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MEMBERS' DAY

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HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

HEARING HELD IN WASHINGTON, DC, FEBRUARY 14, 2006

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MEMBERS' DAY

TUESDAY, FEBRUARY 14, 2006

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

The committee met, pursuant to call, at 2:05 p.m., in room 210, Cannon House Office Building, Hon. Jim Ryun presiding.

Members present: Representatives Ryun, Crenshaw, Wicker, Diaz-Balart, Bradley, McHenry, Conaway, Spratt, Moore, Baird and Cooper.

Mr. RYUN [presiding]. Good afternoon and welcome, everyone, to the Budget Committee Members' Day hearing. The hearing is directed by the Budget Act, and its intent is to provide a forum in which Members of Congress can relay their priorities from their districts, State, and country to this committee. We are pleased to have a diversified group of Members on the roster today and look forward to receiving their testimony.

Before we go to our first Member, are there any Members who have any opening statements?

I would like to recognize Mr. McHenry.

Mr. MCHENRY. Mr. Chairman, thank you so much. I appreciate the Members coming forward with their ideas and look forward to hearing what good ideas we can try to incorporate as we try to create the budget for this coming fiscal year.

I just want to thank my colleagues Mr. Neugebauer and Mr. King especially for being here.

Thank you, Mr. Chairman.

Mr. RYUN. Thank you very much.

We will proceed with Members and their testimony. We will begin today with Representative Neugebauer of Texas.

STATEMENT OF HON. RANDY NEUGEBAUER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. NEUGEBAUER. Mr. Chairman, thank you, and I ask that I be able to revise and extend my remarks.

Mr. RYUN. Without objection.

Mr. NEUGEBAUER. Thank you, Mr. Chairman.

You know, we moved in the right direction last year when it comes to the budget. For the first time in 8 years, Congress passed legislation that reforms mandatory spending programs and slows their growth rates, saving nearly $40 billion. Through the appropriation process we reduced nondefense discretionary spending and held total discretionary growth to just 1.8 percent. Tax revenues

continue to rise, and we are on a track to pass legislation that will prevent any future tax increases.

Despite this setback in the deficit due to emergency spending without enough offsets, we must maintain the momentum on spending control and continue to keep our tax rates low. To this end, Congress should have three goals in this year's budget. First, our budget must again contain spending reconciliation instructions in order to drive additional reform and savings in the rapidly growing entitlement programs. Second, we must prioritize our domestic spending better in areas in order to live within our means. Finally, we need to reform our budget process so that Congress is more accountable to the taxpayers.

It has been a number of years since Congress used reconciliation to achieve savings and reforms in mandatory programs. We can't afford to wait a long time before we do it again, so reconciliation must become a regular part of the budget process. Left on autopilot, Medicare and Medicaid alone will become 32 percent of all Federal spending, and all mandatory programs will reach a two-thirds level of the budget within 10 years. The economy does not grow that fast, and neither can our government. Our goal should be to hold total spending growth to an annual GDP growth or less.

And what I mean by that, Mr. Chairman, is that I think the President is going to report to us that the economy grew at 3.1 percent GDP last year. And our spending cap should be for our Federal Government, that the Government should grow at no greater rate than 3.1 percent. If we begin to do that over the next few years, instead of letting government grow at a rate of over 5 percent, we begin to reduce the budget deficits at a much faster clip.

So one of the things I would like for this committee to look into is coming up with some reasonable spending restraints. We are restraining the amount of revenue that is coming in in the form of keeping taxes lower, but as long as we keep writing checks that there are not sufficient funds for and we have to borrow, then the spending restraints are not enforceable. So what I think we should do, as we put this budget together, is look at other ways to enforce and impose upon ourselves certain spending caps.

I would urge the Budget Committee to again include the reconciliation instructions in the budget resolution and giving the authorizing committees full latitude in order to decide how to achieve those savings. I also believe that the reconciliation targets should be set in line with a committee's share of total mandatory spending.

What I mean by that is, for example, under the Agriculture Committee's jurisdiction, about one-half of a percent is the Federal budget and 4 percent of all mandatory spending. So when we look at assigning those spending and reform targets, that should be in proportion to that committee's share of the budget.

Currently in the Agriculture Committee we will be working on reauthorizing the 2007 Farm Bill. We need to make sure that whatever bill that we do for budget purposes we keep in place our ability to keep our promise that we made to producers in the 2002 Farm Bill. I urge the Budget Committee keep these considerations in mind when setting targets so that Agriculture does not take a disproportionate share of those savings.

The fiscal year 2007 budget resolution must also challenge appropriators and authorizers to better prioritize spending by reducing the amount allocated for discretionary spending. The discretionary spending debate needs to shift from how much to increase programs to whether or not we should be funding those programs at all. If an authorizing committee has not done the work to reauthorize a program, Congress should not continue to appropriate those funds to it. Reducing the discretionary spending level in the budget resolution is one way to force this change in debate.

Limiting resources results in real priority setting and more debate on whether a program or Members' earmark requests are actually necessary. There are a lot of things that would be nice for the Federal Government to be doing, but the debate really ought to be what we should be doing.

I appreciate the work that the Budget Committee does; however, reforming the way that we budget will enable Congress to do a much better job of being good stewards of the taxpayers' dollars.

Two steps: No. 1, enforcing domestic spending caps for the next 5 years; and, No. 2, reinstating PAYGO for any new mandatory programs, again putting a ceiling on what we spend, and if we do initiate new programs, requiring that all new mandatory programs would have to be paid for.

It is important for Congress to create a revolving sunset of all Federal programs. What I propose with that is whether that period is a 6- or 8-year period, that we say over the next 8 years on a staggered basis that we are going to sunset every major Federal program. Then we begin the real debate on whether those programs should be reauthorized or not, looking at the effectiveness of them, measuring their success, looking at whether if we do reauthorize those programs, are three ways to reauthorize them in such a way that they are more efficient and better stewards of the taxpayers' dollars.

Our budget process needs to take into account for emergency spending. I agree sometimes Federal resources such as hurricane recovery relief need to be made; however, when an emergency situation becomes a priority, we need to offset the cost by reducing spending items that are less pressing. Providing a clear definition of what constitutes an emergency, I think, would also be helpful, and creating an emergency spending fund within the budget would serve Congress better.

We know that when we look back historically over the years that we have had, in numerous years, emergency spending requests that have had to come before this Congress. Let us anticipate those and build an emergency fund in our budget.

We also, finally, need a debate on the budget process itself. In conclusion, a sound 2007 Federal budget resolution will guide Congress through to making further reforms to mandatory programs, prioritizing domestic programs, and allowing for continued economic growth by preventing tax increases.

I also urge you to consider recommendations for budget reforms that other Members will be bringing forward today.

Thank you for this opportunity to present my views on this year's budget.

Mr. RYUN. Thank you very much for your testimony.

[The prepared statement of Mr. Neugebauer follows:]

PREPARED STATEMENT OF HON. RANDY NEUGEBAUER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Last year, for the first time in 8 years, Congress passed legislation that reforms mandatory spending programs and slows their growth rates, saving $40 billion. Through the appropriations process, we actually reduced non-defense discretionary spending and held total discretionary growth to 1.8 percent.

Tax revenues continue the increase that began in 2004 due to sustained growth in the jobs and the economy, and we are on track to pass legislation that prevents a tax increase. Allowing tax rates to rise would take away resources from Americans that they use better than the government can to generate economic growth.

As challenging as these budget accomplishments were, the deficit will still increase in FY 2006. Congress appropriated billions of dollars in emergency spending in response to the Gulf hurricanes and to continue to support our troops abroad, but we did not approve sufficient offsets to cover these needs.

Despite this setback, we moved in the right direction last year. This year, we must maintain the momentum on spending control, prevent a tax increase and address the long-term threats to the nation's fiscal health. To this end, Congress should have three goals in this year's budget:

First, our budget must again contain spending reconciliation instructions in order to drive additional reform and savings in rapidly-growing entitlement programs. Second, we must prioritize our domestic spending better in all areas in order to live within our means. Finally, we need to reform our budget process in order to make Congress more accountable to the taxpayers we represent.

MANDATORY SPENDING SAVINGS

The Deficit Reduction Act will, on average, slow mandatory spending growth from 5.9 percent to 5.7 percent. It had been a number of years since Congress used reconciliation to achieve savings and reforms in mandatory programs; we can't afford to wait that long before we do it again. Reconciliation must become a regular part of the budget process given the deficit, the growing share of the Federal budget that mandatory spending comprises and the growing demographic demands on the largest entitlement programs.

Congress has more opportunities to consider the long-term stability of programs such as Medicare and Medicaid when we add regular review of entitlement spending. CBO projects each of these programs will grow by more than 8 percent over the next 10 years. Left on autopilot, these two programs alone will comprise 32 percent of all Federal spending, and all mandatory programs would reach two-thirds of spending. The economy does not grow that fast, and neither can government. Our goal should be to restrict the growth of all spending annual GDP growth or less.

I urge the Budget Committee to again include reconciliation instructions in the Budget Resolution that give authorizing committees full latitude in deciding how to achieve the savings. I also believe reconciliation targets should be set in line with a committee's share of total mandatory spending and commensurate with the degree a committee's programs are growing in excess of the economy.

For example, all programs under the Agriculture Committee's jurisdiction comprise a half percent of total Federal budget and 4 percent of all mandatory spending. In the Ag Committee, we have begun work to reauthorize Department of Agriculture programs and replace the current Farm Bill that expires in September, 2007. Reductions in agriculture mandatory spending could reduce the amount the available for the Farm Bill before we even write the bill. I ask that the Budget Committee keep these facts in mind when setting savings targets so that agriculture does not face a disproportionate share of the reductions.

PRIORITIZE SPENDING

The FY2007 Budget Resolution must challenge appropriators and authorizers to better prioritize spending by reducing the amount allocated for discretionary spending. Although we could eliminate all non-defense discretionary spending and still run a deficit, we need to squeeze all the savings we can out of this area.

The discretionary spending debate needs to shift from "how much" to increase a program to whether or not we should be funding the program at all. If an authorizing committee has not done the work to reauthorize a program, Congress should not continue to appropriate funds to it.

Reducing the discretionary spending level in the budget resolution is one way to force this change in debate. Limiting resources results in real priority-setting and

more debate on whether a program, or a Member's earmark request, is necessary or is effective. There are a lot of things that may be nice for the Federal Government to do, but the spending debate ought to be about what the Federal Government should be doing.

BUDGET PROCESS REFORM

I appreciate the work of the Budget Committee in setting the parameters for spending and tax policy every year. However, reform in the way we budget will enable Congress to be a better steward of tax dollars. Two first steps we need to take are setting and enforcing domestic spending caps for the next 5 years and reinstating PAYGO for new mandatory spending. Congress has used these tools successfully in the past, and we need to put them in force again.

It is also important for Congress to create a revolving sunset for all Federal programs. A revolving sunset will push Congress to do more oversight and long-term planning and make better decisions about the role and activities of the Federal Government. Sunsetting will also help reduce duplication, waste and obsolete programs.

Our budget process needs to take better account of emergency spending. I agree that we needed to devote Federal resources to hurricane recovery. However, when an emergency situation becomes the priority, we need to offset those new costs by reducing spending on items that are less pressing. Providing a clear definition of what constitutes emergency spending and setting aside an emergency "rainy day" fund in the budget would serve Congress better.

There are a number of budget reform proposals on the table, addressing ideas such as biennial budgeting, earmarking, new budget points of order and a simplified budget resolution. We need a full debate on budget process reform this year.

A sound FY2007 Budget Resolution will guide Congress in making further reforms to mandatory programs, prioritizing domestic programs and allow for continued economic growth by preventing tax increases. I also urge you to consider recommendations for budget reforms.

Thank you for the opportunity to present my views on this year's budget.

Mr. RYUN. Any Members with any questions at this time?

Before we move to the next witness, I would like to take a moment and turn to Mr. Spratt for any opening comments he would like to make.

Mr. SPRATT. I have none, Mr. Chairman. I thank both witnesses for their attendance here and look forward to the further testimony and apologize for being late.

Mr. RYUN. Our next witness is Mr. King from Iowa.

STATEMENT OF HON. STEVE KING, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. KING. Thank you, Mr. Chairman and Ranking Member Spratt, and other members of the committee. I appreciate the privilege to testify before this committee, and I ask unanimous consent to introduce my statement into the record and just speak directly to you off the statement extemporaneously.

Mr. RYUN. Without objection.

Mr. KING. Thank you, Mr. Chairman.

I want to make five points before this committee, all of which are included in my printed remarks. The first is a discussion on joint resolution; and then the need, I think, to produce a model balanced budget; and then to budget emergency spending, which Mr. Neugebauer addressed as well; and then to discuss a rescissions bill that could be useful to us in controlling spending; and then to point out what it would take, at least in a very snapshot way, to balance this budget this year.

First of all, with a joint resolution on the budget, that is something we have discussed at some length in the past 2 or 3 years that I have been here in this Congress, Mr. Chairman, and I think that it is essential for us to be able to pass a budget out of this

House that goes over to the Senate and ask them to put an approval on that. So we would have a joint resolution that would have the endorsement of the House and Senate, and then send it to the President for his signature so it would have the full force and effect of law.

That would eliminate a great deal of the temptation that comes in the appropriations process if we are bound then by a joint resolution and limits us to the 302(b) allocations that would be part of that budget. I have supported this for some time. There is significant support, I believe, to do so. And if we don't do this, we will continue to see this government grow 6 to 8 percent every year, as we have seen it grow in the past. That would be my first point.

My second point is a respectful request to this Budget Committee, and it is one that I have made in private over the last 3 years I have served in this Congress, and it is one I would ask your help with, and that is let us produce a balanced budget. Whether we can pass it or not is a secondary question, but we should hang a model up on the wall that lets the American people know how painful it might be to do the cuts that are necessary to balance this budget, like we would have to balance our family budget or our business budget.

I reflect back that even though I was faced with emergency spending in my business in 1993, when four of my major projects went underwater in the construction business, I didn't have the alternative to produce anything but a balanced budget because I would have been out of business otherwise. And I am incorporating two ideas here, the balanced budget and emergency spending. We face this in our business and our families every day in this country. We do what is necessary to balance the budget, no matter how painful it is, because we know we are insolvent if we don't do so.

So I would submit that this committee could be very valuable as a tool to produce a balanced budget, if nothing else, as a prototype, as a model or template to show how much we deviate from that when we produce the budget that actually gets 218 votes. I think this committee could do it, and I think you have the will to do it. You certainly have the will to get a budget out of here. I think you have done a great job out of this committee, especially in the last couple of years. Let's produce a model balanced budget.

The third point would be one of Mr. Neugebauer's points as well, and that is to budget for emergency spending. There has been more efforts to do that in the past, and I applaud those efforts, but I think we need that line-item in there, and a realistic line-item, not one that is inflated that can provide for any contingency, but one that is realistic, that is perhaps the average of emergency spending for the last 5 years. Plug that number into the budget and adjust our other numbers accordingly. Then, if we have an emergency that exceeds that line-item within our 302(b) allocation, then let us put it in law, in our joint resolution, that there will be mandatory offsets so that we can control this spending in the event of a disaster, like we have seen down in the gulf coast this year.

My fourth point is the one that I think could actually make a dramatic difference in the spending, and that is to bring a rescissions bill to the floor of Congress, at least one bill at the end of the appropriations process under an open rule in such a way that

every single line item—and we talk about a line-item veto for the President. We don't even get to, as Members of Congress, offer a line-item veto for a majority vote of Congress. But under a rescissions bill that would come to the floor under an open rule, it would allow any Member of Congress to bring an amendment that would strike a line item. And in this I am keeping in mind earmarks that have been a central point of our discussion, but any line item, and direct those funds to any fund that Member chose, whether to reduce the overall debt or whether it is to go to another program, and let the majority of Congress put a vote up on the board that says where we are.

When we finish this process of a rescissions bill, and I don't allege this will be an easy process, especially the first year, but after 2 or 3 years of a rescissions bill under an open rule that lets us bring anything, you would find that the earmarks would be reduced. Outrageous programs wouldn't be submitted because they wouldn't want to face the scrutiny of a potential majority vote in Congress. So I think that is an idea that has a lot of merit and that addresses the earmark problem and the overspending problem.

And then in conclusion, Mr. Chairman, I would just add that under a quick analysis of a spreadsheet program I have had made available to me, I just went in yesterday and did some quick clicks on that, some potentials of what would it take to balance the budget for the 2007 fiscal year, and if I just go to nondefense discretionary spending, it would take a reduction of about 5 percent of nondefense discretionary spending. That is probably, I am certain, too painful for the majority of Congress to go that way, but I think it is important for this committee to analyze different proposals and come back to the Congress with a proposal that lets us know how painful it is to balance the budget in this time.

That would conclude my testimony, and I would be open to any questions. Thank you, Mr. Chairman.

[The prepared statement of Mr. King follows:]

PREPARED STATEMENT OF HON. STEVE KING, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

I wish to thank the gentleman from Iowa (Mr. Nussle), Chairman of the Budget Committee, and other members on the Budget Committee for holding this important hearing today to chart our financial course for Fiscal Year 2007.

Spending is out of control and we are paying more money per household for taxes than we have at any time since the Second World War. We need to get out of the cycle of automatic spending increases. Since much of the budget is calculated from formulas that result in automatic spending increases, the size of government may be expected to grow by 6 to 8 percent every year—automatically. Baseline budgeting estimates how much Federal spending is projected to increase. An automatic increase to mandatory programs is not an effective tool to reduce spending. During this time of year, those seeking funds often play on syntax and claim that budgets are being decreased. For example, if a proposal to reduce the rate of growth on spending that has not yet actually occurred—recommending that entitlements increase by 6.2 percent rather than 6.3 percent—there is a mad scurry stating that funding is being cut when in fact it is not. We need to get Washington out of the mind-set that budget assumptions need to account for the growth of government.

Here are a few of my suggestions to keep us on track toward a balanced budget.

First, I believe that we should transform the concurrent resolution on the budget into a joint resolution, requiring the President's signature and making it enforceable. The Executive and Legislative branches would begin early on to work on budget priorities together rather than working on two separate tracks, which is the current system. Early involvement between the two branches would foster cooperation, leading to less conflict when legislation implementing budget resolution policies is

finalized later in the session. This would make the appropriations process more accountable because the appropriators would be bound by law to not exceed the discretionary spending caps set by the 302(b) Budget Allocations. Authorizing committees would be required by law to find savings in existing programs. It would help to keep the budget process from being watered down by the time the bill makes it out of conference committee. The work during Fiscal Year 2006 is a good start, but we have a long way to go.

Secondly, to fully understand the scope of the budgeting challenges we are faced with in the coming years, Members of Congress need to understand the full scope of a balanced budget and what it will take to get us there. The Budget Committee should be required to present a balanced budget annually even if the balanced budget is not passed out of committee. This would give us a template to work from and always direct us toward a balanced budget. It is important that we set short-term, mid-term, and long-term priorities. Setting a budget is more than just numbers. It defines us by vision and priorities for this Nation.

Third, Congress currently provides additional funds during the fiscal year, usually in supplemental appropriations, to respond to specific natural disasters and other emergency, or unanticipated, situations. Congress and the President usually designate the additional spending as an "emergency requirement," effectively exempting it from budget constraints established under the Budget Enforcement Act of 1990, as amended. I propose that emergency spending should be planned for to the best of our ability. We are not really living under a real and true budget when spending can be taken off the table and accounted differently under the auspices of an emergency. As a small businessman who saw my very livelihood in pending construction jobs and equipment washed down the Missouri River in the flood of 1993, I had to count that disaster as part of my whole budget.

Finally, the Budget Committee should require that at least one rescissions bill be brought to the floor of the House and the Senate under an open rule so that every member has the opportunity to bring amendments. This will reduce the number of earmarks simply because of the intimidation factor. Bloated spending will be dramatically cut by a majority vote of Congress.

I believe we can work together to reduce the deficit and still support a budget that provides for the common defense, helps us fight and win this war on terror, and promotes economic growth. I have some sample charts that illustrate what a 5-percent cut to discretionary and other non-Medicare or non-Social Security spending would look like over the next 5 years. There is nothing courageous or commendable about voting for deficits. True courage is exhibited by taking a tough stand and choosing to cut spending. When it comes to Federal programs, it is not how much money is spent, but what we spend the money on that counts. I believe we need to chart an economic course in this Nation that will not bankrupt our children and grandchildren. The easiest and best way to stop the growth of Federal spending and give more money back to American families is to make these tough decisions now. There still remains much work to be done, and I look forward to working with the Committee to accomplish the goal of not only reducing the deficit but also balancing the budget.

Once again, I thank and commend the Chairman (Mr. Nussle) and the Committee for the work they have done and encourage them to press forward on our tough budget decisions ahead.

Mr. RYUN. Thank you very much for your testimony, and I would like to at this point turn to any Members that might have questions.

Mr. Wicker.

Mr. WICKER. Let me ask a question, and I appreciate the testimony from both of you. It seems that both of you would like for us to change the budget procedure with regard to emergency spending.

Mr. King, you were a little more specific, suggesting that we look back at the past 5 years and use that average as an amount. Have you run the numbers to see how that would have changed things for the Hurricane Katrina. Is it something that you have already done; or would you supply that to the committee?

And, also, how would it actually change things as a practical matter, since we actually did offset a great deal of the emergency spending that we had last year?

Mr. KING. Well, I would be happy to run those numbers and provide them to the committee.

I have just laid out a philosophy, and I don't think any 5-year history would have prepared us for the Katrina/Rita disaster that hit us, because the magnitude of that is beyond, I believe, what that would have accommodated for. But that is from a philosophical perspective. It isn't clear yet the expenses of Katrina to be able to determine the impact of that particular disaster, but I do think Katrina/Rita is anomaly.

We have faced severe disasters in the past, none of that magnitude. So I am hopeful that that will be kind of a blip on the radar screen in a fashion that as we look back historically, we would be able to have a perspective that is broader than Katrina and absorb that into our average in future years.

Mr. WICKER. Would this contingency emergency fund be added to the baseline each year? That is one of the arguments in favor of emergency spending, that you go back to the original baseline; you don't add that in.

Mr. KING. It would be my philosophical position, not a procedural one, that unspent funds would be returned back into the general fund so that they didn't add to the baseline. Otherwise we would be inflating on unspent funds, and that wouldn't reflect the disasters that we faced.

Mr. NEUGEBAUER. I think I would probably take a little bit different approach. I think I would put it in the baseline. It is easier to give it back. But if you build your budget around that, one of the things, for example, in Katrina, if we had had an emergency contingency fund, I think we would have given Congress a little more time to have sat down and looked at what would have been an appropriate reaction to Katrina. As a result of that, we came back and we passed an unprecedented—I think it is the largest disaster bill in the history of this country. If you had had a certain amount of money in there that could have been activated under the budget, rather than having to come back and passing an emergency bill, I think possibly a better outcome of how we spent that money could have been achieved.

In my business, for example, I just recently came to Congress from the private sector, and we reserved amounts for potential overages or for potential unforeseen things that could happen during the budget year because we had to build it around that. It is hard to go back to your customers after you have sold all your merchandise and say, I didn't sell this for enough because we had an extraordinary expense that occurred during the year.

So I think you have to build that into this budget, whether it is a drought in the Midwest or hurricanes in Florida or hurricanes in the Southeast. I think we have to build that in our budget because we have been spending those kinds of monies.

Mr. WICKER. Well, I thank you both for your testimony. Both of you do come from a business background. That is very helpful in looking at the problems that we face.

I want to congratulate these two witnesses, Mr. Chairman, for being creative and thinking outside the box in providing us their expertise on this issue.

Mr. RYUN. Thank you very much.

Any more questions?

May I just say to Mr. McHenry, if you can make your question brief. We have two other witnesses. You may continue.

Mr. MCHENRY. Thank you, Mr. Chairman.

I do want to thank Mr. Neugebauer and Mr. King for their testimony. What they both struck upon was the need for a balanced budget.

Mr. King, you spoke directly about that. Do you want to fill in any more of the details on what you would like to see, the approach here? Because I know every year we have the opportunity to offer amendments, and if it is something the committee cannot take up, I would be very willing to work with you on crafting our view and create our version of a budget so that we can move toward balance and bring the Congress with us.

Mr. KING. Well, thank you, Mr. McHenry. I have not worked out a budget yet myself. As you know, it takes a broad staff and time to do that in a responsible fashion. But I think we need to look at all the components of the budget and analyze them. And it is the growth of entitlements that I am particularly concerned about.

I am also concerned that we put together a budget that if it doesn't balance this year, let us set a target for when it does balance and let us try to make a promise to the American people and head down that path. We need a short-term, a mid-term, and a long-term strategy, and that strategy needs to include these entitlements, particularly Medicare, Medicaid, and Social Security.

And there is going to have to be some policy changes there in order to keep that growth under control, or interest will eat us up in the end down the road. So I would like to look at that with you in the overall composition of the budget.

I do not think a 5-percent cut in the discretionary nondefense spending would be the way to balance the budget. I think that is too draconian, but I used that because it was a simple model. So I would like to look at that in a broader scope with you and anyone else interested in producing a balanced budget.

Mr. RYUN. Mr. King, thank you very much for your testimony, and we will move now to Mr. Ehlers of Michigan for his testimony.

STATEMENT OF HON. VERNON J. EHLERS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. EHLERS. Thank you very much, Mr. Chairman, and I thank you for the opportunity to testify on my favorite topic and, I believe, yours, the same thing I have spoken to you about over the past several years, about the need for more funding for scientific research and the need for great improvement in math-science education in this Nation.

I was always received very cordially by this committee, but I was always told that you could not grant my entire request because you could not go over the President's request. So we now have a situation where the President has requested substantial improvement through his American Competitiveness Initiative, and I would like to discuss that a little bit and certainly lend my wholehearted support to that.

First of all, the most important thing to understand is about math and science education, and I have put on the board some-

thing that indicates I am not alone in this. This is President's Bush's comments about America's Competitiveness Initiative announced in a letter on February 2nd, and I think this speaks for itself. I am not in the habit of reading PowerPoint presentations to people, but you can see it for yourself.

Math and Science Education Underpin our Economic Future

"One of the great engines of our growing economy is our Nation's capacity to innovate. Through America's investments in science and technology, we have revolutionized our economy and changed the world for the better. Groundbreaking ideas generated by innovative minds in the private and public sectors have paid enormous dividends—improving the lives and livelihoods of generations of Americans."

- President Bush, in a letter announcing America's Competitiveness Initiative, February 2, 2006

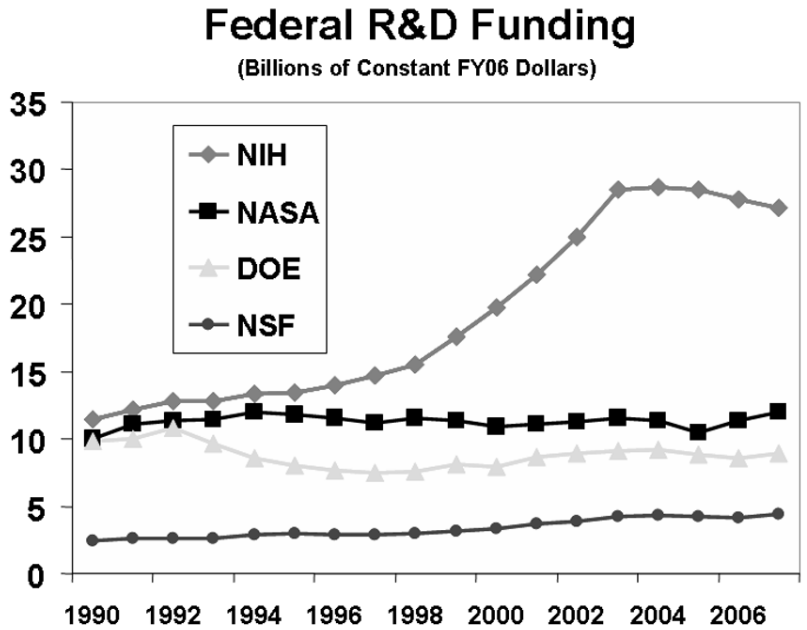
In addition to that, there is another dimension which I have testified to you before about, and which is becoming increasingly apparent, and that is the national security aspect of this. The national security aspect—probably the best statement I can give you on that is the Hart-Rudman Report of 2001, which is, in this Commission's view, that the inadequacies of our systems of research and education pose a greater threat to U.S. national security over the next quarter century than any potential conventional war that we can imagine.

