of all ages. Let me tell you about Regina. Regina enrolled three of her children in the Head Start at Maui Economic Opportunity. She started out as an active volunteer of the program, transitioned into a position as a family case manager, continued her education at Maui College, and now works as a disability and mental health specialist. Head Start provided Regina and her family with the educational resources and the vocational skills needed to improve their lives.

So you can see there is a tremendous multiplier effect when we support these kinds of community-led, community-identified programs. Without them, low-income families would have even less of a chance to reach the middle class one day. They help our children to grow up safe and healthy, and give them a leg up in an increasingly competitive world.

I urge the committee to authorize robust funding for programs that have proven to be successful in strengthening our local communities and creating greater opportunities for all of our citizens. And I thank you for this opportunity.

[The statement of Mazie K. Hirono follows:]

PREPARED STATEMENT OF HON. MAZIE K. HIRONO, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF HAWAII

Mr. Chairman, thank you for the opportunity to testify before the Committee today. This Committee has an important job. Crafting the Congressional Budget Resolution is a statement of our national priorities, and I appreciate the opportunity to offer my views on what those priorities should be.

While I recognize that over the long term we must rein in our budget deficit, arbitrarily cutting our federal spending back to fiscal year 2008 levels, which has been proposed, is in my view a meat-axe approach to fiscal discipline. It is also an inadequate response to the domestic and global challenges we face. This approach fails to recognize something very important about the programs being slashed—what they mean to our local communities.

Our local communities are the backbone of our nation. They are where we make our homes and where we raise and educate our children. They are also where small businesses get their start—sometimes on the road to becoming big businesses. In short, our local communities are the bedrock on which our national strength is built. Continuing to adequately fund the programs that mean the most to these communities is vitally important to our long-term success.

Today I would like to focus on three programs that provide critical support to all of our communities: first, Community Development Block Grants (CDBG), second, Community Services Block Grants (CSBG), and third, Head Start. Programs like these are highly successful because they are community-identified and community-led. Earlier this month, hundreds of county leaders converged in D.C. for their annual National Association of Counties meeting. All of the county council members from my district impressed upon me the importance of these programs because they fulfill important needs of the people they represent. I'm sure your local leaders conveyed the same message to you. In fact, leaders of this bipartisan group adopted resolutions that support full funding of programs like CDBG and CSBG.

Since 1974, the CDBG program has been a lifeline to people from all of the four counties in Hawaii. CDBG funds have supported economic development, job cre-

ation, and facility needs for the most disadvantaged in Hawaii. It has also given some of them a much needed hand up when times were tough—a hand they wouldn't have received without this funding.

For example, CDBG funds help families on the island of Kauai access affordable housing. The lack of affordable housing is a serious concern for many people in Kauai and throughout the state. More than 1,300 residents are on Kauai Habitat for Humanity's affordable housing waiting list. With CDBG funding, Kauai Habitat for Humanity will complete the final phase of infrastructure improvements and build affordable homes for 125 low- to moderate-income families.

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Head Start not only supports our children. It creates opportunities in our local communities for people of all ages. Let me tell you about Regina Agcaoili. Regina enrolled three of her children in Head Start at Maui Economic Opportunity. Regina started out as an active volunteer of the program, transitioned into a position as a family case manager, continued her education at Maui College, and now works as a disability and mental health specialist. Head Start provided Regina and her family with the educational resources and the vocational skills needed to improve their lives.

As you can see, Mr. Chairman, these programs have a tremendous multiplier effect in our communities. Without them, low-income families would have even less of a chance to reach the middle class one day. They help our children to grow up safe and healthy and give them a leg up in an increasingly competitive world. I urge the Committee to authorize robust funding for programs that have proven to be successful in strengthening our local communities, and creating greater opportunities for all of our citizens.

Mr. STUTZMAN. Thank you. And I want to clarify the number that you mentioned. What is the waiting list for the Habitat For Humanity.

Ms. HIRONO. Thirteen hundred residents, and that is just on one island. And if you have ever been to Hawaii you know how expensive it is. Housing is very expensive. We don't have enough affordable housing. They can barely keep up. But if we didn't have the support of CDBG funding, then there would be an even greater number on that list.

Mr. STUTZMAN. What is the unemployment rate in Hawaii?

Ms. HIRONO. It is a little bit less than the national average, but it is still—I think it is about 7 percent. But different islands have higher unemployment. For example, the island of Molokai has very high unemployment. The island of Hawaii, I think the unemployment figures are the lowest for Oahu.

Mr. STUTZMAN. Mr. Tonko, do you have any questions?

Mr. TONKO. I thank the gentlelady for coming, and she has done a great job clarifying everything.

I will share with you I heard a lot in my district about the block grants and the empowerment that comes with investment from working families, and so certainly across the country there are grave concerns about leveraging new programs.

Ms. HIRONO. I think, as I mentioned, the hundreds of our local leaders who have converged in Washington, D.C., earlier this month, and they visited all of their Members of Congress, bipartisan, they were to a person supportive of these kinds of grants. And the beauty of these grants is that the communities themselves with their local leaders identify what their priority needs are, and they use this money not only to provide the programs but it leverages into many times over in benefits, economic as well as otherwise.

Mr. TONKO. Thank you.

Mr. STUTZMAN. Thank you very much. It has been very helpful, and it is always good to hear what is happening in the beautiful State of Hawaii. We know we all have challenges. Thank you for representing your district, and thank you for your testimony here to the Budget Committee.

Ms. HIRONO. As we say in Hawaii, mahalo nui loa.

Mr. STUTZMAN. Next, we have Congresswoman Laura Richardson to testify. Thank you for being here. You have 5 minutes.

STATEMENT OF THE HON. LAURA RICHARDSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Ms. RICHARDSON. Thank you. Really directed to Chairman Ryan, Ranking Member Van Hollen, and those of you who are the brave member souls of this committee, I thank you for giving me the opportunity to come before you.

I am here to speak for the people I represent, the hardworking and really hard-pressed men, women, and children and businesses of the 37th Congressional District. The unemployment rate in California still hovers around 12 percent, but in some areas of my district like Compton it is over 20 percent. The foreclosure rate for California is one out of 239. That is more than twice the national average, and in Compton in my area the foreclosure rate is four times that amount.

Today, I would like to focus my statement on areas of the budget that I think could create jobs, rein in unnecessary spending, and invest in our Nation's infrastructure that will help keep our people working and also safe. These priorities will set America on a path towards fiscal responsibility, economic growth, prosperity, and will also provide us with needed investments that will help us get into the future.

First of all, in terms of jobs for Americans, as we consider our budget priorities for full year 2012, we must enact a budget that will actually create jobs and invest in our future prosperity. At the same time, however, I am committed to reining in spending and I have some ideas of how we might do that.

Last session, I introduced a bill and I plan on reintroducing it. It is called the The Cost Recovery and Fair Value for Services Act.

I will reintroduce that bill. What it essentially does is it encourages Federal agencies to set their user fees for services provided at a cost recovery basis.

Now for the accountants and those of you who are into finance here, we have many agencies and departments who are providing services, and yet they are not really getting the full cost recovery dollars of it. So for every person who might be happening to work, whether it is a national park, administrative fee, any fees that we have, we need to do an overall analysis to make sure that, for the services it costs us to provide that, that we are gaining in the full cost recovery for it.

Now if we are bringing in too much money, we should evaluate that, too; and if we are charging more than what we should, we should make the appropriate reduction.

By setting appropriate user fee rates, agencies can contribute to the shared fiscal responsibility that our current economic situation demands. Specifically, The Cost Recovery and Fair Value for Services Act requires the chief financial officer of every Federal agency to provide a report to the Director of OMB reviewing fees charged for services provided.

The second area I would like to suggest is transportation and infrastructure. When it comes to creating jobs, there is no more effective way. And I would say all you had to do is look at all of the Sunday talk shows and when we talked about the successes of the stimulus and the American recovery dollars all of them would turn to the success of the dollars that we have spent based upon transportation and infrastructure.

In my district, we happen to move 40 percent of the entire Nation's cargo. The President's budget has proposed a 66 percent increase in the full year 2010 levels in overall funding for transportation infrastructure so that we might pass our \$556 billion 6-year surface transportation reauthorization proposal.

I just came from a Budget Committee on transportation about this very topic. And everyone agrees that, given the money and the resources, we could actually get results, which is to improve our deteriorated roads and highways, put people back to work; and right now those resources are at a very economical cost, and we can actually save money.

Where the time that we wait—I will give you an example in my district. A bridge that we should have fixed that now we have a diaper underneath it to catch the concrete that is falling that covers 20 percent of our Nation's goods are going over this bridge, 5 years ago it cost \$600 million, now it costs \$1.6 billion. So it is not going to cost us less. It is just going to cost us more.

Also, I think that we should seriously consider taking away the dogma feeling of no taxes at all. I have a bill, the Freight FOCUS Act, that would establish a freight planning office within the Department of Transportation and would consider increasing the diesel tax, which has not been increased since 1993. Now no one can disagree with the impacts of the roads, of what has happened by the trucks on our roads and our highways.

Now interesting, what I wanted to make sure was clear for the record, ATA, which is the American Trucking Association, supports this. If we have industries that agree to tax themselves for a dedi-

cated funding source to be able to pay for roads and highways to improve so we can move our goods, we, as Members of Congress, should not be in the way.

The fourth point that I wanted to bring up had to do with homeland security. My district is home to many high-value terrorist targets, such as the Port of Long Beach, water treatment facilities, CERT facilities and so on. I am deeply troubled by the proposed cut of \$93 million, 58 percent, in funding for international cargo screening. We haven't had an incident of cargo screening. However, we have in air cargo. And when you look at the vulnerabilities of people who live in port communities, that is an area that we should not confuse and view it as not an area to focus on.

The President's budget proposal requests only \$1.8 billion for FEMA's disaster relief fund. All we have to do is look at what happened recently in Japan, what has happened in American Samoa with their tsunami, and look at Hurricane Katrina to say this is really a not smart decision.

In full year 2011, FEMA's disaster fund required \$3 billion to cut out of its operations and significant cuts to fund all the resources that we needed. So to cut this to \$1.8 billion is not the answer to the problem.

I applaud the President's request to provide \$420 million for the Staffing for Adequate Fire and Energy Response, SAFER, grants. However, I do not support the administration's decision to cut \$140 million from the Assistance to Firefighters grants.

Finally, I want to talk about Member responsibility, and I would hope this committee would consider working with me as I get ready to approach House Administration with Mr. Lungren.

As a Member of Congress and a new Member, when I went to replace the furniture in my district office, to lease a vehicle, I believe we need to consider a kind of form of a private GSA. Currently, other agencies utilize Government Services Administration, which is their funding mechanism. We as Members, there should be a Toyota price for all hybrid vehicles. There should be a company who provides furniture that all of us could use, that we could utilize that price and save money.

I thank you for the time that you have given me, and I look forward to any questions you might have.

[The prepared statement of Laura Richardson follows:]

PREPARED STATEMENT OF HON. LAURA RICHARDSON, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA

Chairman Ryan, Ranking Member Van Hollen, and Members of the Budget Committee: Thank you for convening this hearing and allowing me and our colleagues the opportunity to share with the Committee our budgetary priorities for Fiscal Year 2012. I ask that my entire statement be included in the record of this hearing.

Coming as we do from all regions of the country and both sides of the aisle, the testimony you hear today is a fair reflection of the collective hopes and dreams of the American people. This Committee has the daunting task of crafting a budget resolution that expresses the values and reflects the character of our country.

I am here to speak for the people I represent, the hard-working and hard pressed men, women, children, and businesses of the 37th Congressional District of California.

Mr. Chairman, my state and my district have experienced, and still are going through, the toughest economic times in recent memory. The unemployment rate in California still hovers around 12 percent, but in some areas of my district, like Compton, it is closer to 20 percent. The foreclosure rate for California (1/239) is

more than twice the national average (1/577). In the City of Compton, the foreclosure rate is over 4 times the national average (1/137).

The budget priorities that I will outline today are what I believe is needed to restore the American dream for the millions of Americans who have been most affected by the difficult economic environment that we are just starting to overcome. These priorities will set America on a path toward fiscal responsibility, economic growth and prosperity, and will provide us with needed investments that will pave the way to the future.

PRIORITY #1: JOBS FOR AMERICANS

As we consider our budget priorities for FY 2012, we must enact a budget that will reflect the need to create jobs and invest in our future prosperity. Although we have been encouraged by signs that the economy is recovering, we can't make reckless cuts at the expense of our ongoing recovery. Instead, we must take a prudent approach to addressing the deficit, making targeted cuts in some areas and targeted investments in others. We need to ensure that every American who is willing to work to get ahead has the opportunity to do so. That is why creating jobs—good paying jobs with benefits to sustain families—must be our central objective.

The fiscal challenges that our nation currently faces are real and must be addressed with an honest dialogue between members on both sides of the aisle. We need to create a budget resolution that makes smart investments in job creating programs and projects that will put Americans back to work. At the same time, we must make an effort to rein in spending on programs that are not producing adequate results. Making these targeted cuts will help put us down a sustainable fiscal path, while maintaining support for programs that are proven to help the American people succeed.

An initiative that I believe will help reduce the deficit, and rein in unnecessary spending is a bill that I introduced in the last congress entitled "The Cost Recovery and Fair Value for Services Act."

PRIORITY #2: COST RECOVERY ACT

The Federal government has an obligation to the American people to be stewards of their hard-earned taxpayer dollars by operating in an efficient manner. There are hundreds of federal agencies in the executive branch offering an array of services and programs. It is critical, especially in times when the national debt is high, for these agencies to ensure that the services and programs they offer are self-financed to the greatest extent possible.

The Cost Recovery and Fair Value for Services Act that I will soon reintroduce will help meet this obligation by ensuring that the federal agencies set their user fees for services provided at rates that are both equitable and cost-effective. By setting appropriate user fee rates, agencies can contribute to the shared fiscal responsibility that our current economic situation demands without overburdening the public or inhibiting public engagement.

Specifically, the Cost Recovery and Fair Value for Services Act requires the chief financial officer of every federal agency to provide a report to the Director of the Office of Management and Budget reviewing fees charged for services provided. The report will contain recommendations on possible adjustments to those fees rates taking into account the following factors:

1. The extent to which the fee will cover the agency's cost for providing that service;
2. The extent to which each user is paying an equitable amount considering that user's ability to pay; and
3. The extent to which the use of the service provides a public benefit.

PRIORITY #3: HELP FOR SMALL BUSINESS

As a member who spent 14 years working in the business world before coming to Congress, I understand that small business is the backbone of our economy. The 26.8 million small businesses in the United States represent more than 99.7 percent of all employers, employ just over half of all private sector employees, and generated 64 percent of the net new jobs created since 1995.

Clearly, if we are to grow our way out of this economic mess, small business is going to help lead the way. I therefore support the President's request to provide small businesses with access to the credit needed to expand and create new jobs.

As a New Democrat and a former business owner, I am a strong proponent of fiscal responsibility and deficit reduction. We have already helped companies deemed "too big to fail." Now it is time to provide help for small business so that they do not remain "too small to succeed."

PRIORITY #4: EDUCATION

We have a responsibility to provide Americans with the skills and opportunities they need to be successful in the global marketplace. Pursuant to the request of President Obama to out-educate, out-innovate, and out-compete the rest of the world, it is important that Congress make key investments in education and job training programs that are essential to the future health of our economy.

Nothing is more crucial to our nation's long-term future than an educated citizenry. That is why I am pleased that the President's budget requests \$77.4 billion in funding for the Department of Education for FY 2012, a 20% increase over FY 2010 enacted levels. I also support the President's budget proposal because it increases investment in K-12 education to ensure that our children receive a quality education that will enable them to compete in the global economy. Investing in our nation's future through public education will help to ensure long-term economic growth and prosperity for our nation by creating a more educated and higher earning workforce.

However, I would like to point out a few areas of the President's education budget that can be improved:

First, we need to make sure that Title I funding is being allocated to the schools and the children who need it the most. Child poverty is on the rise, and it is our responsibility to ensure that children who come from disadvantaged families have the same opportunities as their peers whose parents belong to a different socio-economic background. In 2009, research shows that over 20 percent of children lived in poverty. That is clearly unacceptable and targeted investments in Title I funding to schools in economically disadvantaged neighborhoods will provide the foundation needed for these children to succeed. That is why I support a 10% increase in funding for the Title I program over FY 2010 enacted levels.

Second, while I am generally supportive of the Administration's focus on ensuring that competitive grant programs provide an important incentive for our nation's public schools to improve curriculum and overall student performance, we need to ensure that the Administration balances its emphasis on competitive grant programs with formula grant programs that provide funding to schools that need it the most.

These formula-based grant programs are essential to schools in urban areas that are already facing stark fiscal realities. During these tough economic times we cannot rely solely on competitive-based grants, but need to ensure that federal funds are being allocated in a manner that reflects the needs of underperforming schools.

Third, the President's budget proposal provides a modest increase in funding for the IDEA special education program, but funding levels remain inadequate. I would like to see an 8% increase in funding for IDEA over FY 2010 levels. This will bring the federal share of the program back to the 2006 level of 17.6%.

The modest increases in funding do not go far enough to ensure that every child who suffers from a disability that requires special accommodation will have access to an education. Failing to provide grants to states at necessary levels will prove detrimental to the overall health of special education programs across the country.

The Administration's budget proposes a modest cut to the program. As a strong supporter of Career and Technical Education State Grants, I do not support this decrease in funding. These grants provide a needed service to those in disadvantaged communities to develop hands-on, career-oriented postsecondary training. At a time when unemployment rates are high, cutting funding for programs that helps individuals gain skills that will make them more competitive in the job market is a wise policy. Conversely, a 6% increase in funding over FY 2010 enacted levels will go a long way in preparing participants in vocational training programs for careers in a wide array of industries.

PRIORITY #5: OLDER AMERICANS

When older Americans, those 50 and older, lose their jobs, they remain unemployed for much longer periods than younger counterparts. Many get discouraged and leave the labor market altogether. If they are fortunate enough to secure a replacement full-time job, invariably the pay is less, the hours are fewer, and the benefits are minimal or non-existent.

One way to provide targeted and immediate relief for jobless older Americans is to fully fund the Senior Community Service Employment Program. I am discouraged by the President's FY 2012 budget proposal which cuts funding for this important program by 45 percent from FY 2010 enacted levels. In FY 2010 this program was funded at a level of \$825 million, a significant increase in funding from past years. However, the President's budget proposal will cut funds for this program nearly in half and significantly impact low-income senior citizens' ability to find work. I

strongly urge that funding for this vital program be maintained at not less than \$700 million for the next five years. And I will soon reintroduce legislation that will make this program more accessible by lowering age and income eligibility requirements.

PRIORITY #6: TRANSPORTATION & INFRASTRUCTURE

When it comes to creating jobs, there is no more effective means than investing in infrastructure. It has been demonstrated time and again that for every dollar invested in infrastructure, at least \$1.63 in economic activity is generated.

Our most recent example of effective investment in infrastructure is the Recovery Act, which thus far has created nearly one million jobs over the first year of investment while at the same time improving the lives of virtually every American who can enjoy the roads, bridges, and transit systems that were built or improved through this funding.

I come from the district that embodies the nation's transportation needs, with the largest ports in the country, three airports, major freight rail lines, and 40% of the nation's goods moving along our rails and four major interstate highways. And as a member of the Transportation & Infrastructure Committee, I understand how sound transportation and infrastructure investments will make our nation globally competitive and enhance the quality of life in our communities.

The President's budget proposes a 66% increase above FY 2010 levels in overall funding for transportation and infrastructure. This increase also includes a \$556 billion six-year surface transportation reauthorization proposal that will provide a \$50 billion "up-front" investment to be distributed in the first year to spur job creation and economic growth.

Passing a surface transportation reauthorization bill that provides funding for projects that are critical to national greatness needs to be a top priority of this Congress. One such project is the Gerald Desmond Bridge located in Long Beach, California. The Desmond Bridge may not be as famous or glamorous as the Golden Gate or the Verrazano, but it carries a larger percentage of the nation's cargo—10 percent—than any other bridge.

That is why it is so shocking and short-sighted that we have not rebuilt this 40 year-old bridge, which is now reduced to wearing a "diaper" to catch the concrete and debris that falls daily from its underside. It is imperative that programs such as the Projects of National Significance and the Freight Improvement Program receive ample funding so essential projects like the rebuilding the Desmond Bridge can be completed.

I have recently introduced H.R. 1122, the Freight FOCUS Act to establish an office of Freight Planning in the Department of Transportation that will be responsible for freight planning and creating a merit based, competitive grant program. This bill provides for public and private sector involvement in the process, and prioritizes major goods movement corridors and projects to alleviate choke points. This comprehensive national freight policy will facilitate the movement of goods across the country and will also help the American economy grow.

Investing in our freight infrastructure is vital to the creation of jobs in the manufacturing industry and will allow us to boost exports. I am pleased to report that my legislation enjoys the support of industry and key stakeholders, which is willing to accept a 12 cent increase in the diesel fuel tax paid by trucks to raise revenue for the creation of new freight infrastructure projects. The bill also creates a Goods Movement Trust Fund, which would be dedicated to funding such projects, and contains safeguards to ensure that funding generated from a specific mode is used for projects benefitting that mode.

When it comes to transportation funding, we must also be forward-thinking and pro-active to position our country to compete and win in the global economy. Nowhere is this more important than in the area of high-speed rail. As the founding co-chair of the California High-Speed Rail Caucus, I applaud the President for requesting \$53 billion over the next three years to invest in the construction of a national high-speed rail network.

But a larger commitment is needed. It will cost about \$40 billion to bring high-speed rail to California. But with it will come a revolution in travel and a model for the rest of the country. The benefits include a cleaner and quieter environment, reduced traffic congestion, and 450,000 new jobs in California to build the line. High-speed rail is the wave of the future and we must make a real commitment to it to remain competitive.

PRIORITY #7: HOUSING

The need for housing and redevelopment assistance is great in my district, my state, and across the nation. California ranks third in the nation, trailing only Nevada and Arizona, in the rate of housing foreclosures. Therefore, I strongly oppose the President's proposal to cut \$300 million from the Community Development Block Grant (CDBG) from FY 2010 enacted levels. This drastic reduction would have a devastating impact on communities all across America, including my district, and hinder our ability to continue doing our part in aiding the Nation's economic recovery. CDBG works. In Los Angeles County, for example, CDBG funding has provided a direct benefit to low- and moderate-income residents and their neighborhoods, something that simply would not have been possible without this federal-local partnership.

I also do not support the President's decision to request a \$68 million reduction in funding for the Section 202 Housing for the Elderly program and a \$104 million reduction for the Section 811 Housing for Persons with Disabilities Program, which funds the new construction of housing for those groups. Our seniors and the disabled are among the most vulnerable populations in society and we cannot neglect their housing needs.

PRIORITY #8: HOMELAND SECURITY

I am the Ranking Member of the Homeland Security Emergency Preparedness, Response and Communications Subcommittee. In addition, my district is home to many high-value terrorist targets, such as the Port of Long Beach. I am therefore deeply troubled by the proposed cut of \$93 million (58 percent!) in funding for international cargo screening. This decrease reflects an emphasis on remote screening of freight instead of physical inspection. The 9/11 Act established the goal of 100 percent cargo screening by 2010; the proposed budget cut will not bring it closer to achieving this national objective.

I am also troubled by the President's proposal to cut 8% from FEMA Grant Programs. Similarly, the President's budget proposal requests only \$1.8 billion for the FEMA's disaster relief fund. These funds are integral to the mission of keeping the American people safe in the event of a natural or man-made disaster. In FY 2011, FEMA's disaster relief fund required \$3 billion to carry out its operations and significant cuts to the fund will curtail FEMA's capability to save lives by being able to respond appropriately to unforeseen disasters.

I applaud the President's request to provide \$420 million for the Staffing for Adequate Fire and Emergency Response (SAFER) Grants to rehire laid-off firefighters and retain veteran first responders. These funds will enhance the ability of local fire departments to meet community needs and maintain the readiness of local first responders during all types of emergencies. However, I do not support the Administration's decision to cut \$140 million from the Assistance to Firefighters Grants which allow fire departments and EMS agencies to provide the training and equipment necessary to save lives.

I also strongly believe that we should substantially increase funding for the Fire Station Construction Grant Program so cities like Compton, in my district can have the resources needed to protect the local citizenry and to assist in the protection of a vital national asset like the Alameda Corridor. This corridor splits the city down the middle, while it transports the nation's cargo to and from the Ports of Long Beach and Los Angeles.

Finally, I would also like to stress the importance of full funding for the State and Regional Preparedness Program, which provides grants to fund programs such as the Citizens Corp and Interoperable Emergency Communications Grants. A recent GAO report stated that only about half of American households had disaster supplies in their home and a household emergency plan. Clearly, there is more that must be done to get our people in an optimal state of readiness.

PRIORITY #9: NATIVE AMERICANS

Perhaps nowhere is the need more urgent than in Indian Country, which is grappling with an average unemployment rate of 22 percent, which is higher than any state. Addressing the disparities in health care, education, housing, and crime in Indian Country also remains a challenge. I therefore am pleased that the President's budget requests \$4.6 billion for the Indian Health Service, an increase of 14 percent over the FY 2010 enacted level. I am also pleased that the FY2012 request for Indian Affairs focuses on core programs and services that are vital to Indian country, such as the \$424 million for criminal justice programs, a 29 percent increase over FY 2010 enacted levels.

PRIORITY #10: INTERNATIONAL AFFAIRS

Finally, I wish to briefly address the Function 150—International Affairs budget and say that I strongly support the President's request for \$59.64 billion, a 5.1% increase over the current funding level.

Although America's domestic needs are great, it is in our interest and consistent with our tradition and character to be engaged in the world. Whether it is providing diplomatic, development, peacekeeping, security, and humanitarian assistance, or combating human trafficking and modern day slavery, American leadership and involvement is indispensable.

The \$59.64 billion requested for the International Affairs budget is to be sure a lot of money. But to put it in perspective, the entire International Affairs Budget is just 1.6% of the total FY 2012 Budget. Even at this level of funding, the International Affairs Budget represents only 0.42% of GDP.

The diplomatic role of the United States in the international system cannot be understated. By supporting economic development, human rights, and democracy throughout the world, the International Affairs Budget is a bargain and one of the best investments we can make.

CONCLUSION

In conclusion, let me say that while a budget is a record of expenditures, outlays, and revenue receipts, it is much more than that. It is an expression of our most cherished values, a reflection our character, and the fulfillment of the social contract among generations, tying the present to the past and future. In a budget we commit ourselves to the actions needed to keep faith with our obligation to our forefathers and to generations unborn to do all we can to make this a more perfect union. It is in that spirit that I have suggested the priorities outlined above.

Thank you for listening.

Mr. STUTZMAN. Thank you very much.

I think you clarified or you mentioned that 40 percent of the Nation's goods come through—is it the Long Beach Port that is where those goods come through or—

Ms. RICHARDSON. It is the San Pedro complex. Both the Port of Long Beach and Los Angeles are adjoined, and 40 percent of the entire Nation's cargo goes through my district. So, for example, the Gerald Desmond Bridge, which is the bridge that connects the two, 15 percent of the entire Nation's cargo. But out of San Pedro complex, 40 percent.

Mr. STUTZMAN. Most of the infrastructure there is Federal infrastructure?

Ms. HIRONO. No. It is shared. For example, the Gerald Desmond Bridge, it included Federal money, State money, and also bonding from the taxpayers.

Mr. STUTZMAN. Thank you.

Mr. Tonko.

Mr. TONKO. I share your opinion that, with putting off an infrastructure project, the price tag just escalates. And we are trying to have more effective government and rid it of waste and inefficiency. I think you are prudent to have an appropriate level of funds set aside for infrastructure improvements and projects, not only addressing that sticker shock situation but also the employment issue.

Ms. RICHARDSON. Exactly. Thank you, sir. And history tells us that if we invest in our infrastructure it has proven to be a very prudent financial decision.

Mr. STUTZMAN. Okay, thank you very much.

I think we have time for one more witness before we have to go to vote. Thank you, Ms. Richardson; and at this time the chair recognizes the Honorable Gene Green from Texas.

Mr. Green.

**STATEMENT OF THE HON. GENE GREEN, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF TEXAS**

Mr. GENE GREEN OF TEXAS. I want to thank you, and I will speak as fast as a guy from Texas can.

I am pleased to be here to provide my views on the fiscal year 2012 budget resolution and to follow, although she has left, our basketball coach tonight, because Members of Congress are playing the Georgetown law faculty.

And we also share—I represent the Port of Houston, which is the largest foreign tonnage port in the country. Of course, most of our tonnage is petrochemical, both crude oil coming in and refined products and chemicals going out.

The Budget Committee is faced with difficult choices that crafts this congressional budget. Democrats and Republicans must work together to produce a budget that simultaneously helps meet our economic, health care, energy, and social challenges.

The two issues I want to address is, one, energy provisions. Unfortunately, the President's budget again includes several tax increases aimed at America's natural gas and oil industry, which has been part of the U.S. code since 1926 and another that was created to help U.S. manufacturers maintain and create well-paying jobs. I am concerned about this because increasing costs on our domestic energy industry would jeopardize small business jobs and increase our reliance on foreign sources of energy.