Math and Science Education Underpin National Security

"In this Commission's view, the inadequacies of our systems of research and education pose a greater threat to U.S. national security over the next quarter century than any potential conventional war that we might imagine."

-- Hart-Rudman Commission Report, 2001

Basically they are saying, and I see I have the undivided attention of the committee, this is extremely important, our national security depends on developing better research systems and better math-science education. If we look at what we have been doing and what is happening with our Federal funding, we have—for NASA, Department of Energy, and the National Science Foundation (NSF), we have actually gone down in most of our funding for scientific research, except the NSF has climbed very slowly.



Source: AAAS Reports I through XXXI, based on OMB and agency R&D budget data.
Includes conduct of R&D and R&D facilities.
Constant dollar conversions based on OMB's GDP deflators from the FY 2007 budget.

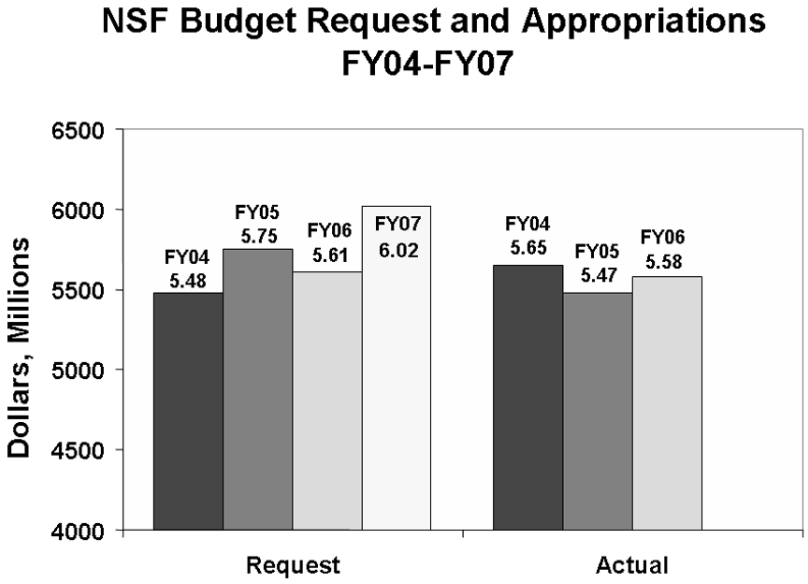
What this chart does not show, and I have not included a chart on that because I don't want to overdo it with charts, but if you compare it to other countries, we are falling behind dramatically. In fact, we are at the point where South Korea will very shortly surpass us in the amount spent on research compared to their GDP, and so will other nations, who are already ahead of us on that point.

One area we have done well is not shown in this, and that is at the National Institutes of Health (NIH), where we, through agreement with a previous administration and with the strong support of Speaker Gingrich, doubled it over a period of 5 years. And if you talk to Mr. Gingrich today, he will tell you he considers it his greatest failure as a Speaker the lack or the failure to double National Science Foundation at the same time.

It has reached the point where scientists at NIH are saying we will have to fund physical science research ourselves because we cannot proceed faster and further in health and life science research until we get the physical science and research done. So the President's initiative addresses this.

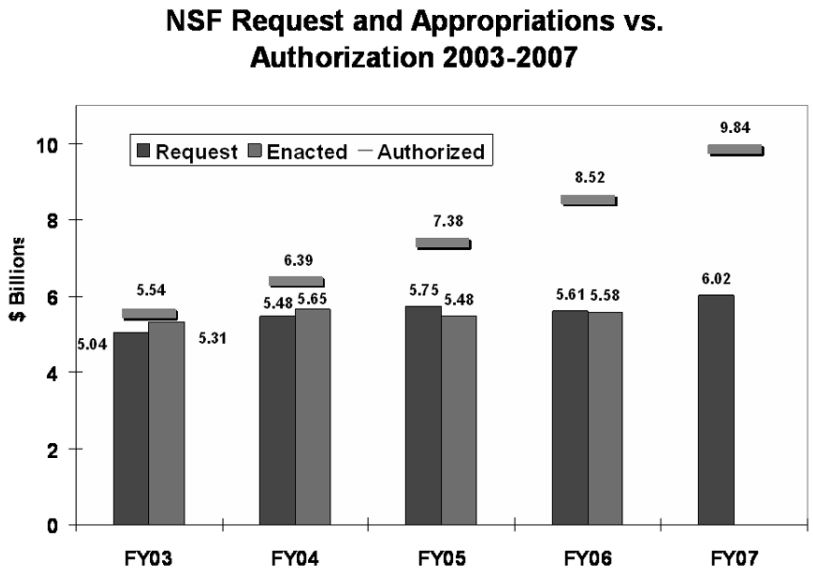
This shows what we have actually done with the National Science Foundation, and the President's request targets three entities, the National Science Foundation, National Institute of Standards and Technology, and the Department of Energy's Office of Science. Now, when you look, notice here what has happened. For years the President's request was below the Congress' actual appropriation. That has changed. In the last few years, if you look at fiscal year 2005, the red bar, the President's request was substan-

tially above what the Congress appropriated. The next year, same thing; still below the President's request.



I am pleased that the President has offered a much higher request this year, recognizing the urgent need for the increased funding for scientific research, particularly for the National Science Foundation, and I ask that this committee will agree with that request.

This chart is interesting because the House itself decided to double the appropriations for the National Science Foundation. They doubled the authorization over 5 years. The red lines show what that authorization is, and the other lines demonstrate how clearly we have failed to meet our goal as passed in that legislation.



Basically, in the National Science Foundation, the President requested an increase of 8 percent, which is large in terms of our budget difficulties, but won't begin to really catch up with other nations unless we keep this up for some years. But his effort is to double in 10 years.

Department of Energy, Office of Science, increased by 14 percent in several areas, and half that will go to researchers and half to facilities that will keep us competitive internationally.

And then we have the National Institute of Standards, which is often neglected, but is very vital to our competitiveness in terms of their standards-setting, their Manufacturing Extension Partnership and the Advanced Technology Program (ATP), which is now in limbo. But this will provide the increase they need, particularly in cybersecurity. They have some of the world's cybersecurity experts there, and other branches of government, including the Defense Department, depend on those individuals to keep abreast of the developments in cybersecurity.

Summary: President's Request for S&T in the FY 2007 Budget

- **National Science Foundation (NSF)**
  - FY 2007 request of $6.0 billion 8% increase (but neglects math and science education)
  - NSF funds less than 20 percent of the research proposals it receives
- **Department of Energy, Office of Science**
  - Primary federal supporter of basic research in physical sciences—FY 2007 budget increased by 14% to $4 billion – half to researchers and half to facilities that will keep US competitive internationally
- **National Institute of Standards (NIST)**
  - NIST Labs up by 17% - funding vital to U.S. competitiveness
  - Manufacturing Extension Partnership (MEP) down more than 50 percent to $46 m; ATP eliminated – supports small manufacturing jobs

So my request is that we follow the President's request, that we raise the basic research, the math and science education and the Function 250 levels to the President's request, and this, I believe, should be our top priority if we expect our Nation and our businesses to remain competitive with other countries.

My Request for the FY 2007 Budget

Raising
Basic Research,
Math and Science Education
and
Function 250
to the President's Requested Levels
Should be the Top Priority in the
FY 2007 Budget

It is not just a matter of different wage rates in different countries. It is a matter that our engineering enrollment has gone down

for 20 years, whereas the Chinese have gone from producing half as many as we do to now producing six times as many as we are. They have graduated 300,000 engineers this past year, six times what we have graduated, and it is a concerted effort on their part. India has done the same, both of those as a result of decisions made 20 years ago that they could beat us only if they improved their investment in research and in math and science education.

They decided to do it, they have done it, and, frankly, they are beating the pants off us in some areas. So we have to get with it and meet the competition.

Thank you very much for your time.

[The prepared statement of Mr. Ehlers follows:]

PREPARED STATEMENT OF HON. VERNON J. EHLERS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Thank you, Mr. Chairman, for the opportunity to testify as the Committee considers a FY 2007 Budget Resolution. I know the Committee must weigh many pressing national priorities, including the continuing war on terrorism, facilitating economic stimulus, and maintaining fiscal responsibility.

Mr. Chairman, I strongly support the President's call to maintain the competitive ability of the United States in an increasingly innovative world economy. His American Competitiveness Initiative (ACI) requests focused funding on areas that will improve education, promote domestic innovation and economic productivity. I hope that you share my view that the research and education initiatives are a national priority, and I encourage you to budget the necessary resources for scientific research and education as you evaluate the FY 2007 budget.

In making these difficult budget choices, we must not overlook the fact that scientific research and development underpins our economic and national security. Scientific research and development forms the foundation of increased innovation, economic vitality and national security and is an investment that has historically delivered significant returns on that investment. For the U.S. to remain a prosperous country, it must maintain its technological leadership in the world. As you begin the budget process, I strongly urge you to give high priority to scientific research and development and math and science education as highlighted in the American Competitiveness Initiative.

For the past several years, research and development funding for defense, weapons development and national security has increased while other areas of Federal research and development, especially basic research in the physical sciences, has remained flat or declined in real terms. The President's FY 2007 request of $137 billion for research and development seeks to reverse this trend at three important agencies: the National Science Foundation, Department of Energy's Office of Science, and National Institute of Standards and Technology.

While our focus on immediate threats is certainly warranted, it is necessary for us also to consider longer-term threats to our national security and the agencies that support research in these areas. Fundamental research and science education are essential to advances in medicine, military applications and continued economic prosperity, including the development of cancer therapies, GPS- or laser-guided missiles, and the Internet. The diversity of the basic science research portfolio ensures discoveries that lay the foundation for biomedical advances and defense. Historically, our investment in physical science research has been slipping, and our overall national investment in research and development is at a rate much slower when compared to other growing economies. Furthermore, Congress has actually reduced the appropriated funds for physical sciences at NSF and DOE in recent years, compared to the request.

The bulk of the requested funds at the three agencies will support research in the areas of computer technology and homeland security infrastructure and fund facilities that will maintain the U.S. as a paramount location to conduct physical sciences and energy research. The American Competitiveness Initiative sets the U.S. on a bold path to double the budgets of three agencies in the next 10 years. In addition to doubling these research budgets, it is a bold and ambitious approach to keeping America at the forefront of research and education by increasing the numbers of highly qualified math and science teachers, expanding high school advanced placement offerings, and providing workforce skills training to some 800,000 workers annually.

NATIONAL SCIENCE FOUNDATION

The National Science Foundation is the only Federal agency dedicated solely to supporting basic scientific research. NSF funding accounts for one-fifth of all Federal support for basic research and 40 percent of physical science research at academic institutions. Nearly 90 percent of these awards are made through a competitive, merit-review process that ensures that excellent and innovative research is being supported. Furthermore, NSF consistently receives the highest rating from OMB for the efficiency and excellence of its programs.

The NSF's FY 2007 budget request of $6.0 billion is an 8-percent increase over FY 2006 appropriations, the first year in a 10-year commitment to double its budget. This marks a shift from previous budget requests, as the NSF budget has been stagnant in recent years, and even cut in FY 2005. This significant infusion of research funds is extremely necessary for FY 2007 and I ask you to enhance the science allocation accordingly. The request is still well below the authorized funding level necessary to complete the commitment Congress made to double NSF funding in 2002, but I am confident that this request is the start of a new doubling path that we can truly follow.

While I am heartened by the commitment the Administration's request shows for the fundamental research budget at NSF, I would like to register my concern that the education programs at the Foundation have not been included in the ACI. NSF is the primary Federal supporter of science and math education; it underwrites the development of the next generation of scientists and engineers. I am particularly concerned about the trend of the current budget request that restructures the Education and Human Resources (EHR) budget at the Foundation and eliminates three programs critical to our nation, including the Math and Science Partnership program. The budget request, while firmly supporting research endeavors at NSF, overlooks the education role of NSF. While the overall budget of NSF increases almost 8 percent, the EHR directorate experiences a modest 2.5-percent increase and a dramatic restructuring. This is a continuing, but distressing, trend for NSF to move away from their K-16 educational mission and to focus solely on graduate education and activities to broaden participation in STEM fields. Decreasing the role of NSF in education, or eliminating any new awards entirely, seems very shortsighted when we are currently facing the challenge of adequately preparing our students to enter science and technology fields.

I have worked very hard to maintain the Math and Science Partnership program at NSF, where grants are awarded on a peer-reviewed basis that complements the strengths of a research-based organization. The FY 2007 request for the Math and Science Partnerships of $46 million will only allow continued funding for the programs that were started in previous years, eliminating the future of a research-based program to determine how our students best learn the subjects of math and science. I urge the Committee to provide NSF with the highest possible budget allocation this year in order to support the education as well as research mission of the Foundation.

DEPARTMENT OF ENERGY'S OFFICE OF SCIENCE

The Department of Energy's Office of Science funds 40 percent of our nation's physical science research. Research in these areas has led to many new economic and medical advancements including, among others, new energy sources, the Internet, cell phones and laser surgery. To maintain our economic, technical, and military pre-eminence, the Federal Government must continue to support research in alternative energy sources, nanotechnology and supercomputing. I am pleased that the Office of Science is included in the President's ACI and that the FY 2007 budget request for the Office of Science is $4.1 billion—an increase of 14 percent from the FY 2006 enacted level. I respectfully request that the Committee provide the Office of Science with a budget that reflects the critical role that it plays in maintaining our economic and military pre-eminence. Last year it endured significant cuts that, in part, led to layoffs and the delay of many important instruments. As part of the American Competitiveness Initiative, the Office of Science is not only important to the future of U.S. science, but also our competitiveness and energy security.

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

The National Institute of Standards and Technology is the nation's oldest Federal laboratory, and the only laboratory with the explicitly-stated mission to promote U.S. innovation and industrial competitiveness. Because it has consistently provided high-quality, cutting-edge research into a wide range of scientific and technical

fields critical to U.S. industry it is perfectly placed to play a central role, as proposed in the Presidents' American Competitiveness Initiative.

The budget request includes $467 for the core NIST laboratory programs and facilities in FY07, a 17-percent increase over FY06 enacted. This increase includes $72 million for new research initiatives and enhancements to NIST's user facilities. I believe it is very important to support this request, as it represents a significant yet sensible investment in programs that give the U.S. a significant head start in several fields of emerging technology in quantum physics and nanotechnology that will ultimately have great economic impacts. Work at NIST's labs also supports our nation's efforts to improve cybersecurity, building safety, and voting technology. In addition, NIST has a proven track record in research and development on standards and measurement techniques that help U.S. industries become more globally competitive and retain leadership in cutting-edge technologies

While I am pleased that the president has included NIST labs in his ACI, I am very concerned about other manufacturing programs at NIST. The President's FY 2007 budget request cuts the Manufacturing Extension Partnership (MEP) program by over 50 percent to $46 million. The MEP program is interested in upgrading its services beyond its traditional model of simple cost reduction assistance that helps these firms compete at a higher level, to move into areas such as design and technological sophistication. This is necessary for their survival in the 21st century globalized economy, and MEP is an excellent entity to transfer the products of scientific research to small and medium-sized firms. I have worked very hard over the years to help my colleagues in Congress understand that MEP is vital to retaining American competitiveness and American jobs, and I believe they appreciate the value of this program. Data on the improvement of assisted firms proves MEP works, and therefore Congress continues adequate funding. Yet each budget cycle the Administration proposes to significantly cut this program. Diminishing funding for MEP will devastate small and medium-sized manufacturers and in the long run severely hurt our competitive edge in the manufacturing sector. Furthermore, I continue to support the Advanced Technology Program (ATP) and am disappointed that the Administration has again included no funds for the program in the budget request. ATP is NIST's only extramural research grant program, funding high-risk, high-return technology research and development on a cost-shared basis with U.S. industry, and as such can make a major contribution to the American Competitiveness Initiative.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Finally, I would like to address the National Aeronautics and Space Administration (NASA) and its share of function 250. In order to align the agency with the President's challenge to travel to the moon and Mars, NASA has reorganized and streamlined its structure again this year under new Administrator Griffin. The proposed missions will be very costly and will pose significant technical obstacles that will only be solved through basic research. Despite a 3.2-percent requested increase in FY 2007, in order to fund the next generation human space vehicle and to retire the Shuttle by 2010, $1.5 billion has been transferred from the science mission budget at NASA.

I understand that the impacts of unanticipated budget constraints have been felt across the entire agency, but I remain concerned that we will finance the return to the moon and travel to Mars at the cost of other critical scientific discovery. Basic science and engineering research underpin all of NASA's major accomplishments as well as many of the technologies you and I use everyday. Furthermore, basic research at NASA will support the future exploration endeavor; if we continue to reduce basic research in the out-years, our astronauts will be working with outdated technology. I urge you to protect NASA's future by supporting its basic research accounts and making the function 250 budget a significant amount.

CONCLUSION

I realize that the fate of many of the programs I have highlighted in this testimony lies not with you, but with the appropriations committee. While the budget does not spell out exact funding for these programs, I believe that you can send a strong signal about the importance of fundamental science and education to the appropriations committee by making function 250 a top priority in the FY 2007 budget. Behind your lead, I, along with many colleagues who also support science funding, will fight for these programs throughout the budget and appropriations process. When faced with the difficult choices you must make this year, I urge you to remember that we cannot afford to sacrifice the research and education which current

and future generations need to ensure their economic prosperity and domestic security.

Thank you again for allowing me to testify.

Mr. RYUN. Any Members that have any questions at this point for the gentleman from Michigan?

Mr. SPRATT. Dr. Ehlers, thank you very much for your emphasis, in particular on the education and human resources budget. I had an interesting experience several years ago. I went to a church homecoming in a little town called Dillon, South Carolina, notable today because Ben Bernanke, now head of the Fed, grew up in that school. And I was seated next to a gentleman who is African American, also graduated the year before Ben Bernanke, and, in fact, convinced him he should come to Harvard instead of Brandeis, and probably had an incalculable impact on his future. This man today is professor of the history of science at MIT. Both he and Ben Bernanke came from the same small high school in Dillon, South Carolina.

I asked him what would he do to change math and science education in the country, and particularly in a State like South Carolina. And he said clearly there are complicated and simple answers to that, but the simple answer is to start much earlier, with much better instruction in the lower grades, as opposed to just concentrating your effort on college education and graduate education. Start in the first, second, and third grade, with teachers who are clearly competent to deal with scientific concepts and to capture the imagination of young people at a point in time when they can become enthralled with science and develop a momentum that will take them through the rest of their years.

And I am simply glad to see you are putting the emphasis on the fact that we should not let up in that area. If we are truly going to have a math and science initiative, the NSF clearly will have to be involved in developing the curriculum and methods of teaching and the people who will be the resource people for making this initiative work.

Mr. EHLERS. Thank you very much for that comment. I would point out I feel very strongly about this. I have watched the National Science Foundation work in math-science education for over 30 years, I have been in the field longer than that, and it is crucial to our efforts to improve math-science education.

The emphasis in the President's budget is more on the Department of Education than on the National Science Foundation in an apparent effort to eliminate duplication. I would simply point out that it is not duplication.

The National Science Foundation deals with research on the best ways to teach math and science, on curriculum development, and on teacher training provided by the initiative of faculty members who submit grants that are peered-reviewed and, if approved, go into effect. The Department of Education also does excellent work, but they work through State boards of education and State departments of education, and so we lose our focus to a certain extent depending on which State gets it and how that State feels about it.

So I strongly favor a very good program in that area in the National Science Foundation. I do not in any way denigrate what the

Department of Education is doing. I just think they are complementary and should both be funded and work together.

Mr. RYUN. Are there any other questions? Seeing none, Mr. Ehlers, thank you very much for your proposal.

We will next move to the gentleman from New Jersey, Mr. Holt, for his testimony.

STATEMENT OF HON. RUSH D. HOLT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. HOLT. Thank you very much. I am really pleased to be here with my colleague Vern Ehlers. We do tag team on this issue often. But I guess we had better work on our strategy, because over the past 5 years we haven't yielded that much.

I strongly concur in his recommendations for Function 250 and for science and math education, and I would just hasten to point out that this is critical for what you do, for what we do, for what America does. Even if none of you intend to go into science or engineering, you have already got a career, let me tell you that what you are predicating your work on, what you are predicating this Budget Committee's work on, is growth in our economy. It will not happen without investment in education and research and development.

We are living off of the investments that were made two or three decades ago. For productivity, you need new ideas, and you need a good workforce. That requires investment. According to the American Association for the Advancement of Science, in real terms the total Federal R&D portfolio will decline for the first time since 1996 after flattening out for a number of years.

The NSF, which my colleague spoke about, has had essentially a real decrease. The contradictions between the President's call for improved science and math education and the budgets proposed represent contradictions that are poignant and telling. Programs zeroed out in the NSF education and human resources directorate include the NSF Math-Science Partnerships, about which my colleague spoke, we need these programs.

The NIH, yes, has had a budget doubling, although it is now starting to creep downward again. But all of the instrumentation, methodology, and the scientists themselves which are necessary to make good use of that NIH budget come from programs like the NSF, like the Department of Energy, like NASA, and they are not coming. So we are falling far short in our investments.

The Democrats have put together something we call the innovation agenda. I plead with you on the other side of the aisle here to take that issue away from us. The reason we have presented that innovation agenda is because the work is not getting done. It is not getting done in science education, it is not getting done in implementing broadband, and it is not getting done in energy research.

Let me take energy research for just a moment. If you have a business with a questionable input, you might want to spend, 1 or 2 percent of your revenue in searching for some insurance on your input. Well, we have an $800 billion energy economy. Each year we are spending $800 billion on energy goods and services. We are not

spending anywhere close to 1 percent of that amount in R&D on alternatives to what we know is a questionable input.

So just to take that example of energy R&D and extend that across the whole field in which you deal, I think you can quickly see we are not making the investments we need to make in order to get the productivity growth on which your projections are predicated. This is not charity to people in lab coats, this is not charity to schoolteachers, but an investment that we must make for all the reasons that Mr. Ehlers gave, or all the reasons that you yourself could give.

Function 250 is lagging, science and math education are lagging, and study after study, whether it's the Hart-Rudman Commission, or the National Academy of Sciences Commission this year, or the John Glenn Commission, study after study shows that this is reaching a critical point. We may have passed the critical point. It requires dramatic action on your part and all of us in Congress to correct.

With that, I would be happy to take any questions or provide additional material for the record.

[The prepared statement of Mr. Holt follows:]

PREPARED STATEMENT OF HON. RUSH D. HOLT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Thank you, Chairman Nussle, Ranking Member Spratt, and distinguished Members of the Committee on the Budget. I appreciate the opportunity to testify regarding appropriate funding levels for Function 250 programs in the FY 2007 Budget.

I come here today to share with you the importance of increasing, not cutting, the budget of Function 250 programs. The President's "American Competitiveness Initiative" has proposed an increase in the Research and Development budgets in particular areas of three major agencies of the U.S. Government: the Department of Energy Office of Science, the National Institute of Standards, and the National Science Foundation. These increases are mildly encouraging, and only mildly encouraging. The increases are at the expense of research and development in other agencies. Peter is being robbed to pay Paul.

In the AAAS Preliminary Analysis of R&D in the FY 2007 Budget one finds the following:

"The overall Federal investment in R&D would increase to $137 billion in 2007, but in a repeat of past budgets the continuing Administration priorities of weapons development and space vehicles development would take up the entire increase, and more, leaving declining funding for the remainder of the R&D portfolio."

The proposed increase for the Federal R&D portfolio in FY07 is 1.9 percent, which is short of the 2.2-percent increase needed to keep pace with the expected inflation.

Additionally, "The large proposed increases for physical sciences and engineering research are not enough to keep the Federal investment in basic and applied research (excluding development) from declining for the third year in a row after peaking in 2004."

As the AAAS notes, "In real terms, the total Federal R&D portfolio will decline for the first time since 1996 after flattening out the last few years."

The proposed R&D budget is not even keeping pace with inflation!

After we achieved the doubling the National Institutes of Health budget, the focus shifted to doubling the budget of the National Science Foundation. The intent was not to reduce the NIH and raise the NSF, but to have both budgets increased.

The current increase in the NSF is packaged as the start of a 10 year doubling effort of the NSF. We should not forget that in the 2002 NSF authorization, the Bush Administration and Congress agreed on a 5 year doubling effort by 2007. This 2007 request, according to the AAAS, falls nearly $4 billion short of that previous target.

With the increase in the NSF budget we see the NIH budget flat for the second year in a row, and would fund less than 1 out of every 5 grant applications (AAAS). After adjusting for inflation, the NIH budget would decline for the third year in a row. All but three of the NIH institutes and centers would see their budgets fall

for the second year in a row. The NIH is not alone in these tough decisions, however.

Despite the increase in the Department of Energy's budget for nuclear physics, computing research, and basic energy sciences, high energy physics, fusion, and biological and environmental research would remain below last year's budget.

In addition, despite the increase in energy R&D monies, the DOE would eliminate R&D on gas and oil technologies and some renewable energy technologies. Just last week, in response to the FY06 budget, the National Renewable Energy Laboratory in Golden, Colorado, cut its budget on travel, outside contracts, other operating expenses and still had to lay of 32 staff, eight being researchers—1 from solar physics, and the 7 from the biomass and hydrogen arenas.

NREL's biomass projects focus on developing, integrating, and demonstrating biochemical and thermochemical conversion technologies, and renewable diesel technologies. Through its Hydrogen, Fuel Cells, and Infrastructure Technologies Program, NREL conducts R&D in hydrogen production and delivery, hydrogen storage, fuel cells, technology validation, safety, codes and standards, and analysis.

Aren't these areas in the President's State of the Union address as areas that are components of the Advanced Energy Initiative?

How are we to attract the best and the brightest to areas of declared national need, if our national laboratories are firing researchers in these areas? The mixed messages of the State of the Union address and the Budget of the Federal Government express a lack of continuity and trustworthiness.

The world is in transition right now. We, and the other industrialized nations of the world, are accelerating into a knowledge-based global economy.

The task of the government is to lead the nation in creating an environment where talent grows, talent develops, talent stays, and even attracts new talent to create new knowledge, launching new companies, spurring on economic growth. The government must work to protect this newly created knowledge as well, or the creators will leave and produce elsewhere.

The rules of this new economy based on knowledge and networks are very different than the rules of a manufacturing based economy (Enriquez, pg. 31), and we need visionary leadership followed by thoughtful, critical actions to propel us to forefront of this unfolding new world.

As described by the Organization for Economic Co-Operation and Development, technology is the enabler of a knowledge based economy. Technology moves forward through basic and applied R &D in all areas of science. The application and commercialization of technology are the "weed out" factors of this global economy. We cannot, at this time, afford to not invest in the future of our nation which will unfold through research and development.

We can make no assumptions that we will remain the dominant factor in this economy. Complacency will be our downfall. Although there is some increase in R&D programs, we cannot accept the cuts as well. We must take a stand to increase the overall R&D budget (including all three arenas: basic, applied, and technology development), not select particular programs at the cost of other programs.

Distressing examples of the current practice is the National Institute Standards and Technology, where the laboratories receive a substantial increase as the cost of the Advanced Technology Program and the Manufacturing Extension Partnership.

The ATP program, zeroed out for the second year is designed to provide cost-shared funding to industry to accelerate the development and broad dissemination of high-risk technologies that promise broad-economic benefits for the nation. When evaluated by National Research Council, an arm of the National Academies of Science, the program was found to be effective, but with suggested improvements. Companies are less likely to gamble on high-risk, high-return research and development without an investment by the government. These are highly competitive grants with only 12.5 percent of applications passing the critical analysis to obtain funding. High-risk, high gain R&D can lead us forward in the knowledge economy, but not with the support and encouragement of the Federal Government.

At the National Science Foundation, as the research directorates do well, the Education and Human Resources directorate's funding levels will remain at a level 20 percent below the 2004 budget in real terms (AAAS). Similar actions are taking place in NASA as well, as it restructures away from its education directive and focuses on the moon and Mars, by reducing or removing effective nation-wide education programs.

The contradictions are poignant and telling, as our President calls for improved science and mathematics education, his budget cuts these programs throughout the science agencies.

Programs zeroed out in the NSF Education and Human Resources directorate include NSF Math-Science Partnerships. The MSP's result in large scale changes in

educational practice to improve student mathematics and science achievement. The three goals of the program are: ensuring that all students have access to, are prepared for, and are encouraged to participate and succeed in, challenging and advanced mathematics and science courses; enhancing the quality, quantity and diversity of the K-12 mathematics and science teacher workforce; and developing evidence-based outcomes that contribute to our understanding of how students effectively learn mathematics and science. Successful MSP projects are intended to serve as models that can be widely replicated by state math and science partnership programs under the Math and Science Partnerships in No Child Left Behind.

Why are math, science, and critical foreign language education important? Science, technology, engineering, and mathematics are the foundations of innovation, technology, and a knowledge economy. Critical foreign language fluency allows for better communication with markets that are opening to us or arenas of the world with whom who need to collaborate to fight disease, terrorism, piracy and challenges of globalization yet to be revealed. The youth of our nation are the future of America. If we fail to prepare them to compete in the global economy, we are failing our nation. Do we want history to look back at this time and view us as short-sighted, isolationist, commonplace, declining? We must reach out and be innovative with our future.

To help the concept evolve for you, let me give you the example of South Korea, which spends 3.7 percent of its GDP on education, with parents contributing the almost as much as the State does on their child's education. The brutal system, where the results of the test you take at the end of your high school career determines the university you attend and your major (therefore your career) has catapulted South Korea to a technology leader and one of the world's fastest growing economies (Enriquez, p. 188).

Japan preceded South Korea in this area. Japan learned the value of science, technology, and educating one's own and Japanese students out perform the U.S. students on mathematics and science tests.

We often viewed India as behind us, but perhaps they are moving ahead. The following comes from Goverdhan Mehta Director, Indian Institute of Science: "Strengthening science education at all levels is an enabling requirement, especially for developing nations, for a self-standing national science base." (Mehta)

Mehta also states that "the interactive complexity of the triumvirate of science, innovation and commercialization indicates that the linear conception of S&T for progress in the emerging knowledge society may be inadequate", and the Innovation Agenda as proposed by the House Democrats understands the complexity of innovation, and the necessity to act on research and development, education, telecommunication technology, energy, and small entrepreneurial endeavors not linearly, but conceptually, and within the context of connections. They are pieces of the future on one nation. We must come together as one Congress, united across party lines, choosing to act for our future. The House Democrats have continually attempted to engaged our Republican colleagues to work together for our nation. We continue to this day.

We are slipping behind in this clamor for the top of the globalization mountain. Other nations are acting as we sit thinking of actions to take. The cultural shift required for our nation to move forward and maintain a competitive edge over all other nations begins with how the Federal Government spends its money.

Notes: Enriquez, Juan (2001). As the Future Catches you, Three Rivers Press, New York.

Mr. RYUN. Mr. Holt, you and Mr. Ehlers put together a very passionate proposal, and certainly it will be given worthwhile consideration.

Are there any questions from the Members?

Mr. Cooper.

Mr. COOPER. I just wanted to thank both Members for their excellent testimony. I hope that all of our colleagues will take it to heart. We do need to invest in the future, and I am worried deeply that the future is being terribly shortchanged right now. So thank you for pointing that out.

Mr. RYUN. Mr. Baird.

Mr. BAIRD. I just would like to echo that. It is a privilege to serve with these two gentlemen on the Science Committee. Their commitment to investing in America's science education and research

budget and talent pool is just unparalleled. I am grateful for their service and for their testimony today. Well done, gentlemen.

Mr. HOLT. If I might just add, Function 250, if the President's request is fully met, will only have increased by 4 percent over the past 5 years. That is insufficient.

Mr. RYUN. Very good.

If there are no further questions, we will turn to Ms. McMorris for her testimony.

STATEMENT OF HON. CATHY McMORRIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Ms. MCMORRIS. Thank you, Mr. Chairman and members of the committee. I appreciate the opportunity to testify today on the importance of the fiscal year 2007 budget resolution and its impact on eastern Washington.

My primary reason in testifying today is to discuss several important budget items the committee will soon consider, including fighting meth, ensuring quality affordable health care, training our 21st century workforce, the provisions related to the Bonneville Power Administration, and, above all, supporting the President's efforts to control spending and address the deficit .

One of my top priorities in Congress is working on issues and projects that will keep our Nation and communities safe. In eastern Washington we deal on a daily basis with the devastating effects of meth and other drug abuse. In Spokane County alone it is estimated that 80 percent of the crime, 90 percent of the check fraud is drug and meth related. In 2004, Washington ranked sixth in total meth seizures, ahead of California. Imagine the increased safety of our communities if meth production and abuse were reduced. That is why I strongly support the President's call for $40 million toward meth lab cleanup, as well as the proposed $69 million to increase our Nation's drug courts to offer treatment and alternatives for nonviolent offenders.

Creating a technical and educated workforce is key in promoting economic development in eastern Washington and throughout our region and Nation. I support the President's call toward advancing our 21st century workforce. Specifically, I applaud the proposal for the High Growth Job Training Initiative as well as the Career Advancement Accounts to assist workers who are entering the workforce, transitioning to new jobs, or advancing in their current jobs.

In addition to building our workforce and encouraging economic growth, we must also maintain a health care system that is affordable and accessible. That is why I strongly urge the committee to maintain the President's budget request for $169 million for health information technology programs. National coordination on health IT is vital in streamlining systems, reducing overall medical costs, improving quality of care, and strengthening preventive medicine. The use of health technology throughout eastern Washington has led to more efficient patient treatment, expanded rural health and improved doctor care.

Though I recognize the increased funding of the Office of Rural Health Policy, Telehealth, and Community Health Centers, the overall proposal for rural health is insufficient. There are many programs at the center of our rural health infrastructure which are

proposed to be zeroed out. These grants have demonstrated an essential link between critical access hospitals and providers. My district stretches over 23,000 square miles, 12 counties, and much of that distance is rural, creating considerable challenge in ensuring access to health care for eastern Washington residents.

Though the President's budget provides many great initiatives, there is one specific proposal that I believe could be detrimental to the economy and the livelihoods of the people of the Northwest. This proposal is the expedited debt-retiring provisions affecting the Bonneville Power Administration (BPA). As you may be aware, the BPA markets electric power from a series of hydroelectric dams within eastern Washington and throughout several other Northwest States. One of my top priorities is to provide economic growth for our region, part of which is ensuring affordable energy. The Pacific Northwest economy was built on inexpensive renewable energy. This rural proposal would seize a portion of BPA's future revenue and use it toward an escalating repayment of its Federal debt, essentially reversing BPA's ability to use its sale of surplus power to decrease electric rates in the Northwest.

The surplus is often assumed during good water years in the Northwest, years which can often be few and far between. BPA needs the revenue from this surplus not to pay down a debt which BPA is already ahead of paying off, but to use it for flexibility in those years in which they must adjust for other conditions.

However, debt repayment is not the issue here. In fact, BPA has already prepaid the Treasury $1.46 billion in the last 5 years and plans to continue additional debt prepayments in the future. A proposal such as this could raise rates as high as 10 percent and will have an enormous impact in our region, a region where electricity rates are almost 50 percent higher than those in place before the 2001 energy crisis.

This increase would build upon the already increased rates we are paying for salmon recovery costs. In 2004 alone, BPA paid over $414 million toward salmon recovery programs, costs which are expected to rise within the next several years. That cost is then absorbed into every individual customer, translating into 21 percent of their bill. Between salmon rates and the effects of the administration's proposal on BPA, energy consumers will simply not be able to foot the bill.

At a time of rising energy and electricity costs around the country, a proposal that effectively increases these rates in Washington, Idaho, Montana, and Oregon is simply not acceptable.

It is my understanding that although this provision is in the President's budget, it would not need congressional approval, but would rather be implemented by a simple rulemaking procedure by the administration. This is of great concern to me and something I will work on with my colleagues in the House and the Senate to prevent. Our communities and businesses are dependent on the low-cost energy rates which BPA provides. These same businesses operate because of these low electric rates and will face major problems should this proposal be enacted.

In summary, I believe funding to help combat our Nation's drug problems, improve the quality of health care, provide economic op-

portunities, all of which are supported in the President's budget, will help carry our Nation forward.

Once again, Mr. Chairman, thank you for the time, and I look forward to your leadership as we move forward on the 2007 budget.

Mr. RYUN. Ms. McMorris, thank you very much for your testimony.

[The prepared statement of Ms. McMorris follows:]

PREPARED STATEMENT OF HON. CATHY MCMORRIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. Chairman, Members of the Committee, thank you for allowing me to speak on the importance of the Fiscal Year 2007 Budget Resolution and its impact on Eastern Washington.

My primary reason in testifying today is to discuss several important budget items the Committee will soon consider, including fighting meth, ensuring quality, affordable health care, training our 21st century workforce and provisions regarding the Bonneville Power Administration. And, above all, support the President's efforts to control spending and eliminate the deficit.

One of my top priorities in Congress is to keep our nation, and communities, safe. In Eastern Washington, we deal on a daily basis with the devastating effects of methamphetamine (meth) and other drug abuse. In Spokane alone, it is estimated that 80 percent of crime and 90 percent of check fraud is drug and meth related. In 2004, Washington ranked 6th in total meth seizures, ahead of California. Imagine the increased safety of our communities if meth production and abuse were reduced, and substance abuse programs were more effective. That is why I strongly support the President's call for $40 million toward meth lab cleanup, as well as a proposed $69 million to increase our nation's drug courts to offer treatment and alternatives for non-violent offenders.

Creating a technical and educated workforce is key in promoting economic development in Eastern Washington and throughout our region and nation. I support the President's call toward advancing our 21st Century Workforce. Specifically, I applaud the proposal for the High Growth Job Training Initiative, as well as the Career Advancement Accounts to assist workers who are entering the workforce, transitioning to new jobs, or advancing in their current jobs.

In addition to building our workforce and encouraging economic growth, we must also maintain a healthcare system that is affordable and accessible. That is why I strongly urge the Committee to maintain the President's budget request of $169 million for health information technology programs. National coordination on Health IT is vital in streamlining systems, reducing overall medical costs, improving quality of care, and strengthening preventative medicine. The use of health technology throughout Eastern Washington has led to more efficient patient treatment, expanded rural health, and improved doctor care. Strengthening and improving Health IT is essential to the future of healthcare.

Though I recognize the increased funding for the Office of Rural Health Policy, Telehealth and Community Health Centers, the overall proposal for rural health is insufficient. There are many programs at the center of our rural health infrastructure which are proposed to be zeroed out, including Rural Hospital Flexibility Grants and all of Title VII, which funds our Area Health Education Centers. These grants have demonstrated an essential link between Critical Access Hospitals and providers, increasing quality of care, and producing collaboration for these safety net hospitals within our communities.

My district stretches over 23,000 square miles. Much of that distance is rural, creating considerable challenge in ensuring access to health care for Eastern Washington residents. We continue to see increasing shortage of health care professionals. In towns like Odessa, Republic and Davenport primary care coverage is sparse. People in our rural region deserve to have access to the same quality of care as people in large, urban areas. I will work to restore increased funding for critical rural health programs.

Though the President's budget provides many great initiatives, there is one specific proposal that I believe could be detrimental to the economy and livelihoods of people of the Northwest. This proposal is the expedited debt retiring provisions affecting the Bonneville Power Administration (BPA). As you may be aware, the Bonneville Power Administration markets electric power from a series of hydroelectric dams within Eastern Washington, and throughout several other Northwest States. One of my top priorities is to provide economic growth for our region, part of which

is ensuring affordable energy. The Pacific Northwest economy was built on inexpensive renewable energy.

This rule proposal would seize a portion of BPA's future revenue and use it toward an escalating repayment of its Federal debt, essentially reversing BPA's ability to use its sale of surplus power to decrease electricity rates in the northwest. The surplus is often assumed during good water years in the Northwest, years which can often be few and far between. BPA needs the revenue from this surplus not to pay down a debt which BPA is already ahead of paying off, but to use for flexibility in those years in which they must adjust to other conditions.

However, debt repayment is not the issue here. In fact, BPA has already prepaid the Treasury $1.46 billion in the last 5 years, and plans to continue additional debt prepayments in the future.

A proposal such as this could raise rates as high as 10 percent and will have an enormous impact in our region—a region where electricity rates are almost 50 percent higher than those in place before the 2001 energy crisis. This increase would build upon the already increased rates we are paying for salmon recovery costs. In 2004 alone, BPA paid over $414 million toward salmon recovery programs, costs which are expected to rise within the next several years. That high cost is then absorbed by every individual customer, translating to 21 percent of their bill. Between salmon rates and the effects of the Administration's proposal on BPA, energy consumers will simply not be able to foot the bill. At a time of rising energy and electricity costs around the country, a proposal that effectively increases these rates in Washington, Idaho, Montana and Oregon is simply not acceptable.

It is my understanding that although this provision is in the President's budget, it would not need Congressional approval, but rather would be implemented by a simple rulemaking procedure by the Administration. This is of great concern to me, and something I will continue to work on with my colleagues in the House and Senate to prevent.

Our communities and businesses are dependent on the low cost energy rates which BPA provides. These same businesses operate because of these low electric rates, and will face major problems should this proposal be enacted.

In summary I believe funding to help combat our nation's drug problems, improve the quality of health care, and provide economic opportunities, all of which are supported in the President's budget, will help carry our nation forward.

Once again Mr. Chairman, thank you for your time and I look forward to your leadership as we move forward on the 2007 budget.

Mr. RYUN. Are there any questions by any Members?

Mr. Baird.

Mr. BAIRD. Yes. I want to commend the gentlewoman for her excellent summary of the challenge we face with this BPA proposal. Put that into context, we have seen substantial rate increases over the last several years. It has caused devastating unemployment in parts of our region. It hit farmers hard, and it hit our school districts hard. An additional raise in rates would be very, very difficult, especially when you have so many power-dependent industries. And I applaud the gentlewoman and pledge to work with her.

I also appreciate and respect very much her commitment to dealing with the problem of methamphetamine. I agree it is a good thing that the President has called for an increase in drug courts. The one thing I would call to your attention, however, that we have looked at is the President has proposed significant cuts and zeroing out, indeed, of fundamental programs for law enforcement that are used to fight meth, among them the Byrne grant program, which he has proposed to zero out; $300 million in COPS and Safe and Drug-Free Schools would be slashed.

Overall, we calculate about an 80-percent cut in programs that are federally funded and that are used by local law enforcement to fight meth. So maybe we could work together on that, perhaps through the Meth Caucus, to fight methamphetamine, because I can tell you that my local sheriffs and law enforcement, and I am sure it is the same with you when you go back home, will tell you

they depend on Byrne grants and COPS, et cetera, and our drug efforts depend on Safe and Drug-Free Schools money.

It is the number one drug of use, as you so well put. It is behind a host of crimes, and now is not the time to be cutting back to this magnitude on our Federal commitment to fight meth. So perhaps we can work on that as well.

Ms. MCMORRIS. I look forward to it.

Mr. RYUN. Are there any other questions by any other Members at this point?

Ms. McMorris, thank you very much for your testimony.

At this point we are going to turn to Mr. Regula for his proposal, and we look forward to your testimony.

STATEMENT OF HON. RALPH REGULA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. REGULA. Well, thank you very much. I don't have my copy with me of my written testimony.

Mr. RYUN. Mr. Regula, may I encourage you to turn your microphone on.

Mr. REGULA. I say I don't have a copy of my written testimony, but you all have copies, and I would end up reading it to you anyhow.

Just some generalities. Let me say you have an extremely important challenge. I appreciate the opportunity to be here and to share a little bit the challenge that confronts us in the Labor-Health-Education Subcommittee. I think it is an extremely important function because we deal with things that touch people's lives.

If you could go to the days where we had a couple days of outside witnesses, and families come in with children with all kinds of diseases and problems and medical conditions, and it is almost heartbreaking to listen to their cries for some kind of research through NIH to find a solution; or maybe it is a parent with Alzheimer's, and on and on, and I know there just isn't enough money.

One of the things we are going to do this year, and I know historically that many of you have been part of the decision to actually quintuple the budget of NIH, and as a result they have gone from something like $12 billion to $28 billion. At the hearing I am going to ask the Director this year and our subcommittee to give us an accounting of what has been done, what has changed as a result of all this money. Are we getting results? Are we helping people?

And I will say that Director Zerhouni testified recently that every 5 years life expectancy in the United States goes up a year. I said a little tongue in cheek to him that he should go to the Ways and Means Committee, because the significance of that is enormous in terms of Social Security and Medicare. I think whomever is filling your seats here in years to come are going to have some really tough decisions. You already are faced with trying to replicate that story in the Bible where they fed 5,000 with 5 loaves and 5 fishes.

I would just plead with you to think about in your allocation of the enormous importance of medical research to the well-being of all of us; and, secondly, of education. I don't know how many of you read Tom Friedman's book, "The World Is Flat," it is a bit sobering to realize how aggressive other countries are, particularly China, India, Taiwan and Korea, and places like that. I was struck by the

fact that Intel sponsors a competition among high school, I think seniors, in basically math and science. They had 65,000 Chinese and 6,500 American students involved. It is indicative of what is taking place.

It is not going to be overnight. Friedman says it is 25 years from now when we will be faced with a highly competitive situation for skills. I told him 1 day, I said, you are a modern-day Paul Revere because you are saying to the American people, get ready, they are coming. And he pointed out in his book that last year 400,000 American tax returns were done in India. I thought that was a bit of a stretch, and then my chief of staff in the district said his wife is a CPA with one of the big accounting firms, and her job assignment was to train Indian tax preparers on how to do Ohio tax returns.

What I am simply saying is that the coin of the future is going to be brainpower and the way in which we utilize those skills. And that is why I think it is so important that now we address the challenges of education. Not that the Federal Government is going to replace the State and the local community for basic funding of education, but what we do in Labor-H is try to put in carrots, so we have the Pell Grants to incentivize poorer students from poorer environments to go and get some education; and we have programs for one-stops, where people are laid off and where they can go back and acquire a new skill. It is really a people's bill in so many different ways and touches the lives of them.

I said when I took the chairmanship, and I hadn't been on the subcommittee, but Bill Young asked me to chair it, and I said, so you know where I am coming from, it is very simple. The Bible says there are two great commandments. The first is to love the Lord, and the second is the like unto it, to love your neighbor. I said this is the Love Your Neighbor Committee, and to do that you have to recognize these programs.

I know that you just had testimony on math and science and the importance of this, and we heard about the competitive program in the President's State of the Union. But keep in mind you can't do math and science if you can't read. So you have to start out with the fundamentals, and what we have are some reading programs in Labor-H where you try to give incentives to schools to put in upgrades of their reading program.

I put some extra money in last year to upgrade the advancement of teachers and principals. I feel strongly if you have a good principal, you have a good school. And if you have good teachers, you have a good school, and we have to encourage that. We not only looked into the programs from the Department of Education to incentivize teachers to go back and get additional skills, but we also had testimony from the colleges of education, because it starts there.

Too often the colleges of education have been sort of an afterthought for our universities and colleges, and they do not put enough emphasis on encouraging talented people to get in the education field. Yet there isn't one of you that would not be able to remember a teacher that made a difference in your life because that individual was an inspirational type of person.

We fund the Teach for America in part because it is a great program. These are young college students who care about their fellow man, if you will, and they sign up for 2 years to go wherever they are sent. And they are sent into the poor districts, the poorest of the poor districts in cities for 2 years, and many of them will stay in the profession. They work with the young people, they have certain standards that they have to meet in the Teach for America program, and the same thing is true of charter schools, because they are a little bit outside the box.

Another program we fund is Troops to Teachers. This is to get individuals that get out of the military, usually they get some how-to courses and they are usually in their 40s, they have medical care, they have been around the world a lot of them, they have managed people, and they make great teachers. I think last year the Teacher of the Year in America, in the United States was a Troop to Teacher individual. There is a certain element of maturity that enables them to handle a classroom.

So we need to take programs, and we try to do that in our bill to continually upgrade the quality of teaching in the classroom and the principalship, because that individual is an inspiration to students and teachers alike. I might say I spent 7 years as an elementary principal and teacher, and went to law school at night, and I know how much difference even to this day 50 years later, but I bonded with those kids, and it makes a difference with them.

Another thing that troubles me a lot is the dropout rate. The average nationwide is 32 percent. Now, we can ill afford this as a nation, to have 32 out of 100 students drop out before they finish high school. Interesting, a little footnote on that, I just read the other day that 85 percent of the individuals in the penal system across the board are dropouts, and that gives you some idea of the social cost of dropouts, and then also welfare and all sorts of social problems that arise as a result of individuals dropping out of high school. And we are trying to develop programs that we can encourage, with a little bit of help, schools to address the problem of dropouts because we need to reduce those numbers. The big cities are anywhere from 60 to 70 percent do not finish high school, and that is a terrible waste of human capital.

And I just was reading this morning in the Wall Street Journal where the Secretary of Defense wants to get a leaner, meaner, smaller, long-term Quadrennial Report that looks into the future. Well, to do what he hopes to achieve he has got to have individuals that have gone through high school at least and can read a manual and can operate this sophisticated equipment, so the Defense Department has a stake. I think the defense budget ought to have a section in it on supporting education, because unless they can get quality people to enlist and be part of the team they are not going to have what they seek.

I don't want to bore you with a lot of details, but simply to say that what we try to do in Labor-H is address the human element, the medical research which is vitally important to people, to address the incentives in education that will address the dropout rate, that will teach kids to read. I said the decision to drop out isn't made at the ninth grade, it is made at the third grade when you don't learn to read adequately. So we try to use the dollars we

have; last year our budget was roughly $2 billion less than the year before and the budget that is being proposed for this year is another $2-billion cut. I don't know how we are going to stretch it to meet what I think are the needs of the future in education. So, anything you can do to make a larger allocation for those functions, medical, NIH, Centers for Disease Control (CDC). We are asking CDC and policemen to keep bird flu away from us, to keep out these other things that can be brought to the United States. People don't realize the importance of the role of CDC. They are the watchdog. They are people in 43 countries constantly looking out for things that might get brought to the United States via the jets and who knows what.

So, again, it is an important thing, and this budget that is being proposed takes a cut at CDC, takes NIH flat-funded, Health and Human Services Department are both down, education is down. It is going to be a tough challenge, and I think if we care about the future of the United States, we need to address those needs of people, and that is essentially what we do in Labor-H, and I hope you will give us consideration in the allocation of resources. I know it is a tough job, I spent several years on the Budget Committee and I realize the challenges that come your way, and I appreciate the service you are all doing.

[The prepared statement of Mr. Regula follows:]

PREPARED STATEMENT OF HON. RALPH REGULA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. Chairman, Congressman Spratt, thank you for allowing me the opportunity to testify before your Committee. As you begin deliberations in the coming days on the fiscal year 2007 budget, I wanted to share with you the tremendous importance of and remarkable progress being made by programs funded in the Labor, Health and Human Services, and Education appropriations bill.

Whether it is a job training program for the unemployed, research to find a cure for the thousands of diseases our citizens suffer from, or education for our youth, the programs in this bill provide hope to Americans in search of a better life.

The dreams of a better life take root in a foundation of solid education. Education creates the opportunity for sustainable livelihood, improves quality of health, reduces crime, raises industrial productivity, and increases the level of civic participation. It is essential to the preservation of democracy.

Four years ago, we passed the No Child Left Behind Act and provided record funding increases to the Department of Education, and in turn, to our local school districts. For the first time ever, we required high standards and accountability in our nation's public schools.

Multiple studies and reports have shown that our efforts are working.

- The long-term Nation's Report Card (NAEP) results, released in July 2005, showed elementary school student achievement in reading and math at all-time highs and the achievement gap closing.
- For America's 9-year-olds, there's been more progress in reading the last 5 years than in the previous 28 combined.
- America's nine and 13-year-year-olds posted the best scores in math the test ever recorded.
- Reading and math scores for African American and Hispanic 9-year-olds reached an all-time high.
- Math scores for African American and Hispanic 13-year-olds reached an all-time high.
- Achievement gaps in reading and math between white and minority 9-year-olds are at an all-time low.

The state-by-state Nation's Report Card results, released in October 2005, showed the number of fourth-graders who learned their fundamental math skills increased by 235,000-enough to fill 500 elementary schools.

Despite the record gains, Mr. Chairman, much work remains. High quality public education has assumed a much greater significance in the context of our rapidly

changing world and the emergence of new technologies. Where oceans and mountains once limited trade and the rapid transmission of ideas, as Tom Friedman tells us in his book The World is Flat, technology has flattened our world and made borders more permeable to products and highly skilled labor.

The United States has always depended on the inventiveness of its people in order to compete in the world marketplace. Now, preparation of a well educated workforce is a vital arena for national competitiveness. Since 1980, the number of science and engineering jobs has grown at more than four times the rate of the U.S. labor force as a whole. This is an average annual growth rate of 4.9 percent compared with 1.1 percent for the entire labor force.

The average age of the science and engineering workforce is rising. The proportion of foreign-born students in science and engineering fields and workers in science and engineering occupations continues to rise dramatically. Global competition for science and engineering talent is intensifying, such that the United States may not be able to rely on the international science and engineering labor market to fill unmet skill needs. The number of native born science and engineering graduates entering the workforce is likely to decline unless the U.S. intervenes to improve success in educating students from all demographic groups.

My Subcommittee has recognized this challenge and provided substantial dollars to the math and science partnerships program since FY2002. The President senses the importance of this initiative and has requested $380 million in new funding to improve math and science instruction in schools.

Just as education, health, too, is important to the economic advancement of a nation.

For over a century, the National Institutes of Health (NIH) has played a key role in improving the health of the nation. More than 80 percent of NIH's funding is awarded through almost 50,000 competitive grants to more than 212,000 researchers at over 2,800 universities, medical schools, and other research institutions in every state.

Many important health and medical discoveries of the last century resulted from research supported by NIH. In part because of NIH research, our citizens are living longer and better. Life expectancy at birth was only 47 years in 1900; by 2000, it was almost 77 years.

In the past several decades, NIH-supported research, and its national programs to communicate the results of research to patients and their doctors, played a major role in achievements such as the following:

- Death rates from heart disease and stroke fell by 40 percent and 51 percent, respectively, between 1975 and 2000.
- The overall 5-year survival rate for childhood cancers rose to nearly 80 percent during the 1990's from under 60 percent in the 1970's.
- The number of AIDS-related deaths fell by about 70 percent between 1995 and 2001.
- Infectious diseases—such as rubella, whooping cough, and pneumococcal pneumonia—that once killed and disabled millions of people are now prevented by vaccines.
- The quality of life for 19 million Americans suffering with depression has improved as a result of more effective medication and psychotherapy.

And, the progress continues. The sequencing of the human genome, completed in 2003, set a new course for developing ways to diagnose and treat diseases like cancer, Parkinson's Disease and Alzheimer's Disease, as well as rare diseases.

NIH should be applauded for their successes. However, I also believe we need to continue our oversight of NIH programs, not to direct the science—for that is best left to scientists—but to ensure that scientific opportunity drives funding decisions within the agency.

Similar to the efforts of the Department of Education and the Department of Health and Human Services, programs at the Department of Labor play a vital role in society. A number of communities continue to experience plant closings and other layoffs, an ongoing reminder of global competition. We need to support dislocated worker training programs that assist workers return to gainful employment. In my district, the local One-Stop in Canton is extremely effective. Over 90 percent of the participants complete their training, and more than 90 percent of the trainees secure jobs paying a similar or higher wage than their previous employment.

Another example is the Job Corps program, which provides a comprehensive and intensive array of training, career development, job placement and support services to disadvantaged young people between the ages of 16 and 24. Many people who enroll in Job Corps Centers never completed their high school education and may have other barriers to maintaining a job. This program ensures that disadvantaged

young people are afforded an opportunity to successfully participate in the Nation's workforce, and most of the participants secure gainful employment.

I can point to many other examples of good programs in my bill. Whether it is a Centers for Disease Control and Prevention program in New Mexico to investigate emerging diseases, or a Substance Abuse and Mental Health Services Administration drug prevention and rehabilitation clinic in Maine, Corporation of National and Community Service funded efforts in Louisiana to rebuild communities ravaged by the hurricanes, a Department of Education grant in Iowa to develop and support a high-quality teaching force, every dollar in this bill is dramatically altering the lives of Americans.