While instability in the Middle East continues to threaten our supply, we should not punish our offshore and onshore producers with punitive tax hikes but instead encourage the safe and responsible production of our domestic resources in order to reduce this reliance on foreign imports and in turn increase our economic growth.

The oil and natural gas industry is one of the largest employers in our country, supporting more than 9.2 million jobs. And while people love to talk about "big oil", the average independent producer company has only 12 employees, the definition of a true small business. Yet the administration's fiscal year 2012 budget proposal includes almost \$90 billion in tax increases on this industry alone. I urge the Members to avoid these punitive taxes.

The second issue is NASA. I am sharing your concern with the current direction of NASA. Last year, Congress passed an authorization bill that represented a compromise and provided a solid path forward for the agency. Congress spoke with what many of us thought was unmistakable clarity that NASA's mission is to continue human space exploration. I would like to ask this committee to include language that adheres to the compromise included in last year's authorization bill. I think the provisions enjoy broad support in Congress and would be welcomed by the tens of thousands of engineers, scientists, and employees that work directly and indirectly on NASA projects every day.

The harsh reality of the situation is the space shuttle program will end this June. I was encouraged about our Nation's future in human space flight when the NASA authorization bill was signed

last year into law. The plan in the authorization would provide for immediate transition to our next generation human space program.

Unfortunately, my encouragement turned to disappointment when I saw NASA's budget proposal. Their plan reflects an approach that is dismissive of the will of Congress and exhibits unbelievable lack of respect for the law that was signed by the President, the final decision maker in their chain of command.

NASA and our country deserve far better than a jurisdictional and philosophical spat between bureaucrats. The law is the law, and NASA's job is to follow it to the letter, not spend time and resources in an attempt to be evasive. If NASA follows its own plan, human space flight will be put in limbo once the space shuttle missions conclude. If our budget incorporates the compromise of NASA's authorization bill, we can use the valuable work accomplished during the Constellation program for the next generation of human space flight.

We can maximize cost savings and offer the best value by leveraging taxpayer dollars that are already being spent for the biggest benefit. These are goals that we must pursue during such difficult fiscal times.

If we do not effectively guide NASA back toward a plan that is within the confines of the law, it will result in significant duplicative costs and unnecessary job losses. Not only that, but it will also cost more to wind down many efforts, only to ramp them back up years later.

Local economies like my home in Houston, home of the Johnson Space Center, will be hit hard when we have just begun to recover. It is estimated by the human space flight industry that at least 10,000 employees will be laid off under the more expensive, less effective NASA budget proposal. A failure to maintain preeminence in space flight will have ripple effects that damage our education system, our industry's capability to innovate, and could handicap our global competitiveness for years to come.

We spend so much time talking about the importance of inspiring our students to pursue science, technology, engineering, and math disciplines. NASA serves as the biggest catalyst for this inspiration. Under the NASA budget proposal, there will be no new jobs for STEM students. We must change the trajectory of NASA. The plan in the authorization bill costs less, does more, and will allow our Nation to maintain its role as the leaders in space.

Again, I appreciate the time today and would be glad to try and answer any questions.

[The prepared statement of Gene Green follows:]

PREPARED STATEMENT OF HON. GENE GREEN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF TEXAS

Chairman Ryan, Ranking Member Van Hollen and Members of the Committee:
I am pleased to be here today to provide my views on the Fiscal Year 2012 Budget Resolution.

This committee is faced with many difficult choices as it crafts this year's congressional budget.

Democrats and Republicans must work together to produce a budget that simultaneously helps meet our economic, health care, energy, and social challenges.

ENERGY PROVISIONS

Unfortunately, the President's budget again includes several tax increases aimed at America's natural gas and oil industry—one of which has been a part of the US code since 1926 and another that was created to help U.S. manufacturers maintain and create well paying jobs.

I am concerned about this because increasing costs on our domestic energy industry could jeopardize small business jobs and increase our reliance on foreign sources of energy.

While instability in the Middle East continues to threaten our supply, we should not punish our offshore and onshore producers with punitive tax hikes, but instead encourage the safe and responsible production of our domestic resources in order to reduce this reliance on foreign imports and in turn, increase our economic growth.

The oil and natural gas industry is one of the largest employers in our country, supporting more than 9.2 million jobs.

And while people love to talk about "Big Oil," the average independent producer company has only 12 employees—the definition of a true small business.

Yet, the Administration's Fiscal Year 2012 Budget proposal includes almost \$90 billion in tax increases on this industry alone.

I strongly urge the Members of this committee to avoid these punitive taxes.

NASA

I am extremely concerned about the current direction of NASA. Last year, Congress passed an authorization bill that represented a compromise and provided a solid path forward for the agency.

Congress spoke with, what many of us thought was, unmistakable clarity that NASA's mission is to continue human space exploration.

I would like to ask this committee to include language that adheres to the compromise included in last years' authorization bill.

I think these provisions will enjoy broad support in Congress and would be welcomed by the tens of thousands of engineers, scientists, and other employees that work directly on NASA projects every day.

The harsh reality of the situation is that the Space Shuttle program will end in June. I was encouraged about our nation's future in human space flight when the NASA Authorization bill was signed into law.

The plan in the authorization would provide for an immediate transition to our next generation human space flight program.

Unfortunately, my encouragement turned to disappointment when I saw NASA's budget proposal.

Their plan reflects an approach that is dismissive of the will of Congress and exhibits an unbelievable lack of respect for the law that was signed by the President, the final decision maker in their chain of command.

NASA and our country deserve far better than a jurisdictional and philosophical spat between bureaucrats. The law is the law and it is NASA's job is to follow it to the letter, not spend time and resources in an attempt to be evasive.

If NASA follows its own plan, human space flight will be put into limbo once the Space Shuttle missions conclude.

If our budget incorporates the compromise of the NASA authorization bill, we can use the valuable work accomplished during the Constellation program for the next generation of human space flight.

We can maximize cost-savings and offer the best value by leveraging tax payer dollars that have already been spent for the biggest benefit. These are goals that we must pursue during such difficult fiscal times.

If we do not effectively guide NASA back toward a plan that is within the confines of the law, it will result in significant duplicative costs and unnecessary job losses.

Not only that, but it will also cost more to wind down many efforts only to ramp them back up in later years.

Local economies, like my own in Houston, home of Johnson Space Center, will be hit hard when we have just begun to recover.

It is estimated by the Human Space Flight industry that at least 10,000 employees will be laid off under the more expensive, less effective, NASA budget proposal.

A failure to maintain preeminence in human space flight will have ripple effects that damage our education system, our technology industry's ability to innovate, and could handicap our global competitiveness for years to come.

We spend so much time talking about the importance of inspiring our students to pursue science, technology, engineering, and math disciplines. NASA serves as the single biggest catalyst for this inspiration.

Under the NASA budget proposal, there will be no new jobs for our STEM students. We must change the trajectory at NASA. The plan in the authorization bill costs less, does more, and will allow our nation to maintain its role as the leader in space.

Thank you for the time to testify today.

Mr. STUTZMAN. Thank you, Mr. Green.

I know we are running real short on time to get to the floor to vote, but I would have one quick question. How many are employed by NASA in south Texas?

Mr. GENE GREEN OF TEXAS. It is actually represented by Pete Olson. Our district is just north of it. But we are in the thousands of people. But literally we worked real hard last year to pass the authorization bill to provide a glide path for NASA, but the President's budget doesn't reflect what is in the statutory law now.

Mr. STUTZMAN. Mr. Tonko?

Mr. TONKO. No. I think you have highlighted everything well, and as a member of Science and Tech I know of the struggles to get NASA up to its appropriate levels.

Mr. GENE GREEN OF TEXAS. Thank you for being on the committee last year to be able to work hard for a good authorization. Now we need to make sure they spend the money like it is supposed to be.

Mr. TONKO. I hear you. Thank you so much, Representative Green.

Mr. STUTZMAN. Thank you for your testimony.

At this time, we will take a brief recess as we vote; and we will begin when Members appear to the committee to testify.

[Recess.]

Mr. STUTZMAN. The House Budget will come to order, and we will continue with our testimony. Our first witness for this session will be Ms. Woolsey from California.

Ms. WOOLSEY. Thank you.

Mr. STUTZMAN. You are welcome, and you have 5 minutes. Thank you for being here.

STATEMENT OF THE HON. LYNN WOOLSEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Ms. WOOLSEY. Thank you, Mr. Chairman, and thank you, Ranking Member Castor, for being here.

Like you, I recognize the challenges facing your committee and facing our country. I believe our success will depend on how we invest in our people and how we understand their values.

The Congressional Progressive Caucus has been focused on ways to advance job creation, invest sustainably, and cut unnecessary and wasteful spending. And for many years now the CPC has offered an alternative budget resolution that embodies these goals and principles.

Nothing has been a larger strain on this country's finances than the two wars in Iraq and Afghanistan, which have now cost us more than \$1.1 trillion. Poll after poll confirms that the public no longer supports endless wars that don't advance the interests of working families, and they are asking this Congress to end these military quagmires.

The CPC alternative budget does this by providing for the responsible and orderly redeployment of our troops and military con-

tractors from Iraq and Afghanistan, saving more than \$1.5 trillion above current law spending levels over 10 years.

Our caucus looks for ways to reduce excess spending as well at the Pentagon, so that we will not jeopardize our national security but save. Working with Congressman Barney Frank, we have come up with a list of defense cuts totaling \$800 billion over 10 years. This includes reducing our nuclear arsenal to 1,000 deployed warheads, it includes reforming missile defense spending and canceling outdated Cold War-era weapons systems.

We can gain robust and immediate savings also from paring down the Pentagon's budget. We must look further for ways to reduce spending and to improve the efficiency of government services.

To that end, we achieved historic reform with passage of the health care reform bill. However, we believe the reforms could go farther by including a public option that would provide competition to private insurers and reduce the cost of health care for working families and the Federal Government.

This year, the Congressional Budget Office, the CBO, announced that the increased competition resulting from a public option would save the government \$68 billion between the year 2014 and 2020. In fact, CBO included the public option as a recommendation in its biennial report outlining ways to reduce spending. The co-chairs of President Obama's Fiscal Commission, Erskine Bowles and former Senator Alan Simpson, also included the public option in their set of final recommendations to reduce the deficit.

Working families are struggling right now to make ends meet and to give their kids a viable future. The budget resolution must include a substantial job creation initiative to get our economy moving. It must provide a safety net for people who have exhausted all other resources. And it must provide for quality education for all.

So, Mr. Chairman, members of the committee, I ask that you introduce a budget resolution that includes substantial reductions in defense spending and a robust public option, both of which will help set our country on a prudent and sustainable fiscal path.

With that, I thank you very much; and I look forward to your questions.

[The prepared statement of Lynn Woolsey follows:]

PREPARED STATEMENT OF HON. LYNN C. WOOLSEY, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF CALIFORNIA

Chairman Ryan, Ranking Member Van Hollen, and members of the Budget Committee, thank you.

Like you, I recognize the challenges facing this Committee and our country. I believe our success will depend on how we invest in our people and their values.

The Congressional Progressive Caucus (CPC) has been focused on ways to advance job creation, invest sustainably, and cut unnecessary and wasteful spending. And for many years now, the CPC has offered an alternative budget resolution that embodies these goals and principles.

Nothing has been a larger strain on this country's finances than the two wars in Iraq and Afghanistan, which have now cost us more than \$1.1 trillion. Poll after poll confirms that the public no longer supports endless wars that don't advance the interests of hardworking families, and they're asking this Congress to end these military quagmires.

The CPC alternative budget does this by providing for the responsible and orderly redeployment of our troops and military contractors from Iraq and Afghanistan, saving more than one and a half trillion dollars above current law spending levels over ten years.

Our caucus looks for ways to reduce excess spending at the Pentagon in ways that will not jeopardize our national security. Working with Congressman Barney Frank, we have come up with a list of defense cuts totaling more than \$800 billion over ten years. This includes reducing our nuclear arsenal to 1,000 deployed warheads, reforming missile defense spending, and canceling outdated Cold-War era weapons systems.

We can gain robust and immediate savings from pairing down the Pentagon's budget. But we must look further for ways to reduce spending and improve the efficiency of government services.

To that end, we achieved historic reform with passage of the health care reform bill. However, we believe the reforms could go farther by including a public option that would provide competition to private insurers and reduce the cost of health care for working families and the federal government.

This year, the Congressional Budget Office (CBO) announced that the increased competition resulting from a public option would save the government \$68 billion between 2014 and 2020. In fact, CBO included the public option as a recommendation in its biennial report outlining ways to reducing spending. The Co-Chairs of President Obama's Fiscal Commission, Erskine Bowles and former Senator Alan Simpson, also included the public option in their set of final recommendations to reduce the deficit.

Working families are struggling right now—to make ends meet and to give our kids a viable future. The budget resolution must include a substantial job creation initiative to get our economy moving. It must provide a safety net for people who have exhausted all other resources. And it must provide for quality education for all.

Mr. Chairman, members of the Committee, I ask that you introduce a budget resolution that includes substantial reductions in defense spending and a robust public option, both of which will help set our country on a prudent and sustainable fiscal path.

Thank you and I look forward to any questions you may have.

Mr. STUTZMAN. Thank you for your testimony, and you have helped us get back on track a little bit by a minute.

One question I quickly have—and you addressed the wars in Iraq and Afghanistan and I understand the toll that it is taking not only our military but our budgets as well. Is the Progressive Caucus going to address the Libyan conflict at all? And what were some of the feelings there? Obviously, we are in the beginning stages.

Ms. WOOLSEY. I can't quite speak for the entire caucus. We are 77 members at the moment.

We are very concerned about what this is going to cost us by having a third war in the Middle East, if it goes into that; and we are asking our administration for clear guidelines on what would be the end, when will we know we can leave, and how can we be sure that we are not going to have ground forces in that area?

We all know that if NATO is involved, which of course they are now, the United States carries much of the burden for the NATO troops and for the expenses. So, right now, they say they have already spent over \$5 million in a week and a half in our involvement in Libya. So you can know it will be \$1 billion in a year.

Mr. STUTZMAN. Absolutely. I know we are all concerned about the situation. Thank you.

Ms. Castor, do you have a question?

Ms. CASTOR OF FLORIDA. No questions.

Mr. STUTZMAN. Thank you very much for your testimony; and we will move to our next witness, the gentlelady from Illinois, Ms. Schakowsky.

STATEMENT OF THE HON. JAN SCHAKOWSKY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Mr. SCHAKOWSKY. Thank you, Mr. Stutzman. I appreciate it. And thank you, Representative Castor.

I served, along with the chairman of the full committee, Mr. Ryan, on the President's National Commission on Fiscal Responsibility and Reform. And from that experience, I know that we do bring very different perspectives to the debate on how to address our large deficits while encouraging economic growth. But as you know from our meetings, experts that appeared before us said we cannot solve the problem only by making cuts. Revenues must be a key part of any deficit reduction strategy. Not only do we need revenues, but we need to do it in a fair way. Those who have been enjoying the prosperity of recent years should have to pay their share.

It pays to remember that just 10 years ago we had a budget surplus—easy to forget—and the debt was rapidly decreasing. During the Bush years, those surpluses disappeared and huge debt accumulated due to two unfunded wars, two unfunded tax cuts that mainly enriched the already wealthy, and a blind eye to the recklessness of Wall Street, which caused 8 million Americans to lose their jobs and devastated our economy.

And now we are on a so-called “unsustainable fiscal path”, to quote the commission report, which threatens our economic viability. But the alarming redistribution of wealth that is shrinking the middle class is another grave threat to both our economy and our democracy.

Over the last 30 years, there has been a dramatic and deliberate transfer of wealth from the middle class to the very, very rich. Income inequality is now at highest levels since 1928. Wages have stagnated for middle and lower income families, despite enormous gains in productivity.

We have the most productive workers in the world. So where has the money gone? From 1976 until 2005, the bottom 20 percent of households saw their incomes increase by \$200. That bottom fifth is way at the left. You can see what you need to see just by this chart. But this is 20 percent of Americans who saw their income go up \$200.

Over the same period, the top .1 percent saw income growth of nearly \$6 million a year. That is growth. Their average income here is \$27 million. The average income for the bottom 90 percent is around \$31,000.

Twenty-seven million, 31,000.

Meanwhile, Republicans, who squandered a budget surplus, created the huge deficit, and whose policies allowed Wall Street recklessness to bring our economy to near collapse, are now demanding that the middle class foot the bill. And the solution to our fiscal mess that they suggest is to drop vital programs like Social Security, Medicare, and Medicaid and to make cuts in domestic spending that would cause an additional 700,000 Americans to lose their jobs.

There is another way. I have introduced H.R. 1124, the Fairness in Taxation Act, which would create new tax brackets for millionaires and billionaires, starting at a rate of 45 percent and rising

to a top rate of 49 percent for billionaires. It would also address a fundamental inequality in our current law by taxing capital gains and dividends at ordinary income rates in those brackets.

Historically, those rates are relatively modest. During most of the Reagan administration, the top income tax rate was 50 percent; and in previous decades the top rate was as high as 94 percent.

According to Citizens for Tax Justice, the Fairness in Taxation Act would raise nearly \$62 billion in fiscal year 2012, allowing us to avoid the harsh cuts that will hurt the middle class.

It is time for millionaires and billionaires to pay their fair share. This isn't about punishment or revenge. It is about fairness.

This is an idea that the public supports. In a recent poll, 81 percent of respondents supported placing a surcharge, a surtax on Federal income taxes for those who make more than \$1 million a year in order to reduce the deficit.

So I would like consideration of the Fairness in Taxation Act in the budget resolution. It will allow us to stop the war on the middle class, restore fiscal integrity and fairness, and fund those initiatives that reflect our American values and goals. Thank you.

[The prepared statement of Jan Schakowsky follows:]

PREPARED STATEMENT OF HON. JANICE D. SCHAKOWSKY, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ILLINOIS

Mr. Chairman, we served together on the President's National Commission on Fiscal Responsibility and Reform. From that experience, I know that we bring very different perspectives to the debate on how to address our large deficits while encouraging economic growth.

But as you know, from our meetings, experts that appeared before us said we cannot solve the problem only by making cuts—revenues must be a key part of any deficit reduction strategy.

Not only do we need revenues, but we need to do so in a fair way. Those who have been enjoying the prosperity of recent years should have to pay their share.

It pays to remember that just 10 years ago we had a budget surplus and the debt was rapidly decreasing. During the Bush years, those surpluses disappeared and huge debt accumulated due to two unfunded wars, two unfunded tax cuts that mainly enriched the already wealthy, and a blind eye to the recklessness of Wall Street which caused 8 million Americans to lose their jobs and devastated our economy.

Now we are on an "unsustainable fiscal path," to quote the Commission report, which threatens our economic viability. But the alarming redistribution of wealth that is shrinking the middle class is another grave threat to both our economy and our democracy.

Over the last 30 years, there has been a dramatic and deliberate transfer of wealth from the middle class to the very, very rich. Income inequality is now at the highest levels since 1928. Wages have stagnated for middle and lower income families despite enormous gains in productivity.

Where has the money gone? To the very top.

From 1979 until 2005, the bottom twenty percent of households saw their incomes increase by \$200. Over the same period, the top 0.1 percent saw income growth of nearly six million dollars—each year.

The top one-hundredth of 1 percent now make an average of \$27 million per household per year. The average income for the bottom 90 percent of Americans? \$31,244.

Meanwhile, Republicans, who squandered a budget surplus, created the huge deficit, and whose policies allowed Wall Street recklessness to bring our economy to near collapse, are now demanding that the middle class foot the bill.

Their solution to our fiscal mess is to gut vital programs like Social Security, Medicare and Medicaid and to make cuts in domestic spending would cause an additional 700,000 Americans to lose their jobs.

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and rising to a top rate of 49 percent. It would also address a fundamental inequity in our current law by taxing capital gains and dividends at ordinary income rates in those brackets.

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This is an idea that the public supports. In a recent poll, 81 percent of respondents supported placing a surtax on federal income taxes for those who make more than \$1 million in order to reduce the deficit.

I encourage you to include the Fairness in Taxation Act in the budget resolution. It will allow us to stop the war on the middle class, restore fiscal integrity and fairness, and fund those initiatives that reflect our American values and goals.

Mr. STUTZMAN. Thank you, Ms. Schakowsky.

Ms. Castor, any questions?

Thank you very much for your testimony. I know obviously here on the Budget Committee we are all concerned about spending and revenue, and we have a lot of work in front of us.

Ms. SCHAKOWSKY. And I hope fairness as well.

Mr. STUTZMAN. I look forward to working with you in a bipartisan manner.

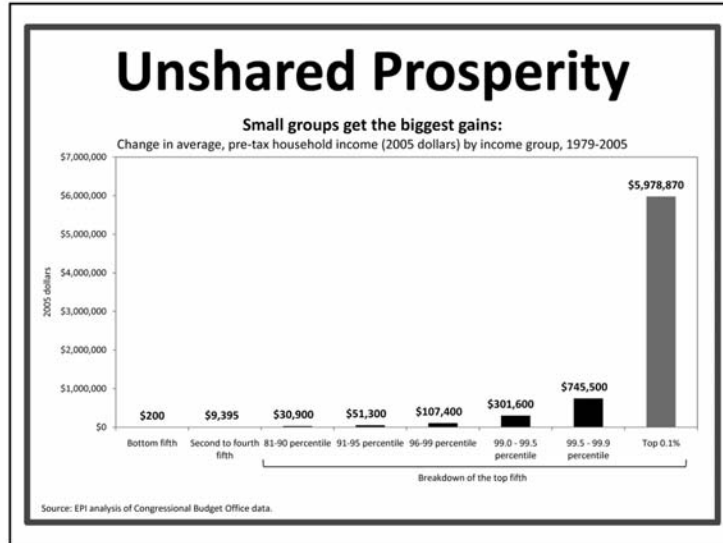
Mr. SCHAKOWSKY. Thank you.

I am wondering if I could put into the record these two charts.

Mr. STUTZMAN. Without objection.

Ms. SCHAKOWSKY. Thank you.

[The information follows:]



Shared Sacrifice?

Programs Put on the Chopping Block by the GOP

Pell Grants - \$5.7 Billion
Community Health Centers - \$1.3 Billion
High Speed Rail - \$1 Billion
Head Start - \$1.1 Billion
NIH Funding - \$1 Billion
Housing Cuts - \$5.4 Billion
Title X Family Planning - \$317 Million
TOTAL H.R. 1 CUTS: \$61 BILLION

The Fairness in Taxation Act

Will Raise More Than \$78.9 Billion

* Estimate by Citizens for Tax Justice, if enacted in 2011

Mr. STUTZMAN. Next on our list for testimony is the gentleman from Florida, Mr. Nugent. Thank you for being here. I am looking forward to your testimony.

STATEMENT OF THE HON. RICH NUGENT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. NUGENT. First, let me thank the chairman and ranking member from Florida for having us here today.

I am sure everyone here agrees that our respective congressional districts are different. We have different industries, different eco-

conomic issues, and different demographics. Mine is no exception. With over a quarter of a million seniors living in my district, more than any other in the country, the overriding concern that I have for long-term deficit reduction should be clear.

In case it is not clear, I want the committee to know that my constituents and I cannot support any reform that would cut benefits to those on or near retirement. I view those benefits as a sacred promise this government has made and that my constituents and yours have paid into over their lifetimes in good faith.

My district may be different in the unusual size of its senior population, but I would argue that each and every senior citizen across this country has paid the same, been promised the same, expects the same, and deserves the same thing from this government.

And while our individual districts and States may have a great deal of variation between them, we bear the burden of our national budget together. As you all know, every single man, woman, and child that we represent owes \$46,000 as his or her share of the national debt; and that number is growing fast.

We in Washington wax on about how much we love this country and how we want to do right by the people we represent, but the bill that we are currently running up in their names suggest otherwise.

The blame goes beyond any particular party, any particular President, or any particular generation. It has been a collective failure of leadership over many decades. Politicians of all stripes have made promises that they knew could not be kept. They have squandered precious resources, hidden their misdeeds behind the false belief that America could always pay for it later.

The 112th Congress has a choice to make. We can kick the can down the road again and tell the American people that everything is fine and there is nothing to worry about, or we can step up to the plate and do what our predecessors should have done long ago.

Make no mistake about it. This responsibility falls to us, Republicans and Democrats alike. The President has made it clear that he is not going to lead on this issue. And while I would prefer to have a strong commitment from the White House, I am not willing to wait for it. So we are here left with a question of what to do.

While negotiations continue between the House and the Senate about funding for the remainder of this year, I know the Budget Committee is wrestling mightily with the much larger question of what funding will look like over the next 50. It is not a simple task, but I know it is one that you all take very seriously. In my short time here, I have yet to find an elected official in Washington who refuses to acknowledge the unsustainable nature of our budget, but I found plenty who refuse to do anything about it. The American people should know that the members of this Committee will be different.

In closing, I would like to ask the committee that, as you move forward with your work reforming the budget, can you assure me that you share my commitment to protecting those on or near retirement from any benefit cuts?

With that, I yield back the balance of my time.

[The prepared statement of Rich Nugent follows:]

PREPARED STATEMENT OF HON. RICHARD B. NUGENT, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF FLORIDA

First, let me thank the Chairman and Ranking Member for having us here today. I'm sure everyone here would agree that each our respective congressional districts are different. We have different industries, different economic issues, and different demographics. Mine is no exception. With over a quarter of a million seniors living in my district—more than any other in the country—the overriding concern that I have for long-term deficit reduction should be clear.

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We in Washington wax on about how much we love this country and how we want to do right by the people we represent, but the bill that we are currently running up in their name suggests otherwise.

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Make no mistake about it, this responsibility falls to us—Republican and Democrat alike. The President has made it clear that he is not going to lead on this issue. And while I would prefer to have a strong commitment from the White House, I am not willing to wait for it.

So, we are left with a question of what to do.

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In closing, I would like to ask the committee, that as you move forward with your work reforming the budget, can you assure me that you share my commitment to protecting those on or near retirement from any benefit cuts?

Mr. STUTZMAN. Thank you, Mr. Nugent.

I am interested—your district obviously has a lot of seniors. What do you hear—

Mr. NUGENT. There are 260,000 seniors out of 1 million.

Mr. STUTZMAN. What do you hear when you go home regarding not only spending in Washington, Social Security, and Medicare, obviously—and I agree with your position on protecting those who have invested in Social Security for years and years. What do you hear? Is there an openness to reforming Social Security? What kind of ideas? What do you hear generally from your constituents?

Mr. NUGENT. In general, first of all, obviously, from the 260,000 that are currently retired they are concerned about how do they plan for the future? They want to make sure that their benefits are

secure today; and those that are near term, 55 and above, they need to have the ability to plan for their future and retirement.

But reform is not a dirty word. Reform is really what I am hearing from those that are not currently drawing from Social Security. Just like my sons who are all in the military, they understand that Social Security is going to look very different in the future than how it does today.

I think that the American people really—you hear this a lot—but I really think they get it. They get the fact that we can't sustain where we are today in the way we spend.

In the hearings that I have had, the town hall meetings—I have had five in 2 days—we laid out exactly the budget and that we are actually putting half of our expenses on a credit card every day. And they understand that they couldn't do that in their own home, and they don't believe that the Federal Government should be doing that today up here with their tax dollars and what they owe in the future.

Mr. STUTZMAN. I believe that the American people are expecting us to move and to make responsible, wise choices for the future, not only for themselves but also for future generations of our country.

Mr. NUGENT. Absolutely.

Mr. STUTZMAN. I appreciate your testimony. That is very insightful, and I appreciate your being here.

Mr. NUGENT. I appreciate the committee's hard work and God bless you.

Mr. STUTZMAN. Thank you.

Next, we will take testimony from the gentleman from California, Mr. Becerra. Thank you for being here, and I am looking forward to your testimony. You have 5 minutes.

STATEMENT OF THE HON. XAVIER BECERRA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

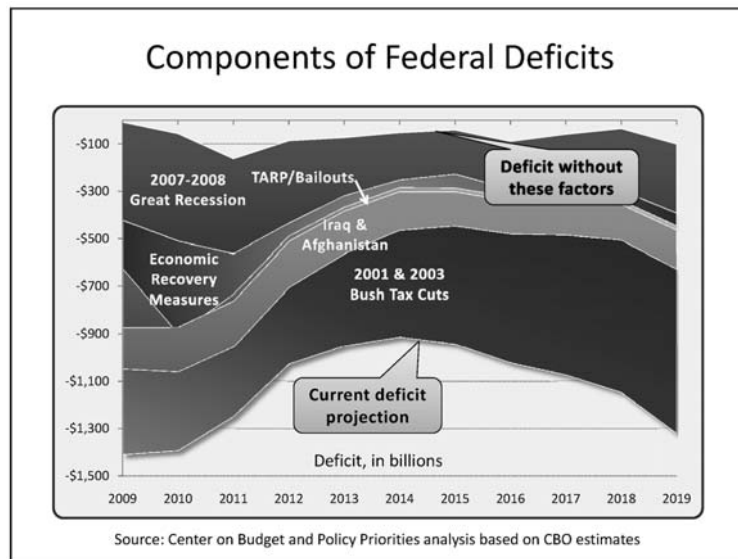
Mr. BECERRA. Mr. Chairman, thank you very much and good luck to you as you try to make it through all the testimony that will be coming before you. I served on the committee the last few years. It is an interesting place to be because you are on top of it, and I wish you much luck.

I would like to focus on what I think is the most important part about the budget and that is that it is a reflection of our priorities. What we do with the budget tells Americans what we think about America and how we believe we should move forward as a country together.

And I must say to you, looking back at the last 10 years—and I have been here now 18 years—when I look back at when President Bush took office in 2001, the Congressional Budget Office, the nonpartisan scorekeeper, told us that we were looking at somewhere around \$5½ trillion over the projected 10-year period of record surpluses in our budget; and we were actually beginning to pay down the national debt. But by the time President Bush left office in January, 2009, he had handed over the keys to the White House to President Obama with unprecedented budget deficits. In fact, at the time, we also were losing—we were hemorrhaging some three-quarters of a million American jobs a month.

And so I must say to you, Mr. Chairman, that right now I believe that most Americans would agree that the biggest deficit we face in this country is a jobs deficit. When some 14 million American aren't working, the greatest task we have before us is to come up with sound budgets, smart budgets that put America back to work.

I don't believe that folks back in my district are any different from folks anywhere else throughout the country. But if they were to look at this chart that I have up before you and they were to take a look at what were the contributors to these Federal deficits that we have today, they would be somewhat startled to find just how much the deficits are due not just to the recession but to things like the Bush tax cuts of 2001 and 2003. The greatest contributor, in fact, to today's deficits are the fact that the Bush tax cuts, which went mostly to very wealthy people, drained the Treasury of a great deal of money. They were never paid for; and, as a result, many of the other programs, whether it was defense, whether it was health care, whether it was education, had to figure out how to cover their costs without the resources from the lost tax revenues from the Bush tax cuts.



You can also see, of course, the Afghan and Iraq wars, again unpaid for during that decade; and, as a result, those added about \$1 trillion to the deficits of this country, to the national debt. And you can see how quickly it adds up.

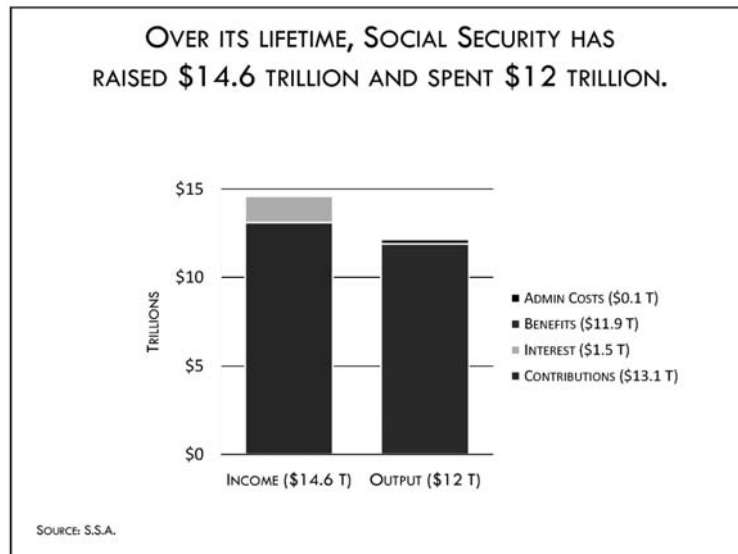
And so when folks in my district and I daresay folks anywhere throughout the country take a look at what caused the mess, they certainly would hope that we would focus on those contributors to help now contribute to the resolution of the mess.

Unfortunately, it seems that this House through H.R. 1, the 2011 budget bill, are not focusing on those that contributed to creating these deficits but in other ways. A quick example in my own District in Los Angeles, there is an art teacher who I have gotten to

know, Mr. Garcia, who works at Jefferson High School. Before Mr. Garcia arrived at Jefferson, very few students participated in his specialty, which is arts. But, after just 6 years, he has been able to encourage so many of the young people at Jefferson to participate in the art competitions throughout the city of Los Angeles. And in fact he was the winner of our local congressional arts competitions—one of his students was the winner of our local congressional arts competition.

At my coffee this past weekend, I talked to a seasoned teacher from Eagle Rock Elementary School in my district as well, a school which is a National Blue Ribbon and Title 1 Achievement School. She told me this year eight teachers will be laid off from the school, which, of course, will increase class size. The stories go on and on.

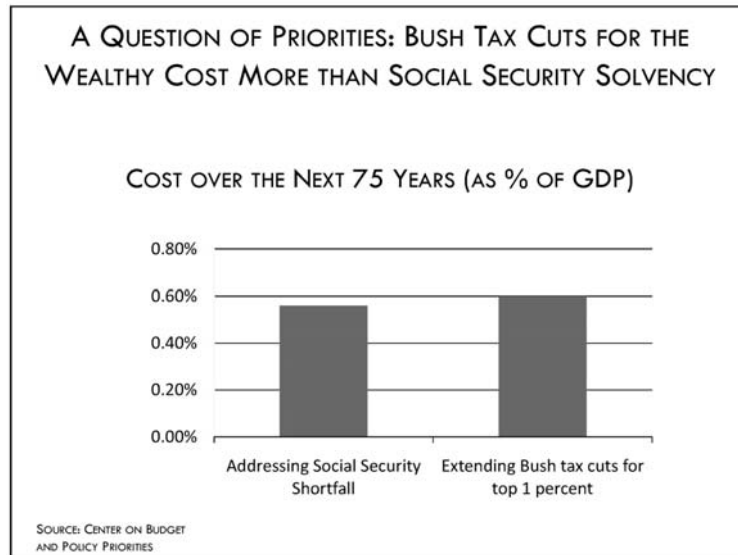
So when we hear that in the House continuing resolution, H.R. 1, we are cutting money for education for our schools, I suspect a lot of these teachers are wondering why are they paying for the sins that were done by others? As we see from this chart, I don't think any teacher had anything to do with spending money in Afghanistan and Iraq. I doubt that any of those teachers got anything in tax cuts from the Bush tax cuts that went mostly to wealthy folks.



But perhaps, if I could, I would like to focus the rest of my time on chart number 2 and what I will have as chart number 3, and that is what seems to me a trend now to claim that Social Security is part of the cause of our deficit problem. When, in fact, Social Security, as you can see from this chart, has never contributed one dime to the national debt or any of our deficits because, over the years of its existence, more than 75-plus years, we have, as Americans, paid into the system over \$13 trillion.

And we have had to pay out to those who are retired or survivors of workers or who are disabled Americans, who receive Social Security as well, some \$12 trillion. So just from what we have contrib-

uted over 75 years as Americans more than covers what we have had to use as benefits by over a trillion.



When you add the interest that has been earned on those contributions that have been provided by Americans over those 75 years, that is over a trillion dollars in interest that has been earned. You can see that over \$2.5 trillion of additional resources are within the Social Security system to pay for benefits to those who are retiring.

So to now hear that some people believe we have to cut benefits for Social Security for our seniors who are receiving Social Security in order to balance the budget, we have to wonder what is going on? Well, I will tell you that as much as some people will say, well, Social Security has its problems, the reality is that Social Security by law can never go bankrupt. By law, it can never pay more than it has available to it. And therefore, it is one of the greatest programs we have ever seen generated by the public or private sector of this country.

I would say looking now at the final chart that I have, that we can see if Social Security has any challenges, and those would be long term in the next quarter century, we can address those very easily. One quick way, simply by removing the tax cuts, the Bush tax cuts for the top 1 percent of American earners, the wealthiest 1 percent. You would more than cover any type of challenge that Social Security might face into the future.

So, Mr. Chairman, as you move forward in trying to help craft a budget, I hope everyone will agree that we should have those who really partied during the first decade of the 21st century and made the deficits that we have today pay for their sins, while not putting the onus on our seniors to cover for the mistakes made by those in the past. So, with that, I yield back the balance of my time, and I thank you for this opportunity to testify.

[The prepared statement of Xavier Becerra follows:]

PREPARED STATEMENT OF HON. XAVIER BECERRA, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF CALIFORNIA

Good afternoon Chairman Ryan, Ranking Member Van Hollen and members of the Budget Committee. Thank you for the opportunity to address this Committee.

The Budget Resolution that this Committee is considering is about choices and priorities. As a former member of the Budget Committee, I know what a difficult task you face. But before making those choices, we must first ask: how did we get here?

When President Bush took office in 2000, the Congressional Budget Office was projecting a record surplus of \$5.6 trillion over 10 years, and we were paying down the debt. Then, President Bush and the Republican Congress made fateful policy choices where they cut taxes that disproportionately benefited the wealthiest Americans and entered into two unpaid for wars. A total of \$1.3 trillion—93%—of the 2009 budget deficit was directly attributable to decisions made on President Bush's watch.

On top of all this, the Bush Administration was at the wheel when our economy entered into the Great Recession of 2007-2009. This was America's worst economic collapse since the Great Depression, a direct result of underfunding regulatory agencies that were supposed to protect consumers from the abusive practices of Wall Street. Eight million people lost their jobs. Now, a recession caused by failed economic policies and Wall Street greed and recklessness is being used to blame the average American for being too greedy.

From labor protections being stolen from Wisconsin workers to the conscious decision to strip seniors of their earned benefits, the middle class is under assault. Instead of tackling the cause of the budget deficit, many want to attack the middle class. This strategy is already on display at the state level.

Facing a \$2 billion budget deficit, Republican Gov. Rick Snyder chooses to leave Michigan seniors with the bill by taxing their retirement income so that corporations can pay \$1.8 billion less in taxes.

In New Jersey, Republican Gov. Chris Christie proposes spending \$200 million in corporate tax breaks even though the state is looking at a \$10.7 billion budget deficit.

In Florida, Republican Gov. Rick Scott chooses to address the state's \$4.7 billion deficit by making students and workers pay for the bill. His proposal would send 6,700 state workers to the unemployment line and cut education funding by \$4.8 billion in the first year. Yet he's willing to add to the state's deficit by spending \$1.5 billion over two years on corporate income tax cuts.

In Ohio, the Republican-controlled House proposed spending up to \$10 million in tax breaks for the petroleum industry even though the state has a \$463 million budget deficit.

In Wisconsin, Republican Gov. Scott Walker targeted teachers and workers to pay for the state's \$3.4 billion deficit while he chose to spend \$140 million in corporate tax giveaways.

The choice my Republican colleagues have made to focus spending on tax cuts for the wealthy instead of investments in education and healthcare for the middle class have real world effects. In my own district, Louis Genaro Garcia, an art teacher and alumni of Jefferson High School, was just given the pink slip. Before Louis arrived at Jefferson, students rarely submitted works of art in local art competitions. In just six years since he's been there, he has encouraged and inspired his students to realize their potential. His students have won city art competitions and in fact, one of his students, Francisca Rodriguez, won our local Congressional Art Competition last year.

At a coffee I held in my district last weekend, a seasoned teacher at Eagle Rock Elementary, a national Blue Ribbon and Title I Achievement School, told me that eight teachers will be laid off this year. The principal at another school in my district, Frank Del Olmo Elementary, said that he will have to let six teachers go this year.

For one of the families in my district, the Affordable Care Act has made a world of difference. Maria Gama's daughter suffers from Type 1 diabetes, requiring daily insulin shots. And because diabetes is considered a 'pre-existing condition,' Maria's insurer wouldn't cover her daughter.

Maria was forced to pay over \$400 out of pocket each month for medication for her daughter.

Now, thanks to the Affordable Care Act, Maria has the right to add her daughter to her insurance policy. Say good-bye to \$400 per month out of pocket expenses!

The attack on the middle class is about to be on display here in Washington. From what I hear, many in the House Republican majority are targeting senior citi-

zens' Social Security, Medicare and Medicaid. As the Ranking Member on the Ways and Means Social Security Subcommittee, I want to make one thing clear today. Social Security has not added one dime to today's current deficit.

Social Security and seniors didn't cause the current deficit, and destroying Social Security will not fix it. Over its lifetime, Social Security has collected \$14.6 trillion and has only had to pay out \$12.0 trillion in benefits and administrative costs, leaving a healthy \$2.6 trillion balance in its trust fund. These balances are invested in interest-bearing U.S. Treasury bonds, the safest investment money can buy, sought by investors the world over. Even if Social Security's trust fund had never earned interest, the tax contributions alone—\$13.1 trillion—have more than covered the cost of providing family and retirement security to hundreds of millions of Americans.

Social Security is not a budget resolution issue. Social Security does face challenges in the out years—some 25 years from now. As Ranking Member of the Subcommittee that oversees Social Security, I am committed to engaging in a thoughtful, bipartisan discussion about strengthening it for the future. But the budget resolution is the wrong place for this discussion—Social Security's challenges do not occur within the five year time horizon covered by this budget resolution, and Social Security should not be used as a piggybank to plug holes in other parts of the budget.

Cutting Seniors' benefits in Social Security, Medicare and Medicaid will have devastating effects on seniors and their children and grandchildren who will be forced to replace the income from the Trust Fund. For so many seniors across our country, whether they live in rural, urban or suburban America, Social Security is a lifeline to a life of dignity.

Social Security is essential to seniors. The average social security retirement benefit is \$14,000 per year. The median overall income of a senior household is \$24,000 per year. Six in ten senior households rely on Social Security for the majority of their income. One in three beneficiaries depend on Social Security for 90 percent or more of their income. Its benefits lift nearly 13 million seniors out of poverty. In my district, 32,560 retirees depend on the social security benefits they've earned through a lifetime of work.

Social Security is necessary now more than ever. Less than half of workers have a pension or savings plan through work. In 2007-2008 alone, the value of American's private retirement accounts dropped by \$2.8 trillion and their overall net worth plummeted by \$11.8 trillion.

Seniors are counting on us to make the right choices in this budget. One fact in particular makes clear the real choice before us: Social Security's entire 75-year shortfall is less than the cost of extending the Bush tax cuts for the top one percent of taxpayers—people who earn nearly half a million dollars a year. Seniors are counting on us to protect the benefits that they have earned through a lifetime of work.

As I said Mr. Chairman, budgets are about priorities. For most of our history we've had our priorities straight: invest in Americans ready to work, children preparing to learn and lead, and repaying our seniors for building a better America. Let's continue to build on that heritage by producing a budget that is smart, lean and invests in America.

Mr. STUTZMAN. Okay. Thank you.

Next we have the gentleman from Louisiana, Mr. Cedric Richmond. Thanks for being here. And you have 5 minutes to testify.

STATEMENT OF THE HON. CEDRIC L. RICHMOND, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. RICHMOND. Thank you, Mr. Acting Chairman.

Thank you for having me today. And thank you for listening to the needs of Louisiana's Second Congressional District, which I think mirror the needs of most urban cities around the country at this time.

I will tell you that while I was home last week, I spoke to many of my neighbors, both in Jefferson and Orleans Parishes. Again and again and again, they asked me to fight for Federal investments in our district. They told me that at this crucial juncture in our eco-

conomic recovery and our physical recovery from Hurricanes Katrina and Rita, and our recovery from the BP oil spill, that now is just not the time to cut investments in our area.

So as you prepare the allocations of spending authority for the next fiscal year, please remember that only smart, strategic, and focused investments will keep our America great. One thing that I like to focus on, especially in my time in the State legislature, with the responsibility of doing what we do here, is to make sure that the money we spend, we look at the return on investment that we receive as we spend money and invest.

I will say that in today's global marketplace, children in Kenner and the Lower Ninth Ward of New Orleans are competing with children in New Delhi. Small businesses in New Orleans place their products on the shelves besides products from Beijing. If America is going to continue to be a leader in the global economy, then we must act like economic leaders and continue smart, strategic investments in our economic tools.

China and India are investing at the Federal level in their massive populations, and we must not be left behind. We must invest in our small businesses and in economic development for hard hit communities. We must protect investments into education. We must invest in infrastructure, a proven job creator, and vital to moving people and goods.

So today I will just focus on three areas that I think are very critical in economic recovery and smart investment that gives us a return on our dollar. The first, we have to invest in our waterways and the maintenance of them to make sure that we can compete. So that means for me that this committee must appropriate the full amount in the Harbor Maintenance Trust Fund for dredging. And once we consider that roughly 60 percent of all U.S. grain exports are shipped via the lower Mississippi River and we as America have a goal of doubling our exports in the next 5 years, we have to have a commitment to dredge our Nation's most traveled waterways. Those waterways are our trade superhighways.

Waterways are a huge economic engine; with cargo activity, just the port of New Orleans alone generates \$2.8 billion in Federal taxes each year. Shippers have paid billions of tax dollars into the Harbor Maintenance Trust Fund, specifically for the purpose of keeping channels dredged to authorized depths.

Unfortunately, much of this funding is just sitting idle in the Harbor Maintenance Trust Fund and not being used for its intended purpose. Maintaining the Mississippi River will lower shipping costs, allowing U.S. growers, producers, and manufacturers to compete in the global economy. This will create good-paying jobs here at home. But more importantly, these jobs do not require an advanced college degree. What it requires is the willingness of a person to work hard and earn an honest day's work.

So, for these reasons, I would urge the Budget Committee to allocate the full amount in the fiscal year 2010 trust fund proceeds to dredging. And just as a side note, last year, the trust fund collected almost \$1.4 billion, and we spent \$828 million on dredging, which that balance we need and we should invest in it.

The second thing I would urge us to continue to invest in and reduce the cuts to would be Community Development Block

Grants, Pell Grants, and Head Start. When you had look at early childhood education and our investment as a society, for every dollar that we invest in early childhood education, we get a nine to one return. And right now, although we are facing tough economic times and we have to make the tough decisions of balancing a budget, I think we have to look very carefully at investing in things that in years to come will reap such a return that we are not in fact still trying to cut in those years. So, as we look at that, I would again point to the Pell Grants, CDBG, and Head Start as ways that we help urban areas and we prevent future drains on our economy.

And the last thing I will talk about is just our investment in small businesses and our lending community. If we are going to stay competitive and we are going to out-innovate around the world, we have to invest and we have to provide access to capital for those small businesses. So as a member of the Small Business Committee, I want to go on record as opposing the views and the estimates that came out of the Small Business Committee in terms of the President's fiscal year 2012 budget.

Also, we can't strip support from America's small businesses by decreasing the funding to the Small Business Administration. The SBA is the only government agency responsible for supporting our Nation's small businesses. So I would urge you to remain serious about job growth and our small businesses, which are one and the same. I urge the committee to allocate spending authority that is consistent with the President's fiscal year 2012 budget request for the SBA, which is \$985.4 million. So those are the things that are very critical to I think the future of where we are going.

I would just add as an aside, while I talk about investment and especially our Community Development Financial Institutions, our CDFIs are very critical in terms of providing access to capital to businesses that otherwise wouldn't get it. And that investment turns over sometimes and gets leveraged as much as 17 to 1. So, again, when I talk about the budget, I am very mindful to specify that we invest in things that we know we are going to get a return, and we are spending our money wisely, as any homeowner, any small business person, any big business person would do.

And lastly, Mr. Acting Chairman, I would just encourage us to meet the President's goal in terms of funding the Bureau of Ocean Energy Management Regulation and Enforcement so that we can get those permits through the system so that we can continue to drill out in the Gulf of Mexico; 330,000 jobs in Louisiana are tied to oil and gas exploration. We have to make sure that we give them the tools to make sure that they are drilling safely, that we regulate them, and that we can get the permits through the process quickly so that we can continue to move this country forward.

So, with that, Mr. Chairman, I would thank you for allowing me to talk about the importance of those things that I articulated here, and I yield back the balance of my time.

[The prepared statement of Cedric L. Richmond follows:]

PREPARED STATEMENT OF HON. CEDRIC L. RICHMOND, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF LOUISIANA

Chairman Ryan and Ranking Member Van Hollen, thank you for hearing the needs of Louisiana's 2nd Congressional District.

While at home last week, I spoke with many of my neighbors in both Jefferson and Orleans Parishes. Again, and again, and again they asked me to fight for federal investments into our District. They told me that, at this critical juncture in our economic recovery, we can't axe investments.

As you prepare the allocations of spending authority for the next fiscal year, please remember that only smart, strategic and focused investments will keep our America great.

In today's global marketplace, children in Kenner are competing with children in New Delhi. Small businesses in New Orleans place their products on shelves beside products from Beijing. If America is going to continue to be a leader in the global economy then we must act like economic leaders and continue smart, strategic investments in our economic tools.

China and India are investing at the federal level in their massive populations and we must not be left behind. We must invest in our small businesses and in economic development for hard hit communities. We must protect investments into education. We must invest in infrastructure, a proven job creator and vital to moving people and goods.

I will focus on three priorities.

- First, we must invest in our waterways. This Committee must apportion the full amount of the Harbor Maintenance Tax for dredging.

- With roughly 60% of all U.S. grain exports shipped via the Lower Mississippi River, America's goal of doubling exports in the next 5 years depends on a commitment to dredge our nation's most traveled waterway. Waterways are a huge economic engine, with cargo activity within the Port of New Orleans alone generating \$2.8 billion in federal taxes each year.

- Shippers have paid billions of tax dollars into the Harbor Maintenance Trust Fund specifically for the purpose of keeping channels dredged to authorized depths. Unfortunately, much of this funding is just sitting idle in the Harbor Maintenance Trust Fund.

- Maintaining the Mississippi River will LOWER SHIPPING COSTS, allowing U.S. growers, producers and manufacturers to compete in the global economy. This will create good paying jobs here at home. Most importantly, these jobs do not require an advanced college degree, but if a person is willing to work hard, a man or woman can make a fair salary and provide for their family.

- For these reasons, I urge the Budget Committee to allocate the full amount of the FY2010 Trust Fund proceeds to dredging. This will create jobs and decrease consumer products inflation. It's a no-brainer.

- Second, we must continue to invest in the renewal of our urban areas.

- I urge this Committee to reject the wrong headed priorities set out in HR 1.

- HR 1 would make hurtful cuts to priorities such as Community Development Block Grants, Pell grants and Head Start. My constituents rely on funding to these programs to help move their families and communities forward.

- HR 1 would make cuts to these programs at the same time that State budgets are constrained—this is unacceptable.

- I urge my colleagues to fully fund Pell Grant awards at a maximum level of \$5,550, only \$819 above 2008 levels.

- I urge the Committee to meet the President's requested \$3.7 billion for CDBG to help local governments survive these troubled times and keep their communities going.

- I urge my colleagues to allocate spending authority above \$8 billion for Head Start.

- Third, we must invest in small businesses and community lending.

- As a Member of the Small Business Committee, I go on the record as opposing the views and estimates provided to you by the Majority on that Committee.

- Those Members want to strip support from American small businesses by decreasing funding to the Small Business Administration. The SBA is the ONLY government agency responsible for supporting our nation's small businesses.

- I urge you to remain serious about job growth and our small businesses. I urge the Committee to allocate spending authority that is consistent with the President's FY 2012 Budget Request for the SBA, \$985.4 million.

- Additionally, I urge the Committee to recognize the importance of investing in Community Development Financial Institutions.

- The CDFI Fund invests in underserved communities, leverages out federal funds 17 to 1, gives taxpayers bang for the buck, and brings lending to areas big banks have neglected.

- These investments create jobs and ultimately help contribute to the tax base for investments in schools, hospitals, police and fire departments in hard hit communities.

- I urge the Committee to set the allocation of spending authority for the CDFI Fund at FY 2010 enacted levels.

Thank you Mr Chairman, and Ranking Member Van Hollen. I yield back.

Mr. STUTZMAN. Thank you, Mr. Richmond.

I guess I would like you to elaborate a little bit more. You mentioned the infrastructure challenges, and obviously with the disaster of Hurricane Katrina, you mentioned dredging. And also, what are some of the other infrastructure challenges that you have? And how are things progressing in New Orleans and around the Gulf Coast in Louisiana?

Mr. RICHMOND. Well, I will tell you, and that is just a long story, but as a person who is responsible for our budget and what we do and the direction we are going in Congress, I will tell you that through the storm, we learned some things that make a lot of sense. And we learned some things, unfortunately, that make no sense at all, which I think are what taxpayers get furious about. And even myself, a couple times I found some things that just don't make sense.

And I will give you one short example of that, and I will answer the rest of your question. But for example, down in St. Bernard Parish in Louisiana, there is a trailer park community. And those trailers cost anywhere from \$60,000 to \$90,000. People live in them. It is a great way of life, and they are happy. After the storm, when those trailers washed away, because of the Stafford Act, we could not put or invest in buying them new trailers to match their money. We spent as a government \$60,000 to \$80,000 to put temporary trailers there for them until we could find out a way to help them buy permanent trailers. Well, our investment at the end of the day was far more than what it cost to just get them a new trailer. So we spent, in some examples, over \$100,000 or \$150,000 just to get them the benefit of a \$60,000 to \$90,000 new permanent home.

Those are the types of things that I think that we have to go in and look at. But overall, I want to thank Congress for what they did because they are helping us come back. In terms of the levees—go ahead.

Mr. STUTZMAN. How would one of those homes be insured? Is there any insurance?

Mr. RICHMOND. They do have insurance. And part of what we went through during the storm, and I can give examples of that, once people paid off their mortgage they didn't have the requirement to maintain all of those insurances that they had before because their mortgage is now gone. And so people who worked very hard, worked 30 years, who are now at an age of retirement, who were really just, for lack of a better description, off and minding their own business and living the best years of their life, they were at a financial point where they paid off their homes and they weren't mandated or they weren't informed to keep that flood insurance and, more importantly, to raise the value of it with construction costs. So that is why we found so many homes under-insured.

But those trailers did have insurance. Most of them were under-insured. But for us to come in and spend \$60,000 to \$80,000 just to put the 400-, 500-square foot temporary trailer on that piece of

land when that is the cost of a permanent trailer only because the Stafford Act dictates you can't pay for permanent housing sometimes just didn't make sense. And those examples of paying for temporary housing that cost just as much as permanent housing, those are the types of things that we just shouldn't duplicate effort.

But in terms of where we are now, I want to thank Congress for taking the interest and the commitment to put \$14 billion aside and in the Corps budget that they already have to secure our levees and continue our flood protection.

One issue that is coming up now and it will come up in the budget process is who will regulate or who will operate and maintain the flood structures at the east bank and the west bank? And both of them are massive structures that have cost hundreds of millions of dollars to build. But what they do, although they are flood control, and one of the structures, the west closure, I live—the east closure, I live maybe a mile or two from it, which is a great structure in terms of flood control. However, it blocks off a waterway. So if our flood authority decides to close it, then it affects interstate commerce by the tune of millions and millions and millions of dollars.

So the Corps of Engineers, they are the body that consistently handles, operates, and manages those types of things because that is more of a commerce as opposed to flood control. The Corps agrees that they should manage it. We agree that they should. But they don't have the money to do that. And that is to the tune of I think somewhere around \$5 million a year. But we don't want \$5 million a year to start to affect the commerce coming up and down the Mississippi River, the port of New Orleans, and the port of South Louisiana, which are two of the largest 10 ports in the country. So that I think is something we should all pay attention to, especially those 30 States and Canada that depend on the Mississippi River to do it.

. So those are just small things in the grand scheme of a budget. But I think that they have the ability to affect tens of millions, if not hundreds of millions of dollars, worth of commerce. But the investment that this country and this Congress has in the metropolitan region of New Orleans is a wise investment. It is coming back very strong. And we continue to spend the money as carefully and prudently as possible to make sure that we get the bang for every penny that we put in.

So we are safeguarding the money. We are spending it wisely. And every indication is June 1st this year, when hurricane season starts, the Corps will have lived up to its commitment to provide the 100-year flood protection; 500 year would be the goal. However, President Bush and President Obama both said that they wanted to get up to a 100-year flood protection by this June 1. They put the money there. They have lived up to the commitment to invest in it. And so that is where we are right now.

Mr. STUTZMAN. I know, coming from the State of Indiana, obviously the Mississippi River is very important to us and agriculture.

I also appreciate your comments mentioning the drilling off the coast. That is obviously very important for the entire country. And I know the country has been watching. We appreciate your testimony, and thank you for being here. I know we have a lot of chal-

lenges in front of us, budgetary problems and challenges. So I am looking forward to working in a bipartisan manner to meet those needs. So thank you very much.

Mr. RICHMOND. Thank you again for having me.

Mr. STUTZMAN. Next, we have the gentleman from Kentucky, Mr. Whitfield. Thank you for being here. Looking forward to your testimony. And 5 minutes.

STATEMENT OF THE HON. ED WHITFIELD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY

Mr. WHITFIELD. Chairman Stutzman, thanks so much.

And I appreciate this opportunity to visit and talk about some issues of concern. In 1974, Congress passed the Congressional Budget and Impoundment Act, which was intended to give the President and Congress a timeline on which to base a budget and appropriations bill. Interestingly enough, during the 36-year history of the Budget Act, Congress has met the deadline for completion of a budget resolution only six times. And last year, for the first time ever, there was no Budget Committee markup and no floor consideration of the budget resolution.

About 6 years ago, David Dreier and I, along with Senator Pete Domenici of New Mexico, introduced a 2-year biennial budget and appropriation act. The whole thought was that every year Congress is so tied up with the budget process, with the appropriation process, the authorizing committees waiting for their numbers, and it is like a major train wreck; everything just comes to a grinding halt. And as a result of that, in my view, we end up exacerbating a lot of problems with authorizing legislation, because frequently the only bills that will be moving during this time period are appropriation bills.

And so appropriators naturally will try to do little fixes on substantive law without hearings or the involvement of the authorizing committee. And as a result of these Band-Aid approaches, it basically makes substantive law sometimes even worse than it is today, makes problems worse than they are today.