As you begin consideration of the FY2007 budget, I would like to point out that in the FY2006 Labor, Health and Human Services, and Education appropriations bill, we provided almost $900 million in administrative cost to the Centers for Medicare and Medicaid Services (CMS) and the Social Security Administration to implement a mandatory program-the Medicare Modernization Act. We provided for this increase in spending for a mandatory expense by eliminating and reducing several programs. The final FY2006 budget for the bill was $1.6 billion below FY2005 and contained no earmarks.

Mr. Chairman, it is important for the Budget Committee to note that the trend of shifting costs of mandatory programs to discretionary accounts continues. In 2006 the Budget Deficit Reduction Act, again, included legislation to shift $600 million in administrative expenses for another mandatory program, this time Student Aid Administration (Pell Grants), to the discretionary side of the budget as one way of meeting its reductions in mandatory programs. OMB has recognized this shift by showing the $600 million in additional Budget authority in FY2006 and allocating the funds to the discretionary budget in the request for FY2007. It is critical that the Budget Committee also include the additional funds needed to fund administrative expenses for Student Aid in the discretionary allocation. If this is not done, we will be faced with the difficult task of eliminating or severely reducing programs that have significant support of the Members of the House such as Rural Health, Vocational Education State Grants, GEAR-UP, and TRIO, to name a few. Equally noteworthy, we will not be able to provide the necessary dollars for new programs to prepare our students for success in a competitive world.

I would like to close with this: When I became Chairman of the Labor, Health and Human Services, and Education Appropriations Subcommittee, I told my colleagues that the Lord says there are two great commandments. The first is to love your Lord, and the second is like unto it, to love your neighbor. I told them that this is the Love Your Neighbor Committee.

Last year, we made many difficult choices, cutting the bill by $1.6 billion and eliminating 29 programs. The Administration's FY2007 budget proposes to further reduce the spending on the Labor, Health and Human Services, and Education by nearly $4 billion. As you consider the budget, I strongly urge you to be mindful of the considerable impact the programs in this bill have on Americans.

Mr. Chairman, I thank you for allowing me the opportunity to testify, and at this time I would be happy to answer any questions you may have.

Mr. RYUN. Mr. Regula, thank you very much for your testimony. You have certainly presented a lot of ideas, and it is a lot to put our arms around, and you can see the passion with which you carry a lot of this. And one of them I will just mention is the life expectancy, how that increases. It certainly does put us with difficult decisions for the future because of policies that we have here, but I am hoping as a Congress that we will put aside partisanship and genuinely look to what we need to do.

Mr. REGULA. Well, I think the only way out of it is a strong economy that will produce the revenues to meet Social Security and Medicare, and a strong economy is predicated on an educated population.

Mr. RYUN. Are there any questions by any of the members that are present?

Mr. SPRATT. Let me assure the chairman that he will have our full support in fully funding particularly the education component of the Labor-H bill. Thank you very much for your time.

Mr. REGULA. Thank you.

Mr. RYUN. Mr. Regula, thank you.

At this point we will turn to Mr. Young from Alaska for his testimony.

STATEMENT OF HON. DON YOUNG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALASKA

Mr. YOUNG. I thank you, Mr. Chairman, and members of the committee. I have done this so many times that it is always a pleasure to be before you.

I appreciate the assistance this committee gave us last year. We worked together jointly to reach a budget solution. And of course the Transportation Committee, which I am chairman of, will meet later this week to approve its views and estimates for 2007, and my testimony reflects those views and it will be adopted.

First and foremost, I am pleased that the President's budget almost completely is consistent with last year's Surface Transportation Reauthorization Act, known as SAFETEA-LU. The budget supports the fiscal year 2007 SAFETEA-LU funding levels with only one major exception: The 2007 funding level for the Federal Transit Administration is $100 million lower than what was authorized due to administrative failure to fully fund the Small Starts programs.

Unfortunately, the budget does not make a similar commitment to meeting our Nation's aviation infrastructure and investment needs. Under the President's budget, aviation capital programs would receive $5¼ billion, which is $1.6 billion or 23 percent less than the level guaranteed by Vision 100—Century of Aviation Reauthorization Act. This reduction is extremely shortsighted and will only serve to accelerate the impending crisis of congestion and delays in our Nation's aviation system.

It wasn't long ago, Mr. Chairman, all we heard about was the Fliers Bill of Rights and the congestion and how airports weren't working, and now there is an attempt to cut it further back. The slowing economy and the terrorist attacks of September 11 temporarily reduced aviation congestion beginning in 2001. However, the number of air travelers has since rebounded in 2005 to pass the previous record high level experienced in 2000. Unless we make necessary investments in our airport and air traffic control infrastructure, delays will increase significantly as air travel continues to increase.

The FAA forecasts the number of air travelers will grow from 739 million people in 2005 to more than 1 billion by 2015. This growth will place even greater demands on a system already plagued by delays. To ensure the aviation system remains safe, reliable, efficient and able to accommodate the increased number of passengers anticipated in the near future, the committee recommends that aviation capital programs be funded at least to the level of $6.8 billion guaranteed by Vision 100.

I would also like to address several other proposals in the budget that are a concern to me. For example, the administration proposes to cut funding for Amtrak from $1.3 billion in 2006 to $900 million in 2007. Over the years proposed cuts in Amtrak funding have been repeatedly rejected by Congress. Now, if the budget resolution assumes just $900 million for Amtrak, but Amtrak funds are sub-

sequentially restored during the appropriation process, other important programs will have to be cut in order to make up the difference.

In addition, the President's budget proposes to cut funding for the clean water State revolving fund and Army Corps of Engineers. These proposals would produce shortfalls that are of significant concern to the Transportation and Infrastructure Committee. And may I explain why? Estimates of the clean water infrastructure needs over the next 20 years exceeds $400 billion. Current spending by all levels of government addresses only one-half of this need, and that is a problem. Water is our next big crisis, this is a problem that requires investment at all levels of government. However, cutting the size of the Federal program will only make an already very bad situation much worse.

Under the funding of the Corps of Engineers, there has been a chronic problem that has resulted in outdated and aged infrastructure. I think you see this down in Katrina where the levees were built that were not repaired and should have been repaired. The transportation benefits that could be achieved through greater investments in Corps navigation projects would help American products compete in the world market. Greater investments in flood control infrastructure today will reduce the risk that we will have to pay later larger sums of disaster relief at some later date.

Finally, I would like to discuss an area in which we could be using our scarce resources more wisely. Since the creation of the Department of Homeland Security in 2003, the Department and Congress have tended to throw money at problems before having the proper mechanisms or programs in place to ensure that money is well spent. And I think you have seen some recent disclosures of how money has been misspent, and we have to stop that and structure it in a much better way.

Millions of dollars have been wasted due to a lack of authorization statutes and insufficient coordination between the authorizing and appropriations committees. I think we can and I know we must do a much better job in this arena.

More comprehensive information on the committee recommendation will be provided in its views and estimates to be adopted by the committee later this week. These views and estimates will demonstrate that we are significantly underfunding many of our transportation infrastructure investments. This investment puts our economy and global competitiveness and quality of life at risk. While the cost of meeting our Nation's transportation and infrastructure investment seems to be high, the cost of not meeting them is clearly much higher.

May I say, Mr. Chairman, I listened to Mr. Regula with great interest, and, yes, education is one of the keys, transportation is the second key. Without a good transportation infrastructure within our country, we cannot be competitive nor will our economy grow. I have argued this for 6 years. I am going to continue to argue, because we are lacking the courage to raise the money necessary to fulfill the obligation that I think is important to the future generations.

I know you have a difficult job. I have said this every year. I expect you to do the best you can. I am not wedded totally to the

numbers the President has brought down, as I mentioned. I think we have to look at the total package of the Congress. We are the ones that write the budget, it is not the President. He submits the budget under the Constitution; but it is our duty to write the budget. I think there are many areas that money can be shifted around for better purposes, than has been proposed by the President's budget. And I will answer any questions.

[The prepared statement of Mr. Young follows:]

PREPARED STATEMENT OF HON. DON YOUNG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALASKA

Thank you Chairman Nussle and Ranking Member Spratt for this opportunity to testify before you on behalf of the Transportation and Infrastructure Committee.

I appreciate your assistance during last year's surface transportation reauthorization, and look forward to continuing to work cooperatively with you as the budget process moves forward this year.

The Transportation and Infrastructure Committee will meet later this week to approve its views and estimates for the 2007 budget. While my testimony today precedes the formal adoption of the committee's views, it is consistent with what I anticipate will be adopted.

First and foremost, I am pleased that the president's budget is almost completely consistent with last year's surface transportation reauthorization act, known as SAFETEA LU.

The budget supports the fiscal year 2007 SAFETEA LU funding levels with only one major exception. the 2007 funding level for the Federal transit administration is $100 million lower than what was authorized in due to the administration's failure to fully fund the "small starts" program.

Unfortunately, the budget does not make a similar commitment to meeting our nation's aviation infrastructure investment needs.

Under the president's budget, aviation capital programs would receive $5.25 billion, which is $1.6 billion or 23 percent less than the level guaranteed by the vision 100—century of aviation reauthorization act.

This reduction is extremely shortsighted, and will only serve to accelerate the impending crisis of congestion and delays in our nation's aviation system.

The slowing economy and the terrorist attacks of September 11, 2001, temporarily reduced aviation congestion beginning in 2001. however, the number of air travelers has since rebounded, and in 2005 surpassed the previous record-high level experienced in 2000.

Unless we make the necessary investments in our airport and air traffic control infrastructure, delays will increase significantly as air travel continues to increase. the faa forecasts that the number of air travelers will grow from 739 million in 2005 to more than one billion in 2015. This growth will place even greater demands on a system that is already plagued by delays.

To ensure that our aviation system remains safe, reliable, efficient, and able to accommodate the increased number of passengers anticipated in the near future, the committee recommends that aviation capital programs be funded at least at the $6.81 billion level guaranteed by vision 100.

I would also like to address several other proposals in the budget that are of concern to me.

For example, the administration proposes to cut funding for Amtrak from $1.3 billion in 2006 to $900 million in 2007. Over the years, proposed cuts in Amtrak funding have been repeatedly rejected by Congress.

If the budget resolution assumes just $900 million for Amtrak, but Amtrak funds are subsequently restored during the appropriations process, other important programs will have to be cut in order to make up the difference.

In addition, the president's budget proposes to cut funding for the clean water state revolving fund and the army corps of engineers. These proposals would produce funding shortfalls that are of significant concern to the Transportation and Infrastructure Committee.

Estimates of the clean water infrastructure needs over the next 20 years exceed $400 billion. Current spending by all levels of government addresses only one-half of this need.

This is a problem that requires investments by all levels of government; however, cutting the size of the Federal program will only make what is already a very bad situation much worse.

Under funding of the corps of engineers has been a chronic problem that has resulted in an outdated and aging infrastructure. The transportation benefits that could be achieved through greater investments in corps navigation projects would help american products compete on the world market. Greater investments in flood control infrastructure today will reduce the risk that we will have to pay larger sums in disaster relief at some later date.

Finally, I would like to discuss an area in which we could be using our scarce resources much more wisely. Since the creation of the department of homeland security in 2003, the department and congress have tended to throw money at problems before having the proper mechanisms or programs in place to ensure the money is well spent.

Billions of dollars have been wasted due to a lack of authorizing statutes, and insufficient coordination between the authorizing and appropriations committees. I think we can—and must—do much better in this area.

More comprehensive information on the committee's recommendations will be provided in the views and estimates to be adopted by the committee later this week.

These views and estimates will demonstrate that we are significantly under-funding many of our transportation and infrastructure investments. This underinvestment puts our economy, global competitiveness, and quality of life at risk.

While the cost of meeting our nation's transportation and infrastructure investment needs may seem high, the cost of not meeting them is clearly higher.

I urge your support for the transportation and infrastructure committee's recommendations as you develop the 2007 budget resolution.

Mr. RYUN. Mr. Chairman, thank you very much for your comments. It does not take much for those of us that travel a lot either by air or on the ground to recognize the seriousness of the problem. And there does need to be a fix, and we will certainly take a close look at it on this committee.

Are there any questions by any of the members? Yes, Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Mr. Chairman. Just a quick comment. I want to thank Chairman Young for not only obviously his drive to make sure that our infrastructure around the country is as good as it can be, but one of the things that I think needs to be noted is that Chairman Young has personally been to, I think, just about every congressional district in the country and really knows——

Mr. YOUNG. Most of the Democrat and Republican.

Mr. DIAZ-BALART. Absolutely. And the thing that struck me is he knows the details of the infrastructure needs in every part of the country, in many cases even better than the Members that represent those areas. So I just want to thank him for not only his hard work, but really it takes a lot of effort and a lot of time to get on a plane or get in a car, particularly if you are from a country that is pretty far away, Mr. Chairman, and so I just want to thank him for his commitment and his willingness to spend an incredible amount of time and effort to try and make sure that he understands every single detail and all parts of the infrastructure of this great Nation of ours. It takes a lot of work, and here is a man that is willing to do that, and I think we all owe him a great deal.

Thank you.

Mr. RYUN. I would like to yield at this point to Mr. Moore.

Mr. MOORE. Thank you, Mr. Chairman. And, Mr. Chairman, I want to thank you for being here as well. I am from Kansas, and I agree with some of the witnesses who testified in a prior panel here. When they talked about an investment in education, it is not spending money, it is a wise investment in our future. And I feel the same way about our transportation infrastructure as well, and

I commend you for bringing this proposal here and I thank you very much.

Mr. YOUNG. Thank you.

Mr. RYUN. Mr. Chairman, thank you for your testimony. At this point we will turn to Mr. Hinojosa for his comments.

STATEMENT OF HON. RUBÉN HINOJOSA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. HINOJOSA. Thank you, Chairman Ryun. I am pleased that I got to see Ranking Member Spratt and other members of the committee, Congressman Dennis Moore and Congressman Diaz-Balart. Thank you for this opportunity to testify before you on the fiscal year 2007 budget. I ask that my written statement be included in the record.

Mr. RYUN. Without objection.

Mr. HINOJOSA. I agree wholeheartedly with the previous speakers, particularly with Chairman Regula's plea to get budget increases in his budget, some areas very important to my constituents and that I will be addressing at least some areas during my comment period.

The Federal budget is our most direct and telling statement of the Nation's values and priorities. Unfortunately, when the people of my Texas 15th Congressional District, hard-working people, many who live in rural areas, most of whom are Hispanic, look at this Federal budget, they do not see their community's well-being and prosperity treated as a national priority.

I am here today to share with you some areas where the Federal budget could better reflect the values and priorities of my congressional district and similar communities across the Nation from West to East Coast. I will focus my remarks on three critical areas: Education, health, and community development.

Nothing demonstrates our misplaced national priorities more than our failure to invest in education, particularly our failure to invest in the key programs that are making a difference in the Hispanic community throughout the country. Hispanics are now the largest minority group in the country. By 2010, Hispanics will be the largest minority group in our Nation's workforce. Yet Hispanic children are the least likely to attend preschool, the most likely to drop out of school before earning a high school diploma, and the least likely to earn a college degree.

We know what we need to do and we have an investment plan. The Congressional Hispanic Caucus focuses on a group of Federal educational programs that are critical to the Hispanic community. They are Title I and Title III of the Elementary and Secondary Education Act, the migrant education programs, the dropout prevention program, HEP and CAMP as well as TRIO and GEAR-UP, as well as Hispanic Serving-Institutions, Even Start, Adult English As a Second Language, and Civics Education. We call these programs the Hispanic Education Action Plan.

The fiscal year 2006 education budget cut every single program in this plan. Unfortunately, the President's 2007 budget calls for an even greater assault on Hispanic education programs with the proposed cuts of $855 million to the HEAP and $2.1 billion to the education overall. These cuts include the elimination of key programs

such as the dropout prevention as well as the GEAR-UP and the TRIO programs of Upward Bound and Talent Search.

We must turn this around and significantly increase the investment in all of these programs. The stakes could not be higher. I urge you to reject the administration's proposed cuts and restore funding that has been cut over the past several years, and I urge you to put us on a path of increased investment in our children starting with fiscal year 2007. Without these investments, our Nation will no longer be economically competitive in the future.

In addition to creating an educated workforce, we also need a healthy workforce to remain competitive. Unfortunately, many people in my district do not have access to quality health care, particularly those in rural communities. Rural communities cannot compete against urban wages and benefits in this time when we are facing a national shortage of nurses and allied health professionals. Yet the President's budget eliminates health profession training grants and slashes funding by 83 percent for rural health activities. Diabetes is afflicting my constituents at an ever younger age and in near epidemic numbers, yet this budget for 2007 cuts critical diabetes programs at the Centers for Disease Control that bridge the gap between the theoretical research at the National Institutes of Health and real community-based treatment.

Provider cuts in Medicare will make it more difficult for my senior citizens to find a physician to treat them, and higher co-pays will make even Medicaid unavailable for thousands of my constituents. My returning veterans from Iraq will have difficulty accessing services because VA funding is $10.1 billion below what is needed just to maintain its 2006 purchasing power.

I urge this committee to reconsider these policies that will undermine the health of millions of Americans. Rural America truly is the heartland of this great country. It is up to all of us here in Congress to ensure its continued vitality.

The President's fiscal year 2007 budget seems geared to do just the opposite. The $2.77 trillion budget that the President sent to us last week cuts $1.5 billion from the Department of Housing and Urban Development, which we call HUD. The President is proposing these cuts despite HUD's recently reporting that $5.18 million very low income families have critical housing problems. The President's fiscal year 2007 budget imposes severe cuts to Sections 202 and 811 programs that provide housing to the lowest income seniors and people with disabilities at a time when the baby boom generation is beginning to retire.

One of the programs that is fundamental to the success of rural cities is the Community Development Block Grant Program (CDBG). The President's budget proposes cutting the CDBG program by another 20 percent from $3.7 to $2.9 billion. And this cut and HUD's intention to revamp the program to award grants to undefined areas of greatest needs will devastate rural America. State and local authorities rely on those grants for community revitalization. Now is not the time to abandon our commitment to these communities in the guise of reform.

Mr. Chairman, recently HUD awarded Texas only $74,523,000 in CDBG funds despite its request for approximately $1 billion in assistance to provide relief to the hurricane evacuees. Texas will not

have enough funds to provide for the hurricane evacuees much less its own population if Congress cuts CDBG program funding.

The pending supplemental makes it clear: We need to actually increase funding for this CDBG program. The Rural Housing and Economic Development Program, the Housing Assistance Council, and the National Community Development Initiative are all key programs for our rural America. The President's budget has either zero funded or eliminated all of them.

Furthermore, Mr. Chairman, the President's budget has proposed no funding for the construction of low income housing and calls for the elimination of all funding for the construction or preservation of affordable housing units in rural areas.

One ray of hope lies in the fact that the proposed budget maintains the Community Development Financial Institutions Program. However, it reduces this important program 85 percent from its current funding of $46 million to a mere $8 million for this fiscal year 2007.

In conclusion, let me say last year I fought to keep the Resource Conservation and Development Program intact and prevent closure of Farm Service Agencies, and yet again the President is recommending consolidating funding for the programs that are vital to a rural America. At a time when we are trying to rebuild the gulf coast, it is a mystery to me that programs people rely upon to get back on their feet face such drastic cuts.

Thank you for allowing me to testify here before you. I encourage you to maintain an increased funding for programs that are essential to the education, health, economic development of our country. And if you have any questions, I will be glad to address them.

[The prepared statement of Mr. Hinojosa follows:]

PREPARED STATEMENT OF HON. RUBÉN HINOJOSA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Chairman Nussle, Ranking Member Spratt and Members of the Committee, thank you for this opportunity to testify before you on the fiscal year 2007 budget. I ask that my written statement be included in the record.. The Federal budget is our most direct and telling statement of the nation's values and priorities. Unfortunately, when the people of my congressional district—hard working people—many who live in rural areas—most of whom are Hispanic—look at the Federal budget, they do not see their values reflected in the budget; and they do not see their community's well-being and prosperity treated as a national priority.

I am here today to share with you some areas where the Federal budget could better reflect the values and priorities of my congressional district and similar communities across the nation. I will focus my remarks on three critical areas: education, health, and rural development.

EDUCATION

Nothing demonstrates our misplaced national priorities more than our failure to invest in education—particularly our failure to invest in the key programs that are making a difference in the Hispanic community.

Our census figures tell the story. Hispanics are now the largest minority group in the country. Hispanic children are now second to only non-Hispanic whites in our nation's schools. By 2010, Hispanics will be the largest minority group in our nation's workforce. Yet Hispanic children are the least likely to attend preschool, the most likely to dropout of school before earning a high school diploma, and the least likely to earn a college degree.

Strengthening educational opportunities for Hispanic Americans from pre-school through graduate school must become a national priority. Literally, our future depends on it. Unfortunately, the opposite has been true.

We know what we need to do. We have an investment plan. The Congressional Hispanic Caucus focuses on a group of Federal education programs that are critical to the Hispanic community—Titles I and III of the Elementary and Secondary Education Act, migrant education programs, dropout prevention, HEP and CAMP, TRIO, GEAR UP, Hispanic-Serving Institutions, Even Start Adult English as a Second Language and Civics Education. We call these programs the Hispanic Education Action Plan.

The fiscal year 2006 education budget cut every single program in this plan. For the first time in 10 years, the Federal support for Hispanic-Serving Institutions (HSIs) has been reduced, in spite of the fact that half of all Hispanic college students attend HSIs. For the first time in 10 years, funding for Title I, the cornerstone of the No Child Left Behind Act has been cut. TRIO programs have been put on the chopping block. Even Start, which provides literacy services to low-income families, over half of whom are Hispanic, has been slashed by more than 50 percent. Programs for English language learners and migrant students have been cut for the third year in a row. These cuts are coming at a time when the Department of Education estimates that there are 5.4 million English language learners in our schools and projects that the number will double by 2025.

Unfortunately, the President's budget calls for an even greater assault on Hispanic education programs with cuts of $2.1 billion to education overall—a reduction of 3.8 percent from last year. These cuts include the elimination of key programs such as dropout prevention, GEARUP, and the TRIO programs of Upward Bound and Talent Search. In total, the President's budgets cuts the Hispanic Education Action Plan by more than $855 million.

We must turn this around and significantly increase the investments in all of these programs. The stakes could not be higher. I urge you to reject the Administration's proposed cuts. I urge you to restore funding that has been cut over the past several years. And I urge you to put us on a path of increased investment starting with fiscal year 2007. Without these investments, our nation will no longer be economically competitive in the future.

HEALTH

In addition to creating an educated workforce, we also need a healthy workforce if we are to remain competitive. Unfortunately, many people in my district do not have access to quality healthcare, particularly those in rural communities. Rural communities suffer from a lack of trained medical personnel because they cannot compete against urban wages and benefits in this time when we are facing a national shortage of nurses and allied health professionals. Yet the President's budget eliminates health profession training grants and slashes funding by 83 percent for rural health activities.

My district is plagued by the ever increasing scourge of diabetes which is afflicting my constituents at an ever younger age and in near epidemic numbers. Yet the 2007 budget cuts critical diabetes programs at the Center for Disease Control which bridge the gap between theoretical research at the National Institutes of Health and real community based treatment.

The Centers for Disease Control will also lose $290 million in programs for programs like the Preventative Health and Social Services Block Grant, Emergency Medical Services for children and the Universal Newborn Screening even while we all know that early prevention can save billions in future health costs.

Provider cuts in Medicare will make it more difficult for my seniors to find a physician to treat them and higher copays will make even Medicaid unavailable to thousands of my constituents. My returning veterans from Iraq will have difficulty accessing services because VA funding is $10.1 billion below what is needed to maintain its 2006 purchasing power. This will severely impact the VA's ability to treat new veterans.

I urge the committee to reconsider these policies that will undermine the health of millions of Americans.

RURAL DEVELOPMENT

Finally, I strongly urge this committee to provide the funds necessary to operate key programs that help bolster economic development in Rural America. Rural America truly is the heartland of this great country. It is up to all of us here in Congress to ensure its continued vitality. The President's fiscal year 2007 budget seems geared to do just the opposite.

The $2.77 trillion budget that the President sent to us last week cuts $600 million from the Department of Housing and Urban Development (HUD), a 1.8-percent decrease from the FY06 appropriations. The President is proposing these cuts despite

HUD recently reporting that 5.18 million very low-income families have critical housing problems. It seems illogical at best for the Administration to be recommending a reduction of $1.15 billion in funding for housing programs when the agency responsible for those programs is aware of the need to do just the opposite—to increase funding for critical housing needs.

At this juncture in our history, and in light of the nation's demographics, we need to begin increasing funding for lowest income seniors and people with disabilities. Contrary to this logic, the President's Fiscal Year 2007 budget imposes severe cuts to Sections 202 and 811 programs that provide housing to the lowest income seniors and people with disabilities. This budget adds insult to injury by targeting seniors and people with disabilities twice for reduced assistance: first by reducing funding for health care and again by substantially reducing not only the funding for housing programs but the availability of key programs to those most in need. This budget is far from being compassionate.

President Bush recently noted that he and former President Clinton will turn 60 this year, as will a considerable number of other members of the Baby Boom generation. He and his Administration should realize that the Sections 202 and 811 programs should be expanded considerably to prepare for the future housing needs of these people and for the housing needs of the Baby Boomers in general. The Baby Boom generation is going to place a huge drain on our economy, and we need to prepare for that now by providing the funds necessary to maintain programs that are going to be vital to the continued success of our country.

One of the programs that is fundamental to the success of rural cities is the Community Development Block Grant Program. The President's budget proposes cutting the CDBG program by 20 percent—from $3.7 billion to $2.975 billion. This cut, and HUD's intention to revamp the program to award grants to the "areas of greatest needs"—terminology which has yet to be defined—will devastate Rural America. State and local authorities rely on those grants for a variety of purposes. The reduction in funding is bad enough, but HUD has made statements that the CDBG program will be reformed but has not expounded on its proposal.

In the aftermath of Hurricanes Rita and Katrina, Texas needs a considerable amount of CDBG funding. Following Hurricane Katrina, Texans were more than happy to open our hearts, our homes, our communities and our resources to the evacuees of Hurricane Katrina, and we remain committed to helping them in any way we can. However, we need the Federal Government, particularly HUD, to provide us with greater assistance.

Recently, HUD Secretary Alphonso Jackson announced the allocation of $11.5 billion in disaster funding to be divided among the five Gulf Coast states impacted by Hurricanes Katrina, Rita and Wilma. He, HUD and the Administration decided to provide "relief" through the CDBG Program to Louisiana, Mississippi, Florida, Alabama and Texas. Unfortunately, Texas received only $74,523,000 from HUD despite its request for approximately $1 billion in assistance. In response, the Texas Delegation sent a letter to HUD Secretary Jackson requesting a detailed explanation of the Department's allocation of CDBG funds. The Secretary himself has yet to respond. I hope that this committee will take HUD's treatment of Texas into consideration when it decides whether or not to increase funding for CDBG. It is obviously a key ingredient to addressing housing needs of communities in need as demonstrated by HUD's use of the funds for Hurricane relief.

The Rural Housing and Economic Development (RHED) Program, the Housing Assistance Council (HAC), and the National Community Development Initiative (NCDI) are all key programs for Rural America. The President's budget has either zero-funded or eliminated all of them. Furthermore, the President's budget has proposed no funding for the construction of low-income housing, and the budget calls for the elimination of all funding for the construction or preservation of affordable housing units in rural areas. This is at best irresponsible.

One ray of hope lies in the fact that the proposed budget maintains the Community Development Financial Institutions (CDFI) Program. However, it reduces this important program 85 percent, from its current funding of $46 million to a mere $8 million for Fiscal year 2007.

Last year I fought to keep the Resource Conservation and Development Program (RC&D) intact, and prevent closure of Farm Service Agencies, and yet again the President is recommending consolidating funding for the programs. Farmers and ranchers are the backbone of our economy, and we need to do all we can to support them, not continue slashing programs that assist them.

All of these programs directly help low-income and rural communities across the country. At a time when we need to maintain funding for CDBG, RHED, CDFI, HAC, and other low-income and rural housing programs, especially in the aftermath

of Hurricanes Katrina and Rita, it's a mystery to me that programs people rely upon to get back on their feet face such drastic cuts.

I urge the committee to stand up for rural America and oppose these cuts.

Mr. RYUN. Mr. Hinojosa, thank you very much for your testimony. Are there any members that have questions at this point? Hearing none—Mr. Moore.