So our thought was if we could pass this 2-year budget appropriation bill, that one year the appropriators could totally focus on the financial aspect of the Federal Government, oversight, and then, in the second year, the authorizing committees could totally focus upon what is wrong with current law, what needs to be changed. It would give appropriators and authorizers more time for oversight.

And on the executive branch of government, it would certainly give OMB and others more time to develop in a more thoughtful way a budget instead of being hung up every single year with a complicated budget process.

First President Bush supported this. President Clinton supported this. George Walker Bush supported this. And I understand that even President Obama supports a 2-year budget cycle. But going back to about 5 years ago when David Dreier and I introduced it on the House side, we actually had a vote on the floor and received a little over 200 votes in support of this legislation.

Now, historically appropriators have been opposed to it because, obviously, if they have annual appropriation opportunities then

they like that. But I will say that in the last time we voted on this on the floor, the chairman of the appropriation bill at that time supported it. So I am here today simply to say that this bill has been reintroduced. It is referred to as H.R. 114, the Biennial Budgeting and Appropriations Act of 2011.

I genuinely believe that one of the major problems facing Congress today is our budgetary and appropriations process. And if we could simplify it in this way to provide more oversight and more opportunity for meaningful review, I believe the American people would benefit from it.

So I hope that, Mr. Chairman, you and others, as you move forward in addressing the serious budget issues, would consider this, and hope that you all might be able to support it, as a matter of fact. We do know that there is renewed interest on the Senate side to do this. And this may be our opportunity to really make a difference.

So, with that, I would yield back the balance of my time and thank you again for giving me the opportunity to be here.

[The prepared statement of Ed Whitfield follows:]

PREPARED STATEMENT OF HON. ED WHITFIELD, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF KENTUCKY

Thank you, Mr. Chairman, and thank you, Members of the Committee, for giving me the opportunity to be here to testify before you today.

As you well know, we are currently in the midst of uncertain and difficult economic times.

While the White House says we are on the road to economic recovery, working families in my District, the First Congressional District of Kentucky, are still struggling to hold onto their jobs, their home and their health care.

While the national unemployment rate has fallen to 8.9%, Kentucky's unemployment rate remains at an alarming 10.4%.

In fact, many counties in my District have an unemployment rate that is even higher than Kentucky's state average.

Adding to our economic troubles is the national debt, which has skyrocketed over the past few years, reaching almost \$14.2 trillion today.

The last time the nation's debt was this high as compared with gross domestic product was immediately following World War II.

According to a 10-year baseline projection issued by the Congressional Budget Office in January, if Congress continues to spend at the rate it is doing now, the federal debt is projected to equal 76 percent of the GDP by the end of 2020.

In order to maintain our global competitiveness it is essential that we drastically reduce our federal spending.

One way to cut wasteful government spending is to reform and streamline our budget process.

In 1974, Congress passed the Congressional Budget and Impoundment Act, which was intended to give the President and Congress a timeline on which to base a budget and appropriations bills.

As we well know, even when followed, the Budget Act has resulted in an annual rush which results NOT ONLY in a poor process but also reduces the amount of time available for careful oversight and management of existing federal programs.

During the 36 year history of the Budget Act, Congress has met the deadline for completion of a budget resolution only six times.

Last year, for the first time, there was no Budget Committee markup and no floor consideration of a Budget Resolution.

Even now, as we discuss the Fiscal Year 2012 Budget Resolution, the Senate has yet to pass and the President sign, a FY 2011 Continuing Resolution.

With these procedural problems in mind, Representative Dreier and I have introduced H.R. 114, the Biennial Budgeting and Appropriations Act of 2011.

Specifically, this bill will require the President to submit a two-year budget and Congress would consider a two-year budget resolution and a two-year appropriations cycle.

I believe that a biennial budget cycle will result in better scrutiny of federal spending and the elimination of wasteful and duplicative government programs.

As you begin to craft the Fiscal Year 2012 Budget Resolution, I encourage you to consider how procedural reform could positively affect the fiscal management of our nation.

In closing, I ask that you keep in mind the hardworking Americans in rural areas like my District, where unemployment remains much higher than the national average.

We must substantially reduce our federal spending so that America will remain globally competitive and our economy will get back on track, but in doing so we also must make sure that any reductions give some priority to programs that help people get through this rough economic period.

Thank you again, Mr. Chairman and Members of the Committee, for letting me testify before you today.

At this time, I would be happy to answer any questions you may have.

Mr. STUTZMAN. Well, thank you.

I appreciate you bringing this matter to the Budget Committee and for consideration.

As you know, many States pass 2-year budgets. And I know in the State of Indiana, where we have a 2-year budget, it has worked quite well. And from my experience there, seeing exactly what you are saying, is after we pass the budget, we have a year of oversight.

Mr. WHITFIELD. Right.

Mr. STUTZMAN. It seems here as a freshman legislator, freshman Congressman, there seems to be more attention on spending in the next budget rather than oversight on the previous. And it seems that sometimes you have to one up the last one. So I know for myself, I would be very interested in supporting your proposal. And I think that there is definitely, from the discussions that we have had on the Budget Committee, an interest in reforming the process. Because there seems to be a disconnect, or there seems to be a better way than what we currently have.

Mr. WHITFIELD. Well, I hope the freshmen can lead the way and help us resolve this. Because as I said, when you consider that in the 36-year history of the Budget Act, Congress has met the completion deadlines only six times, so we need help.

Mr. STUTZMAN. And I appreciate your experience, and as a neighbor to the south, know the experience that you have and others have here and am anxious to hear more and learn about it and anxious to consider myself personally and maybe even spread the information around to the other Budget Committee members. And maybe we can renew some interest in this. So thanks for proposing it.

Mr. WHITFIELD. Chairman, thanks so much. I look forward to working with you.

Mr. STUTZMAN. Thank you.

. Seeing that there are no others to testify, we are going to recess until 3:45, and resume approximately quarter until 4. The Budget Committee is in recess until 3:45.

[Recess.]

Mr. HUELSKAMP [presiding]. We will call this meeting back to order.

I see a few more witnesses here. I know we have been busy with other meetings.

Next up, I will call the next witness, Theodore Deutch from the State of Florida.

Hopefully, I have pronounced that correctly. Welcome to the witness stand. I appreciate you coming before the Budget Committee. Thank you for being here.

STATEMENT OF THE HON. THEODORE DEUTCH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. DEUTCH. Thank you. Thank you, Mr. Chairman.

I am grateful for the opportunity to testify before you today and give voice to the constituents that I am so privileged to serve.

We need a healthy debate about our Federal Government's expenditures, and I welcome that discussion. However, in these 5 minutes before you today, it is unfortunate that I feel the need to talk about an issue that does not belong in this conversation at all. That is the issue of Social Security, a program forbidden by law from drawing upon our Nation's general budget revenues and contributing to our deficit.

We all agree that our Federal budget must reflect our priorities, our priorities as a Nation. Today, I respectfully request that my colleagues ensure that our Federal budget also reflects reality. No matter how many times that you say Social Security is broken, the reality is that Social Security's independent revenue stream and its trust fund's investments maintain the program's solvency until 2037. Social Security is legally prohibited from contributing to the deficit. It cannot use debt to pay out benefits, not today, not tomorrow, and not in 2037.

If Congress fails to address this modest shortfall sometime in the next quarter century, Social Security will then pay out reduced benefits to the tune of 78 percent of what is owed to beneficiaries. Having introduced the Preserving Our Promise to Seniors Act, legislation that would address this shortfall, I am the first to say that we should take action to overcome this challenge and extend Social Security's solvency for future generations.

However, it would be disingenuous for me to promote my legislation using the deceitful claim that Social Security faces an imminent crisis. We have a quarter century to shore up Social Security. The motion imminent crisis we face is one that we can address right now in our 2012 budget, and that is America's economic crisis. Our economy is riddled with chronically high unemployment, ever worsening income inequality, and a middle class lacking any sort of economic security. These challenges have consequences for Social Security and for the retirement security of all Americans. Painfully stagnant wages and the growing divide in earnings account for more than half of Social Security's projected shortfall since the last reforms were enacted in 1983.

Rising income inequality has led more revenue to escape Social Security taxes, which are currently capped at \$106,800. More than 80 percent of income growth since 1980 has gone to the top 1 percent of earners, people who stopped contributing to Social Security beyond their first few paychecks. Our economy has grown these past few decades, but the paychecks of most Americans have not grown with it. They struggle to put food on the table, afford health care, pay for college.

And for many, saving for retirement is not even an option. Over 50 percent of American households, regular, hardworking people

lack any retirement savings. And of those with retirement savings, over 50 percent have saved less than \$50,000, certainly not enough to sustain a secure retirement.

In addition, the pillars of financial stability that many retirees in America have relied on in the past are not as dependable as they used to be. Traditional pension plans have become virtually nonexistent. Home values are down. The facts on the ground trouble me even more when considering some of the proposed reforms to Social Security floated by my Republican colleagues, instead of plans to create new jobs or bring economic security to middle class families.

One such ill-advised proposal is raising the retirement age. Washington may have a new fixation on rising life expectancies, but the statistics show our gains in longevity have excluded low-income workers. Raising the retirement age would mean an immediate benefit cut for men and women of America who toil on their feet for 50 years as grocery clerks, coal miners, janitors, and nurses. Every year the retirement age is raged is another 7 to 8 percent benefit cut for all individuals, whether they retire at 62, 67, or 70. This is not an equitable solution, nor do the American people support it.

Another reform apparently on the table is something called means-testing, which would exclude Americans defined as affluent from Social Security benefits. Social Security is strong because all Americans contribute to it and believe in it. Turning Social Security into a welfare program for lower-income Americans instead of a wage insurance program that we all count on is not the answer.

These proposals such as raising the retirement age, shifting wealthier Americans to private accounts, and turning Social Security into a welfare program offends the very wisdom of this stalwart program. Social Security was created on the simple premise that we are all entitled to a secure retirement after a lifetime of hard work.

My disagreement with these proposals goes beyond the fact that they differ from my legislation, which phases out the unfair cap on Social Security contributions, extends solvency for 75 years, and allows people who put more in to take more out, even guaranteeing adequate cost-of-living adjustments.

What I most vehemently object to is the insertion of these proposals into our budget debate when they have nothing to do with our Federal budget. Social Security was created with an independent revenue stream and barred from contributing to the deficit to avoid subjecting the benefits of disabled Americans and current and future retirees to politically charged budget battles like this one.

Mr. Chairman, I urge you to keep Social Security benefits off the table in this budget debate, because that is exactly where they belong.

[The prepared statement of Theodore Deutch follows:]

PREPARED STATEMENT OF HON. THEODORE E. DEUTCH, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF FLORIDA

Mr. Chairman, distinguished members of the House Budget Committee: I am grateful for the opportunity to testify before you today and give voice to the constituents I am so privileged to serve. We need a healthy debate about our federal govern-

ment's expenditures. I welcome that discussion. It is a conversation we need to have.

However, in these five minutes before you today, it is unfortunate I feel the need to talk about an issue that does not belong in this conversation at all. That is the issue of Social Security, a program forbidden by law from drawing upon our nation's general budget revenues and contributing to our deficit. We all agree that our federal budget must reflect our priorities as a nation. Today, I respectfully request that my colleagues ensure our federal budget also reflects reality.

No matter how many times you say Social Security is broke, the reality is that Social Security's independent revenue stream and its Trust Fund's investments maintain the program's solvency until 2037, when it may begin to fall short. The reality is that Social Security is legally prohibited from contributing to the deficit. It cannot use debt to pay out benefits, not today, not tomorrow, and not in 2037. If Congress fails to address this modest shortfall sometime in the next quarter century, Social Security will then pay out reduced benefits, to the tune of 78 percent of what is owed to beneficiaries.

Having introduced the Preserving our Promise to Seniors Act, legislation that would address 2037's projected shortfall, I am the first to say we should take action to overcome this challenge and extend Social Security's solvency for future generations. However, it would be disingenuous for me to promote my legislation using the deceitful claim Social Security is broken or faces an imminent crisis.

We have a quarter century to shore up Social Security. The most imminent crisis we face is the crisis we have the opportunity to address right now in our 2012 budget, and that is America's economic crisis. Our economy is riddled with chronically high unemployment, ever-worsening income inequality, and a middle class lacking any sort of economic security.

These challenges have consequences for Social Security, and for the retirement security of the American people at large. Painfully stagnant wages and the growing divide in earnings account for more than half of Social Security's projected shortfall since the last reforms were enacted in 1983. Rising income inequality has led more revenue to escape Social Security taxes, which are currently capped at \$106,800. More than 80 percent of income growth since 1980 has gone to the richest 1 percent of earners—people who stop contributing to Social Security beyond their first few paychecks.

Our economy has grown these past few decades, but the paychecks of most Americans have not grown with it. Middle class families struggle to put food on the table, afford health care, and send their children to college. For many, saving for retirement is not even an option. Over 50 percent of American households—regular hard-working people—lack any retirement savings. Of those with retirement savings, over 50 percent have saved up less than \$45,000—certainly not enough to sustain a secure retirement. In addition, the pillars of financial stability that many retirees in America have relied on in the past are not as dependable as they used to be. Traditional pension plans have become virtually nonexistent. Home values are not reliable sources of equity as they once were. The rise of 401(k)'s left many seniors vulnerable to more risk, as was the case for many of my constituents who retired to South Florida and saw their lifesavings shrink during our latest financial crisis.

The facts on the ground trouble me even more when considering some of the proposed reforms to Social Security floated by my Republican colleagues instead of plans to create new jobs or bring economic security to middle class families.

One such ill-advised proposal is raising the retirement age. Soon to be 67, let's put aside the fact this retirement age is already higher than most industrialized countries. Washington may have a new fixation on rising life expectancies, but the statistics show our gains in longevity have excluded low-income workers. Raising the retirement age would mean an immediate benefit cut for the men and women of America who toil on their feet for 50 years as grocery clerks, coal miners, janitors, and nurses.

Every year the retirement age is raised is another 7 to 8 percent benefit cut for all individuals, whether they retire at 62, 67, or 70. This is not an equitable solution, nor do the American people support it.

Another reform apparently on the table is something called means-testing, which would exclude Americans defined as "affluent" from Social Security benefits. Social Security is strong because all Americans contribute to it and believe in it. Turning Social Security into a welfare program for lower-income Americans instead of a wage insurance program we all can count on is not the answer. For my constituents who tragically lost their lifesavings in the Madoff Ponzi scheme, Social Security is the one reliable source of income they have left. Under this system, if someone earns too much money, they would risk losing their Social Security benefits. We should be encouraging Americans to save up for retirement, not discouraging them.

These proposals, such as raising the retirement age, shifting wealthier Americans to private accounts, and turning Social Security into a low-income welfare program offends the very wisdom of this stalwart program. Social Security was created on the simple premise that we are all entitled to a secure retirement after a lifetime of hard work. My disagreement with these proposals goes beyond the fact they differ from my legislation, which phases out the unfair cap on Social Security contributions, extends solvency for another 75 years, allows people who put more in to take more out, and even guarantees adequate cost of living adjustments.

What I most vehemently object to is the insertion of these proposals into our budget debate when they have nothing to do with our federal budget. Social Security was created with an independent revenue stream and barred from contributing to the deficit to avoid subjecting the benefits of disabled Americans and current and future retirees to politically charged budget battles like this one. I urge you to keep Social Security benefits off the table in this budget debate, because that's exactly where they belong.

Mr. HUELSKAMP. Thank you, Congressman.

I appreciate your testimony. Seeing no questions, we appreciate your time here.

Next turn to recognize the next witness, the honorable Donna Christensen from the Virgin Islands. Welcome to our committee as well.

STATEMENT OF THE HON. DONNA M. CHRISTENSEN, A DELEGATE IN CONGRESS FROM THE STATE OF VIRGIN ISLANDS

Mrs. CHRISTENSEN. Thank you, Mr. Chairman.

And thank you for the testimony to testify before the Budget Committee. I have come here just about every year that there has been a Member hearing.

And generally, I come to talk about the need for an investment in health care, particularly funding to eliminate disparities in health care that are faced by people of color, people who are poor, people who live in our rural areas, and people who live in our Territories. These are disparities that cause preventable, premature deaths in individuals primarily because of their race, ethnicity, gender, gender identity, and geography.

All of us want to be responsible in spending the taxpayers' money, and of course, we want to reduce deficits. But we also have an obligation to improve the health of all Americans. And I believe that we can do so with the proper investment and that that investment would reduce costs over time. So today I want to focus on the health care aspect of the 2012 budget.

First, it is critical that we protect the Patient Protection and Affordable Care Act in its entirety so that we can expand coverage, put health decisions back between the patient and their provider, prevent medical errors, expand prevention, make care better coordinated and affordable, address the health care needs of those who, because of lack of access to quality care for many reasons, most of which are outside of their control, and eliminate the health disparities that those barriers cause.

While there are cuts in the President's 2012 budget that I don't support, there is much that I do, although there are funding levels that are inadequate in some areas, in my opinion. For example, those that I support: The President's budget supports the Prevention and Public Health Fund at \$1 billion. And I think that is a necessary investment, where incredible public health improvements could be realized, and savings will be realized as well.

While the following are some of the amounts that I would like to see increased, I think the 2012 budget does a credible job in supporting numerous of our Congressional Black Caucus Health Braintrust priorities: Including \$2.4 billion for the Ryan White Program; \$161 million for the Minority AIDS Initiative; \$940 million for the AIDS Drug Assistance Program; \$221 million for the Community Transformation Grant Program; investments in the Office of Minority Health, Rural Health, and Women's Health at the Department of Health and Human Services; strong investments across several key and highly effective health workforce diversity and data collection efforts; \$105 million for the Healthy Start program; \$269 billion for Medicaid; and \$9.98 billion for the Children's Health Insurance Fund.

And we hope that as we go through this budget process that all of those particular areas will remain funded at, at least, that level and particularly that there will be no cuts in the Medicaid program.

We are concerned, though, about funding for the new National Institute for Minority Health and Health Disparities at the National Institutes of Health. The 2012 budget provides \$214 million, far much less than would be required to carry out its mandate. It would be funded at a much lower level than all of the other institutes at a time when even the government's 2010 National Disparities Report, issued just a few weeks ago, stated that the disparities in health care are not improving, that they affect all population groups, all population groups, and that many require urgent attention.

I also want to talk briefly about a change on how we budget that I have promoted through legislation that I introduced last year and will introduce again. If we included in this budget prevention scoring, extending beyond the 10-year window, I believe there would be significant cost savings which could be reinvested. And I think we ought to find a way to score prevention and to score outside of that 10-year window. For example, a recent Joint Center report found that if we as a Nation had eliminated health inequities and premature deaths for African Americans, Hispanics, and Asian Americans, we would have saved total of \$1.24 trillion. There are similar reports on the savings from accountability care organizations, from early treatment of diabetes, from early treatment of end stage renal disease.

So, Mr. Chairman, in summary, we need to ensure that funding is there to implement the Patient Protection and Affordable Care Act, even though adjustments may have to be made. We need that full funding to remain in place. We need to ensure that prevention and health equity programs are robustly funded. And I hope that the Budget Committee will support a methodology for scoring prevention, because I think we shortchange the American public if we don't.

Thank you, Mr. Chairman, for the opportunity to testify.

[The prepared statement of Donna M. Christensen follows:]

PREPARED STATEMENT OF HON. DONNA M. CHRISTENSEN, A DELEGATE IN CONGRESS
FROM THE U.S. VIRGIN ISLANDS

Thank you, Chairman Ryan, Ranking Member Van Hollen and Members of the Committee, for this opportunity to give testimony and weigh in on the FY 2012 budget during such a historic time.

While I—like my colleagues on the both sides of the aisle—am interested in supporting a budget that is bold enough to tackle current fiscal challenges, I am also interested in ensuring that we accomplish this in a manner that is thoughtful, based on the needs and wants of most Americans and that truly makes this nation stronger today and in the future.

As in years past, as the Chair of the Congressional Black Caucus Health Braintrust and as a physician who practiced for more than two decades, I come before you today to discuss what I consider to be one of the—if not the—most important aspect of our federal budget: responsible and necessary health and health care spending to improve the quality of and access to health care, and to close the many gaps that exist in the health care system.

When we enacted the Patient Protection and Affordable Care Act, we set the nation on a course that—over the next decade—will:

- lift 32 million people out of the ranks of the uninsured;
- put health care decision-making exactly where it belongs: between the patient and their provider;
- protects health care consumers from unnecessary and medically irresponsible practices that compromised the patients, as well as their providers;
- expand access to life-saving preventive care to nation's most vulnerable residents;
- bolster support for community health centers, which not only are core elements of the larger the health care system, but which also create jobs;
- increase the number and expand the diversity of health care providers, particularly those at the primary care level; and
- improve coordination and bolsters accountability and evaluation across and throughout not only the Department of Health and Human Services, but also throughout the health care system.

The FY 2012—despite making several cuts in an effort to be fiscally responsible—includes support levels for key health and health care programs that will keep this nation on the right course following the enactment of health care reform. As such, the FY 2012 will ensure that these important objectives and goals that we identified and seek to achieve through health care reform come fruition.

For example, the FY 2012 budget robustly supports the Prevention and Public Health Fund to the tune of \$1 billion—a necessary investment in a fund that supports programs that will show that an investment in prevention on the front end yields incredible public health results and cost savings on the back end. Before I continue, I would like to propose an idea that builds on this notion and that I have been championing for several congressional sessions. If we included in this budget prevention scoring that extended beyond the 10-year window, I guarantee that the cost savings—which would be significant—could be re-invested in the nation. Until then, however, it is important that we support a budget that funds prevention because those dollars invested today will boast savings that are ten-fold.

While some of the amounts are those that I would like to see increased, the FY 2012 budget includes support for numerous CBC Health Braintrust priorities, including: \$2.4 billion for the Ryan White Program, \$161 million for the Minority AIDS Initiative and \$940 million for the AIDS Drug Assistance Program; \$221 million for the Community Transformation Grant Program; investments in the Offices of Minority Health, Rural Health and Women's Health at the Department of Health and Human Services; strong investments across several key and highly effective health workforce diversity and data collection efforts; \$105 million for the Healthy Start program; \$269 billion for Medicaid and \$9.98 billion for the Children's Health Insurance Program; and \$214 million for the new National Institute for Minority Health and Health Disparities at National Institutes of Health.

Each of these provisions and programs will bring this nation several significant steps forward toward health equity and the elimination of all health disparities. And, in addition to making millions of hardworking Americans who are disproportionately and detrimentally affected by health inequities—such as people of color, low-income populations and those who live in rural communities—this also will save the nation more money over three years than the total costs associated with the entire health care reform bill.

In fact, a recent Joint Center report found that if we—as a nation—had eliminated health inequalities and premature death for African Americans, Hispanics

and Asian Americans, we would have saved a total of \$1.24 trillion dollars in direct and indirect costs—and, those savings would have occurred over a three-year time frame! Those savings are not only impossible to ignore; it would be downright irresponsible for all of us to do so.

But, those savings will never be realized unless investments in programs to eliminate health disparities and to achieve health equity are an integral part of the FY 2012 budget. Currently, we are heading in the right direction and I know that developing and moving a budget that includes health care expenditures that address and tackle health disparities and achieves health equity will require the willingness to take bold steps and the visionary leadership to ensure that more than one step is taken. However, I also know that we have both today—both in this Congress and in this Administration. Additionally, we have an economic and public health incentive to work together to achieve this very achievable goal.

Together, we can develop and pass a budget that meets all of the unmet needs of Americans and that champions health equity to improve the health and well being, and thus life opportunities of all Americans. And, together Mr. Chairman, we can make this nation—one person and one community at a time—healthier, stronger and prepared for tomorrow.

Thank you!

Mr. HUELSKAMP. I appreciate the testimony for the committee. It is very important to hear from our other Members as we work forward on the budget process. And seeing no additional witnesses at this time, the hearing is now adjourned.

[Additional statements submitted follow:]

PREPARED STATEMENT OF HON. SANDY ADAMS, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF FLORIDA

Chairman Ryan and members of the Budget Committee: thank you for the opportunity to speak to you today in regards to the Fiscal Year 2012 Federal Budget.

Specifically, I would like to express my concerns with the budget for the National Aeronautics and Space Administration, the new VA hospital in Orlando, as well as ways to preserve and strengthen Social Security and Medicare, all important issues for constituents in my district in Florida.

As many of you are aware, I represent Florida's 24th District, home to the Kennedy Space Center and the epicenter of this country's adventures to space. The hardworking men and women of Florida have supported every mission of NASA. The Human spaceflight program has shaped and defined this community for fifty years and continues to be an identifying symbol for the entire region. The coastal community which has grown out of America's investments in NASA is even commonly referred to as "The Space Coast". As we continue the discussion on our Republican budget for the 2012 fiscal year, the establishment of, and commitment to, human space exploration is critical to our country's national security and economy.

NASA is a unique agency that has spurred private sector job growth, fuels the economy with American ideas and innovation, and contributes to the development of industries which even twenty years ago may have been considered pure fantasy. The extraordinary challenges of achieving access to space have motivated and accelerated the development of technologies and industrial capabilities. These capabilities have widespread applications and have contributed to the technological excellence of the United States. In practical terms, space exploration continues to inspire our young people to pursue careers in science, technology, engineering and mathematics—the so-called STEM disciplines. Likewise, NASA's future space missions are critical to the continued development of new American technologies, as well as our high-tech infrastructure throughout all sectors of the economy. It is my belief that the commitments we make to the continuation of human space flight today will yield meaningful and sustained economic returns for decades to come.

NASA and the aerospace industries are a symbol of pride and honor for our country and represent the best hopes and ideals of our nation. Thus, I believe the issues surrounding the development of space technology and the continued use of human spaceflight in the United States should be one of the priorities of this Congress. NASA's future space missions are critical to the continued development of new technologies, as well as our high-tech infrastructure and an industrial base which will help create jobs and grow our economy.

Our country needs to set a clear path to success for NASA and we need to have a defined way forward, something that so far the Obama Administration has been unable to provide for all the stakeholders of the space program. Continuing to give NASA the resources they need is only a small piece of what we are facing and it

is important to think beyond the most immediate needs. The best way to define this way forward is through prioritization of resources.

As our nation faces critical economic challenges, we must look to cut funding in places that will be challenging to accept. We appreciate your leadership in putting together a budget that not only honors our children by doing what is necessary to alleviate the debt that has been placed upon them, but also prioritizes current spending where it can do the most with the resources we have. I do believe that NASA's budget can be reduced. Within the NASA budget specifically, I believe there is an opportunity to cut funding within the Earth Science account where an overabundance of climate change research is being conducted. This is why I ask for any substantial reductions in programs or budget lines within the NASA budget would spare human spaceflight.

Mr. Chairman, I would like to take this opportunity to also discuss with you ways to strengthen and protect Social Security and Medicare. For generations hard-working Americans have paid into these social safety net programs, and making changes to Social Security and Medicare that would radically change the participation of retirees and near retirees in the current program is unfair and something I cannot support.

According to the 2010 Annual Reports from Social Security and Medicare Board of Trustees, these programs, along with Medicaid, comprise 40% of the federal budget and represent almost 9% of the size of our economy. As you already know, the trustees of the Social Security and Medicare programs announced that Social Security and Medicare funds will be exhausted sooner than expected: Social Security in 2037 and Medicare in just six years (2017). In fact, by 2045, literally every single dollar we raise in revenue will go to pay for Social Security and government health care programs. It is clear that something must be done.

Given the demographic makeup of my Congressional district and the number of senior citizens reliant on Social Security and Medicare, I welcome all ideas from you and our colleagues how to strengthen these programs while protecting the benefits of seniors at or near retirement age. Congress must make it a priority to address the long-term funding problems of these two programs. I truly believe our nation must keep our promise to those who worked their entire lives to prepare for their golden years, while also ensuring that future generations will have the same opportunity for a bright retirement in the future.

One other issue that is of great importance to Central Florida is the construction of the new VA Medical Center at the Lake Nona site in Orlando. Recommended for construction through the CARES selection process, the new hospital is sorely needed to keep up with the health care needs of Florida's veteran population. With hundreds of thousands of veterans in the Central Florida region, ensuring that the hospital's construction continues on schedule is extremely important to my constituents and me. If there are funding constraints that the Budget Committee feels could inhibit the construction and completion of the hospital, I would hope that Committee members would be willing to work with me to find other areas within the VA's budget to reduce in order to ensure an on-time delivery of these life saving health care services.

Thank you, Mr. Chairman, for the opportunity to express my views and explain my concerns. I would like to extend my hand to work with you and your staff to identify other areas within the FY2012 budget that will reduce unnecessary spending and get our nation's debt under control, as well as to find solutions to strengthen and preserve Social Security and Medicare for future generations.

PREPARED STATEMENT OF HON. JUDY BIGGERT, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF ILLINOIS

As you work to craft a budget for Fiscal Year 2012, I respectfully request that you preserve funding for the Department of Energy's Office of Science.

The Office of Science is critical to Illinois. According to the Illinois Science and Technology Coalition, the state's research enterprise in university and laboratory R&D supports 68,000 high-tech jobs. Their leadership in key scientific fields offer the public and private sectors the tools they need to turn groundbreaking research into jobs, revenue, and tangible benefits for consumers.

Specifically, developments in nanotechnology, materials science, biotechnology, and supercomputing are all areas in which our research infrastructure helps manufacturers reduce costs, increase consumer choice, and ultimately, drive economic activity in essential sectors like health care and energy.

Preserving our investment in the Office of Science preserves jobs now, and for the future.

I appreciate your consideration of my request and look forward to working with you as you finalize the budget for Fiscal Year 2012.

PREPARED STATEMENT OF HON. MICHAEL C. BURGESS, M.D., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Chairman Ryan, thank you for allowing me to speak before your committee.

In your budget resolution, there are several items I hope you will include. First and very importantly, the funding and implementation of the health care law must be addressed. As I am sure you agree, we cannot afford to spend any money on the implementation of the Patient Protection and Affordable Care Act. It has already proven to paralyze job growth while also increasing premiums for America's families.

The law is also affecting states which are unsure if this law will withstand legal challenges. Funding by states and the federal government to implement the changes should be withheld until the legal status of this law is settled. My desire would be to see this law's funding be addressed in a way that best helps American doctors and patients by reducing the bill's influence over our health care system and economy. Any spending that can be touched, mandatory or discretionary, needs to be examined.

Another item to be addressed is the Sustainable Growth Rate, also known as SGR. This patch must be repealed to create a permanent system for Medicare reimbursement for our nation's medical system. The current payment system is not only unsustainable, it is unreliable. Continuing to operate on short term fixes puts our most vulnerable Americans in a perilous situation. Their ability to access care is becoming more difficult. In my home state of Texas just last year, 69% of providers cited cash flow problems resulting from back payments from the government. The longer we procrastinate on this problem, the more costly it will become.

Equally as important is the federal government's revenue and spending provided by our tax system. Many in Washington have discussed fundamental tax reform but I am here today with a specific proposal. My bill, HR 1040, the Freedom Flat Tax, is a common sense alternative to the burdensome tax filing system we have today. Allowing taxpayers to pay a flat rate of tax on their income with only a standard deduction will eliminate some of the 6 billion hours Americans spend each year preparing their tax returns.

This proposal is just one idea we can use in changing our ineffective and unfair tax system. I am willing to discuss any idea that makes filing simpler and creates fewer distortions in economic choices.

I look forward to this committee approaching these problems with determined, comprehensive, and intelligent alternatives.

Thank you.

PREPARED STATEMENT OF HON. EMANUEL CLEAVER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI; CHAIRMAN, CONGRESSIONAL BLACK CAUCUS

Thank you all for allowing me, as Chairman of the Congressional Black Caucus (CBC), to present our Fiscal Year (FY) 2012 Budget priorities. First of all, I want to acknowledge all 43 Members of the CBC, but especially our Budget, Appropriations, and Taxation Taskforce; our Commission on the Budget Deficit, Economic Crisis, and Wealth Creation Co-Chairs; and finally, our FY 2012 Budget Chairs, Congressman Bobby Scott and Congresswoman Gwen Moore.

In January, the CBC hosted its first-ever Commission on the Budget Deficit, Economic Crisis and Wealth Creation. The primary goal of the Commission was to provide an opportunity for the CBC to have a thoughtful reaction to the FY 2012 Budget instead of an emotional reaction. Our Budget Commission report, which I have provided copies of today, enabled us to give thoughtful input into the congressional budget process.

In 1981, the Congressional Black Caucus first presented its own "Constructive Alternative Budget Proposal Initiative" and we continue to present sound and responsible alternatives to the budgets offered by both Republican and Democratic majorities in Congress forty years after our founding.

Generally, a glaring omission from various debt reports and budget proposals is a thoughtful analysis of how recommendations will affect the nation's most economically vulnerable populations. Recognizing this, our Commission was formed to focus on the recession—particularly in communities of color—and the long term implications for all of our nation's communities.

Our FY 2012 alternative federal budget will address the budget deficit while protecting important safety net programs needed by our communities. Top African-

American economists from around the nation provided critical recommendations for this important document and we found that yes, we need to cut the deficit and spending, but we cannot do this on the backs of the most vulnerable.

As Congresswoman Maxine Waters stated, "Government investment in people, education, infrastructure and innovation can create jobs and these jobs pay for themselves and then some over time." Investment allows people to earn, learn, spend, save, and invest. Dr. Algernon Austin of the Economic Policy Institute provided these sobering statistics to understand how important it is for our country to invest in its citizens:

- The US ranks 20th out of 24 countries in providing early childhood education;
- The US ranks 12th out of 36 countries in college completion rates;
- US schools need nearly \$300 billion of required maintenance;
- The US ranked 15 out of 30 nations in broadband penetration; and
- The American Society of Civil Engineers recently issued a grade of "D" to the country's roadways.

Cutting funding to programs that assist hard working Americans, help families with their most basic needs, maintain our crumbling infrastructure, and expand access to educational opportunities will only make these statistics worse. We cannot win the future by leaving people behind. Our success as a nation is interwoven in the success of all communities. Until we grasp that concept, as a Nation, we will never see the full potential of this country and for that I am truly concerned.

The CBC's top priorities for the 112th Congress promotes the success of all communities. We focus on job creation and economic development, providing lifetime educational opportunities, and protecting access to the health care that we worked so diligently to ensure last Congress and over the past forty years. We can only make these goals a reality by sustaining and strengthening the programs that invest in people. Whether it is workforce investment, unemployment insurance, community development block grants, or Temporary Assistance for Needy Families (TANF), we must continue to invest in people. These programs are vital to national interests as they train our workforce, stabilize our economy, and provide funding for our cities. I understand that now is the time for us as a nation to sacrifice in order to protect our children. However, I struggle to understand how the proposed majority budget helps achieve this goal.

The CBC is committed to the creation of jobs and economic development. One of our top budget priorities is the full funding of the Workforce Investment Act. This Act provides adult literacy and education, providing employment and workforce development services to adults. This allows them to increase their incomes through occupational and related skills acquisition. We would also like to see a \$6 billion increase in the infrastructure investment. This will help maintain and improve everything from our dilapidated schools to our deteriorating roads and bridges across the nation. Investing in our crumbling infrastructure will create jobs and help our economy get back on track. The New America Foundation reports for every \$1 billion in infrastructure investment, over 35,000 jobs are created. In times like these where the overall unemployment rate hovers near 10% and African American unemployment is approximately 16%, it is wholly necessary to train people for the jobs that are available now and invest in areas where we know jobs will be created.

Overall, the Budget should focus on funding programs that have the most return on investment to get our economy moving. As a former mayor, I know that Community Development Block Grants (CDBG) do just that. Data from the Recovery Act website shows that for every \$7000 investment at least one job is created. This rate is eight (8) times as effective as the rest of the jobs programs funded under the Act. For this reason, it is necessary to fully fund Community Development Block Grants. It provides the greatest return on investment for creating jobs. Also in the area of education, training and employment, we want to see programs for our young and our elderly. This includes additional funding for the Senior Community Service Employment Program that aides our elderly. Additional dollars for the Youth Activities Fund will help to create summer jobs for young people to learn on-the-job skills and gain vital work experience bolster family income and explore career opportunities.

Finally, the Congressional Black Caucus worked diligently for the passage of the Affordable Care Act. However, this is not enough. It is necessary that the Caucus remain diligent in addressing health disparities to holistically improve African American communities. Furthermore, it is important to protect health equity and the access to affordable healthcare. African Americans have long-suffered from poorer health and premature mortality as a direct result of their disproportionately high rates of uninsurance, HIV/AIDS, cancer, diabetes, heart disease and overweight and obesity, as well as from the social determinants of health that not only sustain, but that exacerbate racial and ethnic health disparities. Furthermore, it is important to

protect health equity and the reliable access to affordable healthcare that this new law will ensure. This is why we want to ensure funding is maintained to successfully implement this law which

- Expands access to health care to more than 30 million currently uninsured Americans;
- Empowers patients and their providers—not health care executives—to better collaborate around health care decisions;
- Protects patients with strong consumer protections;
- Supports and collaborates with the new Institute on Minority Health and Health Disparities at NIH and the new Offices of Minority Health across HHS;
- Works with health equity advocates and researchers across the nation to reduce racial and ethnic, as well as gender and geographic health disparities;
- Strengthens the racial and ethnic diversity in the health workforce; and
- Strengthens Medicare and Medicaid to ensure that our nation’s most medically and financially needy residents have access to reliable, affordable, high-quality health care;

A fiscally sound budget that invests in our people is necessary to get our nation back on track. Investments in job creation and economic development measures, lifetime education and healthcare are what is truly needed to avoid the economic crisis that our nation has suffered through over the past few years. I encourage my colleagues in Congress, especially those sitting on this Budget Committee to peruse the CBC’s Commission on the Budget Deficit, Economic Crisis and Wealth Creation. We must create a budget that not only cut the deficit and spending but fund programs that have the most return on investment to get our economy moving. This will provide a more sustainable solution to our budget deficit crisis and put us on a path to bettering our nation.

EXECUTIVE SUMMARY

The Congressional Black Caucus (CBC) has a long history of presenting fiscally sound and responsible alternatives to the budgets offered by both Republican and Democratic majorities in Congress. In light of the deficit reduction recommendations made by the National Commission on Fiscal Responsibility and Reform, we are concerned that draconian austerity measures will directly impact and harm our communities.

A glaring omission from various debt reports is a thoughtful analysis of how their recommendations will affect the nation’s most economically vulnerable populations. Recognizing this, the CBC formed its own debt commission to focus on the recession—particularly on communities of color—as well as approaches to deficit reduction and their implications for vulnerable populations and the nation at large.

The CBC’s first-ever “Commission on the Budget Deficit, Economic Crisis, and Wealth Creation” addresses the federal budget deficit while protecting important safety net programs needed by our communities.

The national debt—that is the total amount that the Federal government owes to others—has grown rapidly in the past decade and reached 62 percent of Gross Domestic Product (GDP) in 2010. This is a source of concern for many. A large debt can be problematic for at least two reasons. First, the larger the debt the more concern there is that creditors might not be willing to continue to hold it or increase their holdings. Second, this debt has to be serviced through interest payments

There are a number of ways of approaching deficit reduction without making vulnerable populations bear a disproportionate burden. One solution is to put at least part of the burden for closing the gap on the revenue side, through increases in taxes or introduction of new taxes. There are also ways of reducing or modifying programs so the entire burden is not placed upon low-income and vulnerable communities.

Today, many Americans are facing the challenge of economic recovery, enduring weakness in the housing market, and persistently high unemployment. Our nation’s communities of color have been hit hardest by the effects of the recession as they continue to experience disproportionately higher rates of unemployment, home foreclosure, educational disadvantages, and economic hardship. In fact, the most recent unemployment numbers show the African American unemployment rate in January 2011 at 15.7%—several points higher than the overall number. As a result, vulnerable communities are increasingly relying on public programs to meet their basic needs.

In this economic climate, lawmakers dedicated to addressing the core interests of their constituents must make rapid, private sector job growth a top priority. This objective cannot be effectively pursued if the United States loses its standing as a leader in the global economy. A vibrant and dynamic marketplace is the bedrock of

long term declines in unemployment. As such, the US must make significant investments in education, infrastructure, and research and development and all programs that provide a high return on investment for every dollar spent. An example of this is Community Development Block Grants which give a \$1.62 to \$4 return for every dollar invested.

The FY 2012 budget should encourage programs that help to the economy to recover and to spur additional growth, and eliminate programs that while popular with powerful interests, do little to grow the economy overall. Our economic recovery is too fragile right now and draconian spending cuts to vital programs could jeopardize our recovery. Simply “cutting” our way out of the deficit is not possible. We have to remember that with the Federal budget touches lives all over the country. Our fiscal problems are very complex and they need to be addressed, but there is no simple, one-size-fits-all solution. Building upon the recommendations made by this panel, the Congressional Black Caucus will propose a FY 2012 alternative budget that will put us back on the path towards fiscal stability, but not on the backs of the Americans that can least afford it.

SECTION 1: BALANCING DEMAND FOR RESOURCES AND FISCAL CONSTRAINTS

In 2010, the United States’ debt obligation reached 62 percent of Gross Domestic Product (GDP), rising from 33 percent in 2001 when the federal budget was last balanced. In addition, in 2010 federal spending was 24 percent of GDP. Only during World War II was federal spending a larger part of the economy. Also, tax revenues stood at 15 percent of GDP, the lowest level since 1950.

According to Margaret Simms, Director of Low Income Families Project, the larger the debt the more concern there is that creditors might not be willing to continue to hold it or increase their holdings. In addition, this debt has to be serviced through interest payments. Therefore, current debt will require future interest payments that will, in combination with growing Medicare, Medicaid and Social Security payments, crowd out all discretionary spending.

According to the National Commission on Fiscal Responsibility and Reform, the economic recovery will improve the deficit situation in the short run because revenues will rise as people go back to work, and money spent on the social safety net will decline as fewer people are forced to rely on it. But even after the economy recovers, federal spending is projected to increase faster than revenues, so the government will have to continue borrowing money to spend at its current level. The Congressional Budget Office (CBO) projects that if the United States continues on its current course, annual budget deficits will remain high throughout the rest of this decade and beyond, and debt will spiral even higher, reaching 90 percent of GDP in 2020.

In order to move forward in earnest with reducing the national debt and budget deficits the following questions will need to be answered:

1. When should the sincere effort to reduce the debt and deficit begin?
2. How fast should the budget gap close?
3. How much of the budget gap should be reduced through spending reductions and how much through tax increases?

PATHWAY(S) TO REDUCING THE NATIONAL DEBT AND DEFICIT

There are many ways to reduce the national debt by closing federal budget deficit and suggestions have been made by numerous organizations. Four paths drawn from a report of the National Academy of Sciences Fiscal Futures Committee are:

High Path: Would move revenue up toward spending, with the budget eventually reaching about one-third of GDP. As a result, this would create a much larger public sector.

Intermediate Path 1: Spending and revenues rise gradually to about one-fourth of GDP and spending on the elderly population would be constrained to support only modest expansion of other federal spending. The growth rates for Social Security, Medicare, and Medicaid would be slower than under current policies. This path reflects the view that the federal government should make selective new public investments to promote economic growth, preserve the environment, and build for the future.

Intermediate Path 2: Spending and revenues would eventually rise to a little more than one-fourth of GDP. Spending growth for health and retirement benefits for the elderly population would be slowed but less constrained than in the intermediate-1 path. Spending for other federal responsibilities would be reduced. This path reflects the view that the government’s implicit promises for the elderly are a higher priority than other spending.

Low Path: Pull spending towards revenues which will be in the area of 18-19 percent. However, this would require a much smaller public sector and ultimately lead to cuts in many public programs.

PROGRAMS TO PROTECT

LOW-INCOME SUPPORT PROGRAMS BY RACE AND ETHNICITY
 [U.S. total, percent]

Program	White	African American/Black	Hispanic	Other	Native American	Asian	Hawaiian	Multi-Racial	Unknown	Total (Number)
Temporary Assistance for Needy Families (TANF)—Active Cases, Percent Distribution of TANF Families by Ethnicity/Race, October 2007—September 2008*	31.5	34.2	28	NA	1.3	2.3	0.6	1.2	0.3	1,629,345
Supplemental Nutrition Assistance Program (SNAP)—Participating Households by the Race of the Household Head, FY2009**	34.4	21.4	9.7	NA	3.6	2.5	NA	0.1	21.5	14,981,000
Medicaid—Distribution of the Nonelderly with Medicaid by Race/Ethnicity, 2009***	43	21	28	8	NA	NA	NA	NA	NA	44,144,600
Earned Income Tax Credit (EITC)—Characteristics of the EITC-Eligible Population, Tax Year 1996****	50.8	22.2	20.7	6.3	NA	NA	NA	NA	NA	NA

African Americans are 12.4 percent of the U.S. population and Hispanics are 15.1 percent, but they represent a much higher percentage of the participants in a number of government programs.

SAFETY NET & WORKFORCE DEVELOPMENT

Public programs like Temporary Assistance to Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), Social Security, Medicare, Medicaid, Earned Income Tax Credit (EITC), and others are necessary to maintain the stability of vulnerable communities.

- Social Security

The Joint Center for Political and Economic Studies with the support of the American Association of Retired Persons reported that African Americans benefit significantly from the Social Security program. This includes as retirees, as disabled workers or their dependents, and as survivors of deceased workers. Although black Americans are more likely than white Americans to receive retirement benefits and survivor benefits, their return from taxes paid into the Social Security system exceed that of white. In addition, older African Americans are more dependent on these benefits. Conversations about this reform must include these population whose dependence Americans and other racial/ethnic subpopulations whose dependence on the system is great but whose patterns of usage may differ from the “norm.”

Social Security is an integral part of the nation’s social safety net. In the event of disability, death or retirement, Social Security benefits are available to a worker and/or to the worker’s dependents. Social Security benefits are often the only source of income for African Americans, especially for retirees. For two of every five African American retiree households age 65 or older, Social Security benefits are the only source of support.

- Unemployment Insurance

The unemployment insurance system, like Social Security, is one of the great innovations in federal policy that came out of lessons learned during the Great Depression. Helping stabilize demand for goods and services by smoothing the income of unemployed workers keeps more people employed—if a loss of income means a drop in consumption, the drop in demand for food and clothes means a drop in demand for grocery clerks and salespeople. If we rely on workers increasing their savings to “insure” themselves from unemployment spells, that only makes drops in demand steeper; precisely what occurred in 2009 when the unprecedented drop in demand for automobiles brought the U.S. auto industry to bankruptcy. The multiplier effect—the circulation of spending—from unemployment benefits is among the largest for any federal outlay.

The unemployment insurance system is run at the state level, with states setting eligibility and benefit amounts, and the federal government establishing minimal guidelines on unemployment insurance tax levels. During job expansions, states build up reserves in their system because more taxes come in than benefits are paid out. Ideally, states would build up reserves into a trust fund large enough to cover benefits if the economy started losing jobs.

The budget proposes addressing the potential increase in payroll taxes that would tax place this year. But, the National Urban League Policy Institute and the Kirwin Institute at the Ohio State University have documented a sizeable disparity in unemployment benefit reciprocity for African American and Latino workers. Those disparities are the result of variations in the state unemployment insurance programs; the same variation that has resulted in the insolvency of the program. States should be required to set uniform standards that make access to unemployment insurance the same for all American workers. States with low reciprocity rates, and low benefits, make the unemployment insurance system less effective as a stimulus to protect jobs; so we all lose from those states that have small unemployment insurance programs. African Americans have the highest unemployment rates, and so solving the current crisis in solvency should also address the lower rate of African American unemployed workers who get unemployment benefits.

- Workforce Investment Act (WIA):

African Americans are almost twice as likely to be enrolled in a workforce program as their representation in the overall population would suggest. At a time when the nation is recovering from the deepest recession in our lifetime, it is unwise to cut spending. However, if we must cut spending, the nation’s safety net should be preserved since so many Americans rely on that safeguard for their survival.

- Medicaid

During this recession, Medicaid enrollment has grown by 8% nationally. Medicaid is only 7% of the budget but provides healthcare for 19% of the population. Almost half of these persons are children. Medicaid is also an important source of health

insurance coverage for African Americans and Hispanics as over 21% of African Americans and 27% of Hispanics are enrolled in Medicaid. The current economic climate and state fiscal environment threaten access to healthcare for Medicaid beneficiaries since many states have proposed Medicaid cuts to close their budget gaps. The 2009 American Recovery and Reinvestment Act provided relief to states through an enhancement in the federal matching rate (FMAP). This relief prevented cuts in Medicaid in FY 2010. Unfortunately, the enhanced FMAP has expired and states are announcing cuts Medicaid for FY 2011. States are announcing reductions in benefits (e.g. dental, hearing, vision, transplants, and adult services), eligibility, provider reimbursements (nursing homes, physicians, and hospitals) and an increase in cost sharing. Medicaid cannot sustain current levels of reduction at the federal level. Further reductions in the FMAP or failure to authorize spending to support Medicaid expansion will jeopardize care for poor especially low income African Americans and Hispanics. Cuts will result in the poor delaying care until they are forced to seek expensive emergency services, a practice which will only increase healthcare costs in the long run.

- Medicare

Opponents of Medicare grossly underestimate the importance of the program to the most vulnerable pockets of society. Medicare is the safety net for our seniors, especially minority seniors, as 67% of African American and 70% of Hispanic Medicare beneficiaries are poor or near poor, i.e. below 200% of federal poverty levels. These low income beneficiaries cannot afford to supplement their coverage with Medigap policies nor do they have employer-sponsored insurance for retirees. Without Medicare, younger generations will be responsible for the overwhelming cost of care to their parents and grandparents which could wipe out families' savings and jeopardize financial resources needed to sustain homes or fund children's educations.

Because African American and Hispanic Medicare beneficiaries have limited financial resources to supplement their Medicare coverage, the closing of the Medicare part D 'doughnut hole' is a very important provision for minority seniors. More than one in four beneficiaries reach the Medicare coverage gap where they face the full cost of their prescribed medicines. The Affordable Care Act (ACA) addresses this access problem by reducing the price of brand name drugs by 50% thereby allowing seniors access to their prescriptions and a eliminating the need to choose between medicine and other life necessities. Opponents of Medicare spending fail to recognize that cuts will eventually result in higher costs and threaten families' financial viability.

Proposed Avenues to Maintain the Medicare budget:

- Only 43% of Medicare's budget comes from general revenues. Medicare has a dedicated tax base that could be adjusted to meet the needs of future generations.
- Raising the payroll tax ceiling and adjusting the eligibility age are appropriate measures to take to preserve Medicare for another generation.

DISTRIBUTION OF MEDICAID AND MEDICARE BENEFICIARIES BY RACE AND HISPANIC ORIGIN

[In percentages]

	Medicaid	Medicare
Black	21.2	10.6
Hispanic	27.2	7.6
Asian	4.0	3.0
White	44.1	77.7
Other	2.9	1.1
Total	100.0	100.0

Source: Table C-2 Health Insurance Coverage by Race and Hispanic Origin: 1999 to 2009 DeNavas-Walt, Carmen, Bernadette D. Proctor, and Jessica C. Smith, U.S. Census Bureau, Current Population Reports, P60-238, Income, Poverty, and Health Insurance Coverage in the United States: 2009, U.S. Government Printing Office, Washington, DC, 2010.

PERCENT OF POPULATION ENROLLED IN MEDICAID AND MEDICARE

	Medicaid	Medicare
Black	27.1	11.9
Hispanic	26.5	6.7
Asian	13.9	9.3
White	10.7	17.1

PERCENT OF POPULATION ENROLLED IN MEDICAID AND MEDICARE—Continued

	Medicaid	Medicare
Total	15.7	14.3

Source: Table C-2 Health Insurance Coverage by Race and Hispanic Origin: 1999 to 2009 DeNavas-Walt, Carmen, Bernadette D. Proctor, and Jessica C. Smith, U.S. Census Bureau, Current Population Reports, P60-238, Income, Poverty, and Health Insurance Coverage in the United States: 2009, U.S. Government Printing Office, Washington, DC, 2010.

COMMUNITY PUBLIC HEALTH INFRASTRUCTURE AND THE AFFORDABLE CARE ACT (ACA)

Smaller health agencies like the Centers for Disease Control and Prevention (CDC), the Health Resources and Services Administration (HRSA) and Substance Abuse and Mental Health Services Administration promote community health and are particularly beneficial to vulnerable populations. Programs sponsored by these agencies are critical to addressing health and health care disparities that negatively affect communities of color. Communities of color suffer from, among other things, higher rates of mortality and morbidity and have lower access to quality healthcare services. A number of agency-sponsored programs promote disease prevention and access to health screening, fight against communicable and chronic diseases, fund community health centers, train physicians and other healthcare workers, provide substance abuse treatment, and offer many other community-based services to which low-income citizens would have little access otherwise. Even small cuts to these agencies can have a large impact that will be disproportionately felt by the most defenseless members of our society.

Efforts to hinder the ACA could have devastating effects on African Americans, Hispanics and other communities of color. Currently, African Americans and Hispanics currently have extremely high rates of uninsurance (i.e., 23% and 34% respectively). Under the ACA, the number of uninsured persons will drop dramatically from 49.9 to 22.1 million, many of whom are below 200% of federal poverty line (FPL). This is due to the proposed Medicaid expansion to 133% of FPL, the inclusion of childless adults, and the creation of Health Insurance Exchanges and subsidies to small businesses that will make health insurance more affordable for small businesses, their employees, and low wage earners. Also, the ACA provides resources to expand community health centers in underserved communities which will reduce geographic barriers to care for communities of color that disproportionately face health provider shortages.

The ACA also positions the nation to address health and health care disparities that cost the government \$1.2 trillion every four years. ACA elevated the National Center for Minority Health and Health Disparities to institute status to help elucidate the causes of disparities and find solutions. ACA also requires the collection of health information by gender, race, ethnicity, primary language, and disability status to help public health agencies and other health organizations address health and healthcare disparities.

HOW TO REDUCE THE DEFICIT WITHOUT CUTTING PROGRAMS

Taxes:

- One of the proven successful options to close the budget gap on the revenue side is through increases in taxes or introduction of new taxes. The economy would be in better shape had the 2001 and 2003 tax cuts had not been enacted. These cuts alone cost the nation \$1.3 trillion dollars in revenue. It is estimated that the extension of those cuts in 2010 are going to cost \$860 billion. Reinstating these taxes would do much to lower our deficit. New taxes such as a financial speculation tax would also help. It would generate revenue and not incentivize short-term speculating and would be a help build a safer financial sector.

Reducing or modifying programs:

- Modify the Social Security programs by increasing the contribution cap, that is the percent of earnings on which FICA payroll taxes are levied, to 90% of earnings, schedule modest future rate increases now so people have time to adjust their private retirement planning, and treating all supplemental retirement annuities like 401Ks, which would mean they would be subject to FICA and Medicare taxes (but not income taxes). These measures would generate sufficient revenues to close the projected gap in the Trust Fund and allow for better benefits for vulnerable populations. (Source: National Academy of Social Insurance, Strengthening Social Security for the Long Run, 2010)

- Reduce domestic discretionary programs through selective combinations of funding reductions to some programs and block granting of other programs that go to

state and local governments, based on program objectives and effectiveness measures. Programs that were not judged to be effective would be reduced or eliminated. In the case of block granting, states would be responsible for program administration and could choose to supplement the block grants with their own funds. (Source: National Academy of Sciences, *Choosing the Nation's Fiscal Future*, 2010)

SECTION 2: SURVIVING THE RECESSION AND ACCELERATING THE RECOVERY

Today many Americans confront a tenuous economic recovery, enduring weakness in the housing market and persistently high unemployment. This context demands that lawmakers sharpen their focus on strong economic growth, enhanced competitiveness and increased job creation. In January, according to the Bureau of Labor Statistics, overall unemployment fell 0.4% and rests at 9%. Even with this decline, the January unemployment represents the twenty-first consecutive month with rates this high since the Great Depression.

The January decline in African American unemployment was even more modest. African American unemployment fell 0.1%, from 15.8% in December 2010 to 15.7% in January 2011. While African Americans make up only 12% of the population, they represent 20% of the unemployed. Innovative and carefully conceived policy measures are needed to improve the employment prospects of over 2.8 million unemployed African Americans and more than 14 million unemployed Americans from all walks of life.

Obviously in this economic landscape, lawmakers dedicated to addressing the core interests of their constituents must make rapid job creation a top priority. This objective cannot be pursued effectively if the United States loses its standing as a leader in the global economy. A vibrant and dynamic marketplace is the bedrock of long term declines in unemployment. As such, the US must make significant investments in education, infrastructure, and research and development. Recent decades have seen a marked decline in US competitiveness in these sectors.

The American Society of Civil Engineers recently issued a grade of "D" to the country's roadways. America's higher education system, once the envy of the world, was recently ranked 18th out of 36 industrialized nations by the Organization for Economic Cooperation and Development. Math, science and reading proficiency levels among US elementary students received similarly average rankings. Dr. Algernon Austin of the Economic Policy Institute foregrounds a range of sobering statistics that place these deficiencies in context:

- The U.S. ranked 20th out of 24 countries in providing early childhood education
- The U.S. ranked 12th out of 36 countries in college completion rates
- U.S. Schools need nearly \$300 billion of required maintenance
- 29% of all U.S. transit assets are in poor or marginal condition
- The U.S. ranked 15th out of 30 nations in broadband penetration

In the immediate wake of "The Great Recession" lawmakers must intensify efforts to confront these challenges and to counter the attendant prospects of long term poverty and unemployment. Targeted investments in clean energy, highway infrastructure, biomedical research and information technology can stimulate growth in the short term and expand economic capacity in the long term.

If carefully instituted, these types of targeted investments can operate in conjunction with much needed attempts to cut the deficit. As President Obama remarked in the State of the Union Address, "Cutting the deficit by gutting our investments in innovation and education is like lightening an overloaded airplane by removing its engine." The ill-conceived approach to deficit reduction captured by the President's analogy should be particularly worrisome for lawmakers who seek to directly address the daily needs of African Americans. As is widely known, even in good economic times the unemployment rate for African Americans has hovered at approximately twice that of the overall American population. Moreover, the lending and hiring practices of much of the private sector have done little to inspire broad confidence among African Americans. As a result, legislation must be crafted that incentivizes the creation and development of minority-owned and woman-owned businesses and hiring of the chronically unemployed.