Mr. MOORE. May I comment very briefly? Thank you, Mr. Hinojosa, for being here and for your presentation. I just want to comment on two, very quickly, areas that you covered. One is you talked about a budget being a values document. I think you are exactly right. I have learned in the 7 years I have been here in Congress that our job is about setting priorities for how we are going to spend our money. And people can talk all they want about values, but what it comes down to, a real demonstration of values is how we choose to the spend the money for the people in this country, and you mentioned in particular two areas I want to comment on very quickly.

One is education. I think it is a drastic mistake to be cutting back on college student loans. I don't know that you mentioned that, but you mentioned several other work and education programs. And the second, you did mention health. You talked about cutbacks in diabetes programs and cutbacks in provider cuts for Medicare beneficiaries—and for providers, excuse me. And I think, again, those are places we should not choose to make cuts. I believe in a balanced budget, I believe in fiscal responsibility, but we have got to make hard decisions here, and we can't sacrifice the least among us.

Thank you.

Mr. HINOJOSA. Congressman Moore, if I may, I would like to respond by saying that one thing I have learned here in Congress these 10 years, and that is that issues divide us. Values, as I addressed in the opening of my remarks, is what unites us. And that is why I am making such a plea for increases in funding in these areas. And, Mr. Chairman, if I may, I would like to ask unanimous consent that to my remarks, that we also add two documents that I have which are a history from 1995 to 2006 of the funding that we have received in the HEAP programs, which is our Hispanic Education Action Plan, so that you can see that we were on a good route, a good track to be able to increase funding which is very necessary to address the programs that are helping our community be able to graduate and go on to college.

Mr. RYUN. Without objection, those will be put into the record.

[The information referred to follows:]

CONGRESSIONAL HISPANIC CAUCUS HISPANIC EDUCATION ACTION PLAN (HEAP) FUNDING

[Amounts in millions]

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Hispanic Serving Institutions	$12	$10.8	$10.8	$12	$28	$43	$69	$86	$92.4	$94	$95.1	$94.9
Bilingual Education	$156.7	$128	$156.7	$199	$224	$248	$296	[1] $665	$683.7	$681	$676	$669
Migrant Education HEP/CAMP	$10.29	$9.47	$9.47	$9.72	$13	$22	$30	$38	$39	$34.5	$34	$33.9
Migrant Education (Title I of ESEA)	$305.5	$305.5	$305.5	$305.5	$354.7	$355	$380	$396	$395.5	$393.6	$390.4	$386.5
Adult Education[2] (State Grant)	N/A	N/A	N/A	N/A	N/A	$25	$70	$70	$70 (571.3)	$70 (574.4)	$68.5 (569.7)	$67.8 (564)
TRIO—Total	$463	$463	$500	$529.7	$600	$645	$730	$803	$827.1	$832.6	$836.5	$828.2
GEAR-UP	N/A	N/A	N/A	N/A	$120	$200	$295	$285	$293.1	$298.2	$306.5	$303.4
Title I (LEAs)	$6,698	$6,730	$7,295	$7,375	$7,676	$7,940	$8,336	$10,350	$11,684	$12,342.3	$12,738.6	12.713.1
Dropout Prevention (Title I, Part H)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	$7	$11	$5	$4.9	$4.85

[1] The No Child Left Behind Act consolidated bilingual and immigrant education programs into a state formula grant program under Title III. Immigrant education had been funded at $150 million in previous fiscal years.
[2] Adult English as a Second Language and Civics setaside from the Adult Education State Grant Program.

FY 2006 BUDGET PRIORITIES—HISPANIC EDUCATION ACTION PLAN (HEAP)

[Amounts in millions]

	2004	2005	Admin Request	CHC	House	Senate	Final
Hispanic-Serving Institutions (Title V of HEA)	$94	$95.1	$95.9	$125	$95.9	$100.8	$94.9
English Language Acquisition (Title III, ESEA) [1]	$681	$676	$676	$900	$676	$683.4	$669
Migrant Education HEP/CAMP	$34.5	$34.3	$34.3	$50	$34.3	$37.1	$33.9
High School Equivalency Program (HEP)	($18.9)	($18.7)	($18.7)	($27)	($18.7)	($21.6)	(18.5)
College Assistance Migrant Program (CAMP)	($15.7)	($15.5)	(15.6)	($23)	($15.6)	($15.5)	(15.4)
Migrant Education Programs (Title I of ESEA)	$393.6	$390.4	$390.4	$455	$390.4	$395.2	$386.5
Adult ESL/Civics [2]	$70	$68.5	$68.5	$100	$68.5	$72	$67.8
(Adult Education State Grant)	($574.4)	($569.7)	($200)	($604.4)	($569.7)	($572.9)	(564)
TRIO	$832.6	$836.5	$369.4	$900	$836.5	$841.5	$828.2
GEAR-UP	$298.2	$306.5	$0	$350	$306.5	$306.5	$303.4
ESEA Title I (LEAs)	$12,342.3	$12,738.6	$13,342.3	Full	$12,839.6	$12,839.6	$12,713.1
Dropout Prevention (new program)	$5	$4.9	$0	$11	$0	$4.9	$4.85
Local Family Information Centers	$0	$0	$0	$5	$0	$0	$0
(Parent Information Resource Centers [3])	($42)	($42)	($0)	($60)	($0)	($48.5)	($39.6)
Even Start	$247	$225	$0	$230	$200	$0	$99

[1] Previously bilingual and immigrant education, these programs were consolidated by NCLB.
[2] Under the Adult Education State Grants: earmark for English Literacy and Civics for immigrant and LEP populations.
[3] Local Family Information Centers cannot be funded until Parent Information and Resource Centers reach $50 million.

Mr. HINOJOSA. Thank you. I appreciate that.

Mr. RYUN. At this point I would like to turn to the gentleman from Kansas, a colleague of mine, Mr. Tiahrt, for his proposal.

STATEMENT OF HON. TODD TIAHRT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KANSAS

Mr. TIAHRT. Thank you, Mr. Chairman. It is nice being here with half the Kansas delegation. And Mario, we will just go ahead and adopt you, and that way all four of us will be here.

I want to talk to you about saving some money. Instead of about spending more money, I want to talk to you about how we can save some money. And I appreciate the gentleman from Kansas, Mr. Moore's, comments and also Mr. Hinojosa's comments about this being a values document. It is—our values are embedded in this budget document, and one of the things I think that we all want in those values that should be included in here is accountability and integrity and fiscal responsibility.

This is an option that I am going to present that will help us get to a balanced budget. I have a formal testimony that I would like to submit for the record.

Mr. RYUN. Without objection.

Mr. TIAHRT. And then I am going to give you some brief comments and take your questions. The bill I am presenting that I would like to be part of the budget document is called the Commission on Accountability and Reform of Federal Agencies, or CARFA for short. Basically, it sets up an agency to help us do oversight.

Now, it is no secret that the Federal budget has got a lot of examples of duplicative, inefficient, failed Federal agencies and programs, and it is a serious problem facing our Nation today. The House Budget Committee put out a 421-page report outlining as much as $100 billion in waste, fraud, and abuse throughout the Federal Government. But there is other examples. The Office of Management and Budget said there is about $90 billion of waste and abuse out there in the Federal Government. The Congressional Budget Office said it could be as high as $140 billion in spending waste. There is also reports from Government Affairs Committee, from the General Accounting Office, and the Senate Government Affairs Committee has also put out a document.

So what do we do with that information? Well, one of the biggest frustrations I have as a Member of the House and an appropriator is dealing with the size and scope of the Federal Government. It has gotten so big that our attention is focused on the crisis of the day rather than stepping back and looking at the effectiveness of what we are trying to do. Oversight is the term or the word that sort of sums up that process.

Now, if we were to do some oversight, just taking an average legislative day, we ought to be looking at $30 billion worth of spending on any given legislative day. I think we have to ask ourselves: How much oversight did we provide today? Was it $30 billion worth of oversight? Did we find any waste, fraud, or abuse today? One of the examples that is very—since we have most of the, or a majority of the Kansas delegation here, I have found out that, according to the Congressional Research Service, that one out of four payments that Kansas makes in Medicaid is wrong. One out of four pay-

ments. Can you imagine FedEx running a commercial saying, if you will give us four boxes to ship, we will get three of them there and then we will go find the other one. And you have got three out of four chances of getting that one sent to the right place. But if we lose it again, we will find it again and we will finally get it there. The fact that we make one out of four of our payments inefficiently means that we need some oversight. They need some reforms and they need some help.

CARFA is about helping with that process. Even the Appropriations subcommittees which do a fabulous job of oversight don't have the time to deal with all of the—with the size and the scope of the number of agencies and the amount of spending that is out there.

There is also—I am not talking about any earmarks here at all. What I am talking about is agencies that are out there, both of them doing good work. Say there is two agencies, both of them doing training activities, both of them doing good work, not aware that they are competing for the same clientele, not aware that they have duplicative overhead, and that we are wasting money by having a structure that has two redundant programs. Well, there are over 100 training programs in the Federal Government. And where is the coordination of all that activity? We don't have it. We just need to have somebody step back and take a look at it.

CARFA basically would be a commission of 12 people. They would be volunteers. There would be a 2-year term limit. This whole thing is really for 2 years and 3 months with the final report at the end. But basically they would have access to staff, they would have their expenses covered, their travel expenses, given a per diem. Their staff would have sufficient space to work and also expenses. They would have the right to bring information before their committee. And at the end of 2 years they would submit to Congress in a BRAC-like fashion programs that they have found to be duplicative, inefficient, or wasteful, and we would bring it to the floor for an up or down vote in the same fashion that we do as in BRAC. So this is a BRAC-like commission to help us do the oversight responsibility that we have here in Congress but we don't spend enough time doing. And, as I said, any given legislative day we ought to be doing about $30 billion worth of oversight, and I think we are far behind that goal to try to achieve that on any given day even at the end of the session.

So CARFA is the bill and I would like to have that concept in the budget resolution. I think that it would be a very effective way to reduce the waste, fraud, and abuse that is in our Federal Government, and it would save us money.

If we could save $140 billion, that would be a tremendous step to reducing the budget deficit. If we could save $100 billion, still a significant step. If we could save $1 billion, that is a lot of money. Any of us could retire on that amount of money. So CARFA I think is a good concept, it is a good idea, and ought to be included in the budget document.

I stand for your questions.

[The prepared statement of Mr. Tiahrt follows:]

PREPARED STATEMENT OF HON. TODD TIAHRT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KANSAS

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

As I think you would agree, the President's tax cuts are to be commended for getting our economy moving in a positive direction again. However, the other half of the formula for economic success is to cut wasteful and unnecessary spending. It is certainly no secret that the Federal budget is filled with examples of duplicative, inefficient, and failed Federal agencies and programs. I am here today to discuss legislation that I have introduced that I believe would eliminate much of the fraud and abuse that persists in our Federal Government in a politically viable manner.

When Republicans gained control of Congress in 1994, we proposed to eliminate wasteful and deficit spending. In fact, in the Contract with America, which several of us in this room signed, we pledged to (and I quote) "restor(e) fiscal responsibility to an out-of-control Congress, [by] requiring them to live under the same budget constraints as families and businesses." For several years, we held to that promise by modestly curtailing spending growth and balancing the budget in 1998 for the first time since the 1960's. Since that time, however, Federal spending has jumped drastically and we have returned to a time of massive budget deficits.

Some of this increased spending is understandable—especially in the defense budget, considering the one-two punch of being under-funded by the previous administration and the exigencies of 9/11. But these events do not justify the fact that non-defense discretionary outlays have increased by over 30 percent over the past 3 years. These tremendous spending increases have been a significant cause of the deficits that we now face.

This problem can also be traced to the billions of taxpayer dollars that go every year to Federal programs and agencies that are redundant, wasteful, and altogether irrelevant. I certainly support a 1-percent cut in non-defense, non- homeland security discretionary spending as well as a cap of 1 percent on the rate of growth of mandatory spending. These are measures that we must take given our current fiscal climate. But I also think there are other meaningful ways that we can confront the deficit, including by rooting out fraud and abuse in our government.

Some say that a growing national debt will force us to curtail government growth. So far we have seen none of that. It is also commonly believed that economic growth will reverse the effects of running up the national credit card. Although the economy is perking up, we cannot become complacent. As a matter of fact, former Federal Reserve Chairman Alan Greenspan warned us that "impressive gains" in our economy would not outshine the negatives of our growing budget deficits. Mr. Greenspan promised that the Fed will hold short-term interest rates; now at a 45-year low of 1 percent, then he warned that these rates "will not be compatible indefinitely" with the Fed's fight against inflation.

If interest rates go up, what will happen to the stock market, the housing market and personal credit card debt? A rise in interest rates could stall economic growth by damaging fledgling business projects and cause other complications.

We now have just about $380 billion left to spend before we have to start borrowing again! We are spending a few billion dollars a day, so it won't be long. As you know, deficits REQUIRE the Treasury to borrow money to raise cash needed to keep the Government operating. Yes, our economy is rebounding, but we are simply not keeping pace with our rate of spending—therefore the deficit is growing like a gelatinous monster from a "B-grade" movie.

Concerned grassroots conservative organizations including The Club for Growth, The Free Congress Foundation, Citizens Against Government Waste, The Heritage Foundation, The American Conservative Union, Citizens for a Sound Economy have been vocal in their criticism of the rate of growth of the deficit and the large spending increases that we have witnessed over the past few years. We can no longer ignore the fact that all this spending is endangering our economic vitality. The government cannot spend or give anything until they have collected the money to do so. Magic does not happen. Taxes and borrowing happen.

It has become increasingly clear that Congress' normal procedures cannot address the spending and waste problems that persist within our Federal Government. Time and again, we see congressionally-authorized programs become institutionalized, ultimately becoming a permanent fixture at the expense of taxpayers. This ties up precious Federal resources that could be used toward paying down the national debt or higher Congressional priorities. By cutting out unnecessary Federal programs and agencies, we will send a strong message that we are serious about exercising fiscal responsibility and controlling government spending. With this in mind, I have introduced a bipartisan piece of legislation that will accomplish this very purpose.

A first step toward a stable financial future for this country currently can be found in H.R. 2470, which is also known as the Commission on the Accountability and Review of Federal Agencies Act (CARFA). CARFA is based on a process with an established record of successful program-elimination and prioritization of spending—the Base Realignment and Closure Commission (BRAC). H.R. 2470 will "establish a commission to conduct a comprehensive review of Federal agencies and programs and to recommend the elimination or realignment of duplicative, wasteful, or outdated functions..." CARFA provides for a disciplined spending review process for non-defense, non-entitlement programs. Congress will have to simply vote up-or-down on the commission's recommendations in their entirety. The congressional log-rolling that normally bogs down the process will be short-circuited. In this way, real reform can emerge, and the deficit and debt problems can be brought under control. H.R.2470 offers Congress and the Administration a unique opportunity: rather than simply re-fund and increase funding for every Federal program, CARFA will eliminate unproductive, duplicative and outdated programs.

Here's how CARFA would work. The Commission would consist of 12 members, appointed by the President, no later than 90 days after the enactment of this Act. Members would be appointed for the life of the Commission, and would be required to meet no later than 30 days after the date on which all members of the Commission have been appointed. CARFA's duties would then include conducting a top to bottom review of all Federal programs and agencies—excepting the Department of Defense and any agency that solely administers entitlement programs. CARFA would seek to identify those programs or agencies that could be considered duplicative in mission, grossly wasteful or inefficient, outdated, irrelevant, or failed. The assessment of these programs would be based primarily upon the achievement of common performance measures, financial management, and other factors determined by the President. No later than 2 years after the enactment of this Act, the Commission would be required to submit to the President and Congress a plan with recommendations of the agencies and programs that should be realigned or eliminated and propose legislation to implement this plan. CARFA would require congressional consideration of the review's findings under expedited legislative rules. In short, Congress would be voting "up or down" to continue or stop wasteful spending.

CARFA's main focus would be to make our government smarter and more efficient, and also to ensure that taxpayer dollars are not used to support programs such as the "Federal Tea-taster," who until 1995 headed the "Board of Tea Experts" which was created by the Imported Tea Act of 1897. Until this program's elimination just 10 short years ago, the Federal Government was spending $120,000 in salary and operating expenses per year to taste tea. Obviously this is only one example of the type of programs that CARFA would target, but I am convinced that our Federal Government is replete with programs such as this that make a mockery out of the hard-earned tax dollars that Congress provides. Other examples of government waste that CARFA would target include surplus lands owned by the Department of Energy, which if sold would save taxpayers $12 million over 5 years. In addition, eliminating four duplicative bilingual education programs at the Department of Education would save taxpayers over $800 million over a 5 year period. We could save $1 million dollars every year by simply eliminating overlapping responsibilities and reducing administrative positions at the Consumer Product Safety Commission. The examples of inefficient and wasteful government practices that CARFA could target are far too numerous to cite in this short amount of time. However, it is clear to me that the need for CARFA is very real.

The strict time limits governing the Commission, which would expire shortly after submitting its findings, would ensure that its costs are kept to a minimum. I believe that the savings that would occur as a result of the Commission's findings will more than justify the minimal expenses that the study might incur. In addition, it is worth noting that CARFA requires that ALL funds saved by the implementation of this plan can ONLY be used for supporting other domestic programs or paying down the national debt.

H.R.2470 offers Congress and the Administration a test: Can we address a real and present problem by adopting a method that has been successful in the past? The answer will tell us much about the prospects for our country in the 21st century. CARFA offers an idea other than hiding our heads in the sand and ignoring this problem. CARFA is a realistic plan that will make genuine reform possible. It takes LEADERSHIP to point out hard truths and LEADERSHIP to find and implement a workable answer. We welcome support to this politically viable solution to government spending gone awry. If the CARFA commission comes to fruition, it will give Congress arms-length distance to do the right thing and vote down ridiculous, redundant and outdated programs. Over forty-five of my colleagues in the House

have agreed to co-sponsor this legislation and our numbers are growing stronger. We hope to see the CARFA commission hard at work cutting wasteful spending by this time next year, if not sooner.

Thank you for your time.

Mr. RYUN. I would like to begin just with a brief comment actually from your testimony here. You have a statement from Federal Reserve Chairman Alan Greenspan warning that impressive gains in our economy would not outshine the negatives of a growing budget deficit.

Now, I know in your proposal with the oversight you would look for perhaps ways to save money. If you look back at the Katrina situation where you have all the mobile homes that are sitting down on the runways in Arkansas that are not being used, that is a waste of money. You threw out a number of numbers. Do you have any estimate, and perhaps it is in your testimony or I didn't hear it, with regard to how much potentially can be saved through this process?

Mr. TIAHRT. Well, I think that would be difficult to estimate right now, but I think it could be as much as $100 billion. This is like an experiment. If this works, I am sure we would want to repeat, like we have had several BRACs. But what I think is important now is that they would have the opportunity, this commission would have the opportunity to go out and look for these examples. There is plenty of examples out there, and they can set a list of priorities. I don't think they could work through the complete list in only 2 years because our Federal Government is so large. I mean, it is $2.7 trillion. That is a lot of money. But I think that they could save money for us, but, more importantly, put mechanisms or give us the ideas to put mechanisms in place so that we don't have decisions made that buys $400 million worth of trailer houses that sit on a runway in northwest Arkansas.

Mr. RYUN. I appreciate the gentleman's proposal. Are there any other questions by members? Mr. Moore.

Mr. MOORE. Thank you very much, Congressman Tiahrt, for being here. I really appreciate the concept here and I do have a couple of questions, but first I have just a couple of comments as well. But I really do appreciate the concept here.

We have in this country an $8.2 trillion national debt. In the past 4 years, since 2003 at least, in 2003 we had a $378 billion deficit; 2004, a $412 billion deficit; 2005, a $318 billion deficit; 2006, the projected deficit is $423 billion. Since June of 2002, the first debt limit increase was $450 billion; May of 2003, a $984 billion debt limit increase; November of 2004, an $800 billion debt increase; and a pending increase has been requested I understand of $781 billion. So I very much like the concept of your proposal here, and I would like to see more specifics.

My questions about your proposal—and I just got this statement, but it says on page 7, here is how CARFA would work. The commission would consist of 12 members appointed by the President. Is that a bipartisan appointment, or does the President appoint 12 members of his party, or how does that work, sir?

Mr. TIAHRT. Well, it would be up to—of course the President would make that selection. He would, I would hope, do it after consultation with both minority and majority Members of the House

and Senate. I think it would be more effective as a bipartisan commission.

Mr. MOORE. Well, I certainly agree with that. What we don't need is more partisanship here in Washington, D.C.

The second question is this. It says on the same page: Commission having been appointed, CARFA's duties would then include top to bottom review of all Federal programs and agencies, excepting the Department of Defense and any agency that solely administers entitlement programs.

Are you suggesting there is no waste or abuse or fraud in the Department of Defense or entitlement programs?

Mr. TIAHRT. Absolutely not. And this would be subject to the amendment process as it moves forward. And I think, for example, in the Department of Defense, the procurement where they have over 75,000 people just buying stuff is a system that is archaic and behind the times and needs to be reformed. What, this was designed on BRAC, it sort of bases the fundamental concept. BRAC is focused on the Department of Defense, so I said why don't we look at the rest of the Government. That is why it was segregated. It was more an artificial separation. I do think there needs to be reform, and I would be open to an amendment like that.

Mr. MOORE. I would appreciate if you would send a copy of your proposal, if it is in writing right now, over to my office.

Mr. TIAHRT. Absolutely. And one other thing I wanted to mention to you, we are going to increase the Federal debt later on this year sometime. I hope that we can get some reforms in exchange for doing that so that we can save money in the future. But this January was very encouraging. I believe that the President's tax policies are paying off in that we ran over $20 billion in surplus in the first month of this calendar year. Hopefully, it will be able to—we will have less than a $412 billion deficit. And I believe that if January is an indication, we may have some hope of hitting that.

Mr. MOORE. I hope as well your comments about the tax policy are correct, but I fear they may be misguided because it seems like for the last 4 years we have had nothing but more and more deficits. Thank you.

Mr. RYUN. I would like to thank the gentleman from Kansas for his initiative and his testimony. And we will now turn to the gentleman from New York, Mr. Fossella.

STATEMENT OF HON. VITO FOSSELLA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. FOSSELLA. Thank you, Mr. Ryun and colleagues. I thank the committee for the opportunity to testify. And as we know, the President's budget provides Congress with a blueprint that we will refer to as we move forward with the budget for 2007. I think Congress' responsibility is to build on the strengths in that blueprint and also work to develop alternatives to ensure that the final product best serves the interests of the American people.

As our troops lead the world in the war on terrorism, it is essential that we continue to provide them with the resources and tools they need to keep themselves and our Nation safe from future attacks. The President's budget calls for a 7-percent increase in defense spending next year, representing an aggregate increase of 48

percent since 2001. At the same time, with our military so bravely battling terrorism abroad, we must continue to strengthen and protect our homeland from the continuing threat of a terrorist attack.

The President's budget would provide an 8-percent increase in nondefense homeland security funding. In addition, the budget includes a number of proposals geared toward increasing the Nation's preparedness against a variety of threats, from bioterrorism attacks to natural disasters to an influenza pandemic. As a priority, we need to ensure that the homeland security programs are adequately funded and that this funding is directed to the cities that face the greatest threat.

Indeed, I introduced legislation this Congress to reform the current system for allocating anti-terror funding, making risk the only criteria for distributing the nearly $2.5 billion in Federal homeland security aid. While we have made progress on this issue in recent years, the only rule that should apply is this: Congress should send resources to fight terrorism where they are needed most, not based on arbitrary formulas. I look forward to working with all parties to achieve this important goal.

Tragically, Hurricane Katrina provided evidence that our current system for disaster response and recovery is inadequate for catastrophic events like those that devastated the Gulf States last year. The President's budget also includes $1.94 billion for the Disaster Relief Fund and $3.1 billion for FEMA activities to continue and strengthen recovery and relief efforts. In addition, the President requested continued funding to the Inspector General within the Department of Homeland Security to oversee the allocation of relief funds and ensure the dollars are flowing to those who truly need them.

There is no greater priority of the Federal Government than protecting the people of our Nation. It is the most essential function of government, and I look forward to working with you to build on these strong points. At the same time, we also have a responsibility to care for America's seniors by protecting, preserving, and strengthening Social Security and Medicare and helping those less fortunate by enhancing Medicaid. Therefore, I would like to take this opportunity to raise concerns over several budget proposals that I believe need to be considered.

With Medicare expected to grow 17 percent this year alone from $330 billion to almost $390 billion, and an average of 8.5 percent a year through 2016, the program will increase from 3.3 percent of GDP in 2005 to 4.2 percent of GDP in just 10 years. Therefore, it is important that we explore ways to create efficiencies so our Nation's seniors continue to have access to the high quality care they need. However, several proposals to increase out-of-pocket expenses for beneficiaries and reduce anticipated payments to hospitals and health systems could make it more difficult for beneficiaries to access that care. I also have concerns about the proposals aimed at the specific specialties commonly needed by the Medicare population, such as reduced payments for hip and knee replacements and the inclusion of inpatient rehabilitation facilities and skilled nursing facilities and the elimination of market-basket updates.

I believe Congress should focus on principles that can produce savings over the long term. The President proposes initiating and

expanding to health savings accounts for Medicare beneficiaries and increasing cost efficiencies through the use of competitive bidding for durable medical equipment, outpatient drugs, initiating competitive bidding for Medicare laboratory services as examples.

Additionally, on top of the $1.1 billion provided for the health care fraud and abuse control, the President requested $118 million for the targeted efforts to protect the new prescription drug benefit and Medicare Advantage programs from waste, fraud, and abuse. We need to protect and enhance the Medicare program to ensure its sustainability for future generations. To meet that challenge, we should focus on cost effectiveness and quality assurance measures that will not harm our senior citizens. I look forward to working with you toward that end.

Medicaid outlays in 2005 will reach $182 billion and more than $300 billion when State expenditures are included. Spending on Medicaid will increase by 5.2 percent in 2006, and an average of 8 percent over the next 10 years. As a share of gross domestic product, Medicaid spending will rise from 1.5 percent in 2006 to 2 percent in 2016. The Deficit Reduction Act included significant reforms authored by the bipartisan National Governors' Association aimed at improving the overall fiscal health of Medicaid. Without congressional action, Medicaid would have begun bankrupting States or, as some Governors have revealed, forced them to drop beneficiaries from coverage altogether.

As we work to fix Medicaid's problems, we should also be wary of initiatives included that would reduce access to care for those who need it and truly cannot afford it.

On Social Security reform, I believe we can find a bipartisan solution to strengthening Social Security if politics is cast aside and the best interests of the American people take priority. As I have said in the past, I stand ready to work with Democrats and Republicans to find common ground that will allow our generation to renew the sacred covenant. Indeed, I believe we have a responsibility to ensure that Social Security is strong and solvent for today's seniors, baby boomers, our children, grandchildren, and future generations of Americans. Partisanship and unwillingness to compromise has stalled efforts to improve Social Security. Therefore, I believe the best course of action at this time is to appoint a bipartisan commission that would be charged with developing a plan to strengthen Social Security for all Americans.

By all accounts, it seems the American people do not support the personal accounts of progressive indexing as a way to secure Social Security. Therefore, we should really and truly explore other proposals to strengthen this program.

Mr. Ryun, as we begin the budget process, America is faced with great challenges and even greater opportunities. I look forward to working with Chairman Nussle, Ranking Member Spratt, the Budget Committee, and all my colleagues in the House to develop a budget that best reflects the priorities and best interests of the American people. Thank you for the opportunity.

[The prepared statement of Mr. Fossella follows:]

PREPARED STATEMENT OF HON. VITO FOSSELLA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Thank you Chairman Nussle and Ranking Member Spratt for the opportunity to testify before your committee this afternoon. As you know, the President's budget provides Congress with a blueprint that we will refer to as we move forward with a budget for 2007. Congress' responsibility is to build on the strengths of that blueprint and also work to develop alternatives to ensure that the final product best serves the interests of the American people.

As our troops lead the world in the War on Terrorism, it is essential that we continue to provide them with the resources and tools they need to keep themselves and our nation safe from future attacks. The President's budget calls for a 7-percent increase in defense spending next year, representing an aggregate increase of 48 percent since 2001. At the same time, with our military so bravely battling terrorism abroad, we must continue to strengthen and protect our homeland from the continuing threat of a terrorist attack. The President's budget would provide an 8-percent increase in non-defense homeland security funding. In addition, the budget includes a number of proposals geared toward increasing the nation's preparedness against a variety of threats, from bioterrorism attacks to natural disasters to an influenza pandemic.