Recently, competing policy and budget priorities have left early childhood education grossly underfunded. According to the National Head Start Association, less than 40% of children eligible for Head Start and less than 2% of toddlers eligible for Early Head Start have been able to fully access the services offered by these programs. Investing in these programs not only prepares a new generation of Americans for academic excellence, but also expands the range of employment alternatives that can be pursued by low-income parents desperately in need of quality childcare.

Investments in the formative years of childhood development have proven essential as a means of inculcating strong cognitive and social skills in all children. Since

the program's inception in 1965 nearly 25 million low-income children and families have benefited from Head Start's comprehensive approach to childhood education. And from a fiscal standpoint, the return on investment is extremely encouraging. According to a recent study, the US receives \$9 in benefits for every \$1 dollar invested in Head Start. Children who have reaped the rewards of Head Start are less likely to engage in criminal behavior later in life, less likely to become a drain on America's social safety net and more likely to graduate from high school and college. These higher graduation rates greatly increase the earning potential of former Head Start participants so that they can substantively contribute to the tax base of economically marginalized communities.

Even when fully prepared for prevailing employment opportunities, African American youth confront discrimination in labor markets. Field experiments have demonstrated that white employees generally are preferred over black employees, regardless of the relative qualifications of the latter versus the former. For example, a field experiment in Milwaukee demonstrated that among males of similar age and educational attainment, whites with criminal records have greater odds of landing employment than blacks with no criminal record. Among young adults, 18-25 years of age, the unemployment rate consistently is 10-12 points lower for whites who have not finished high school than blacks who have had some college education. Therefore, mechanisms need to be put in place to insure that there is greater equity in the opportunity to work after young people successfully have navigated the schooling experience.

In addition to molding healthier and more academically proficient children, early childhood education often provides mothers the opportunity to effectively enter the labor force. Numerous studies indicate that in many low-income households, African American households in particular, the mother is the sole breadwinner. According to the Department of Labor roughly 3 out of every 5 single mothers with children under age 6 are employed and often face an economically debilitating "time crunch." These women need access to affordable and quality child care, not only to help improve their children's lives, but even more critically to improve the prospect of social mobility for the entire family.

In sum, investments in early childhood education are more necessary than ever. Short-sighted deficit reduction will hamstring opportunities for all disadvantaged children to attend high-quality schools in general, especially pre-kindergarten and will compromise ongoing efforts to increase the number of teachers dedicated to serving impoverished communities. Substantive educational investments now will create durable job growth in the field over the long term—while at same time helping to ensure that all children in the United States receive a 21st century education. Nothing is more pivotal as America seeks to maintain its economic competitiveness and dynamism.

Likewise, increased economic productivity hinges upon progress in revitalizing our nation's infrastructure. As a string of recent tragedies suggests, vital sectors of the US infrastructure are crumbling. Investing in roads, dams, sewers, bridges and ports—the lifeblood of daily commerce—is one of the most efficient means to rapidly boost economic growth. For example, investments in transportation infrastructure have produced demonstrable economic ripple effects. It is estimated that for each billion dollars spent on transportation infrastructure, 47,000 jobs are created. Mark Zandi, a leading economist, determined that every one dollar invested in infrastructure yields \$1.57 of additional economic benefit.

Improvements in transit systems are also critical in order to secure gains in the quality of life of millions of working Americans. Public transit is obviously cheaper than owning and operating a vehicle. The rising cost of maintaining a vehicle—fuel and parking, for instance—make public transit an even more vital resource for low-income populations. Modernizing and expanding transit systems could help these populations to save money and provide them access to employment opportunities across greater distances. The President's commitment in the State of the Union Address to provide 80% of Americans access to high speed rail within the next 25 years is a pioneering step in the right direction.

Advances in transportation infrastructure make the United States economy as a whole more competitive. To illustrate, if roads are deteriorating and transit systems are unreliable, the flow of American goods and services is hampered. Poorly maintained highways and railways cripple shipping routes, deliveries run late or products are never received. In order to ensure that myriad opportunities for economic innovation are not squandered, investment in transportation infrastructure is of singular import.

This investment will also help to sustain one of the industries most impacted by the recent economic downturn: construction. While employment in manufacturing, retail and healthcare is growing, the construction industry remains in decline. Ac-

According to The Bureau of Labor Statistics, in the month of January alone, 22,000 construction jobs were lost. Investments in infrastructure today will fuel enduring job growth in construction, transportation and technology tomorrow. Facilitating the expansion of these industries will ensure that United States remains a dominant economic force for years to come.

This vast array of needs in the maintenance and expansion of our nation's human and physical infrastructure motivate the establishment of a major public sector jobs program. Such a program would afford all citizens guaranteed employment. In many instances—including the current economic crisis—the private sector has not been able to take care of the public need in the realm of job creation. Furthermore, it has been shown that it is always more difficult for the private sector to end the disparity in unemployment and wages between African Americans and the overall population, particularly given the presence of discrimination in hiring.

A proposal similar to that jobs programs created in the 1930s and 1970s, but one that would be permanent and universal, would address America's employment crisis in a direct fashion. The scale and funding of the program would change counter-cyclically in response to increases and decreases in private sector hiring nationwide. For example, if all of the 15 million persons unemployed during the Great Recession were put to work in the public sector jobs program at a mean expense of about \$50,000 per person (salary, materials and equipment, benefits including health insurance), the program would cost \$750 billion.

The net expense would be considerably lower because the existence of program of this type would facilitate substantial savings in other social insurance programs, including unemployment compensation, food stamps, free and reduced lunch benefits in public schools, TANF, EITC, and so forth. Indeed, the federal job guarantee could function as a mechanism to eliminate poverty among both the unemployed and the working poor by providing a guarantee of the opportunity to work at a decent wage. Incomes received by employees in the public sector jobs program also would alleviate the home foreclosure crisis, which now is increasingly driven by the lost wages associated with high unemployment.

Run by local elected officials who are closest to our communities and best understand their needs, this jobs program would collaborate with community organizations, labor and other community leaders to identify the projects that would be most beneficial.

Predicated on the discussion above, projects that newly employed people might undertake include:

- Paint and repair schools, community centers, and libraries;
- Clean up abandoned and vacant properties to alleviate blight in distressed and foreclosure-affected neighborhoods;
- Expand emergency food programs to reduce hunger and promote family stability;
- Augment staffing in Head Start, child care and other early childhood education programs to promote school readiness and early literacy; and
- Renovate and enhance maintenance of parks, playgrounds and other public spaces.

The program envisioned would place special emphasis on delivering job opportunities and needed services to low-income communities and communities of color suffering depression level unemployment and distress. If acted upon quickly a jobs program like this could put hundreds of thousands of people to work during this calendar year and would continue to provide a quality job option for all citizens on a permanent basis.

Finally, investments in workforce also are essential, particularly for minorities and women in the financial services industry. According to the Securities Industry and Financial Markets Association, the financial services industry accounts for 6 percent of total private non-farm employment in the United States or about 10 million jobs, and represents 6 percent, or \$828 billion, of the nation's Gross Domestic Product. Employment opportunities in certain sectors of the industry, like securities, are expected to increase by 12 percent over the next 7 years. Jobs in the financial services industry are highly profitable. For example, according to the Bureau of Labor Statistics, in 2009 financial analysts earned an average hourly wage of \$40.98 an hour, \$25.03 more than the national average hourly wage for all occupations of \$15.95. It is clear that the financial services industry offers jobs and opportunities that can lift families and individuals from poverty, can improve their living situations, and can assist in building strong, vibrant communities.

However, opportunities for minorities and women in this industry remain limited. According to a 2008 report by the Government Accountability Office (GAO) from 1993 to 2006, the level of minority participation in the financial services profession only increased marginally from 11 percent in 1993 to 15.5 percent in 2004. Partici-

participation rates among African-Americans rose slightly from 5.6 percent to 6.6 percent. Asian participation rates rose from 2.5 percent to 4.5 percent and the participation rate of Hispanics only rose from 2.8 percent to 4 percent. In addition, the GAO found that only 12.4 percent of management level positions at holdings and trusts are held by minorities and that the securities industry is the least diverse of all financial services industries with minority men and minority women making up 8.7 percent and 6.4 percent of management positions in this sector.

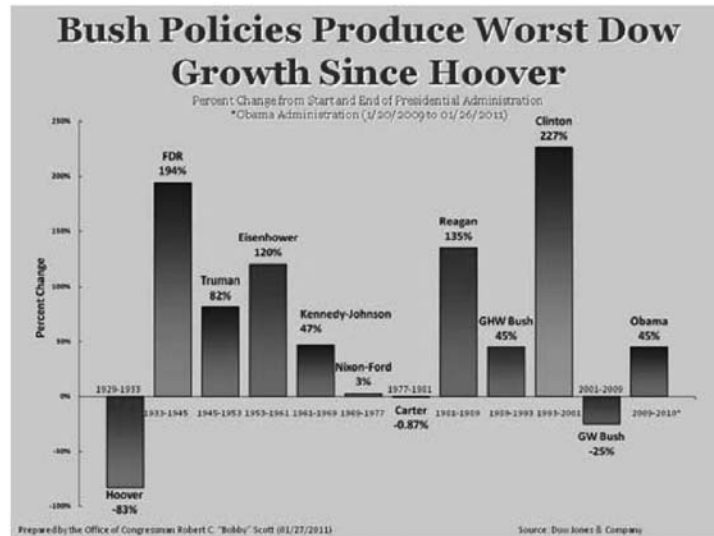
The employment of minorities and women by the government's financial services agencies is limited also. According to the Office of Personnel Management, minorities comprise only 17.4 percent of Federal economists; 18.1 percent of Federal financial management positions; and 18.7 percent of financial institutions examiners. At the Treasury Department, for example, minorities only make up 17.2 percent of employees at senior pay levels. Meanwhile, nationally, minorities comprise 30.5 percent of the civilian labor force. The level of minorities at senior pay levels in the government's financial services agencies is also problematic. Still using Treasury as an example, the average pay grade for African-American employees is 8.8. The average grade for Hispanic employees is 8.3. Compared to the average grade for White employees, which is 9.6, it becomes clear that there's a clear disparity in, not only earnings, but seniority at Treasury in particular.

Minority- and women-owned businesses face significant challenges in participating in the financial services industry, including starting up their businesses, raising capital, and contracting with the Federal government, including contracts related to the economic recovery. Only 2.4 percent of all minority-owned firms and 2.6 percent of women-owned firms are in the finance and insurance industries. According to data from the Minority Business Development Agency, minority-owned businesses were more likely to rely on credit cards as a source of start-up capital than non-minority firms and were less likely to rely on savings or loans from banks. In addition, only 5.7 percent of African American firms and 5.6 percent of Hispanic firms obtained bank loans to start their business, compared to 12 percent of non-minority firms. According to a 2006 GAO report, minority-owned business have a higher rate of having their loans denied or of paying higher interest rates, even after controlling for creditworthiness and other factors.

Due to these challenges and lack of participation of minorities and women, Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Public Law 111-203) directed each financial services agency to establish an Office of Minority and Women Inclusion to develop standards to ensure equal employment opportunity and the racial, ethnic and gender diversity of the agency's workforce and senior management; increase the participation of minority-owned and women-owned businesses in the programs and contracts of the agency, including the coordination of technical assistance; and assess the diversity policies and practices of entities regulated by the agency. The legislation required the Offices to be established by January 21, 2011. These Offices will increase the participation of minorities, women, and minority- and women-owned businesses in the financial services industry and should be supported. The model presented by the Offices could provide a template for other industries and agencies where minority participation is lacking.

SECTION 3: USING THE 2012 BUDGET TO ADDRESS DEFICIT REDUCTION

The FY 2012 budget should encourage programs that help to the economy to recover and to spur additional growth, and eliminate programs that while popular with powerful interests, do little to grow the economy overall. Our economic recovery is too fragile right now and draconian spending cuts to vital programs could jeopardize our recovery.



The Dow Jones Industrial Average has already recovered to pre-crisis levels. Corporations are sitting on hundreds of billions of capital in relatively comfortable positions. The interventions taken by the government to bolster the financial industry were successful, but the government has not had the same success addressing the root of the crisis and the one that still impacts the lives of the most Americans—the foreclosure crisis.

A key place the FY 2012 budget could address the continued economic hardships of Americans and the deficit problem would be to re-program funds for the Home Affordable Modification Program (HAMP) and develop successful solutions to help millions of families keep their homes. By investing in programs that promote and assist asset building in minority and low income communities, the FY2012 budget can begin to lift millions of Americans, of all races and backgrounds out of poverty and placed on the path towards the middle class.

Extending all of the Bush-era tax cuts, especially those for the wealthiest Americans, for two years is not the best way to begin addressing the deficit. In the forum I proposed an analogous statement “I plan to start my diet by eating cake and ice cream” to illustrate the hypocrisy. We need to get serious about our deficit but we must also maintain focused investments to accelerate our recovery.

The FY2012 budget should adopt many of the President’s proposals outlined in his 2011 State of the Union address—continued and sustained investments in education, advanced research and development, clean energy, and our nation’s crumbling infrastructure. The United States will not be able to compete in the global economy if we can’t ensure a quality education for every American child, if we can’t effectively address our energy needs, and if we can’t manage to efficiently transport goods and services.

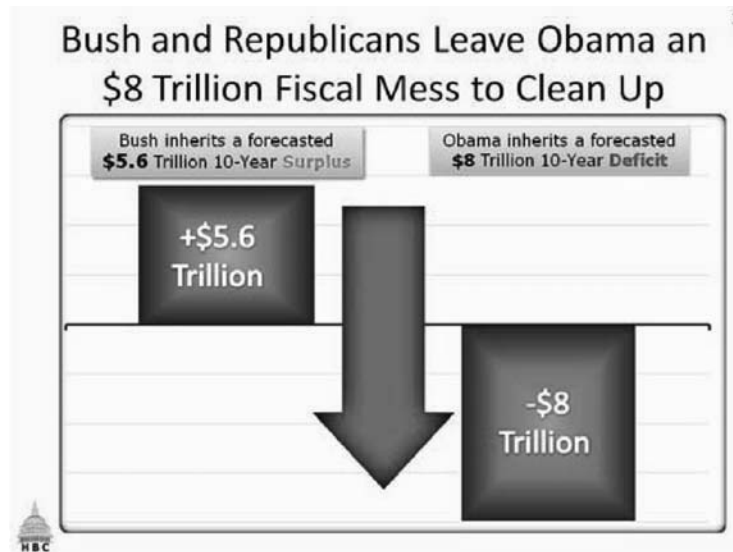
The U.S. has a long structural racial inequality problem, particularly in the realm of wealth, which is a paramount indicator of well-being, and the only way to address this problem is with public actions. Ironically, the nation’s wealthiest households and corporations have and continue to receive the disproportionate share of public subsidies.

Getting the economy moving is the prime way to reduce the deficit. Recognizing this it is vital we bolster economic opportunity for all Americans through both short- and long-term investment—investment that not only improves individual American citizen’s economic opportunity, but expands the productive capacity of the broader American economy. The current focus on deficit reduction focuses on further limiting government’s spending on programs that generally aid families that need that help the most and that have received the least support during the current economic downturn.

Efforts to increase savings among the general public through tax reform and policy programs will increase the national saving rate, even while the government invests more to encourage growth. Stabilizing the mortgage crisis and promoting asset

development will have the most impact on helping lower and middle class Americans recover from the recession, and in turn help the overall budget deficit picture. One of the most direct programs to increase savings and create wealth through asset development across all income brackets would be the development of some type of mandatory savings or endowment program instituted at birth.

There is no silver bullet to addressing the federal budget deficit. However, we must have an honest discussion on how we can get our fiscal house in order. President Clinton left President Bush with a ten year projected surplus of \$5.6 trillion in 2001 but President Bush on January 20, 2009 left President Obama with a \$ 1.2 trillion deficit. Additionally, that this was the deficit on day one of the Obama Administration, weeks before the President enacted a single piece of legislation and the American Recovery and Reinvestment Act.



The failed economic policies of the Bush Administration led to this enormous deficit—

- the 2001 and 2003 tax cuts totaled \$1.3 trillion over ten years, in which most of the tax relief went to the top 1% of income earners;
- a Medicare Prescription Drug benefit with a ten year cost of nearly \$1 trillion that was not offset;
- Two overseas wars that are nearing a cost of \$1 trillion;
- A \$700 billion bailout of Wall Street banks; and
- All these unpaid for policies were compounded by the worst economic recession in 70 years that began in 2007 which led to huge shortfalls in federal tax revenue and increased reliance on unemployment insurance and other federal social safety net programs.

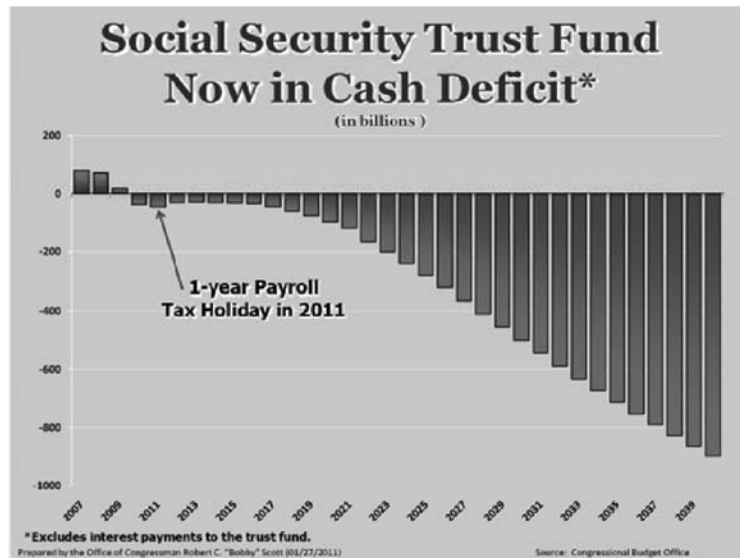
America is in need of a long-term economic competitive strategy that ensures more than just positive GDP but provides full employment, economic mobility, and shared prosperity for all. To that end, American needs a savings and investment system for the 21st century. America should strive for refitted tax policy that operates through robust tax credits to promote new savings amongst low- and moderate-income Americans in an effort to foster new investment and financial stability to help grow our economy. The federal government should take a long hard look at their asset promoting policies in general given that the most affluent benefit far more from the programs than the less affluent.

While the personal savings rate is only one component of overall national savings, an analysis of 2005 data found that increasing the personal savings rate among the bottom 40% of households by only about \$10 per week (\$500/year) would increase the overall net national savings rate by 26% (Johnson, Mensah, Steuerle, 2006). A substantial transformative policy like the “baby bonds” is such a policy. The “baby bond” plan would progressively rise to \$50,000 or \$60,000 for children in families in the lowest wealth quartile and accessible once the child turns 18 years of age. Eligibility for such a program would be based upon the net-worth position, rather

than the income, of the child's family. Although this seems large, it costs much less than what we currently spend on policies like the home mortgage deduction tax credit which is far less progressive and in general benefits the most affluent Americans.

As efforts go forward to improve American adults retirement savings and preparedness, policymakers should "Add the Kids" to our nation's savings system. Child Accounts are a long-term investment in children and their financial futures. At a time when the outlook for our Nation's youth is fraught with mounting concerns, it is vital we make a significant investment in our children that helps build a secure financial future. By giving every American child a head start on saving, Child Accounts would help every American child build a financial asset for their future, expanding educational, entrepreneurial, and job training opportunities.

It is also imperative to address meaningfully and immediately, the foreclosure crisis that is stripping families of their homes and wealth and weighing heavily on the economic recovery. Failure to move aggressively and tackle the major economic challenges facing the nation, with urgency and commitment, will be detrimental to America's economic leadership and will foster greater economic inequality and further erode public trust and confidence in government.



In order to get these large deficits under control, we have some tough choices to make. How much longer can we afford to extend the Bush-era tax cuts? The President and Congress extended all of them through 2012 at a two year cost of \$800 billion and ten year extension of all these tax cuts will cost \$3.8 trillion—\$3 trillion of which are the popular middle-class tax cuts.

In late January, the Congressional Budget Office released its latest projections of the Social Security Trust Fund. Although Social Security does not contribute to the budget deficit, the treasury has borrowed. It was previously projected to go into a cash deficit in 2017, but now CBO has projected that the trust fund is now running a deficit. The trust fund is expected to be exhausted in 2037 and will only take in enough money to fund 75% of promised benefits.

Simply "cutting" our way out of the deficit is not possible. We have to remember that what we do with Federal budget touches everyone. Our fiscal problems are very complex and they need to be addressed, but there is no simple, one-size-fits-all solution. Building off the recommendations made by this panel, the Congressional Black Caucus will propose a FY2012 budget alternative that will put the budget on a path towards fiscal stability but not on the backs of the Americans that can least afford it.

CONGRESSIONAL BLACK CAUCUS COMMISSION ON THE BUDGET DEFICIT, ECONOMIC
CRISIS AND WEALTH CREATION

Balancing Demand for Resources and Fiscal Constraints

Darrell J. Gaskin is Associate Professor of Health Economics at the Johns Hopkins Bloomberg School of Public Health and Deputy Director of the Hopkins Center for Health Disparities Solutions. He has also served on the faculties of the University of Maryland—College Park and Georgetown University. His primary research interests are healthcare disparities, safety net providers, and access to care and quality of healthcare for Medicaid, minority, uninsured, and other vulnerable populations. Dr. Gaskin earned his Ph.D. in health economics at The Johns Hopkins University, a MS degree in economics from the Massachusetts Institute of Technology and a BA degree in economics from Brandeis University.

Dr. Maya Rockey Moore is an American policy scholar, noted speaker, author, and media commentator. She is best known as an advocate and analyst in the areas of health, income security, education and civic engagement having appeared as a frequent contributor in print, television, and radio. Prior to her current position as President and CEO of Global Policy Solutions in Washington, DC, she served as Vice President for Research and Programs at the Congressional Black Caucus Foundation, as Chief of Staff to Congressman Charles Rangel and as a professional staffer on the U.S. House Ways and Means Committee. She received her BA from Prairie View A&M University and both her MA and Ph.D. from Purdue University.

Margaret C. Simms is an Institute Fellow at the Urban Institute in Washington, D.C., where she directs the Low Income Working Families project. Prior to joining the Urban Institute in July 2007, she was Vice President for Governance and Economic Analysis at the Joint Center for Political and Economic Studies. She began working at the Joint Center in 1986 as Deputy Director of Research and held positions of increasing responsibility during her 20 year tenure. Prior to joining the staff of the Joint Center, she was a program director at the Urban Institute. Before coming to Washington, DC, Dr. Simms served on the faculties of Atlanta University and the University of California at Santa Cruz. In 1977 and 1978, she was a Brookings Economic Policy Fellow at the U.S. Department of Housing and Urban Development.

William Spriggs was nominated by President Barack Obama as Assistant Secretary for Policy. He was confirmed by the Senate on October 21, 2009. Dr. Spriggs is a recognized expert in labor policy and research. For over 25 years, he has worked as an educator, researcher and advocate for working families and low-income communities. Born in Washington, DC, Dr. Spriggs attended the public elementary schools of the District in the midst of the Civil Rights era, spurring his commitment to public service. After graduating cum laude from Williams College in 1977, he attended the University of Wisconsin-Madison—where he earned a Ph.D. in Economics and served as co-president of American Federation of Teachers Local #3220.

Surviving the Recession and Accelerating the Recovery

Algeron Austin directs the Economic Policy Institute's Program on Race, Ethnicity and the Economy (PREE). PREE works to advance policies that enable people of color to participate fully in the American economy and benefit equally from gains in prosperity. As director of PREE, Austin oversees reports and policy analyses on the economic condition of America's people of color. Prior to joining the Economic Policy Institute, Austin was a Senior Fellow at the Demos think tank and assistant director of research at the Foundation Center. From 2001 to 2005, he served on the faculty of Wesleyan University. He received his Ph.D. in sociology from Northwestern University.

William A. ("Sandy") Darity Jr. is Arts & Sciences Professor of Public Policy Studies and Professor of African and African American Studies and Economics at Duke University. Previously he served as director of the Institute of African American Research, director of the Moore Undergraduate Research Apprenticeship Program, director of the Undergraduate Honors Program in economics, and director of Graduate Studies at the University of North Carolina. Darity's research focuses on inequality by race, class and ethnicity, stratification economics, schooling and the racial achievement gap, North-South theories of trade and development, skin shade and labor market outcomes, the economics of reparations, the Atlantic slave trade and the Industrial Revolution, doctrinal history and the social psychological effects of unemployment exposure.

Donna Sims Wilson is the new Executive Vice President of Castle Oak Securities. Ms. Sims Wilson, formerly President of M.R. Beal & Company, a leading investment bank specializing in municipal and corporate finance, will be responsible for helping to drive revenue growth and for overseeing new business generation across the firm's various business lines. Ms. Sims Wilson joins CastleOak Securities with over

25 years of experience in equity sales and corporate and mortgage finance. Donna Sims Wilson serves as Chair of the Legislative Committee of the National Association of Securities Professionals, and is Vice Chairman of the Kohl Children's Museum of Greater Chicago and a Board Member of the John G. Shedd Aquarium. She is a graduate of Yale University where she studied political science.

Using the 2012 Budget to Address Deficit Reduction

Jim Carr is Chief Business Officer for the National Community Reinvestment Coalition, an Executive Committee member of Americans for Financial Reform, and a Braintruster (blogger) for the Roosevelt Institute's New Deal 2.0 initiative. Jim is also a former Visiting Professor at Columbia University in New York. Prior to his appointment to NCRC, Jim was Senior Vice President for Financial Innovation, Planning, and Research for the Fannie Mae Foundation, Assistant Director for Tax Policy with the U.S. Senate Budget Committee, and Research Associate at the Center for Urban Policy Research at Rutgers University. Jim testifies frequently before the United States Congress and has appeared on various news outlets. Jim holds graduate degrees in urban and regional planning from Columbia University and University of Pennsylvania and an architecture degree from Hampton University.

Darrick Hamilton is an Associate Professor at Milano The New School for Management and Urban Policy, an affiliated faculty member in the Department of Economics at The New School for Social Research, a faculty research fellow at the Schwartz Center for Economic Policy Analysis, an affiliate scholar at the Center for American Progress, and a former Associate Director of the American Economic Association Summer Research and Minority Training Program. He earned a Ph.D. from the Department of Economics at the University of North Carolina, Chapel Hill in 1999. Professor Hamilton was a Ford Foundation Fellow on Poverty, the Underclass and Public Policy at the Poverty Research and Training Center.

Lisa Mensah is an expert in using financial tools to improve the economic security of the working poor. At Aspen IFS, Ms. Mensah leads a team of financial security experts who study the financial products and public policy solutions that help build wealth from birth to retirement for America's working families. Ms. Mensah began her career in commercial banking at Citibank prior to working 13 years with the Ford Foundation. Serving as Deputy Director of Economic Development for the organization, Ms. Mensah led the Foundation's work in microfinance and women's economic development. She became the leading national funder of individual development accounts (IDAs)—an innovative savings account structured with matching incentives and personal financial training used to finance homeownership, entrepreneurship and education. Under Ms. Mensah's leadership, IDAs grew from an experiment at a handful of sites to become a tool used by hundreds of community organizations in all 50 states. Ms. Mensah holds an M.A. from the Paul H. Nitze School of Advanced International Studies of The Johns Hopkins University and a B.A. from Harvard University.

PREPARED STATEMENT OF HON. ENI F.H. FALEOMAVAEGA, A DELEGATE IN CONGRESS
FROM THE TERRITORY OF AMERICAN SAMOA

I thank you for the opportunity to provide testimony on the budget resolution for FY 2012. I appreciate the difficult task facing the committee especially in light of the current fiscal environment. It is my hope to make a small contribution by way of this statement to be made part of the record.

Mr. Chairman, controlling the national debt is one of the goals you described eloquently in your roadmap for America in the next five years. While I appreciate the goal to cut spending and reduce the deficit, which is projected to hit \$1.6 trillion this year, getting there appears to me the real issue for debate. In this respect, I am pleased with the overall approach taken by President Obama. In his budget proposal for FY 2012 and beyond the President makes the case for selectively cutting spending while increasing resources in areas like education and clean-energy initiatives that hold the potential for long-term payoffs in economic growth. This common sense approach will help rein in spending to within reasonable levels without undermining programs that are vital to job creation and economic development.

Mr. Chairman, I draw your attention, however, to such programs that are especially critical to Americans living in the territories, but face cuts under the President's proposed budget for FY 2012.

In particular, the budget proposal for the U.S. Department of Interior's Office of Insular Affairs (OIA) includes \$84.1 million for the Assistance to Territories program, a net reduction of \$1.1 million based on the FY 2010 enacted level. The proposed reduction will significantly impair OIA's ability to provide technical support critical to economic growth and meaningful changes in the territories.

I am pleased to highlight two recent developments in the territories funded through OIA technical assistance. First, the OIA in partnership with the U.S. Department of Energy implemented two initiatives—the Energy Development in Island Nations (EDIN) pilot project in the U.S. Virgin Islands (USVI); and a partnership with the National Renewable Energy Laboratory (NREL) in the Pacific for energy options analysis and strategic plan support. These initiatives are in accordance with federal policy that was first established by Congress in 1980, and most recently revised in 2005, to direct the Secretary of Energy, in consultation with the Secretary of Interior, to prepare and submit to Congress a comprehensive energy plan with emphasis on indigenous renewable sources of energy for the territories and insular areas. The overall goal is to create energy strategic plans to transition to renewable energy and help bring down disproportionate energy costs in the territories.