As a priority, we need to ensure that homeland security programs are adequately funded—and that this funding is directed to the cities that face the greatest threat. Indeed, I introduced legislation this Congress to reform the current system for allocating anti-terror funding, making risk the only criteria for distributing the nearly $2.5 billion in Federal homeland security aid. While we have made progress on this issue in recent years, the only rule that should apply to homeland security funding is this: Congress should send resources to fight terrorism where they are needed most, not based on arbitrary formulas. I look forward to working with all parties to achieve this important goal.

Tragically, Hurricane Katrina provided evidence that our current system for disaster response and recovery is inadequate for catastrophic events like those that devastated the Gulf states last year. The President's Budget includes $1.94 billion for the Disaster Relief Fund and $3.1 billion for FEMA activities to continue and strengthen recovery and relief efforts. In addition, the President requested continued funding to the Inspector General within the Department of Homeland Security to oversee the allocation of relief funds and ensure the dollars are flowing to those who truly need them.

There is no greater priority of the Federal Government than protecting the people of our nation. It is the most essential function of government, and I look forward to working with you to build on these strong points.

At the same time, we also have a responsibility to care for America's seniors by protecting, preserving and strengthening Social Security and Medicare and helping those less fortunate by enhancing Medicaid. Therefore, I would like to take this opportunity to raise concerns over several budget proposals that I believe need to be reconsidered.

With Medicare expected to grow 17 percent this year alone (from $330 billion to $390 billion) and an average of 8.5 percent a year through 2016, the program will increase from 3.0 percent of GDP in 2005 to 4.2 percent in just 10 years. Therefore, it is important that we explore ways to create efficiencies so that our nation's seniors continue to have access to the high-quality care they need.

However, several proposals to increase out-of-pocket expenses for beneficiaries and reduce anticipated payments to hospitals and health systems could make it more difficult for beneficiaries to access that care. I also have concerns about proposals aimed at specific specialties commonly needed by the Medicare population, such as reduced payments for hip and knee replacements and the inclusion of inpatient rehabilitation facilities and skilled nursing facilities in the elimination of market-basket updates.

I believe Congress should focus on principles that can produce savings over the long term. The President proposes initiating and expanding access to Health Savings Accounts for Medicare beneficiaries, and increasing cost efficiency through the use of competitive bidding for durable medical equipment, outpatient drugs, and initiating competitive bidding for Medicare laboratory services. Additionally, on top of the $1.1 billion provided for Health Care Fraud and Abuse Control, the President requested $118 million for targeted efforts to protect the new prescription drug benefit and Medicare Advantage programs from waste, fraud and abuse.

We need to protect and enhance the Medicare program to ensure its sustainability for future generations. To meet that challenge, we should focus on cost effectiveness

and quality assurance measures that will not harm America's senior citizens. I look forward to working toward that end.

Medicaid outlays in 2005 will reach $182 billion and more than $300 billion when state expenditures are included. Spending on Medicaid will increase by 5.2 percent in 2006 and an average of 8.0 percent over the next 10 years. As a share of GDP, Medicaid spending will rise from 1.5 percent in 2006 to 2.0 percent in 2016.

The Deficit Reduction Act included significant reforms—authored by the bipartisan National Governors Association—aimed at improving the overall fiscal health of Medicaid. Without Congressional action, Medicaid would have begun bankrupting states or, as some Governors have revealed, forced them to drop beneficiaries from coverage altogether. As we work to fix Medicaid's problems, we also should be wary of initiatives included in the Budget that would reduce access to care for those who need it and truly cannot afford it.

On Social Security reform, I believe we can find a bipartisan solution to strengthening Social Security if politics is cast aside and the best interests of the American people take priority. As I have said in the past, I stand ready to work with Democrats and Republicans to find common ground that will allow our generation to renew this sacred covenant. Indeed, I believe we have a responsibility to ensure Social Security is strong and solvent for today's seniors, baby boomers, our children, grandchildren and all future generations of Americans.

Partisanship and an unwillingness to compromise has stalled efforts to improve Social Security. Therefore, I believe the best course of action at this time is to appoint a bipartisan commission that would be charged with developing a plan to strengthen Social Security for all Americans. By all accounts, the American people do not support personal accounts and progressive indexing as a way to fix Social Security. Therefore, we should explore other proposals to strengthen the program.

Lastly, I believe we must work to restore funding to public broadcasting, which would be hit with budget cuts in excess of $150 million over the next 2 years. Last year, I voted for an amendment that restored $100 million in cuts to the Center for Public Broadcasting. While tight fiscal times require us to make difficult choices, I believe there is more to lose than gain by slashing funding to this important educational resource. Indeed, such a cut would negatively affect PBS programming in my district of Staten Island and Brooklyn and potentially leave our children without access to some of the most effective educational shows on television today.

As we begin the budget process, America is faced with great challenges and even greater opportunities. I look forward to working with Chairman Nussle, Ranking Member Spratt, the Budget Committee and my colleagues in the House to develop a budget that reflects the priorities and best interests of the American people. Thank you for this opportunity today.

Mr. RYUN. I thank the gentleman for his testimony and proposals. And you have touched on a number of very important things trying to figure out what we can do in a bipartisan way, finding common ground for the future. And that is my hope as we push forward with this committee.

Any questions from other members? Mr. Moore.

Mr. MOORE. Thank you, Congressman, for being here today, and I really appreciate what I consider to be a very thoughtful proposal and statement here. I would like to send over to your office a couple of proposals I have. One addresses the Social Security situation, and what it would do is take Social Security funds out of the unified budget so that when we report to the American people, and Congress knows what we have in the way of a deficit or surplus right now, a lot of that money that keeps the deficit from being so large is in fact Social Security tax revenues coming in.

I practiced law for 28 years before I came to Congress, and lawyers in Kansas and most other States are required to have a trust fund to segregate their own funds from client funds, and I think that would probably be good here in this case. And I approached one of my colleagues on the other side of the aisle and I said, I know you are a fiscal conservative, I know you believe what you say about that. You should be on this bill. And he said, well, there is a problem, Dennis. And I said, what is that? He said, it would

make our deficits look even larger. And I said, that is called telling the truth to the American people. And I think we need to start doing that as a Congress. And I really applaud your recommendation that there be a bipartisan commission. I would like to see that, and I probably would join with you on that.

No. 2, with regard to the Medicare, I have a bill that—I got a call from Secretary Tommy Thompson back at the time of the night of the Medicare vote that happened at 3 or 4 in the morning. It was about 5:00, and Secretary Thompson said, Congressman, can you be with us on this vote? And I said I have—it is a $500 billion bill; there is good news and bad news. And he says, what is your concern about this bill? I said, Mr. Secretary, I wish you had the authority to negotiate with pharmaceutical companies to get a group discount for Medicare beneficiaries, 43 million in this country, just like the Secretary of Veteran Affairs has had for veterans since 1992. And he says, I do, too. But as you know, this bill specifically prohibits that.

I filed a bill that would in fact give the Secretary of Health and Human services that authority. When Secretary Thompson, the day he left office, was asked do you have any regrets about your tenure, he says, I regret I didn't have the opportunity to negotiate.

I think we should give that to Secretary Leavitt now, and I would like to send a copy of that bill over to you. Please take a look at it. This should not, as you say, be about Democrats and Republicans. In fact, 80 percent of what we do in Congress shouldn't be about Democrats and Republicans; it ought to be about taking care of our people and our country. And I hope we can put aside all this partisan stuff on both sides and come together and start working for our country. Thank you.

Mr. RYUN. Does the gentleman have a question?

Mr. MOORE. Yes. Would you like us to send those bills over?

Mr. FOSSELLA. Yes.

Mr. MOORE. Thank you.

Mr. RYUN. Thank you very much for your testimony. At this point, Mrs. Capito, we look forward to your testimony.

STATEMENT OF HON. SHELLY MOORE CAPITO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WEST VIRGINIA

Mrs. CAPITO. Thank you, Mr. Chairman, and members of the Budget Committee. I appreciate the opportunity to appear before the Budget Committee. As you know better than I, the annual budget resolution charts the course for our Federal spending, and I am pleased to testify regarding programs that are of great importance to West Virginia that I represent.

During the last budget cycle, we took a step forward toward greater fiscal responsibility by controlling the growth of both discretionary and entitlement spending. I continue to support these efforts to cut waste, fraud, and abuse from our budget, and provide the most efficient government for our taxpayers.

Because the tax relief passed in 2001 and 2003 has grown our economy and helped American families, I fully support the extension of the increased child tax credit and the permanent repeal of the marriage penalty and death tax that are assumed in this budg-

et. Congress should work within its means to ensure that these taxes do not return to increase the burden on the American people.

The President's budget provides funding increases both in homeland security and defense that are crucial to continuing the war on terror, and I fully support that. Given the presence of the chemical industry in the Kanawha Valley in West Virginia, I am especially pleased that the budget would fund a new Chemical Security Office to work with the industry and other interested parties to keep these plants safe from attack.

West Virginians have a long and distinguished record of service to our Nation. We have a responsibility to meet the medical needs of our veterans who have sacrificed for our Nation. This budget proposes an increase of over $2.5 billion for VA and medical programs. We need to make sure that we provide this increase to meet the health care needs of our veterans.

Mine safety is a critical issue for the people I represent. So far just this year, 16 miners have been killed in coal mining accidents in West Virginia. In response, West Virginia's congressional delegation has introduced legislation to enhance mine safety requirements. All the legislative and regulatory efforts in the world will not improve safety if the Mine Safety and Health Administration does not have adequate resources to carry out its enforcement mission. The President's budget requests an increase of 3.6 percent for MSHA to $290 million. A more significant increase is necessary if we are to improve inspections and also evaluate new technologies that can improve safety for our miners. I firmly believe that we need more inspectors in our mines and more engineers examining the next generation in safety equipment at MSHA. And I hope my colleagues will join with me in working to further increase this funding level through the appropriations cycle.

Coal is an essential part of our energy supply, providing over half of the Nation's electricity. I was pleased that the President mentioned the need to provide more funding for clean zero emissions coal programs in his State of the Union. This budget provides $268 million for research and development on new clean coal technologies that will allow coal to continue to provide low cost electricity while also working to protect the environment.

It is also important that we provide the proposed increase to the Department of Energy's Office of Science so that we can examine new ways to use coal, wind power, solar energy, biomass, and other innovative methods that will help us end our dependency on oil. Only through investment now will we ever be able to solve the problem of high gasoline prices that all of our constituents face at the pump.

I want to commend the administration for proposing the American Competitiveness Initiative. We all agree that attracting more of our students to engineering technology—I would like to say I was a zoology major—and other science fields is important to growing our economy and ensuring that America will continue to be the worldwide leader in innovation.

Despite this initiative, I am troubled by several parts of the President's education budget. The budget would end funding for GEAR-UP and TRIO, Upward Bound, and Talent Search programs. These successful education programs help us aid in the transition

from high school to college for those first generation college students. West Virginia's education system is making significant progress and sending more students to college than ever before. As a result, many of today's students are the first in their families to attend college. TRIO and GEAR-UP programs found at both public and private institutions in my State are of great benefit in preparing these students for college. Last year, Congress was able to restore funding for these two programs during the appropriations process, and I hope we will do the same this year.

Also like last year's budget, the President's budget eliminates funding for the Vocational Education Program. Vocational education funds provide money for job training for high school students and at community and technical colleges. For some students who will not attend college, vocational education provides those skills necessary to find a good-paying job. For other students, the hands-on learning will bring motivation and encouragement needed for the student to move on to higher ed. The House reauthorized the vocational education programs by a vote of 416 to 9 last year, demonstrating, I believe, our overwhelming bipartisan support.

Finally, I want to address the proposal to achieve further reconciliation savings through Medicare and Medicaid. I voted for the Deficit Reduction Act because I believe we must get a handle on spending in mandatory programs and I believe most of the savings achieved targeted waste in those programs. As we consider further savings, we must make sure—I emphasize, we must make sure that medical care for those in need and in particular our seniors and children are not jeopardized. I have serious questions with the proposal to reduce Medicare payments to providers because I believe that such an action would limit the access to medical care and especially access to specialists for those served by the programs.

If the budget resolution is to ask the full House to achieve more savings, we must be careful that we do not inhibit access to care and quality care. The rising cost of health care affects every American on several fronts. They have less money in their personal budgets for expenditures on other goods and services. On a Federal level, it could lead to a greater tax burden for future generations if nothing is done to make health care more affordable and accessible.

I am pleased the President's budget provides provisions for tax credits for individuals who make contributions to health savings accounts. This, coupled with efforts to make health savings accounts more portable, will allow consumers to have greater control of their health care and less concern when they move from one job to another.

Our small business owners should be allowed to pull together through associations so they can provide similar benefits to their employees that large corporations currently are offering. Health savings accounts and association health plans will allow American employers to offer more affordable coverage and give the employee an enhanced role in the decision-making process.

I do believe we have a long ways to go before we meet our goals of full accessibility to health care and affordability of health insurance.

Your committee faces a challenging task over the next weeks as you work to craft a budget that provides for our security and grows our economy. I thank you for considering the impact the programs I have discussed have on the people of West Virginia, and I again thank you for the opportunity to testify.

[The prepared statement of Ms. Capito follows:]

PREPARED STATEMENT OF HON. SHELLEY MOORE CAPITO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WEST VIRGINIA

Mr. Chairman and Members of the Budget Committee, I appreciate the opportunity to appear before the Budget Committee. The annual budget resolution charts the course for our Federal spending, so I am pleased to testify regarding programs that are of great importance to West Virginia.

During the last budget cycle, we took a step toward greater fiscal responsibility by controlling the growth of both discretionary and entitlement spending. I continue to support efforts to cut waste, fraud, and abuse from our budget and provide the most efficient government possible for American taxpayers.

Because the tax relief provided in 2001 and 2003 has grown our economy and helped American families, I fully support the extension of the increased Child Tax Credit and the permanent repeal of the Marriage Penalty and Death Tax that are assumed in this budget. Congress should work within its means to ensure these taxes do not return to increase the burden on the American people.

The President's budget provides for funding increases both in Defense and Homeland Security that are crucial to continuing the war on terror. Given the presence of the chemical industry in the Kanawha Valley, I am especially pleased that the budget would fund a new Chemical Security Office to work with the industry and other interested parties to keep these plants safe from attacks.

West Virginians have a long and distinguished record of service to our nation. We have a responsibility to meet the medical needs of our Veterans who have sacrificed for our nation. This budget proposes a increase of over $2.5 billion for VA Medical programs. We should provide this increase to meet the health care needs of our veterans.

Mine safety is a critical issue for the people I represent. Sixteen miners have been killed in coal mining accidents in West Virginia so far this year. In response West Virginia's congressional delegation has introduced legislation to enhance mine safety requirements.

All the legislative and regulatory efforts in the world will not improve safety if the Mine Safety and Health Administration does not have adequate resources to carry out its enforcement mission. The President's budget requests an increase of 3.6 percent for MSHA to $290 million. A more significant increase is necessary if we are to improve inspections and also evaluate new technologies that can improve safety for our miners. I firmly believe that we need more inspectors in our mines and more engineers examining the next generation in safety equipment at MSHA, and I hope my colleagues will join me in working to further increase this funding level through the appropriations cycle.

Coal is an essential part of our energy supply, providing over half of the nation's electricity. I was pleased that the President mentioned the need to provide more funding for clean, zero emissions coal programs in his State of the Union. This budget provides $268 million for Research and Development on new clean coal technologies that will allow coal to continue to provide low cost electricity while also protecting our environment.

It is also important that we provide the proposed increase to the Department of Energy's office of Science so that they can examine new ways to use coal, wind power, solar energy, biomass, and other innovative methods that will help us end our dependence on oil. Only through investment now will we ever be able to solve the problem of high gasoline prices that all of our constituents face at the pump.

I want to commend the administration for proposing the American Competitiveness Initiative. We all agree that attracting more of our students to engineering, technology, and other science fields is important to growing our economy and ensuring that America will continue to be the worldwide leader in innovation.

Despite this initiative, I am troubled by several parts of the President's Education budget. The budget would end funding for Gear-up and TRIO Upward Bound and Talent Search programs. These successful education programs help to aid in the transition from high school to college for first generation college students. West Virginia's education system is making significant progress and sending more students to college than ever before. As a result, many of today's students are the first in

their families to attend college. TRIO and Gear-Up programs found at both public and private colleges in my state are of great benefit in preparing these students for college. Last year, Congress was able to restore funding for these two programs during the appropriations process, and I hope we will do the same this year.

Also like last year the President's budget eliminates funding for the vocational education program. Vocational education funds provide money for job training both for high school students and at community and technical colleges. For some students who will not attend college, vocational education will provide the skills necessary to find a good paying job. For other students, the hands on learning will bring the motivation and encouragement needed for the student to move on to higher education. The House reauthorized vocational education programs by a vote of 416 to 9 last year, demonstrating overwhelming bipartisan support. We should fund this important program.

Finally, I want to address the proposal to achieve further reconciliation savings through Medicare and Medicaid. I voted for the Deficit Reduction Act because I believe we must get a handle on spending in mandatory programs and I believe most of the savings achieved targeted waste in the programs. As we consider any future savings, we must make sure that medical care for those in need, and in particular our seniors and children, is not jeopardized. I have serious questions with the proposal to reduce Medicare payments to providers because I believe such an action would limit the access to medical care, and especially access to specialists, for those served by the program.

If the Budget resolution is to ask the full House to achieve more savings from health programs, we must take special care to target waste and abuse, rather than access to care.

Your committee faces a challenging task over the coming weeks as you work to craft a budget that provides for our security and grows our economy. I thank you for considering the impact the programs I have discussed have on the people of West Virginia, and I again thank you for the opportunity to testify.

Mr. RYUN. I want to thank the gentlelady for her testimony and her proposals and her initiatives. There are many of these that I can agree with. I will just highlight, the reauthorization of vocational education, I know I have been a beneficiary of that and as have many others and how important it is.

I would like to turn to members if they have any questions at this point? Hearing none, thank you for your time.

Mr. McGovern, your opportunity to give us your initiatives.

STATEMENT OF HON. JAMES P. McGOVERN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. MCGOVERN. Thank you, Mr. Chairman, and other members of the committee. I want to thank you for the opportunity to testify before you today on the direction I believe the Budget Committee should take as it begins work on the fiscal year 2007 budget resolution.

Mr. Chairman, over the past few years I have had differences—I have had several opportunities to talk about the direction and priorities of the Federal budget, and I do not intend to take up the committee's time by repeating that discussion here. As you well know, there are many issues that I believe require more funding than what the President has proposed in his fiscal year 2007 budget or what Congress has provided in past budgets. My concerns range from fully funding our veterans, education and conservation programs, to reducing our historic Federal deficit. I have dealt with these and many other matters in my written testimony, and would like to ask permission of the chairman to insert my full testimony in the record at this time.

Mr. RYUN. Without objection.

Mr. MCGOVERN. But this afternoon, Mr. Chairman, I would like to focus on just one issue; namely, the need to substantially in-

crease funding for programs that reduce hunger in the United States and around the world.

Recent reports by the U.S. Department of Agriculture and the Census Bureau find food insecurity and hunger are rapidly rising in America and now affect nearly 20 percent of all our children. The number of food insecure households grew by nearly 2 million in 2004, and in 2005 an additional million people in America fell into poverty. Mr. Chairman, now is not the time to reduce our commitment to feed the hungry.

I firmly believe the budget resolution can be a road map that could dramatically contribute to the fight to end hunger here at home and to reduce it by half around the world. The committee and Congress should focus on these worthy goals in the fiscal year 2007 budget resolution and increase funding for our domestic and international food, nutrition, and food aid programs, both for those administered by USDA Function 350—which for the fourth year in a row has suffered a severe blow in the President's budget proposal, and for those international food aid programs that are under the jurisdiction of the U.S. Agency for International Development, International Affairs Function 150.

Domestically, we have an obligation to make sure that our Nation's children do not go hungry. This is why the school breakfast and school lunch programs were developed, along with programs that help provide nutritional meals for pregnant women and nursing mothers, infants and children under the age of 5. Unfortunately, the school breakfast and lunch programs are not universal and they are not year round. This means that some of the poorest families receive a free school meal during the school year while others only qualify for a reduced price meal. To Congress' credit, the Child Nutrition Reauthorization Act phased this inequity out, but it is subject to appropriations, and appropriations is subject to budget caps, and so the inequities remain.

Under the President's budget, approximately 40,000 low income children will no longer receive a free school lunch. It is past time we fully fund this program so that we could finally eliminate the reduced price meal at our Nation's schools. Additionally, millions of our children who receive meals during the school year lose access to this food when school is out of session.

The Summer Food Service Program was designed to combat this problem, but its funding is also woefully inadequate. Fifteen million poor and low income children qualify to receive food during the school year, but only 2.9 million children receive food during the summer. That is an 81-percent decrease, Mr. Chairman. We simply must do better than that.

The President's budget request eliminated funding for commodity supplemental food program. Currently, this modest food program provides vital food assistance to over 420,000 elderly poor and to 50,000 low income pregnant women and children. Eliminating this $108 million program guarantees that these vulnerable people will no longer obtain their monthly supply of groceries.

Now, I recognize that the administration believes we can simply enroll the women and children in Women, Infants, and Children program (WIC) and the seniors in the Food Stamp Program, but this program was created precisely to fill the eligibility gap WIC

and food stamps fails to cover. In short, Mr. Chairman, most of the low income recipients of these food packages will not be eligible for these other programs, but they will end up hungry and be faced with choosing between food, medicines, rent, child care, heat, electricity, and other basic needs.

On the international level, emergency and other food aid programs provided under Public Law 480, Title II, receive only $1.2 billion in funding under the President's fiscal year 2007 budget proposal. Now, this may sound like a lot of money, Mr. Chairman, but unfortunately by the end of the year, just as has been the case in the past 3 years, the United States will most likely expend between $1.7 billion and $2.2 billion for international emergency and other food aid programs. Since we know this is the likely reality based on past experience, then we should include that level of funding for Title II up front and not off budget in emergency appropriations or through a reprogramming request that robs Peter to pay Paul, taking the funds from other urgent development, emergency disaster and food aid programs.

Another successful program, the George McGovern-Robert Dole International Food For Education Program, is also flat funded at $99 million for fiscal year 2007, a level that actually reflects the fiscal year 2006 1-percent across-the-board cut to all programs.

Mr. Chairman, you might not be aware that when USDA puts out the call each year for proposal submissions for McGovern-Dole projects, it receives proposals that would total over $1 billion if all were funded. Now, I am not asking for that level of funding, but such a response clearly demonstrates that the need is great, well identified, and well documented. Yet we are freezing this program just as it begins to make a modest recovery from the devastating cuts of fiscal year 2002 when it was reduced from $300 million to $50 million.

Now, last year Secretary Johanns described some of McGovern-Dole's positive results as including, and I quote, increased school enrollment especially among girls, declines in absenteeism, improved concentration, energy, and attitudes toward learning, and infrastructure improvements, including classrooms, kitchen, storage facilities, water supplies, and latrines. The McGovern-Dole country programs have been made so successful that some have begun to graduate and become self-sustaining, such as in Lebanon, Moldova, and Vietnam. Additionally, the success of McGovern-Dole has resulted in other donors becoming involved in school feeding programs, including the European Union, Germany, Japan, Canada, and the World Health Organization.

Mr. Chairman, all of us support national security and the global war on terrorism as priorities, but ensuring national security is not just the result of soldiers, guns, and bombs. Our Nation's security is strengthened and safeguarded by thousands of individuals and organizations who serve on the front lines of the battle against hunger and poverty. Their work daily combats the hate, fear, despair, and hopelessness that contribute to acts of desperation, terror, and war.

The 9/11 Commission report acknowledged this important reality in its final recommendations, and Senator Roberts, chairman of the Senate Intelligence Committee, has stated on more than one occa-

sion that initiatives like the McGovern-Dole program are critical to winning the war against global terrorism. And, quite frankly, Mr. Chairman, you know far better than I since you represent one of the finest farm States in our country how much our farmers appreciate and take pride in the fact that part of their hard work and their crops go to help the neediest Americans and the most vulnerable people around the world.

Mr. Chairman, I would like to ask permission to enter into the record and to provide the committee with a copy of a letter sent to President Bush on December 20th from 108 bipartisan Members of this House asking that the President restore the funding for the McGovern-Dole program to its original $300 million level.

Mr. RYUN. Without objection.

[The information referred to follows:]

U.S. CONGRESS,
WASHINGTON, DC,
December 20, 2005.

Hon. GEORGE W. BUSH, *President*
The White House,
Washington, DC.

DEAR MR. PRESIDENT: We are writing to thank you for your support of the George McGovern-Robert Dole International Food for Education Program, which is administered by the U.S. Department of Agriculture. As Secretary of Agriculture Mike Johanns has attested, this program has made a critical difference in the lives of thousands of children and their communities around the world. We believe it is urgent to sustain and expand this program and to restore funding for the McGovern-Dole program to levels similar to those of the original pilot program. For these reasons, we strongly urge you to provide $300 million for the McGovern-Dole International Food for Education Program in your Fiscal Year 2007 Budget Proposal.

We recognize the difficult financial constraints that will govern your decisions as you determine priorities for the Fiscal Year 2007 budget. We believe increased funding to sustain and expand the McGovern-Dole program contributes to achieving U.S. priorities to increase food security and access to education among many of the world's most vulnerable children. It also plays a role in combating terrorism and building and consolidating democracy in the Middle East, southern Asia, the Near East and other regions critical to our national security.

As you well know, one of the recommendations of the 9/11 Commission Report stated that "a comprehensive strategy to counter terrorism must include economic policies that encourage development, more open societies, and opportunities for people to improve the lives of their families and to enhance prospects for their children's future," a priority you echoed in your remarks before the United Nations General Assembly in September. Both the initial pilot program and the current McGovern-Dole program have a proven track record at reducing the incidence of hunger among school-age children and improving literacy and primary education enrollment, especially among girls, in areas devastated by war, hunger, poverty, HIV/AIDS, and the mistreatment and marginalization of girls. School meals, teacher training, and related support have helped boost school enrollment and academic performance. McGovern-Dole nutrition and school feeding programs improve the health and learning capacity of children both before they enter school and during the years of primary and elementary school.

With over 300 million children suffering from chronic hunger and over 100 million of them not attending school, reaching those who could benefit from the McGovern-Dole program requires a firm commitment to continued support and significant resources. At the same time, U.S. leadership and the success of the McGovern-Dole program have played an important role in encouraging other donor nations to provide new resources for school feeding programs, as well as promoting "best practices" among those organizations that carry out these programs in the field. And after just four short years, we are already witnessing how the success of the McGovern-Dole program has resulted in an increased commitment by local communities to school feeding and universal education, setting the stage for some country projects to "graduate" from the program and assume local administration of their school feeding programs.

For just a few cents a day, the McGovern-Dole program has made a critical difference in the lives of children and communities, promoted American values in the

most positive terms, and helped achieve U.S. foreign policy and national security goals. The program's flexibility and ability to be tailored to local needs ensure that American products, commodities, and financial and technical support are directly associated with hunger alleviation, educational opportunity, and sustainable development. Few programs deliver so much for such a minimal investment.

Once again, we thank you for your commitment to the McGovern-Dole International Food for Education and Child Nutrition Program, and we strongly urge that you restore the capacity of this critically important program by providing $300 million for Fiscal Year 2007.

Sincerely,

James P. McGovern,
Ike Skelton,
Bob Etheridge,
Vic Snyder,
Nancy Pelosi,
Mike Doyle,
Raul Grijalva,
Hilda L. Solis,
Bernard Sanders,
George Miller,
James Oberstar,
Jan Schakowsky,
Stephen Lynch,
Bobby Rush,
Neil Abercrombie,
Jim McDermott,
Richard Neal,
Howard Berman,
Robert A. Brady,
Henry Waxman,
Lloyd Doggett,
Mike Capuano,
Chaka Fattah,
Sander Levin,
Frank Pallone,
Dan Lipinski,
Eddie Bernice Johnson,
Jo Ann Emerson,
Sam Graves,
John Shimkus,
Christopher Smith,
Doc Hastings,
Jose Serrano,
Dale Kildee,
Dennis Kucinich,
Marcy Kaptur,
Tammy Baldwin,
Mark Udall,
Sherrod Brown,
Carolyn McCarthy,
Pete Stark,
Jim Moran,
Lynn Woolsey,
Adam Schiff,
Patrick Kennedy,
Alcee Hastings,
Lois Capps,
Debbie Wasserman Schultz,
Dianna DeGette,
Sam Farr,
Bobby Scott,
Jerry Moran,
Donna M. Christensen,
Adam Smith,
Tom Lantos,
Earl Pomeroy,
Jim Marshall,
Sanford Bishop, Jr.,
Donald Payne,
Bill Delahunt,
Emanuel Cleaver, II,
Elijah Cummings,
Maxine Waters,
Chris Van Hollen,
Joseph Crowley,
Corrine Brown,
Gregory Meeks,
Rosa DeLauro,
Michael R. McNulty,
Charles A. Gonzalez,
Jim Costa,
Doris Matsui,
Ed Markey,
Barbara Lee,
John Tierney,
Louise Slaughter,
Joe Baca,
Ellen Tauscher,
Robert Wexler,
John Lewis,
Tom Allen,
Todd Tiahrt,
Thaddeus G. McCotter,
Jim Leach,
Phil English,
James Walsh,
Gary Ackerman,
Betty McCollum,
Stephanie Herseth,
Rush Holt,
Steve Rothman,
Carolyn Maloney,
John Olver,
Juanita Millender-McDonald,
Anthony Weiner,
Martin O. Sabo,
Marion Berry,
Barney Frank,
Martin Meehan,
Julia Carson,
Tim Holden,
Allyson Schwartz,
Danny K. Davis,
Sheila Jackson Lee,
Major R. Owens,
Bob Filner,
Stephanie Tubbs Jones,
Henry Cuellar,

Members of Congress.

Mr. MCGOVERN. Mr. Chairman, since this did not occur in the President's budget, I urge the committee to increase the overall agriculture account to make room for such an increase.

Mr. Chairman, I appreciate the opportunity to testify today on the priorities that I believe face this Nation and have made other recommendations in my written testimony. However, I want to conclude with this one final point.

We have an opportunity and we have a responsibility to prioritize programs that will benefit the people who need help the most, whether that is a victim of Hurricane Katrina or a poor working family trying to make ends meet or a hungry child in Africa, Asia, or Latin America. Investing today in programs that help these individuals and families will pay off in the future.

The fiscal year 2007 budget resolution that this committee will draft could provide the necessary increase in funding for domestic and international food and nutrition programs, and you can indeed create a road map that charts a new course for the United States.

Once again, I appreciate your granting me this time and I certainly welcome any questions or comments any Member may have.

[The prepared statement of Mr. McGovern follows:]

PREPARED STATEMENT OF HON. JAMES P. MCGOVERN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. Chairman, Ranking Member Spratt and Members of the Budget Committee, I want to thank you for the opportunity to testify before you today on the direction I believe the Budget Committee should take as it begins work on the Fiscal Year 2007 Budget Resolution.

Mr. Chairman, over the past few years, you and I have had several opportunities to talk about the direction and priorities of the Federal budget, and I do not intend to take up the Committee's time by repeating that discussion here. As you well know, there are many issues that concern me and which I believe require more funding than what the president has proposed in his Fiscal Year 2007 budget, or what Congress has been providing in past budgets. My concerns range from:

- providing the necessary funding for our veterans' programs;
- to the urgent need of reducing the historic Federal deficit;
- to the urgent need of fully funding our K-through-12 education programs and our higher education student financial aid;
- to honoring our promise and legal responsibility to fully fund the Federal share of IDEA;
- to preserving our parks, forests, wildlife refuges, and local recreation areas and open spaces, most especially by fully funding the Land and Water Conservation Fund, including the state-side program, from its allocated trust fund revenues; and
- to significantly increasing funding for programs that combat hunger and poverty, both here at home and around the world.

First, let me begin this discussion by urging the Committee to make sure that the FY 2007 Budget Resolution fully funds our Veterans Affairs (VA) system. Contrary to recent claims about adequate funding for veteran's needs, the facts are that the VA has been perennially underfunded. For each year that passes by, the VA estimates that a minimum budget increase of 13-14 percent is required just to stay afloat, when inflation is taken into account. The President's request for FY06 was less than a 1-percent increase, well short of the funding necessary for the VA to operate at its current level. This pattern of inadequate funding for the VA has resulted in a decrease in veterans' access to health care and has forced a series of emergency supplemental budgets to keep the system up and going.

Mr. Chairman, I believe our veterans should not have to rely on emergency funding. They should be the very first on our list of priorities. The health care that they earned through their service to country, and which was promised to them, should be assured through sufficient budget requests, allocations and appropriations. Instead of proposals imposing a $250 enrollment fee, the doubling of veteran prescription co-payments, and denying health care access to 260,000 veterans, the FY 2007 budget for the VA needs to provide adequate funding for every veteran. A budget request that truly reflects the needs of every veteran, from those of the Greatest Generation to those newest veterans returning from Iraq and Afghanistan, is what's deserved and required—and it is truly one of the best ways we can genuinely honor out troops.

Second, I believe that education at all levels of schooling—from early childhood education and development through college—is significantly under-funded in the president's budget proposal. While we often hear how the FY 2007 budget is focused on our national security, I cannot imagine how our national security and our economic security can succeed if we short-change the education of our children and citizens.

Just like last year, the president cynically eliminates programs that Congress will need to find a way to fund later in the year, such as Vocational Education, Safe and Drug Free Schools, Even Start, Technology State Grants, TRIO Programs, GEAR-UP, Tech-Prep State Grants, and a host of others. In order to ensure that we can restore these programs' funding and provide the appropriate level of funding to those programs whose funding was reduced or frozen—such as IDEA or after-school programs—Congress needs to increase the Education Account (Function 500) to accommodate at least another $14 billion for the No Child Left Behind Act, including the necessary increase for the IDEA that is absent from the president's proposed budget; and we need to increase higher education funding by at least another $2 billion to secure adequate Federal funds for an increased number of Pell Grant and SEOG beneficiaries and an increase in the size of the average grant.

Third, I am disappointed and frustrated that once again the president's budget fails to fund the Federal and state-side programs of the Land and Water Conservation Fund (LWCF), the funding for which is designated by law from royalty receipts from drilling done in the outer continental shelf.

As you well know, Mr. Chairman, the LWCF is based upon a simple concept: It takes revenues from offshore oil and gas drilling and invests them in our country's public land, letting States take the lead, and for 40 years this program has had a proven track record and benefited from strong bipartisan support.

When Congress decided to open the Outer Continental Shelf to oil drilling, we pledged to use some of its revenues for the public good. And with the goal of meeting the nation's growing need for recreation sites, Congress established the LWCF trust fund and agreed to reinvest an annual portion of OCS revenue into Federal

land acquisition and State assistance development programs. Even though LWCF takes in $900 million annually from oil and gas receipts, in recent years just a fraction of this funding has been used for its rightful purpose. For FY 2007, the president provides for only $85 million for LWCF programs, and all of these are in the federal-side (not the state-side) part of the program.

The state-side portion of the Land and Water Conservation Fund has helped our states and local communities preserve open space, slow urban sprawl, and give our children safe places to play. This program is a true partnership, with Federal grants requiring a full match from states and local communities. It's a program that has worked, and worked well. In all, the State-side program has helped communities by funding 40,000 recreation projects nationally—success stories that can be found in every state and in 98 percent of U.S. counties.

The elimination of funding for the LWCF state-side grants is particularly harmful to our nation's under-served areas. In fact, in many low-income urban communities, the state-side grant program is responsible for virtually all of their parks and open spaces. At a minimum, the FY 2007 Budget Resolution needs to provide full funding for the LWCF, Federal and state-side, and ensure that the revenues designated by statute for funding the LWCF are used first and foremost for the LWCF.

Fourth, while the International Affairs 150 Account is one of the few accounts in the president's budget to receive a modest increase, I am deeply concerned that Development Assistance overall and other critical international health, education, agriculture, food security, clean water, and other core development programs are either reduced or receive modest if any increases. Scarcely one-third of international affairs funding is devoted to these critical development programs. Once again, development assistance for Latin America is short-changed, at a time when U.S. relations with our closest neighbors are at their lowest point in history. I would like to see the Millennium Challenge Account receive the $3 billion in funding requested by the president—a doubling of its current funding levels. But this Congress was promised by the president when he first announced the creation of the MCC that its funding would be in addition to existing foreign aid priorities—and not rob funding from other critical accounts. Therefore, I believe the Budget Committee must increase the International Affairs by at least $1.5 billion, and that the Committee should direct this increase at core development assistance programs aimed at increasing access to health care, nutrition and education and at reducing hunger and poverty, as stated in the first Millennium Development Goal.

The 9/11 Commission Report said it best when it described how our national security requires a strong commitment to economic and development assistance if we are to triumph over terrorism, fundamentalism and fanaticism.

And finally, Mr. Chairman, I would like to comment on the importance of addressing hunger and poverty, both here in the United States and around the world. Once again, the Agriculture Account took one of the hardest hits in the president's budget, just as it has for the past 4 years in this Committee's reported budget resolutions. I would like to read a few sentences from the U.S. Catholic Conference of Bishops regarding "Moral Responsibilities for Public Life," from their statement on "A Catholic Call to Political Responsibility":

The first priority for agriculture policy should be food security for all. Food is necessary for life itself. Our support for Food Stamps, the Special Nutrition Program for Women, Infants, and Children (WIC), and other programs that directly benefit poor and low-income people is based on our belief that no one should face hunger in a land of plenty. Those who grow our food should be able to make a decent living and maintain their way of life. Farmers who depend on the land for their livelihood deserve a decent return for their labor. Rural communities deserve help so that they can continue to be sources of strength and support for a way of life that enriches our nation.

I cite this passage to underscore the recent reports by the U.S. Department of Agriculture and the Census Bureau that find food insecurity and hunger are rising rapidly in America and now affect nearly 20 percent of all our children. The number of food insecure households grew by nearly two million in 2004; in 2005, an additional million fell into poverty. Mr. Chairman, now is not the time to reduce our commitment to feed the hungry.

I firmly believe the budget resolution can be a road map that, if followed by the Appropriations Committee, could dramatically contribute to the fight to end hunger here at home, and to reduce it by half around the world. We should focus on these worthy goals in the FY 2007 budget resolution and provide the necessary funding for the domestic and international food and nutrition programs funded and administered by the U.S. Department of Agriculture (Function 350), which for the fourth year in a row has suffered a severe blow in the president's budget proposal; and

for those international food aid programs that are funded under the jurisdiction of the U.S. Agency for International Development (Function 150 International Affairs).

Domestically, we have an obligation to make sure that our nation's children don't go hungry. This is why the school breakfast and school lunch programs were developed, along with programs that help provide nutritional meals for pregnant women and nursing mothers, infants, and children under the age of five.

Unfortunately, the school breakfast and lunch programs aren't universal and they aren't year round. This means that some of the poorest families receive a free school meal during the school year, while others only qualify for a reduced price meal. To Congress's credit, the Child Nutrition Reauthorization Act phased this inequity out, but it's subject to appropriations—and appropriations is subject to budget caps—and so the inequities remain. Under the president's budget, approximately 40,000 low-income children will no longer receive a free school lunch. It's past time we fully fund this program so that we can finally eliminate the reduced price meal at our nation's schools.

Additionally, millions of our children who receive meals during the school year lose access to this food when school is out of session. The Summer Food Service Program was designed to combat this problem, but its funding is also woefully inadequate. Fifteen million poor and low-income children qualify to receive food during the school year, but only 2.9 million children receive food during the summer. That's an 81-percent decrease, Mr. Chairman. We simply must do better than that.

The President's budget request eliminated funding for the Commodity Supplemental Food Program. Currently, this modest program provides vital food assistance to over 420,000 elderly poor, and to 50,000 low-income pregnant women and children. Eliminating this $108 million program guarantees that these vulnerable people will no longer obtain their monthly supply of groceries. I recognize that the Administration believes we can simply enroll the women and children in WIC and the seniors in the Food Stamp Program, but this program was created precisely to fill the eligibility gap WIC and Food Stamps fails to cover. In short, Mr. Chairman, most of the recipients of these food packages will not be eligible for these other programs, but they will end up hungry—and faced with choosing between food, medicines, rent, childcare, heat, electricity, and other basic needs.

On the international level, emergency and other international food aid programs provided under PL 480 Title II will receive only $1.2 billion in funding under the president's FY07 budget proposal. This may sound like a lot of money, Mr. Chairman. Unfortunately, by the end of the year, just as has been the case in the past 3 years, the U.S. will most likely expend between $1.5 billion and $2.2 billion for international emergency and other food aid programs. Since we know this is the likely reality based on past experience, then we should include that level of funding for Title II up front—and not off-budget in emergency appropriations or through reprogramming requests that rob Peter to pay Paul, taking the funds from other urgent development, emergency disaster, and food aid programs.

Another successful program, the George McGovern-Robert Dole International Food for Education Program, is also flat-funded at $99 million for FY 2007, a level that actually reflects the FY 2006 1-percent across-the-board cut to all programs. Mr. Chairman, you might not be aware that when USDA puts out the call each year for proposal submissions for McGovern-Dole project funding, it receives proposals that would total over one billion dollars if all were funded. I'm not asking for that level of funding, but such a response clearly demonstrates that the need is great, well-identified, and well-documented. Yet we are freezing this program just as it begins to make a modest recovery from the devastating cuts of FY 2002, when it was reduced from a $300 million program to $50 million.

Last year, Secretary Johanns described some of McGovern-Dole's positive results as including "increased school enrollment, especially among girls; declines in absenteeism; improved concentration, energy, and attitudes toward learning; and infrastructure improvements, includi9ng classrooms, kitchens, storage facilities, water systems, and latrines." The programs have been so successful that some have begun to "graduate" and become self-sustaining, such as in Lebanon, Moldova and Vietnam. Additionally, the success of McGovern-Dole has resulted in other donors becoming involved in school feeding programs, including the European Union, Germany, Japan, Canada and the World Health Organization.

Mr. Chairman, all of us support national security and the global war on terrorism as priorities, but national security is not just the result of soldiers, guns and bombs. Our national security is strengthened and safeguarded by thousands of individuals and organizations who serve on the front lines of the battle to reduce and eliminate hunger and poverty. Their work daily combats the hate, fear, despair and hopelessness that contribute to acts of desperation, terror and war. The 9/11 Commission Report acknowledged this important reality in its final recommendations—and Sen-

ator Roberts, Chairman of the Senate Intelligence Committee, has stated on more than one occasion that initiatives like the McGovern-Dole program are a critical to winning the war against global terrorism.

And quite frankly, Mr. Chairman, you know far better than I, since you represent one of our finest farm states, how much our farmers appreciate and take pride in the fact that their hard work and their crops go to help the neediest Americans and the neediest people around the world.

Mr. Chairman, I would like to enter into the Record and provide the Committee with a copy of a letter sent to President Bush on December 20th from 108 bipartisan Members of this House asking the president to restore the funding for the McGovern-Dole program to its original $300 million level. Since this did not occur in the president's budget, I urge the Committee to increase the overall funding for the U.S. Department of Agriculture in order to make room for such an increase.

Given these critical needs, these harsh realities, we need a pragmatic approach to addressing them, one that doesn't make believe that these needs will simply go away if we do nothing or cut funding for the very programs that tackle these difficult problems head on. I therefore believe this Committee must restore at least $2.5 billion to the Agriculture Account of the budget.

Mr. Chairman, I know you must be scratching your head and saying to yourself, how do I suggest paying for such substantial increases in our overall budget?

I could say that we should reduce the defense spending account—but quite frankly, that's something the Pentagon should have done when it issued its new Quadrennial Report. Instead, rather than transforming their budget the way they describe transforming our armed forces to meet the challenges of today and the future, they simply added more billions of dollars to the nearly half trillion dollar budget they received in FY 2006. And the FY 2007 budget doesn't even reflect the so-called emergency supplemental appropriations the president will soon send to Congress to fund the wars in Iraq and Afghanistan, once again, off-budget.

The Budget Committee is the only Committee capable of reporting out a resolution that makes these subtle shifts of priorities. This Committee is capable of shifting $20 billion or so out of defense and into education, the LWCF Federal and stateside programs, international development assistance, and domestic and international food aid and agriculture programs.

This Committee can also call on Ways and Means to increase revenues by that same amount, so as to cover these increased budget allocations.

These needs won't disappear; they will only get worse the longer we neglect them.

I urge the Committee to rise to this challenge, and to find the courage and leadership to increase these accounts and others, so that our genuine national security is reflected by our support for strong communities, modern infrastructure, a well-educated citizenry, and the compassion and fortitude to tackle the challenges of hunger and poverty locally and globally.

Mr. Chairman, I appreciate the opportunity to testify today on the priorities that I believe face this nation. However, I want to conclude with this one, final point. We have an opportunity and the responsibility to prioritize programs that will benefit the populations that need the most help today. To me, that means focusing on the neediest Americans—whether that's a victim of Hurricane Katrina or a poor working family trying to make ends meet or a hungry child in Africa, Asia or Latin America. Investing today in programs that help support these individuals and families will pay off in the future. The FY 2007 Budget Resolution that this Committee will draft can indeed provide the necessary funding for domestic and international food and nutrition programs, as well as the other needs I have described this afternoon, and help provide a road map for a new course for the United States.

Once again, I appreciate you granting me this time, and I welcome any questions you might have.

Mr. RYUN. I don't have any questions, but I certainly appreciate your initiative and I know they will be passionately debated on this committee as well as before the full Congress.

Are there members that have questions? Mr. Moore.

Mr. MOORE. Mr. Chairman, I don't have questions either, I just want to commend Congressman McGovern for his very comprehensive and caring statement, and I agree with almost all of the proposals, or at least the thoughts he set forth here. I look forward to the debate on these as well. Thank you very much.

Mr. RYUN. I recognize Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Mr. Chairman. When I was listening to you eloquently talking about issues important to you and you were asking for more funding, I was actually literally scratching my head and asking myself, How do you suggest paying for them? And then I noticed, by the way, in your statement, that on page 7 you actually mentioned that. You say, "Mr. Chairman, I know you must be scratching your head and saying to yourself, How do I suggest paying for such substantial increases in the overall budget?"

I want to make sure I read this right. You then go on to say, This committee is capable of shifting $20 billion or so out of defense into education, et cetera. This committee can also call on Ways and Means to increase revenues by that same amount.

In other words, are you suggesting that we take, if I read this correctly—in order to do the initiatives you so eloquently spoke of, cut defense—and that this committee, according to what it says here, shifting $20 billion or so out of defense and also call on the Ways and Means Committee to increase revenues?

In other words, taxes; you are asking to cut defense and raise taxes in order to fund the issues that you talked about today?

Mr. MCGOVERN. First of all, it is up to this committee to decide how they would want to spend the money. But one of the things that I believe is that the Defense Department's budget does not reflect the new priorities outlined in the new Quadrennial Review. It simply piles on more spending.

I think the Pentagon can weather a $3 billion shift of funds to these food and nutrition programs fairly easily, quite frankly. All you need to do is read The New York Times or The Washington Post or the Washington Times, if that is what you read, over the last several months to look at how so much of our defense budget has been squandered and wasted, whether it is through graft or corruption or on programs that quite frankly don't work.

The other thing is that I think we have to ask ourselves what is more important at this particular point, making tax cuts permanent, whether it is a total repeal of the estate tax or capital gains tax cut or whatever; or is it to make sure we don't have anybody in this country that starves, that is food insecure, that is going hungry.

I don't know about you, Mr. Diaz-Balart, but since we had a long winter break here, I spent a lot of time going around to hospitals in my district. And one of the things that shocked me was going to emergency rooms and finding out there is an alarming increase in the number of senior citizens showing up in emergency rooms who are taking their medications on an empty stomach because they can't afford to pay for their medications and food. So they end up in the emergency room because literally the medicine has eroded away at their stomachs and they have holes in their stomachs as a result of having to make these choices.

So I guess if we are creative enough, we can find ways to do this. And I guess the reason why I focused solely on these hunger and nutrition programs is because I can't think of anything more important, quite frankly, for us to do as a Congress than to make sure we don't have people in this country who fall through the

cracks, children who don't have food in the summertime, and senior citizens who can't afford food.

And internationally I think we can do more to combat terrorism. And I quote Senator Roberts, who is a pretty conservative Member of the other body, when he says some of these international school feeding programs do more to increase goodwill and combat terrorism and dry up, the places where people like Osama bin Laden go to try to find recruits than almost anything else we can do.

I made some suggestions here, and you can agree or disagree with them, but there are ways I think we can cut back and we can transfer some of the funding on some of the programs that we are now spending and that would be better spent on this.

Mr. DIAZ-BALART. Briefly, Mr. Chairman, if I may. I want to commend you, Mr. McGovern. You are one of the few people who have actually come up with a list of priorities—again, as you say, we can agree or disagree with it—and also ways to fund them. And you are saying raise taxes and cut defense?

I happen to disagree with you, but I think it is important that you actually have put in writing here what you believe is one of the ways we should look at it. And I think it is important for argument's sake and debate to put these things on the table. So whether we agree or disagree, I commend you for putting this out there

Mr. MCGOVERN. I appreciate that comment, I think. But let me just again end on this note. This is something we can't ignore, and it is a problem that is getting worse, and it is getting worse each and every year. The documentation coming out of this administration's agencies is telling us that. I think it would be a shame if we were to come up with a budget that didn't address the fact that hunger is becoming a bigger problem in America today than it was last year and the year before and the year before that. We are going in the wrong direction. We have to do something and we have to do it now—we cannot put it off.

Mr. RYUN. I appreciate the gentleman's comments and I appreciate his passion for this issue, and of course I invite everyone to come back on the evening—and actually the long day we have when we have a budget markup, when these issues will be very hotly and passionately debated. They are very critical for the future of our country, and I welcome the other side to present a budget as we look forward to that markup. And I thank the gentleman for his time.

Mr. MCGOVERN. Thank you very much.

Mr. RYUN. We are going to go into a brief recess as we wait for other Members. It will be subject to the call of the Chair and we will resume when other Members appear.

[Recess.]

Mr. RYUN. We are going to resume the hearing on Member initiatives, and we will begin with Ms. Carson.

STATEMENT OF HON. JULIA CARSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Ms. CARSON. Thank you very much, Mr. Chairman, I appreciate your courtesy and your willingness to let me put my little 2 cents in on this budget.

I appreciate the opportunity to testify before the committee on the budget resolution. I believe that the President's budget proposal leads us perhaps in the wrong direction, by depriving our most vulnerable seniors of vital resources.

The budget proposal eliminates funding for the Commodity Supplemental Food Program (CSFP). Each month the CSFP provides over 475,000 low-income individuals with nutritious food packages, including fruits, vegetables, cereals and other items. This program provides a balanced dietary supplement for recipients, 85 percent of whom are seniors, all with income levels below a meager $12,400 a year.

In Indiana, 4,979 seniors are currently enrolled in this program. This year, over 600 of them could go hungry because USDA reduced the CSFP caseload for 2006. Next year, the rest could go hungry if this program is eliminated. Is this really the message we want to send the world about how we care for and treat our seniors?

The budget proposal enables participants in the Commodity program to enroll in a transitional food stamp program once the Commodity program is eliminated. The food stamp program, while extremely important, does not offer the same benefit, flexibility, and convenience that the Commodity program does, nor does it provide a long-term solution to these cuts. The food packages that seniors currently receive from the Commodity have a retail value of approximately $30–$40 in Marion County in Indiana. Under the budget proposal, seniors would receive just $20 per month in food stamps.

In Indiana, where I come from, the average income for a senior enrolled in the Commodity program is between $700 and $800 each month. These limited resources must provide help with housing, utilities, medical costs, and food. Any reduction in benefits would further impoverish seniors.

In addition to decreasing seniors' monthly benefits, the food stamp programs would offer reduced access for seniors. In Indianapolis, we have what you call the Gleaners Food Bank that administers the Commodity program. Volunteers from Gleaners deliver and distribute food boxes in various locations, including senior housing sites. These boxes are delivered to seniors who are immobilized by ill health, physical infirmities or lack of transportation. This personalized service ensures that our seniors have access to food and are treated with the dignity and respect that they deserve.

They deliver boxes to homeless veterans who call the space under bridges in my district their homes. We have a volunteer corps that also gives out blankets to homeless people in the freezing cold weather. We travel under those bridges to give them some method of warmth and comfort.

Congress must carefully consider the impact of eliminating a program that feeds our seniors and replacing it with one that may not. I have heard many stories about how the CSFP has changed lives. Pudding is a luxury a woman on the Commodity program told us she had not been able to afford until she received her first CSFP box. Let us not forget that as we craft a budget resolution, some-

thing as simple as a pudding cup is a great luxury for some of our Americans.

I would impose upon you, beg you, please, do something about this major cutback on these, the very least of these, as we move forward to creating the budget resolution for fiscal year 2007.

I appreciate your patience, your indulgence, and I would certainly appreciate your consideration for restoring this amount to our very most vulnerable citizens in our country.

Thank you very much, and I yield back.

Mr. RYUN. Ms. Carson, thank you very much for your testimony. I don't have any other questions at this point, so I appreciate your coming today before the Budget Committee.

[The prepared statement of Ms. Carson follows:]

PREPARED STATEMENT OF HON. JULIA CARSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Thank you, Mr. Chairman. I appreciate the opportunity to testify before the committee on this year's Budget Resolution. I believe the President's budget proposal leads us in the wrong direction by depriving our most vulnerable seniors of vital resources.

The President's budget proposal eliminates funding for the Commodity Supplemental Food Program. Each month the CSFP provides over 475,000 low-income individuals with nutritious food packages including fruits, vegetables, cereals and other items. This program provides a balanced dietary supplement for recipients, 85 percent of whom are seniors, all with income levels below a meager $12,450 per year.

In Indiana, 4,979 seniors are currently enrolled in this program. This year, over 600 of them could go hungry because the USDA reduced the CSFP caseload for 2006. Next year, the rest could go hungry if this program is eliminated. Is this really the message we want to send the world about how we treat our elders?

The budget proposal enables participants in the CSFP to enroll in a transitional food stamp program once the CSFP is eliminated. The food stamp program, while extremely important, does not offer the same benefit, flexibility and convenience that the CSFP does, nor does it provide a long-term solution to these cuts.

The food packages that seniors currently receive from the CSFP have a retail value of approximately $50. Under the budget proposal, seniors would receive just $20 per month in food stamps. In my home state of Indiana, the average income for a senior enrolled in the CSFP is between $700 and $800 each month. These limited resources must provide housing, utilities, medical costs and food. Thus, any reduction in benefits would further impoverish seniors. When $30 could be the difference between purchasing medication or food or paying your heating bill, how do you decide which to eliminate?

In addition to decreasing seniors' monthly benefit, the food stamp program would offer reduced access to seniors. In Indianapolis, Gleaners Food Bank administers the CSFP. Volunteers from Gleaners deliver and distribute food boxes in various locations, including senior housing sites. CSFP boxes are delivered to seniors who are immobilized by ill health, physical infirmities or lack of transportation. This personalized service ensures that our seniors have access to food and are treated with the dignity and respect they deserve. They deliver boxes to homeless veterans who call the space under bridges their homes.

Some seniors are also hesitant to participate in the food stamp program because they perceive it as a welfare program. Yet these same seniors participate in the CSFP in Indiana because the CSFP does not carry the same stigma. Congress must carefully consider the impact of eliminating a program that feeds our seniors and replacing it with one that may not.

The Commodity Supplemental Food Program provides a wonderful service that touches the lives of many people. I was touched by the story of a senior who received her first CSFP box from Gleaners. She cried after discovering 12 pudding cups in her box. Her case manager explained, "Pudding is a luxury she has not been able to afford in a very long time." Let's not forget that as we craft a budget resolution, something as simple as pudding cups are a great luxury for some Americans.

The budget proposal not only jeopardizes seniors' food assistance, but it also cuts their housing opportunities. In the proposed budget for the Department of Housing and Urban Development, the President has made across the board cuts totaling $1.5

billion. One of the programs receiving a major cut is HUD's Section 202 program, which provides grant money to non-profits and faith-based organizations that construct or rehabilitate affordable housing for seniors with supportive services. Some of these services include transportation, cleaning and cooking. The $190 million proposed to be cut from this program would have been used to develop new housing facilities or rehabilitate closed or dilapidated facilities. These cuts are not how our government should react to budget shortfalls. We should not further deprive those who are "the least of these".