Moreover, in 2010, the first official set of gross domestic product (GDP) data for the territories was made available through an OIA partnership with the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) and funded by OIA's technical assistance grant. Prior to 2010, BEA economic data was only available for the 50 States and DC, but not the territories, which made it very difficult to gauge the impact of federal policies on the economies of the territories and insular areas.

Mr. Chairman, as illustrated above, it would be a major setback for economic development in the territories if the President's proposed funding levels for FY 2012 are enacted. Reductions in the OIA budget will seriously have an impact on the effective delivery of services to Americans living in the territories and insular areas. I urge you to restore OIA funding to FY 2010 levels.

I am also concerned with the President's proposed cuts to the U.S. Department of Health and Human Services, Health Resources and Services Administration (HRSA), budget for FY 2012. In particular, the proposed budget of \$2 billion for HRSA's Health Center program is a net reduction of about \$120 million from the FY 2010 level of \$2.1 billion. Reduction in the Health Center budget will only increase health care costs and add to the national debt.

For over 40 years, HRSA-funded health centers have provided comprehensive, affordable, high-quality primary and preventative health care services to low income and medically underserved communities. These include communities with limited English proficiency, migrant and seasonal farm workers, homeless individuals and families, and those living in public housing. Currently, 1,200 health centers deliver care through over 8,000 service delivery sites in every state and territory.

These health centers are critical to improving the overall health of the American people. Overall, they reduce health disparities, increase access to high quality and regular care, and boost local economies. Furthermore, continuing funding for the Health Centers Program ensures that fewer Americans would have to rely on costly sources of care such as the emergency room, thereby saving tax payers money and making the overall health care system more efficient. Funding health centers is a win-win situation and I urge that funding for the Health Centers program is restored to FY 2010 levels.

Finally, I object to cuts requested in the President's FY 2012 budget for the Institute of Museum and Library Services (ILMS), which includes \$20.3 million cuts for Library Services and Technology Act (LSTA) from FY 2010. Through LSTA grants to states, libraries can better provide training on resume development, help on web searches of job banks, workshops on career information, links to essential educational and community services, assistive devices for people with disabilities, family literacy classes, homework help and mentoring programs, and much more helping America get back to work.

For my district of American Samoa, the loss of these critical LSTA funds would force the interruption of services essential to American Samoa's residents of all ages, including but not limited to: annual summer reading programs; weekly reading programs for pre-school aged children; free monthly introductory computer courses; and the Polynesian Photo Archives, an IMLS funded program which now consists of over 700,000 historic Samoan images digitally preserved, catalogued, and archived in the Feleti Barstow Public Library's Pacific Collection Room. As the only source of free access to the Internet on the Island, public libraries in American Samoa are also active in assisting the public with online job searches, e-government services, and lifelong learning.

Mr. Chairman, I urge you to fully fund LSTA at \$232 million, the level authorized in FY 2010.

In closing, Mr. Chairman, I appreciate the tough task before you and the committee members. My hope is to provide justification to stave off proposed cuts to the programs that are critical to Americans living in the territories and for my district of American Samoa. I thank you again for this opportunity.

PREPARED STATEMENT OF HON. RICK LARSEN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF WASHINGTON

Thank you Mister Chairman and Members of the House Budget Committee for providing me with the opportunity to voice my concerns regarding the federal budget.

I am working to find solutions to get the economy back on track and fuel job growth. This means making investments in local infrastructure that creates private sector jobs, supporting research that promotes innovation and building our manufacturing base to grow jobs through exports—all in order to maintain U.S. economic leadership in the world.

But the majority's budget proposals in the 112th Congress take the first steps to undermine these efforts to grow our economy and create jobs. These cuts are putting local jobs, law enforcement and help for hardworking families on the chopping block.

That is why, as Congress continues to move forward making reckless cuts that we stand together to protect those programs that help our long-term economic recovery.

If we cut these programs, we harm our ability to grow the economy and create jobs and make it more difficult—if not impossible—to cut the debt and deficit.

I agree that the Federal government must get its fiscal house in order and bring down the \$1.5 trillion deficit.

However, these budget proposals make reckless cuts into the investments necessary for economic growth.

We need a responsible budget that protects the economic progress we have made and lays a foundation for future economic growth.

I will continue to work with colleagues to identify areas we can responsibly cut. In fact, during this Congress I have supported nearly \$50 billion in responsible budget cuts.

However, we cannot have credibility on reducing the deficit or controlling the debt unless our economy is growing.

And, unfortunately, the cuts proposed by the Majority would have a devastating effect on local programs and our economy.

Among the programs slashed by the majority's budget are Pell Grants—need based student aid that helps many low-income families send their children to college.

We should be telling young adults "America will invest in you," but the Republican budget cuts delay and may end the dream of higher education for many. In my district, over 8,000 students received Pell Grants that helped them attain the higher education and career training they need to secure good jobs after graduation.

Unfortunately, Pell Grant funding is facing a funding shortfall. The recent spending bill passed by the House—that I opposed—would cut this year's maximum Pell grant by \$845.

Again, I strongly support efforts to reduce the deficit and cut the debt.

However, we will not be able to reduce our deficit unless we continue to grow our economy and the proposed cuts are aimed at precisely the programs we are going to need for future economic growth.

I have also made a commitment not to support efforts to balance the budget on the backs of those most in need in our communities.

As a Member of Congress, and one who is committed to growing the economy and cutting the deficit, I have hard choices to make.

The Majority continues to bring proposals to the floor that cut programs that are critical to our communities and our economic recovery.

I will continue to partner with my Congressional colleagues to identify cuts we can make.

But, my first priority is to support those programs that help small businesses create jobs and unless we in Congress do that first we will not be able to form a long-term plan to cut the deficit.

Another area of the budget where we must put the necessary resources is the global non-proliferation program.

Under the National Nuclear Security Administration, our efforts to secure and dispose of loose nuclear materials and nuclear weapons is a paramount national security priority.

Ensuring that our efforts toward the President's goal of securing loose materials by 2012 is critical.

The Global Threat Reduction Initiative—which is already seeing delays due to the current fiscal year's uncertain funding levels—identifies and supports efforts by foreign governments to secure material.

GTRI faces delayed shipments of highly enriched uranium from nations like Belarus, Poland, Uzbekistan and Hungary.

The longer we allow these materials to stay out there, the more we put our allies, our troops and our nation at risk.

I greatly hope that this national security priority is one that the committee acts on judiciously as it decides where to decrease funding.

PREPARED STATEMENT OF HON. BARBARA LEE, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF TEXAS

Thank you Chairman Ryan, Ranking Member Van Hollen and the members of the Budget Committee for giving me the opportunity to testify today.

As a founding co-chair of the Congressional Out of Poverty Caucus, a member of the Congressional Black Caucus, the Congressional Progressive Caucus, and the Congressional Asian and Pacific American Caucus, my colleagues and I have been working to diligently to put together our budget priorities and ensure that the needs of the poor and the most vulnerable are addressed in the FY 2012 Budget.

Mr. Chairman, let me remind this committee that a budget is a moral document. It shines a light on what the priorities of our government are. It also defines what we as a community, as a society and as a nation hold dear.

Do we believe that our nation has a responsibility to help poor children get an education, proper nutrition, and have access to quality health care? Do we believe that its right to take away critical funding for small business innovation, and job training programs when a company that turns a \$14.2 billion profit with over 130,000 employees in the United States pays no federal taxes?

While it is true that our deficit is high, we must not allow a false sense of panic to force us into making shortsighted choices. Such a course will only hurt our economic recovery, result in more job losses, and lead to the elimination of critical safety net programs that millions of Americans around the country, both in my district and in your districts, have come to rely on.

In short, we cannot and we must not balance the budget on the backs of our most vulnerable; we must instead build up the budget and reduce the deficit through the success of the working class.

We must take a hard look at our priorities and make some smart choices about how to get our fiscal house in order.

To begin with, we must bring the war in Afghanistan to a responsible end. Each year America's longest war costs the American people \$107 billion a year.

And what have we gotten for it?

Have we captured Osama bin Laden? No.

Do we have an efficient, effective and democratic ally within the government in Kabul? No.

Is our continued military engagement in Afghanistan the most effective strategy for reducing the threat of global terrorism, when we know Al Qaeda is no longer in the country? As many experts have said the answer is, no.

It's clear that we must end the war in Afghanistan and instead make smart security investments to safeguard our nation's interests and improve our long term security. That means significantly reducing the bloated \$700 billion plus, Pentagon budget which consumes over half of all federal discretionary spending.

And it means being realistic about our obligations to our nation's seniors who rely on Medicare and Social Security.

First of all, let's be clear—if you support the repeal of health reform—you are contributing to the destabilization of Medicare. As study after study has shown, the only way to truly bring down health care costs is to broaden the number of people who are utilizing health insurance and services so that risks and costs are shared among more people.

Providing tax credits to expand access in health reform was a good start, adding a public option would have been better. The fact is however, that the best approach to broadening the risk pool and bringing down costs is to extend Medicare for all individuals and establish a single payer system.

Secondly: Social Security does not affect the deficit. The trust fund ensures that we will have funding available to pay out benefits for many future generations. Instead of jeopardizing the retirement security of millions of Americans through privatization, we must ensure that the wealthiest among us pay their fair share by raising the cap on the social security payroll tax.

At the same time that we address these issues—we've also got make the kinds of investments that will stimulate the economy, spark business innovation, and create jobs.

It's clear that the economy is along way from a full recovery, and that many families are still struggling to get back on their feet. Today 43.6 million Americans are living in poverty, including 1 in 5 children.

With rising costs for gas, food, and rent—proposing drastic cuts to education, housing, and healthcare will place additional burdens on the most vulnerable among us—jeopardizing the lives of millions of Americans.

Instead we must embrace a budget that provides a proven pathway out of poverty to prosperity for all Americans.

We must increase funding for job training by increasing funding for the Workforce Investment Act to \$4.5 billion. Green jobs innovation should be a priority of this Congress, and we should provide \$1.5 billion to reauthorize 21st Century Community Learning Centers.

We must address the chronically unemployed who have grown by 441% since 2008 by providing \$16 billion in emergency funding to extend Unemployment Insurance to those who have exhausted their benefits.

We must increase support for our States, whose budgets have been drastically cut due to the recession. We must increase, not cut, funding for Community Service Block Grants, Community Development Block Grants, and Social Services Block Grants.

We must ensure that every American has a roof over their head by funding \$2 billion in the Affordable Housing Trust Fund, that children have access to early education via Head Start, and that every community has access to a health center.

Further we must commit to increasing support for federal nutrition programs to address the stunning growth in enrollment in the SNAP and WIC programs so that we lift the specter of hunger from the shoulders of the American family.

Ex-offender re-entry programs in the Departments of Justice, Labor, Education, and Health and Human Services must be fully funded so that states can develop and maintain comprehensive programs to support the safe and productive re-entry of the formerly incarcerated.

We must also make sure that our communities are safe by restoring funding for COPS hiring and COPS programs.

Finally, we must make sure that our commitment to the fight against HIV/AIDS at home and abroad is strengthened.

In order to carry out the Administration's new National AIDS Strategy we must provide a minimum of \$610 million to support the Minority AIDS Initiative, and an additional \$1.95 billion for the CDC's prevention programs, while ensuring that we fully fund the Ryan White CARE Act and eliminate waiting lists for lifesaving AIDS treatment through the AIDS Drug Assistance Program.

We must meet the bipartisan commitments to fight global AIDS that Congress and President Bush made in 2008 by providing \$7.25 billion for the President's Emergency Plan for AIDS Relief and \$2 billion for the Global Fund to Fight AIDS Tuberculosis and Malaria.

These small investments pay huge dividends in terms of the number of lives saved, the economic and health benefits that accrue to countries we help, and the goodwill that these programs generate.

We can do all these things and more, but first we must have a serious discussion about our priorities and how we can pay for them.

Mr. Chairman, I support reducing the deficit. But cutting non-defense discretionary spending alone will not solve the problem. We need to talk about raising revenues, about repealing tax cuts to the most wealthy, and ending the longest war this country has ever faced.

Americans want a land that is rich with opportunity for all and not just the privileged few.

We cannot and should not judge the success of our country by the size or health of the stock portfolios of the super rich or how easily multinational corporations avoid paying taxes by sheltering their profits in offshore havens.

The only way we can measure the success of our country is by looking at the success of the middle class, and at the effectiveness of our efforts to reduce and eliminate poverty in America.

Instead of a government by lobbyists dedicated to the wellbeing of the rich and the privileged, we must recommit our nation to a government by the people that is committed to investing in the future and wellbeing of all Americans.

My colleagues and I in the Democratic Party stand ready to present our ideas to balance the budget and invest in our country again.

I urge all my colleagues to join with me and stand together for future of our nation and for all our people.

I thank the Committee once again for the opportunity to share my testimony and I respectfully request that my full statement and a detailed list of the budget priorities I have outlined be included in the record.

COMMUNITY AND REGIONAL DEVELOPMENT (450 AND 550)

I urge an increase to full funding of the Community Development Block Grant to \$4.4 billion and funding of \$700 million for Community Services Block Grants. I also urge support for the President's request of \$75 million for new Veterans Affairs Supportive Housing vouchers. Additionally, I recommend in function 550 an increase in the HOME Investment Partnerships Program to \$1,825,000, a funding of the Low Income Home Energy Assistance Program at \$5.1 billion, and providing \$2 billion for the Affordable Housing Trust Fund. Furthermore, I advise increases of \$250 million to the Choice Neighborhoods Initiative and \$150 million to the Sustainable Communities Initiative.

HEALTHCARE (550) AND INTERNATIONAL AFFAIRS (150)

I recommend the Division of Viral Hepatitis be funded at \$50 million, the President's Emergency Plan for AIDS Relief received an additional \$1.651 billion to \$7.25 billion total. I also urge an additional \$700 million for the Global Fund to Fight AIDS, Tuberculosis, and Malaria, providing an additional \$200 million to the Minority AIDS Initiative for a total of \$610 million, and fully funding Community Health Centers at FY 2010 levels.

EDUCATION, TRAINING, EMPLOYMENT AND SOCIAL SERVICES (500)

The Green Jobs Innovation Fund should receive \$120 million, 21st Century Community Learning Centers merit \$1.5 billion, and I recommend \$1.2 billion for Career and Technical Education. Pell Grants should also be funded at \$180 billion, TRIO at \$950 billion, and Historically Black Colleges and Universities at \$95 million.

INCOME SECURITY (600)

Given the continuing economic crisis, I urge providing \$16 billion for Emergency Unemployment Initiatives through Emergency Funding and restoring Supplemental Nutrition Assistance Program to the President's proposed levels. Additionally, I recommend \$4.5 billion for the Workforce Investment Act, \$1.8 billion for Job Corps funding, and \$8.1 billion for Head Start.

COMMUNITY SAFETY AND JUSTICE (750)

Within function 750, I recommend \$298 million for the COPS hiring initiative, \$203 million for other programs within COPS as well as providing \$5.2 million to the Legal Services Corporation.

GENERAL GOVERNMENT (800)

I recommend providing \$1 billion to the Internal Revenue Service to fund closing the tax gap, \$500 million to completely close off shoring of corporate profits. Additionally, I urge \$100 million in funding for Way of Small Business Tax Compliance and \$400 million for its general enforcement.

PREPARED STATEMENT OF HON. BEN RAY LUJÁN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NEW MEXICO

Dear Chairman Ryan and Ranking Member Van Hollen: As our uncertain economic times continue, it is as important as ever that this Congress craft a fiscally responsible budget that invests in our most urgent priorities and the vision we all share for the direction of our country. As we confront the realities of our federal budget, we cannot undermine the nascent recovery by making arbitrary cuts to programs that drive economic growth or support our struggling middle class. Our fiscal 2012 budget must honor the commitments we have made to our seniors and to those seeking work, but must also continue laying a foundation for a stable, secure, and prosperous future.

As the interest payments on our national debt continue to increase, it is clear that immediate action is needed to address the sustainability of our federal budget deficit. Our approach to the deficit must be effective, but also cognizant of the fragile state of our economy and the middle class. I strongly opposed the extension of the 2001 and 2003 Bush tax cuts for millionaires and billionaires last year because I believe it is inappropriate to extend extra tax breaks for the wealthiest one percent of taxpayers at a time when extreme budget cuts are being considered for many vital safety net programs. The House budget for the next year should put an immediate end to these expensive and unnecessary tax cuts. Further, the House should return to the responsible pay-as-you-go budgetary practices that were enforced in

the 111th Congress and prevented new government spending or revenue reductions from jeopardizing our nation's future economic stability. We must get our deficit under control before debt payments increase to the point of being insurmountable.

With so many Americans seeking additional work, we need innovation, courage, and a commitment to develop new technologies more now than ever before. Our ability to get our country's economy back on track relies on our ability to change the way our country brings new ideas and businesses from the drawing board to the showroom floor. We must harness the incredible innovation of the great National Laboratories in my home state of New Mexico. By directing investments towards the research and development projects done by the labs at Los Alamos and Sandia, we will reap enormous benefits down the line. The labs are working on new technologies that will make America safer, more energy-efficient, and environmentally sustainable. The technologies under development at the labs include new ways to transport and store renewable electricity more efficiently as well as the next generation of airport screening technology. We must invest in their research capabilities as a source of jobs today and of innovation for the future. In order to reap the full rewards of these investments in research and development, we should fund technology maturation programs that encourage promising new technologies, often in partnership with private entities. Without this important step many promising technologies are left undeveloped.

If our goal is a stronger, better economy—education is how we get there. As global competition in the development of advanced technologies increases, our country risks losing its preeminence in the global community for innovation in the sciences, mathematics, and engineering. As a Congressman from a minority-majority state, I know firsthand of the severe shortage of Hispanic and Native American students in science, mathematics and engineering fields. The continuing under-representation of Hispanic and Native American students and the growing shortage of scientists, mathematicians and engineers require serious investment in the development of STEM education pipelines for minority communities. The higher education needs of our Native American and Hispanic students are often unique, and Tribal Colleges and Universities and Hispanic Serving Institutions provide vital educational opportunities for these under-represented communities. As you draft the FY12 Budget, I urge you to resist weakening our edge in technological innovation and support strong investments in our nation's STEM education programs and in our Tribal Colleges and Universities and Hispanic Serving Institutions.

In the difficult economy it is more important than ever to train workers for careers in emerging industries—especially clean energy. With investments in clean energy, we can create new jobs in a variety of industries and get our economy back on track. I ask that you consider targeting funding toward investments in renewable energy production as well as energy efficiency initiatives that can grow the domestic clean energy industry. I urge you to consider providing funding to community college clean energy training programs in wind, solar, geothermal and biomass energy sectors; energy-efficient construction and retrofitting.

As our economy continues its recovery, I am concerned with the effects of rising oil prices on transportation and production costs. While the global stock of petroleum has remained stable, recent unrest in the Middle East has spurred a dramatic increase in fuel prices. Last year, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act to provide regulators at the Commodity Futures Trading Commission and the Securities Exchange Commission with necessary oversight capabilities over the oil and natural gas markets. We must ensure that these vital regulatory agencies are adequately funded and staffed to monitor the markets and prevent speculative practices that result in higher prices and instability. Additionally, as the United States diversifies its energy supply toward new sources of domestic energy, clean burning natural gas will play a critical role in providing a safe and reliable fuel source to generate electricity and to power our vehicles. With sufficient investment, natural gas can be used directly in vehicles and produce significantly less emissions than traditional gasoline. Our nation will benefit from cleaner modes of transportation, which will reduce pollution and improve overall air quality in our communities. Production and use of natural gas vehicles has the potential to create thousands of American jobs and spur regional economic development. To support accelerated deployment of natural gas vehicles, we must support the build-out of natural gas refueling infrastructure. Making natural gas refueling stations available and accessible to all drivers encourages the use of natural gas vehicles and underscores our commitment to reducing harmful emissions.

An additional threat to our economic recovery is the troubling financial state of our local and municipal governments. Many of the leaders of small towns and rural counties in my district have been forced to cut their budgets for basic services and longstanding infrastructure needs. These local governments are facing a number of

threats to their budgets simultaneously—the weak economy has decreased tax revenue while state governments have cut back on local support and the municipal bond market has frozen. For our economy to thrive, we must support these local governments as they provide our constituents with good jobs supporting our communities. I urge you to increase funding for programs such as Community Development Block Grants and the Payment in Lieu of Taxes program. These programs provide the seed money that spur local economic development and provide the services that support healthy and prosperous communities. Additionally, we must continue to support the workforce needs of our local police forces, firefighters, school districts, and health departments so that they can continue to keep our neighborhoods safe, clean, healthy, and educated.

We must remember the unique needs of our returning veterans. About a third of Iraq and Afghanistan veterans are estimated to have a serious mental-health problem such as depression or Post-Traumatic Stress Disorder. As many as 7,000 New Mexico veterans are homeless. Many have lost their jobs after extended deployments and are forced to start over once they return home. They not only need the health care they are entitled to, but we need to provide them with access to higher education and job training and offer the resources to help them successfully reintegrate into their families and communities. In recognition of the service provided by our veterans, this Congress must generously support the Veterans' Health Administration and the Centers of Excellence for Veteran Student Success.

In New Mexico, my constituents continue to address the aftermath of severe winter weather in early February. During the storm, the effects of historic cold temperatures were exacerbated by a statewide shortage of natural gas to residential and commercial gas customers. To this day, many New Mexicans are struggling to pay for the expenses of broken pipes, flooded homes, and degraded natural gas transmission infrastructure. The lingering effects of this disaster, which President Obama recently declared to be a national emergency, are a reminder of the need for more sophisticated natural gas and electrical infrastructure as well as for adequate support to those affected by the occasional failures of those networks. Programs designed to provide support during natural disasters, such as the Federal Emergency Management Agency, and resources to help low income communities provide heat during the winter, such as the Low Income Housing Energy Assistance Program, are life-saving necessities and should be exempted from larger efforts to cut government spending.

Millions of Americans rely on Social Security and Medicare to make ends meet and to get the health care they need. Seniors in my district are concerned about the future of these programs and their ability to meet future obligations. The concerns of my constituents have been exacerbated by rhetoric from some in Congress suggesting that Social Security should be “reformed” by privatizing individual accounts. This proposal has been rejected by the American people and would do nothing to provide additional income security for seniors. These proposals would put Social Security in the hands of the same Wall Street banks that plunged our economy into a recession by taking excessive risks and engaging in unscrupulous lending practices. My constituents are opposed to these efforts, and I believe that our budget should reflect the need to keep our promise to New Mexico's seniors. Instead of endangering these programs and threatening benefit cuts, we must work in a bipartisan way to make common sense adjustments that will strengthen Social Security and Medicare for future generations. I urge you to reject efforts to endanger the capability of Social Security and Medicare to provide for our seniors into the future.

Thank you for your attention to these important issues as you craft the Fiscal Year 2012 budget. Investing in priorities that will create jobs and strengthen the middle class are critical to our efforts to build a sustainable economic recovery that benefits people in New Mexico while also reducing our budget deficit.

PREPARED STATEMENT OF HON. STEVEN M. PALAZZO, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF MISSISSIPPI

Thank you Mr. Chairman, and Ranking Member Van Hollen, for the opportunity to testify today.

Our nation is on the brink of an overspending-induced disaster. Our national debt is at an all-time high—over \$14 trillion. We are now in our third straight year of trillion dollar deficits and will see four straight in fiscal year 2012. Over the next decade this overspending will cause us to spend over \$900 billion per year in interest payments; in essence the minimum payment on our national credit card. Before the economic crisis, our highest national deficit had been \$458 billion, or one-third the estimated deficit for our current fiscal year.

As a CPA and former small business owner, I understand what it means to balance a budget and meet payroll. It requires discipline and it is not easy. As the father of three children I know what it means to make tough choices when times are tough. Our nation must show similar discipline. While it may not be easy, cutting spending to lower our deficit, and eventually balance our budget, must be our primary goal.

It is not right for us to saddle our children and grandchildren with these enormous amounts of debt. For years previous Congresses have spent too much. Just like a family or small business cannot continue to spend beyond its means forever, a nation cannot survive when it fails to be fiscally responsible.

Let me be clear: Washington has a spending problem, not a revenue problem. Higher taxes are certainly not the solution. They would lead to negative economic effects that will stifle future economic growth and make it harder to balance the budget. Moreover, the solution that some propose—to increase taxes to fix our budget problems—reflects a fundamental confusion of the proper role of government. It is the duty of government to defend liberty for its citizens. Our founders devised our government on the principles that it serves its citizens, not the reverse.

Washington has lost touch with the American people—that was the lesson in November and yet some still refuse to listen. We need to alter our mindset when considering how much to spend. There are opportunity costs to all federal spending. Instead of considering how we can spend every last dime the government can borrow, we should be asking what Americans could be doing with that money if it stayed in the economy instead of being spent by the government.

To force Congress out of a mentality that assumes spending increases are inevitable from year to year, we should also adopt a zero-based budget mentality. While the Appropriations Committee will allocate funding to specific programs, this Committee should find the lowest amount of spending possible that can adequately fund our total budgetary needs.

First among these needs is our national defense, and I urge my colleagues to keep in mind that fact. If we keep overspending, our interest payments will become an increasingly larger part of our budget, which will severely hamper our ability to fund our own defense. That would be an astounding turn of events in our nation's history. The reason our nation reached superpower status in the world is our pre-eminent military and the ability of Americans to earn a living and build strong communities, but decades of irresponsible federal spending could crumble our status as a superpower.

I also urge the Committee to include mandatory spending reforms in the budget resolution. Programs like Medicare and Social Security provide an important service for Americans, a service that has been paid for through taxes during one's working years. However, due to demographic trends, those programs will not be available for younger generations. In 2012, Medicare Part A will begin to run annual deficits. Just two years after that, in 2014, Social Security will begin running annual deficits.

We need to ensure future generations can enjoy these programs. If we want to preserve these programs for the children and grandchildren of today's retirees, these programs must be reformed now. Otherwise they will go bankrupt and leave all Americans out in the cold. I urge the Committee to strengthen these programs by making them solvent, but without affecting retired Americans or those near retirement.

I can certainly understand the fact that there are many different spending philosophies in Congress. However, deficit spending takes money out of the pockets of working families and small businesses at a time when we need more capital in the economy. We need to encourage private sector job creation, not grow bureaucracies inside the beltway.

In closing, Mr. Chairman, you have a very difficult job to do. I urge you and your colleagues on this Committee to take bold steps to reign in our deficit and curb our national debt. There are no easy choices when dealing with our long-term budget problems. But the time has come to make hard choices to ensure that our children are not sentenced to a lifetime of trillion dollar deficits. The American people expect us to make tough decisions and they deserve nothing less.

Thank you, Mr. Chairman

PREPARED STATEMENT OF HON. DONALD M. PAYNE, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NEW JERSEY

Mr. Chairman Ryan and Ranking Member Van Hollen, thank you for convening today's hearing.

Our national debt recently reached \$14 trillion and our deficit continues to rise annually. However, as you draft the FY 2012 budget, be reminded that in addition to our economic deficit, we have a job deficit which continues to worsen in part by an ever growing education deficit. Yes, we must work to rein in on spending. But, we must not, and cannot, indiscriminately cut funding in the areas of education, infrastructure, and employment, which will hamper our immediate and future economic growth. As we remain vigilant in cutting the debt and reducing the deficit, we must remember that the most powerful driver of both is a growing economy.

During this recession, unemployment has impeded economic growth. One of the challenges in addressing unemployment has been the rapid decline in certain occupations and industries and our labor market's inability to meet the demands of new occupations and industries. More than two-thirds of workers in occupations and industries that are growing have at least some post secondary education, compared to one-third of workers in occupations and industries that are declining. The demand for post secondary education, coupled with the rapid increase in baby-boom retirements, is predicted to result in a shortage of more than 14 million college educated workers by 2020. This is the deficit that should garner our national attention. We can only address this through our continued focus on education, training, employment, and social services, which only accounts for 2 percent of our federal budget. For the sake of our progress as a nation and our global competitiveness and full recovery from this recession, I encourage an increase of funding to support these areas and strongly oppose any cuts to the already existing 2 percent.

I strongly oppose the adaptation of "H.R. 1" style cuts to the FY2012 budget. Specifically, I oppose cuts to employment and training programs, which serve millions of Americans in diverse communities daily. I oppose proposed cuts to Title I programs, which provides supplemental support to help districts and schools meet the needs of low-income children. I oppose cuts to School Improvement Grants, which provide important resources for states to turn around their lowest performing schools. I oppose cuts to Head Start programs, a vital tool which levels the playing field for millions of low income preschoolers nationwide. I oppose cuts to Pell Grants, an investment which has historically provided access to higher education across the economic spectrum and continues to serve as a contributing factor to the creation of a more competitive workforce. I oppose cuts to TRiO programs, which send the largest amount of low income students to, and through college, resulting in productive, responsible, taxpaying citizens. All mentioned programs, in fact, do just that: create a foundation which ultimately results in added growth to our economy.

I also oppose cuts to infrastructure projects, which have improved our communities and neighborhoods and created millions of jobs. Specifically, I oppose cuts to the Community Development Block Grant program, which creates over 100,000 jobs in construction, renovation, and community services each year and generates over \$300 million annually in program income for cities and states. Such cuts also affect our commerce and transportation structures, which would further cripple our already challenged economy.

Further, I am deeply concerned that many of the calls for cuts in international spending are based on the belief that the United States spends far more than it actually does. Annual polls by the University of Maryland show that Americans vastly overestimate the percentage of the federal budget allocated to foreign aid, with a median estimate of 25 percent. When asked how much they think would be an appropriate percentage, the median response is 10 percent—a response that has remained unchanged for the past fifteen years. In reality, of course, foreign assistance accounts for about 1 percent of the federal budget.

Also of great concern are the negative consequences cutting the 150 budget would do to our job growth here in America. Since more than one in every five U.S. jobs is linked to exports and imports of goods and services, we must support the work of our export agencies in advocating for U.S. commercial interests overseas and creating new and stable markets for U.S. exports. As the U.S. Chamber of Congress wrote to House Members during consideration of H.R. 1, approximately half of all U.S. exports go to developing countries, and our contributions to international financial institutions play a vital role in helping developing countries become reliable trading partners.

On a global-health level, it is troubling that the House budget bill includes deep cuts in critical funding for life-saving AIDS medication, childhood vaccines, malaria prevention and treatment, and agriculture programs that help teach people living in poor countries how to grow more food for their families and lift themselves out of extreme poverty. These programs, which have cut malaria deaths in half in many countries across Africa and saved the lives of millions of men, women and children infected with HIV, make up just a tiny fraction of the US budget—less than 1 per-

cent—but they are literally the difference between life and death in some parts of the world. An 8% cut for PEPFAR would directly impact a program to prevent HIV from passing from mother to child, just as we are on our way to ensuring no child is born with HIV by 2015. Approximately 20,000 babies will be born with HIV as a result of budget cuts that will deny HIV positive mothers the simple, affordable treatment that can stop the virus from passing from mother to child. Half of those babies born infected with the virus will die before their second birthday.

The House's cuts to overall maternal and child health funding will mean that two brand new vaccines to fight pneumonia and diarrhea—the two biggest disease killers of kids in the developing world—won't make it out to all the children who need them. Overall, millions of children won't be vaccinated against diseases that are easily dealt with here, but are the biggest causes of childhood death and disability in Africa. Vaccines represent some of the best investments in global health because they are affordable and, once a child is vaccinated, he or she is protected for life.

I strongly support President Obama's decision to consider Function 150 as part of the national security budget, in recognition of overwhelming evidence that defense, diplomacy and development must go hand in hand. Whether in Iraq and Afghanistan, where U.S. troops have been engaged in combat operations, or Haiti and Sudan, where complex humanitarian emergencies threatened to deteriorate into large-scale violence, USAID's operations are every bit as important as the U.S. military's to protecting the health and safety of American citizens.

The State Department/USAID core budget request of \$47 billion represents a 1 percent increase over the comparable FY 2010 levels. The portion of that request for foreign assistance—\$32.9 billion—limits growth to 0.5 percent over 2010 levels while making hard decisions about program funding in many critical areas. For example, the President's budget cuts \$115 million (15%) in assistance for Europe, Eurasia, and Central Asia, eliminates six bilateral country programs (\$4.5 million), cuts foreign military financing (FMF) to 16 countries by 50 percent or more (\$39.5 million), and decreases development assistance to over 20 countries (saving \$144 million).

The President's FY 2012 International Affairs budget request reflects tough choices and significant savings in a difficult economic climate. In a world characterized by great turmoil and uncertainty, the budget request represents the resources needed to protect Americans and American national security interests around the globe. I strongly urge support for the President's FY 2012 budget request for the Department of State, USAID and related agencies.

Again, I urge all to discuss cuts in a manner that sets us up for sustainable economic security, superior educational opportunities, and a stronger national presence through humanitarian efforts and solid alliance-building. To do the opposite would result in further devastation.

PREPARED STATEMENT OF HON. STEVAN PEARCE, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NEW MEXICO

Mr. Chairman, thank you for holding this hearing. With the entire nation engaged in the spending debate, now is the time to strike when the iron is hot. Congress has a tremendous opportunity to fundamentally change the expenditure of taxpayer dollars so it is accountable, within the federal government's means, and fairly distributed so as not to hamstring struggling, rural, western states.

The reality of our nation's spending is light-years past the point of talking about solutions, and we've now reached a critical mass. It's time to put words into action and I think the chairman of this committee feels the same. I suspect his budget will reflect that sentiment.

You would have to ask yourself exactly what the basis is of all of the discussions that we are having in committee and on the floor of the House, and of those discussions our constituents are having in their communities. I'd like to make things as simple as possible to understand, and much of this can be boiled down into simple subtraction. Annually, the federal government takes in \$2.2 trillion dollars and spends \$3.5 trillion dollars. Over time this deficit has snowballed into a massive debt. It's that debt we must take head on and grow our revenue. By growing revenue, we move people out of the \$3.5 trillion column.

But, we must be smart about where we grow and where we cut. Western states, those that have the highest concentrations of federally owned lands suffer immensely when budgets are cut and local revenue cannot be tapped for local expenses. This is a considerable disadvantage compared to the rest of the nation and a situation not many states fully understand. In moving forward, the budget must reflect the hardships each region of the nation experiences to the appropriate scale. As long as the federal government owns major tracts of land, as is the case in many

western states, I fear these states will receive a proportionally lower level of consideration from the federal government.

There has been some evidence of this in our current discussion on appropriations running through the remainder of FY2011. One such example is, regarding an important program to the Navajo Technical College in Crownpoint, New Mexico, which receives funding through Perkins Section 117. Perkins Section 117 has been misidentified as an earmark and is now facing elimination through H.R. 1 and the two short-term continuing resolutions. Section 117 is not an earmark though in that it is authorized by Congress as a competitive discretionary grant program. It is open to applications for any accredited tribally-chartered postsecondary career and technical institution, and since the program's inception in 1990, Congress has consistently appropriated funding each fiscal year pursuant to the existing authorization. Further, in the relevant section of the Perkins statute, attached, neither Navajo Technical College nor the United Tribes Technical College, the current recipients of Section 117 funding, is named in the legislation.

Additionally, my concerns extend to treatment of the National Laboratories. Under the current funding process which will take us through the remainder of FY2011, the National Laboratories face significant budget cuts. Although much of their funding comes from the Department of Energy, the National Laboratories have a distinctly defense and national security mission. They maintain our weapons system. They work directly on projects for the Department of Defense. They perform in this manner in concurrence with their work through funding from and under the direction of the Department of Energy.

I look forward to seeing the committee's budget and it is my hope that it will reflect the smart budgeting levels that returns the federal government to sensible spending levels without harming our states to the west.

PREPARED STATEMENT OF HON. MIKE QUIGLEY, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF ILLINOIS

Mr. Chairman and Mr. Ranking Member, thank you for the opportunity to testify today.

Our country is on an unsustainable fiscal path.

The CBO projects that by 2030, the federal government will be spending 30 percent of GDP but collecting only 20 percent in tax revenue.

By 2050, the government will be collecting that same 20 percent, but spending 45 percent—our deficits will only get worse from there.

Rising health care costs to blame—since 1970, health care spending has quintupled as a percent of our budget.

Its growth closely correlates with the projected growth in deficit spending.

Deficit spending will also generate its own costs—eventually, the accumulated costs of past deficits will be the drivers of new ones.

The CBO projects that just 9 years from now, the interest we'll pay on previous borrowing will cost \$778 billion.

This will account for all of 2020's projected \$685 billion deficit and then some, crowding out important programs.

For a country with the proud history and vast resources of the United States, *this is unacceptable*—it is unacceptable because government's mission matters.

Strong national defense and accessible health care are among the priorities that will have to fall by the wayside if our fiscal path is not adjusted.

Step one in righting our course is agreeing on what defines fiscal sustainability.

Some would have us believe that any deficit whatsoever is a threat to government's solvency.

Others would prefer to ignore deficits altogether and continue spending vast sums of borrowed money.

I disagree with both of these extreme positions.

While deficits can help smooth dips in the economy and put unemployed Americans back to work, they can also exacerbate future deficits and slow economic growth.

Either way, this should be a choice that future leaders can make if so needed, and not be one forced upon them by the reckless fiscal planning of previous generations.

As it stands now, we are leaving them no choice at all.

Step two must be fixing our broken budget process.

Trillions of dollars in hidden spending persist with close to zero accountability.

Huge organizations like the Department of Defense cannot keep track of their cash flows.

Right now we're flying blind, and that's making it tougher to find savings in the budget.

Greater transparency and accountability can help us fix our budget and then help us keep it on a sustainable path.

In November 2010, I released *Part One* of a multi-part series on reinventing the federal budget.

I am submitting *Part One*, which discusses these reform proposals, as my written testimony for today's hearing.

[The report may be accessed at the following Internet address:]

http://quigley.house.gov/images/stories/pdf/quigley_reinventing_government_the_federal_budget_part%201.pdf

Step three in this process is making hard decisions on how to move forward with a responsible deficit and debt reduction package.

Guiding these decisions must be a sense that pain will be felt on both sides.

There can be no sacred cows—everything must be on the table—and both sides must negotiate in good faith.

Many domestic spending programs are duplicative or just plain wasteful.

Defense spending goes so far beyond what's reasonable that the Defense Department doesn't even want what we're giving them.

The tax code is full of hidden spending programs consume \$1.2 trillion in taxpayer dollars each year.

And entitlement programs should be reformed to reflect changing times and lifestyles.

My point is this: each of these areas of the budget must be targeted in a deficit reduction plan—15 percent of the budget cannot account for 85 percent of the savings.

Government's mission matters, and we should keep that in mind as work to plan a sounder fiscal future.

In the next month, I will release *Part Two* of my report series on reinventing the federal budget.

Part Two will make specific recommendations for each area of the budget, all told amounting to hundreds of billions of dollars in savings.

Thank you for the opportunity to testify, and I yield back.

PREPARED STATEMENT OF HON. BETTY SUTTON, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF OHIO

Thank you, Mr. Chairman, for the opportunity to present testimony to the Budget Committee today.

I am very proud to have served on the Budget Committee in 2007, my first year in Congress, and I am pleased to speak about the budget issues of most importance to Ohio's 13th Congressional District.

The budget is a moral document that reflects the priorities and values of our nation. The proposed 2012 Budget makes considerable sacrifices, while continuing to make critical investments that create jobs and keep our economy growing.

While we all appreciate that we need to address our fiscal challenges, we need to be smart; eliminating programs that create jobs is the last thing we need to do. We need to make smart cuts, but every cut is not the same. Every cut does not equate with efficiency, nor does every cut strengthen the overall health of our economy. And similarly, every dollar spent does not equate with waste. We need to make smart, efficient cuts and we need to make smart investments.

For example, regarding some smart cuts we should make immediately, we need to end tax subsidies to big oil companies. This would save the taxpayers around \$43 billion over ten years. In a time where middle class families across our nation struggle to make ends meet, we can no longer afford to give these tax breaks.

As a member of the Armed Services Committee, I look forward to the upcoming Defense Authorization process and advocating sensibly on behalf of our brave men and women and in support of the manufacturing and industrial base in my district. However, I have also already supported an amendment to H.R. 1 that would reduce funding by \$18.75 million for operations and maintenance throughout the Department of Defense, and I look forward to working with members of the Committee to find other areas to make smart cuts where possible to save taxpayers money.

I urge the Committee to support \$810 million for the Staffing for Adequate Fire and Emergency Response grant program and the Assistance to Firefighters Act grants. This is flat and level funding as enacted in FY 2010. Now more than ever, these grant opportunities are important to prevent the layoffs of needed fire fighters and to ensure that our Fire Departments will have the necessary equipment and training to keep our families and communities safe.

I support the President's request for an additional \$302 million for the Community Oriented Policing Services, also known as COPS funding, which will bring total hiring program funding to \$600 million. This will add an additional 4,500 police officers on our streets to prevent crime. Every day our first responders work in our communities and provide essential services we need to keep our communities safe.

The federal budget must encourage job creation, provide funding for research and development, and support programs to ensure our workers have the education and skills necessary for the jobs of the future.

I support the President's request for \$148 billion for research and development. To give an example of how important this is to our District and our future, The University of Akron, a global leader in polymer research, is now home to the first bachelor's degree program in corrosion engineering in the nation. The cost of corrosion in the U.S. is an astounding \$276 billion each year. Through research in corrosion mitigation, we can help curb drain on our economy. The Department of Defense has completed 160 corrosion demonstration projects showing a return on investment of 50 to 1. Research investments in these areas lead to job creation, new marketable technologies, and in the case of corrosion mitigation, substantial savings for the federal government and taxpayers.

I also support the President's request for \$200 million to support the Innovation Fund, which will offer funding for high-tech entrepreneurs in the gap—when personal assets are exhausted and before later-stage financing kicks in. This program was modeled after the successful Innovation Fund founded by the Lorain County Community College and its Foundation in Elyria, Ohio. Since 2007, the Innovation Fund, and its partners have provided \$4.1 million to 60 companies that have attracted more than \$41 million in subsequent investment and sales, and created 100 new jobs.

I also urge the Committee to support the President's request of \$143 million for the Manufacturing Extension Partnership. This program has helped create or retain over 466 jobs in my district alone over the last four years. And it is the only national initiative to support, strengthen, and grow manufacturing.

For decades, the Community Development Block Grant program has been an essential component to help local governments retain small businesses, make critical infrastructure improvements, and promote neighborhood development. I cannot stress enough the positive impact these grants have had on my congressional district and I urge the Committee to maintain the FY 2010 level of \$3.9 billion in formula funding for the program.

It is important that our men and women who serve our country receive the world-class care and benefits they have earned. And I strongly support the President's request for \$939 million in funding to help end Veteran homelessness, an increase of 17.5 percent over the 2011 level.

No one, especially a veteran, should ever have to live without a roof over his or her head.

There are 890,300 veterans in Ohio and 22.7 million nationwide, and they deserve nothing less than our full support. I support the President's request of \$6.2 billion for veterans' mental health care. Far too many of our service members return from Iraq and Afghanistan with Post-Traumatic Stress Disorder (PTSD) and Traumatic Brain Injury. The VA estimates that, in 2012, it will provide care to nearly 537,000 veterans returning from Iraq and Afghanistan. Taking care of our service members, veterans, and their families, especially in times of war, is of the utmost importance.

I will continue to support robust funding levels within NASA's budget in areas such as Exploration Technology Development and Space Environmental Testing that take advantage of the unique roles and expertise of NASA Glenn Research Center and Plum Brook Station in Northeast Ohio.

I also urge the Committee to fully fund the Great Lakes Restoration Initiative. Restoring, protecting, and conserving our Great Lakes, and Lake Erie in particular, is critical to maintaining public health, the conservation of endangered wetlands and coastal areas, and maintaining natural areas for sportsmen, anglers, and recreational users, and economic activity associated with these activities.

As a member of the Natural Resources Committee, I support the President's request of \$900 million for the Land and Water Conservation Fund. In the last decade, nearly \$7.8 million in LCWF funding has been invested in land acquisition to expand the Cuyahoga Valley National Park, which is located in my district. Currently, the National Park Service is using the Fund to acquire 580 acres surrounding Blossom Music Center to aid in its expansion and protect its natural habitat.

I also urge the Committee to save the Children's Hospitals Graduate Medical Education Payment Program that was eliminated in the President's proposed budget. The proposal to eliminate this program would be extremely detrimental to the

children's hospitals in my district, and detrimental to our national goal to strengthen the primary care workforce and to ensure timely access to necessary, high quality specialty care.

As one who has served on this esteemed Committee, I understand the challenge we face as we balance the competing priorities before you and make smart cuts to things we must live without.

However, I urge you as to keep the needs of working families in mind as you make your decisions. We cannot afford to turn our backs on hard-working Americans and those who want to work during these difficult economic times.

PREPARED STATEMENT OF HON. NIKI TSONGAS, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MASSACHUSETTS

Chairman Ryan and Ranking Member Van Hollen, thank you for providing me with the opportunity to testify before this Committee about the need to craft a responsible budget, one that protects our fragile economic recovery, makes critical investments in our nation's future, and returns our country to the fiscally responsibly path we charted during the 1990s.

As a member of this Committee for three years, I recognize how challenging your task is and how critical it is to the well-being of every single American that we get it right. The choices that lie ahead of us are not easy. They require a more honest assessment of the challenges that face our country than the House has engaged in thus far this year. As you know, non-defense discretionary spending represents the smallest fraction of federal spending, far smaller than defense spending or entitlement spending, yet it has borne the full brunt of cuts thus far. These cuts will significantly impact our nation's food and drug safety, community development and services, border security, criminal prosecutions, health, education, and global competitiveness—and put our fragile economic recovery at risk in the process, according to multiple independent economists—but will do little to address the very serious fiscal crisis we face.

As conservative columnist David Brooks recently wrote, "In Washington, the Republicans who designed the cuts for this fiscal year seemed to have done no serious policy evaluation." He wisely argues that to be effective, "the cuts have to be spread more or less equitably among as many groups as possible," noting that the path the House has taken to deficit reduction is "as unsustainable as the current tide of red ink."

I was an early and strong supporter of the President's bipartisan commission on the debt, which included several members of this Committee. While I did not agree with all of the commission's recommendations, I recognized that their report to the President offered an important starting point for debate. Perhaps most importantly, the report made a serious effort to tackle all parts of the budget instead of allowing ideological lines drawn in the sand to handicap its recommendations.

I believe the commission's approach should serve as a model as the Committee crafts its budget: everything must be on the table. We must address all manner of spending, including the tax expenditures and loopholes that allow firms like Exxon-Mobil to pay less in taxes than small businesses in my district. But the Committee should be extremely careful that it not harm programs like Social Security, Medicare, and Medicaid under the guise of deficit reduction.

During the last Congress, we proved that it is possible to undertake significant entitlement reform without undermining bedrock benefits upon which the American people rely, eliminating \$500 billion in wasteful spending while shoring up the long-term sustainability of Medicare. In stark contrast, attempts to turn Medicare into a voucher system that provides less and less coverage for seniors each year or to privatize Social Security, leaving it vulnerable to financial crashes like those that rocked Wall Street during 2008 and 2009, will significantly increase costs for American taxpayers.

In conclusion, I want to thank you for providing this opportunity. I look forward to working together to pass a budget that reflects a responsible path forward and that makes serious attempts at reform spread equitably across the entire federal budget.

PREPARED STATEMENT OF HON. TIMOTHY J. WALZ, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MINNESOTA

Thank you for the opportunity to testify here today. In my view the country faces two very serious problems as it relates to the federal budget, which are inter-related—the growing national debt, and weak economic recovery.

First, our current fiscal policy is unsustainable. The simple fact of the matter is that we are currently spending far more than we are bringing in. We are living on credit, and we need to start paying our bills before they overwhelm us. Real solutions to the national deficit must include three elements: we must make targeted cuts to eliminate wasteful or unnecessary programs; we must continue to reform the way government operates to make it more efficient and more accountable; and we need to overhaul the tax code to close loopholes and restore a sense of fairness to the system.

I believe strongly that addressing the deficit requires us to make smart but significant cuts to spending. Over the last six months alone, I voted for more than \$55 Billion in cuts across the federal government and I am certain more can be done. This will have to include the Pentagon's budget, the largest agency in the federal government.

I am confident we can do that in a way that does not undermine national security.

We have already taken the first steps in that direction with the elimination of the V-22 Osprey, and the Marine Expeditionary Fighting Vehicle—but we need to keep looking. At the same time that we are making cuts, we also need to look for ways to consolidate and reform government to make it more efficient. That is why I support a five year discretionary spending freeze that will reduce the overall cost of government relative to the economy. By putting a cap on government agencies overall budgets, we push them to make smarter use of the funds available for achieving their goals by canceling out unnecessary programs, and redirecting funding to where it does the most good. This includes things like VA's Inspector General; last year, their office produced \$26 in saving from waste, fraud and abuse for every \$1 spent. Increasing funding for OIG actually frees up money to improve care for our veterans without increasing overall spending.

Finally, if we want to be serious about tackling the deficit, we need to pass fundamental tax reform. When America's largest and most profitable corporations can game the system to the point where they don't pay any taxes at all—or worse yet, are getting Billion dollar rebates—something has to change. And continuing to extend these massive tax breaks for millionaires and billionaires leaves America's small businesses and middle class families shouldering more and more of the burden. It's time to restore a sense of fairness to our tax system in a way that encourages growth and investment, and ensures that when the tide rises, it raises all boats. By following this commonsense approach, we can get back to primary balance by 2015—the first step to eliminating the deficit—without jeopardizing the economic recovery.

But H.R. 1 takes the wrong approach. The House Continuing Resolution seeks to reduce the deficit by making indiscriminate cuts to a small part of the federal budget. These cuts would hobble the recovery and weaken our ability to compete in the global economy without actually solving the problem. If enacted, the cuts included in H.R. 1 would destroy about 700,000 jobs, worsening the unemployment crisis and imperiling our still-fragile economic recovery. At the same time, H.R. 1 turns its back on those still struggling with the economy, including young mothers and homeless veterans. Worse yet, the bill makes us less competitive as a country going forward. For generations, America has led the world in innovation, especially in the health sector.

In southern Minnesota, we're proud of our own tradition of medical innovation with Mayo Clinic.

But H.R. 1 includes billions in cuts to the National Institutes of Health (NIH); it also makes significant cuts to research and development programs, from the National Institute of Food and Agriculture (NIFA) programs such as Soybean Genomics research at U of M. H.R. 1 also cuts investment in our children by kicking over 200,000 kids out of the highly successful Head Start program.

While there can be no doubt that we need to make major changes to our fiscal policy to bring our books back in order, the most important thing we can do to improve the budget outlook is to grow the economy and create jobs. There is no doubt that increasing unemployment now will only make the deficit problem worse. We need to promote policies that support economic growth and investment. This includes promoting stability in the regulatory environment so that businesses have confidence in their models and will invest. It also includes encouraging credit markets to lend and make resources available to our small businesses—the real engine of our economy.

Finally, businesses are looking to Congress for certainty in the budget as well. We need to put the partisan gamesmanship aside and pass a budget to get us through FY11, and start talking seriously about what to do for FY12 and beyond.

The current budget deficit is a serious problem that needs to be addressed. No matter how daunting it may seem, I firmly believe that American political system

is up to the challenge. Remember, we've done it before—and we can do it again. We have to come together for the good of the country to pass a budget that makes smart cuts, improves efficiency, reforms the tax system and grows the economy.

With that, I yield back the balance of my time.

PREPARED STATEMENT OF HON. FREDERICA S. WILSON, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF FLORIDA

Dear Chairman Ryan and Ranking Minority Member Van Hollen: On behalf of the citizens of the 17th Congressional District of Florida, I am honored to present my testimony to you today regarding our nation's budget for the 2012 fiscal year. I know that you have many, many difficult decisions to make as we face both a record deficit and debt. Within those limitations, we still have the ability to have care, compassion and courage in our deliberations. We must care for those who cannot care for themselves. We must have compassion for individuals and families who, despite their hard work and determination, find themselves staring at record unemployment, home foreclosures, and business failures. We must have courage to make the right decisions that may be politically unpopular but necessary to save our country for our children, grand children and great grand children. I remain ready and willing to work with you and all of the Members of this august committee in that regard.

As you make your deliberations, I respectfully and humbly request the following recommendations.

We must protect our investment in education.

Before I became an elected official, I was a school teacher and principal. Two of my children are principals. My parents emphasized the importance of education. Education is the great equalizer for many Americans, especially minorities. The greatness of our country is the fact that you don't have to be wealthy, well connected or come from privilege in order to be great. If you are willing to hustle, work hard, and go to school, you can do great things.

The organization that I founded, the 5000 Role Models of Excellence Foundation, is committed to guiding minority boys, through education, to the success that college gives us. If not for the 5000 Role Models of Excellence Foundation, thousands of little African American boys would not be in college. Too many would be, instead, in prison, in trouble, and unproductive citizens in America. I am proud of the history and success of this program, and there are many more similar organizations doing the same thing with little if any headlines in our nation. With the reductions to the budget as proposed, thousands of other after- and before-school programs will simply not be able to ensure that another generation or two of children will get the important guidance, mentoring, and organized leadership they so desperately need.

Also, the House Budget's proposed reductions to the Head Start program, the Pell Grant program, and to grant programs for worthwhile after-school organizations cannot be sustained. The Pell Grant, which has only been increased in funding in the last year after not being increased for more than five years, enables hundreds of thousands of low-income students to realize the more elusive dream of attending college. The Pell Grant is need-based, meaning that you get it because your financial situation warrants its use. The Head Start program has enabled hundreds of thousands of children to learn how to read, write, do arithmetic and be successful in elementary school. I served as the first Educational Coordinator of Head Start in Miami-Dade County. As a Head Start teacher, I wrote, produced, and starred in an educational TV show called 3.4 Knock On The Door for training pre-school teachers. I testified before the Committee on Education and Labor to save Head Start from being abolished. Today—I ask again—preserve Head Start. It is a precious jewel that helps our precious children.

We must preserve our funding for international relief programs, specifically, programs supported by the U.S. Agency for International Development.

As you know, the U.S. Department of State received \$49.9 billion for FY 2010; the President is requesting \$52.7 billion for the next fiscal year. In a hearing before the House Foreign Affairs Committee, Secretary of State Hillary Clinton illustrated the deep cuts and the elimination of redundant and outdated programs. This budget only contains what is necessary to accomplish America's goals abroad and advance American security interests.

H.R. 1, the Budget Resolution for the next fiscal year, would reduce funding for this budget by a whopping 41 percent. This reduction would, in particular, affect USAID's work in Haiti. You might not know that USAID, along with other international organizations no longer conduct universal food distribution in Haiti. However, USAID is still working with the World Food Program to distribute to approximately 1.9 million Haitians who need food, including children under five, pregnant

and lactating women, school children, orphans and vulnerable people in institutions. More than 24,000 people per day on average participate in USAID's cash-for-work program across Haiti, with most of the money that is distributed being used to purchase food, often for households of five or more people. In addition to providing a direct economic stimulus, these program help to prevent malnutrition for thousands of Haitians. I shudder to think what would happen to those 24,000 Haitians who receive USAID assistance, or the 1.9 million more that need food?

Furthermore, the budget for the Western Hemisphere's request is \$477.6 million. Of that total, Haiti is expected to receive \$146.3 million. This request funds long-term development in infrastructure and energy, food and economic security, health—and we know that cholera is a huge problem in Haiti, and is one that could be solved with clean, safe drinking water. The proposed reduction in this funding would leave a dire impact upon the ability of eliminating the problem of cholera in Haiti.

We must preserve our funding to protect Israel and our allies.

The State Department's budget found, and I quote, "administrative savings and efficiencies that will streamline operations." The State Department also found savings from reprioritizing its foreign assistance. The Secretary has clearly made many difficult decisions. For example, the State Department has eliminated entire bilateral programs in six countries. Foreign assistance for Europe, Eurasia, and Central Asia has been reduced by \$115 million. These cuts will make way for higher priority funding—such as for Israel, Pakistan, and "programs that are critical to containing transnational threats including terrorism and trafficking in narcotics, weapons, and persons," as the Secretary stated in her budget. During these calamitous times in the Middle East, with Egypt, Libya and Tunisia witnessing revolutionary change, our country cannot afford further cuts to the budget that may affect the safety and security of Israel.

We must preserve funding for the Community Development Block Grant program.

The Community Development Block Grant (CDBG) program the flexible program that provides communities with resources to address a wide range of unique community development needs. Started in 1974, the CDBG program is one of the longest continuously run programs at HUD. The State of Florida has received between \$18 million to \$35 million in funds through the CDBG program, which has works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses. CDBG is an important tool for helping local governments tackle serious challenges facing their communities. The CDBG program has made a difference in the lives of millions of people and their communities across the Nation. Congress has approved a 61% reduction in this worthwhile program. This is simply unconscionable. Our nation's local elected officials—mayors and county commissioners—cannot afford the cut in this program that provides local flexibility to help save communities.

We must preserve funds for Planned Parenthood.

The elimination of funds for Planned Parenthood would mean that hundreds of thousands of women no longer have access to the valuable information to prevent pregnancies and protect their health. Planned Parenthood has been a reliable source of information about contraception and reproductive health, at little or no cost, for more than three decades. During a time of heightened sexual awareness by our nation's teenagers and young adults, we need Planned Parenthood more than ever.

We must invest in jobs.

The Comprehensive Employment Training Act, or CETA, worked wonders to reduce unemployment during the presidencies of both Jimmy Carter and Ronald Reagan. I believe that if our budget invested in a program, whatever we called it, that would direct funds to cities, counties and qualified non-profits like the CETA program once did, we could immediately reduce unemployment, get people back to work, and get vitally needed tax dollars to our local communities. We need to invest in a federal direct-hire program to get people back to work, like the CETA program, now.

I know, again, that you have many difficult decisions that you have to make. I know that by working together we can make the correct and smart choices that will create jobs, defend our nation, protect the most vulnerable, grow the middle class, and reduce the deficit as we embark upon a fiscally responsible future. The American people demand and deserve no less.

[Whereupon, at 3:52 p.m., the committee was adjourned.]