The proportion of elderly in the population is steadily increasing as the affordable housing units are decreasing. Housing units are being filled almost immediately, and waiting lists can be as long as 3 years. In my hometown of Indianapolis, the demand for senior services and senior housing will sharply increase within the next 15 years, including the need for LIHEAP funds. It is important that we plan ahead and start developing more affordable housing units for seniors before it is too late.

And finally, the President's budget will cut Medicare by $36 billion over 5 years and $105 billion over the next 10 years. These cuts will partially be achieved by shifting costs, a strategy that is unpardonable for a group of people who are already living on a fixed budget. Medical costs are continuing to rise, with an America that is living longer. How can we expect seniors to deal with these rising costs as we cut the program that helps ensure they receive affordable healthcare? Mr. Chairman, I am afraid that if Congress does not act, we are going to find out.

Our budget is a reflection of our values and priorities. Yet it cuts food, housing and medical care for the elderly. In the words of Tim Robertson, President of the National Commodity Supplemental Food Program, this budget proposal contains "the unkindest cut for our greatest generation." Our seniors deserve the very best from us, and it is incumbent upon us to keep them in mind when determining our budget allocations. I'd like to thank the Committee for giving me the opportunity to address these pressing needs.

Mr RYUN OF KANSAS. At this point we will turn to Mr. Bishop for his testimony.

STATEMENT OF HON. TIMOTHY H. BISHOP, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. BISHOP OF NEW YORK. Thank you, Mr. Chairman. Let me start by asking unanimous consent to enter into the record my full statement.

Mr. RYUN. Without objection.

Mr. BISHOP OF NEW YORK. Thank you, sir.

Mr. Chairman, I thank you for this opportunity to discuss with the Budget Committee why the Federal higher education programs, as outlined in the President's budget request to the Congress, should be a higher priority. I worked on a college campus for nearly three decades before I came to the Congress, and during that time I came to fully understand how difficult it is for students and their families to afford a higher education. There was not a day that went by during my time on the campus that I didn't work with a student to help them figure out how they were going to pay for their education.

I appear today before this committee as a concerned member of the Education and the Workforce Committee, and I appreciated hearing the President discuss the future of education during the State of the Union message. But I am hopeful, but also skeptical, that the reality will rise to the level of his rhetoric in terms of what we support financially.

I share disappointment with the President's budget, as I think everyone does who places a high value on a college degree. The greatest disservice that we can do to middle- class families in America is to convince them of the necessity of a college education

but then place in their way barriers that prevent them from accessing higher education.

Estimates show that financial barriers will prevent 4.4 million high school graduates from attending a 4-year public college over the next decade—that is, a public college—and prevent another 2 million high school graduates from attending any college at all. As families face these harsh realities, they are right to question why the President and the Congress continue to ignore steps that we can take to make college more affordable.

For example, the President's budget freezes the maximum Pell grant award at $4,050 for the fourth year in a row, despite the fact that the maximum Pell grant being authorized in the House version of the reauthorization of the Higher Ed Act is $6,000.

The President's budget also freezes funding for both SEOG and the Federal Work Study Program, two programs that provide the neediest students additional money for college.

And in what might be the most disturbing portion of the budget, the President proposes recalling the Federal portion of the revolving fund for the Perkins loan program. As a result, this year more than 460,000 low- and middle-income students will be denied low-cost loans to help pay for their college education.

Now, the President made the same request to Congress last year and the Congress did not accede to that request, and I remain hopeful that our colleagues in the Congress will once again validate the importance of the Perkins loan program.

The President's budget is particularly devastating when one views it within the context of the $12 billion cut to student loans recently authorized under the Deficit Reduction Act. The combination of the President's budget and these cuts will present an enormous hardship for students.

The President has much to say recently about competitiveness, and I think all of us agree with that, but I think the commitment to increasing the quality of K through 12 education is best seen as meaningless if we don't offer access to higher education. If the American Competitiveness Initiative is to have any real meaning, we must ensure access and affordability to higher education. And in order to do that, we must fully fund Pell Grants, Perkins loans, and other student aid programs in the budget resolution.

Thank you, Mr. Chairman, for your time.

Mr. RYUN. Mr. Bishop, thank you very much for your testimony. These will be issues that will be very passionately debated when we come to the budget markup, and I appreciate your coming before this committee today.

Mr. BISHOP OF NEW YORK. Thank you for the opportunity.

[The prepared statement of Mr. Bishop of New York follows:]

PREPARED STATEMENT OF HON. TIMOTHY H. BISHOP, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. Chairman, ranking member Spratt, and distinguished members of the Budget Committee, thank you for this opportunity to discuss why Federal higher education loan programs should be higher priorities in the President's budget if we're really serious about helping students pursue the dream of a college education and keeping our workforce competitive.

With every academic milestone, a high school diploma, vocational certification, an undergraduate degree or graduate degree, a person's lifetime earning potential grows. For many young Americans, higher education is the ticket to success. Some

even consider it a basic human right. But each one of us can agree that every high school senior who qualifies academically deserves the chance to go to college.

After working at Southampton College on Long Island for nearly three decades, I have come to fully understand how difficult it is for students and their families to afford a higher education. Every day, I worked with them—to scrape up the money, grants, scholarships, whatever we could find—to help them realize part of the American dream—the opportunity to go to college.

Therefore, I appear before this committee, not on behalf of a special interest or a local project for New York's first congressional district, but as a concerned member of the Education and the Workforce Committee, who appreciated hearing the President say during the State of the Union that America's "greatest advantage in the world has always been our educated, hardworking, ambitious people—and we're going to keep that edge."

Unfortunately, the budget shortfall for education—a decrease of $2.1 billion or 3.8 percent below last year's level—belies the President's pledge, and deflates the promise of the proposed American Competitiveness Initiative, which would fund 70,000 new high school advanced math and science teachers. The ongoing impasse over our failure to reauthorize the Higher Education Act is another setback making it harder to meet this pledge.

Like many who have always voted to support student loans, and who place a higher value on the benefits of a college degree than the President's budget request provides, I share your disappointment. And those of you who are the proud parents of a college student are undoubtedly aware that college tuition at public universities increased 14 percent last year, with jumps of 20 to 30 percent in several states.

These rates are increasing faster than the financial assistance given to students, which makes attending college all that more difficult and limits the choices that graduates can make, discouraging many of them from seeking a college education at all. The greatest disservice that we have done to middle class families in America is to convince them of the necessity of a college education, but then place this education financially out of their reach.

In fact, the Congressional Advisory Committee on Student Financial Assistance estimates that financial barriers will prevent 4.4 million high school graduates from attending a 4-year public college over the next decade, and prevent another 2 million high school graduates from attending any college at all. As a result, the United States is projected to face a shortage of up to 12 million college-educated workers by the year 2020, directly threatening America's economic strength and global competitiveness.

As families face these harsh realities, they are right to question why the President and Congress continue to ignore steps they can take to make college more affordable and to make sure that this American dream does not slip out of reach. Still, we are not yet making the investments needed in higher education to support these costs.

For example, the President's budget freezes the maximum Pell grant award at $4,050, for the fourth year in a row, despite rising tuition and stagnant Federal investment. In 1975, the Pell Grant covered 80 percent of the cost of a 4-year public college education. Today, that number is closer to 40 percent. President Bush made a promise to students 6 years ago, that under his administration the maximum Pell Grant award would increase to $5,100, but thus far, that promise is an empty one.

Furthermore, although investing $100 million into an unproven school voucher program, the President's budget freezes funding for SEOG and Federal work-study, two programs that provide the neediest students additional money for college.

And in what might be the most disturbing portion of this budget, the President proposes recalling the Federal portion of the revolving fund for the Perkins Loan Program. The funds, which are made up of Federal "capital contributions," institutional matches, and repaid Perkins loans, are used to make new loans to students from low-income and middle-income families. The budget calls for the government to recall the revolving funds used by institutions, requiring colleges and universities to pay back nearly $644 million. As a result, this year more than 460,000 low- and middle-income students will be denied low-cost loans to help pay for their college education.

This cut, when coupled with the $12 billion in cuts to student loans authorized under the Deficit Reduction Act, is particularly devastating and will present an enormous hardship for the student in the future.

The "Education" President has had much to say recently about competitiveness. State of the Union rhetoric sounds inspiring but it doesn't keep tuition in check or sharpen our competitive edge. Only real actions can do that. Therefore, I suggest we back up our promises to America's students by fully funding Pell grants, Perkins loans, and other student aid programs in the budget resolution. I look forward to

working with you toward that end and am happy to answer any questions you may have at this time.

Mr. RYUN. We will now go into another brief recess as we wait for other Members, subject to the call of the Chair.

[Recess.]

Mr. RYUN. We will now resume the Members Day hearing on the Budget Committee, and at this point we will turn to Mr. Mica from Florida.

Mr. Mica, first of all, we have not received your written testimony, but we will be happy to submit that for the record when it is submitted.

STATEMENT OF HON. JOHN L. MICA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. MICA. Well, I thank you, Mr. Chairman, and I do have a copy and ask unanimous consent that it be included in the record.

Mr. RYUN. Without objection.

Mr. MICA. Thank you, Mr. Chairman and members of the Budget Committee. I come before you today, the chair of the House Aviation Subcommittee, and I will not read my testimony but I would just like to summarize some of my viewpoints, particularly for some of the staff that are here and you, Mr. Chairman.

This is not the official dogma of the Transportation Committee or the subcommittee, but I want to just make very clear for the record the situation we find ourselves in with aviation security and, in particular, passenger screening. The administration has proposed an increase in the passenger screening fee. The way it is currently proposed, I have told Josh Bolten and others that I do have problems with the way it is currently proposed.

As you may know, we now spend some $5.6 billion on aviation security. When we set up aviation security fees in the beginning, under the original TSA legislation which I helped draft, we had proposed having the user pay, which is a very fair system. The screening would be a government service, and the passenger would pay for it. It was supposed to be a $2.50 per flight segment, $5 maximum per one-way trip fee, and that covered your screening costs.

The airlines who had previously had the responsibility in cost testified before our committee when we were developing this formula that their cost was about $1 billion, and they agreed to reimburse the Government approximately $1 billion a year for giving up that responsibility. They were willing to pay just to exempt themselves from the liability of screening. So we were to fund the system initially with the $2.50/$5 fee and contributions from the airlines.

Of course initially, the TSA number of screeners was a much smaller estimate. I think at one time it went to 19,000 and then to 26,000. Finally, Congress capped it somewhere in the 45,000 range, and we probably have more than that in TSA. We have a $2 billion shortfall, which is now contributing to the national deficit because we have no money to pay that. It is out of the general Treasury and we have no money to pay that, so we should be increasing the fee.

But if we just increase the fee and continue the same process, we have a problem because the current process is broken. The 9/11 Commission and their predecessor have reviewed the performance of passenger screening and given it an F score, but not me. In addition, I get audited reports, and I have one here I would like to be submitted for the record, OIG–05–16, this is a secret classified report. I am only going to give you the cover and a summary of what I can deal in public with, but I can tell you that the system is a failure.

Passenger screening is not much better than it was just after 9/11, and those are the words of the Inspector General who tested the system. This report is on baggage screening, and there the failure is even greater. Nearly half of the 45,000 TSA personnel are behind the scenes in the airport going through people's baggage with trace detection equipment or just searching, and the more people we have involved, actually the greater the failure rate.

So we are paying $5.6 billion for a system that gets an F score and doesn't work well, according to, again, these classified reports. What is interesting is, I ordered a report by the Government Accountability Office (GAO) to review a system for employing high-tech processing and screening of checked baggage. They conducted that report, and this is GAO report 05–365, and that said you could replace 78 percent of the personnel by automating the system and replacing personnel with high-tech equipment. And if you did that, the payoff is anywhere from a 1 to 3 years to pay for the equipment; and then you have savings, perpetual savings in the system.

So I don't favor the administration proposal of just increasing the fee and not putting in a high-tech system. If we did this, the failure rate in the few airports in which we have these highly automated high-tech passenger baggage screening equipment, the failure rate is minimal. So it is a very good working system as opposed to what we are paying for in a failing system.

So I propose that we double the passenger screening fee for a period of 3 years. It would raise somewhere in the neighborhood of $6 billion. We can over that period of time, instead of just paying for personnel, put in high-tech equipment both for passenger screening and also for checked baggage screening. In checked baggage screening, we would eliminate 78 percent of the personnel, again, a dramatic savings.

That is the proposal. The airlines have not been supportive of the administration proposal last year. They are cool, I can tell you, to my proposal because they say we are raising taxes. This is a user fee, it is not a tax. We are now $2 billion a year into the Federal Treasury, adding to the Federal deficit. The current rate at which we are paying for and deploying high-tech equipment at our airports and the rate that we are putting money into equipment versus personnel, we will have this fully automated high-tech equipment complete in 18 years.

So with $6 billion spent in my plan, you pay this off and you would save $30 billion. And the most important thing is the operation and performance of the system. You almost now have, and I can't quote the exact failure rate, but I can tell you it is almost a total failure rate for checked baggage, and very poor rate, not much better than after September 11, for passenger screening. You re-

place that system with a high-tech system, you sunset the increase in the fee after 3 years, and you have $30 billion worth of taxpayer savings and a safer system for the American people to fly.

Incidentally and finally, explosives on an aircraft are our most serious threat at this point. More than likely, terrorists are not going to take over an aircraft the way they did on 9/11. We have secure cockpit doors, we have air marshals, and have even more pilots trained now than air marshals that are armed and ready to go. And then the final and fourth line of defense is that we have an informed public which would never let an aircraft be taken over in the manner in which we saw in three out of the four instances on September 11.

So that is my testimony. I have asked the administration also to consider sending Congress an amendment, talked to Josh Bolten about that, to include this provision as opposed to the provision that is in their budget.

[The information referred to follows:]

PREPARED STATEMENT OF HON. JOHN L. MICA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Thank you Chairman Nussle and Ranking Member Spratt for the opportunity to testify before you today.

I am here to discuss and urge the Committee's support for an increase in the aviation security fee that is paid by airline passengers.

The airline security passenger fee was established by Congress after the terrorist attacks of September 11, 2001. Together with a fee paid directly by air carriers, it was intended to cover the Federal Government's cost of taking over passenger and baggage screening functions from the airlines.

In reality, these two fees have covered less than half of the Transportation Security Administration's aviation security costs. The General Fund has had to make up the difference—roughly $2.5-$3.5 billion annually in recent years.

This shortfall between fee collections and TSA's aviation security costs is paid by deficit spending and absorbed by people who may never fly.

As Chairman of the House Aviation Subcommittee, it was never my intent for the General Fund to pick up any of these costs. Aviation security should be paid for by aviation travelers. No other mode of transportation has government-funded security, and aviation should be no different.

General aviation, air cargo, cruise passenger and cargo shipping lines, trucking, passenger and freight rail, private energy and other security sensitive businesses all pay their own security screening costs. The U.S. taxpayer pays $0.

Under current law, the aviation security fee is set at $2.50 per enplanement, up to $5 per one-way trip. The President's Budget proposes to change this to a flat fee of $5 per one-way trip, which would raise an additional $1.3 billion in FY 2007. The Administration proposes to use this $1.3 billion to offset the cost to the General Fund.

I have a different proposal. I believe the increased fee revenues should first be used to meet certain critical aviation security needs, such as the deployment of technology to detect explosives hidden on passengers' bodies, and the installation of in-line explosives detection systems (EDS) at airports.

Since TSA was created in 2002, we have spent over $25 billion on aviation security. Despite this massive spending, we are still relying on 1960's technology—metal detectors—as our primary method of screening passengers. We have yet to deploy more than a handful of explosives detection trace portals even though explosives hidden on passengers' bodies are a serious threat to aviation. It would take just one suicide bomber strapped with explosives to further devastate the U.S. airline industry.

In addition to this urgent need to deploy better passenger screening technology, we also have critical unmet needs in the area of checked baggage screening.

The Aviation and Transportation Security Act (ATSA) required TSA to deploy EDS at all commercial service airports by the end of 2002. The Homeland Security Act extended this deadline by 1 year. To meet this deadline, TSA placed hundreds of EDS machines in airport check-in areas across the country.

Incorporating the EDS machines into in-line baggage systems is a critical next step, one which is estimated to ultimately cost $4-$5 billion.

Although this is a significant up-front investment, in-line installation of EDS would significantly reduce TSA operating costs and pay for itself in just a few years.

According to a March 2005 GAO report, TSA analysis shows that installing in-line EDS at the nine airports that have received letters of intent would result in a savings to the Federal Government of $1.26 billion over 7 years, with the initial investment in these systems recovered in just 1.07 years.

According to TSA's analysis, in-line EDS would reduce by 78 percent the number of TSA baggage screeners and supervisors required to screen checked baggage at these nine airports.

Despite the operational cost savings TSA could derive from in-line baggage systems, progress in installing such systems has been slow. To date, of more than 440 commercial service airports, only eighteen have fully converted to in-line EDS.

At the current rate of spending, it will take at least 10 more years to convert fully to in-line EDS. In the meantime, we will continue to waste billions of dollars in TSA's operating budget paying large numbers of screeners to do what in-line EDS could do more efficiently, and more accurately.

Rather than wasting billions of dollars on a huge and largely ineffective screening bureaucracy, we need to focus on deploying better technology as soon as possible.

Under my proposal, the existing fee would be doubled, from $2.50 per enplanement to $5 per enplanement. This would raise enough funds to install high-tech explosives detection systems at all commercial service airports within 3 years.

I urge your support for an increase in the aviation security fee. I also urge you to invest the proceeds from the fee increase in urgently needed aviation security technology improvements, such as in-line EDS, and better explosive screening technologies at passenger checkpoints.

Thank you for your consideration.

Mr. RYUN. Thank you very much for your testimony. I just want to make a comment. You offered some reports to be submitted. Without objection, I'd like those inserted in the record.

[The information referred to follows:]

SECRET

DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General

Follow-Up Audit of Passenger and Baggage Screening Procedures at Domestic Airports (U)

Classified by: Richard L. Skinner
Acting Inspector General
Reason: 1.4(g)
Declassify: March 2015

Office of Audits

OIG-05-16 March 2005

SECRET

United States Government Accountability Office

GAO

Report to the Chairman, Subcommittee on Homeland Security, Committee on Appropriations, House of Representatives

March 2005

AVIATION SECURITY

Systematic Planning Needed to Optimize the Deployment of Checked Baggage Screening Systems

GAO
Accountability * Integrity * Reliability

GAO-05-365

Mr. RYUN. Just one brief comment, because I know I have other Members ready to testify, but would this speed up the process at the airport, the technology you are talking about?

Mr. MICA. Absolutely. What is happening now is we actually have even more passengers going through. We are back to pre-September 11. One of the problems is the system that uses nearly half of the 45,000 TSA personnel to hand-search your baggage is delaying baggage. So we have had baggage slowdowns and meltdowns across the country, people not matching baggage, and that is even more dangerous because you really don't know what is getting on a plane or left behind at times.

So this is a very serious situation. It is not popular for me, as a conservative right wing Republican, to come and advocate increasing any fees, but this is a user fee. It was never intended to be the responsibility of the taxpayer from the general revenue or add $2 billion a year to our deficit. It was a PAYGO, a user fee, collected by the airlines and then passed on to the Government.

Last year, they increased their fees. We monitored some of their charges for airline tickets and during not a full year's period, they increased their fees—because their costs went up or their ticket charges—eight times; yet they oppose the Government increasing the fees in our costs which have gone up, to put in a safer, securer system.

And to answer your question, Mr. Chairman, to move the baggage through in a more expedited fashion that won't delay our flights around the country.

Mr. RYUN. I thank the gentleman for his testimony and appearing before the Budget Committee.

We will now move to the gentlewoman from the Empire State, Mrs. Kelly.

STATEMENT OF HON. SUE W. KELLY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mrs. KELLY. Thank you, Mr. Chairman. I want to just talk with you a little bit about small businesses and the needs of small business in the Nation.

You and I both know they are the local engines that drive our national economy, so we have to keep their needs as a centerpiece in our budget priorities in Congress. I believe we need to continue working together to develop ways to provide our small businesses with the tax relief and regulatory fairness that they need in order to continue growing and creating new jobs across the country.

We need a fiscally responsible Federal budget in order to accomplish essential objectives, but we also need to help our small businesses. So basically I have three budgetary points.

Too many small business owners, including those in the Hudson Valley communities I represent in New York, have long been unfairly punished by the Federal Tax Code. It taxes them at a higher rate than individual rates and it limits them from taking the same deductions claimed by large companies.

The Jobs and Growth Tax Relief Reconciliation Act that we passed in 2003 is addressing some of the problems that are faced by small businesses. It has helped provide critical tax relief to 25 million small businesses at an average of more than $3,235 in 2005. The lower marginal income tax rates have assisted more than 90 percent of small business owners who pay their taxes at the individual income tax rates.

So as we analyze our future budget outlook, I want to work with you to extend and make permanent the small business tax relief provisions that are addressed in the fiscal year 2006 budget and the tax reconciliation measures. Continuing the increased expensing rules for small businesses is of particular importance. It allows our small business owners to plan for the future and continue taking much-needed deductions on the hundreds of thousands of dollars that they need to spend every year on equipment and their

other needs to operate and grow their businesses. The more we do to help small businesses grow, the more jobs they can create for our local residences.

Another budgetary priority has to be to find a permanent solution to stop the growing number of middle-income families and small business owners from being victimized by the alternative minimum tax (AMT). The AMT has no place in the lives of middle-income taxpayers and small business owners, and it is counterproductive to our tax relief efforts on behalf of small businesses. These and other consensus small business tax reforms are contained in the Small Employer Tax Relief Act, which is H.R. 3841, that we are cosponsoring in the Small Business Committee.

We are hoping to provide opportunities for growth, and those opportunities begin by eliminating the roadblocks that small business owners face. We know that duplicative and unnecessary Federal regulations do nothing but hamper small business growth and success. So we need to work together to stop encouraging the expansion of Federal regulations on our Nation's small businesses.

One way of eliminating redundancy and overlap by our Federal regulatory agencies is to include language in the budget resolution reauthorizing the Truth in Regulating Act, or TRA, which we passed into law in 2000. I am sponsoring the Cut Unnecessary Regulatory Burden for Small Businesses Act, the CURB Act, to reauthorize TRA and to enable Congress to keep a more watchful eye on all Federal agencies.

This would uphold our principles of smaller government, less Federal intrusion in the lives of local small business owners, and I want to work with you to prevent the implementation of unnecessary regulations. Federal agencies can issue these burdensome regulations totally outside of congressional control, regulations that have the force and effect on small businesses of law, and they have to spend extraneous time, money, and energy completing a lot of burdensome paperwork rather than hiring new workers and growing their businesses.

The time has come to make it a budgetary priority to fund TRA and improve the congressional and GAO oversight of Federal regulatory decisions that are devastating our small businesses.

Lastly, fiscal government restraint in our overall budget is critical to ensuring that we can continue to provide America's small businesses the tax relief and other tools they need to grow and survive. I believe we should support President Bush's budget request for $28 billion in government-backed small business loans for 2007. It is the highest-ever level for the SBA, but this will help create and it will help retain an estimated 1 million jobs.

We have to continue to find ways to provide necessary government services to help small businesses grow and create the new jobs for local residents and their communities and we need to do that without growing the size of government. The Small Business Administration has shown encouraging promise in this area since 2001. It has cut its own agency staff by nearly 25 percent while at the same time improving customer service and making record numbers of government-backed loans to small businesses.

We can work together to hold all Federal agencies to such a standard: better service, more productivity, lower administrative

costs, and a lot less bureaucracy. If we eliminate the waste, fraud, and abuse in the Federal budget and at our Federal agencies, and help them focus—and help us focus more of our resources directly on the needs of small business owners or any family across America, I believe we can do this and it needs to be done.

This committee has many areas where it needs to focus on budgetary concerns, but I hope this committee will not forget the needs of America's small businesses. Expanding tax relief to small business owners, stopping unnecessary regulations, and eliminating waste and fraud at Federal agencies are all too critical to continued economic growth. We can work together to adhere to fiscally responsible budget policies in order to rein in Federal spending while effectively boosting small businesses across America.

I thank you for allowing me to testify today. I look forward to working with you during the budget process to consistently support our small business owners and help them retain their employees. Let us reduce their taxes and encourage their investment and remove these obstacles for our small business growth.

Thank you so much for letting me testify. I hope you will truly consider funding at an appropriate level the TRA agency. It is something that will help our small businesses.

[The information referred to follows:]

PREPARED STATEMENT OF HON. SUE W. KELLY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

As a former small business owner myself, I try to keep the interests of small businesses as the centerpiece of my own policy agenda in Congress.

Looking both to previous accomplishments in the small business field, and ahead to our future budget outlook, we have several opportunities to seek fiscal government restraint and to provide small businesses—the locomotive of our economy—with the tools to continue growing.

Providing opportunities for growth begins by eliminating the roadblocks our small business owners face.

Too many small business owners, including those in the Hudson Valley which I represent, are being unfairly punished by a Federal tax code that taxes them at higher individual rates and limits them from taking the same deductions claimed by large companies.

The first place to provide relief is to extend and make permanent the provisions addressed on the FY06 budget and tax reconciliation measures. Many Americans don't realize a major portion of that tax relief bill is direct tax relief for small businesses. We have seen the results of this relief from the 2001 and 2003 tax bills—more jobs created, more opportunities to enter into high cost businesses, and higher revenues to the Treasury.

Extending increased expensing rules for small businesses is of particular importance, allowing small business owners to plan for the future and continue taking needed deductions on the hundreds of thousands dollars in machinery and operating assets put into use each year.

Another area I have stressed adamantly over the years and will continue to do so is the need for permanent relief from the Alternative Minimum Tax. This renegade penalty imposed each year on millions of small business owners continues to result in less capital and investment poured into our economy and less jobs created in towns across the country. It is a virtual lease on the growth of small business in America. I urge the committee to address the AMT laws and find a responsible solution to this now un-ignorable problem.

Looking forward to the impending explosion of mandatory spending by the Federal Government, we must also look to our own side of the ledger.

The Small Business Administration is a good example of an agency that is doing its part. Operating a $65 billion loan portfolio to millions of Americans helping to grow our economy, as well as owners recovering in the wake of Hurricane Katrina and other local disasters, the SBA has cut its agency staffing by close to 25 percent since 2001 while seeing a rapid increase and improvement in its services.

All Federal agencies should take a page from this play book: Greater service, optimal production, less bureaucracy. We must continue to find ways to provide needed services to help grow and support our citizens and our economy, without growing the size of our government.

Finally, we need to stop encouraging complication and expansion of regulations on our nation's small businesses. Duplicative and unnecessary Federal regulations do nothing but hamper small business growth and success.

One new way of eliminating redundancy and overlap by our Federal regulatory agencies can be done by including language in the budget resolution authorizing the Truth in Regulating Act, or TIRA, which I am sponsoring here in the House.

TIRA would enable Congress to keep a more watchful eye on Federal agencies and prevent them from implementing any unnecessary regulations that force small business owners to spend extraneous time, money, and energy completing burdensome paperwork rather than hiring new workers and growing their business.

Specifically, TIRA requires the GAO, at the request of a subcommittee or full committee chairman in Congress, to evaluate any promulgated rules and regulations that would have an annual effect on the economy of $100 million or more.

Congress, through the GAO, would have knowledge of and the ability to fully evaluate unfair costs or impacts on small businesses before new rules are implemented.

The Truth in Regulating Act is a qualified example of how to increase accountability in Congress. This is one method of assuring that not only are Federal administrative agencies doing their job, but also that Congress is keeping up with its obligation in providing the authority to the agencies. Agency personnel is not elected. Because Congress is, we must answer to our small business owners and they are asking for relief.

We have many areas to improve. More financial relief to small business owners, less growth by Federal agencies, and fewer unnecessary regulations to adhere to are all responsible policies to reign in our Federal budget and effectively serve our small businesses across America.

Thank you for allowing me to testify in front of the committee today and I look forward to the committee's support.

Mr. RYUN. Mrs. Kelly, thank you very much for your testimony. As a Member coming from a small business background, I am certainly sensitive to the issues that you are offering. I know that small businesses are one of the engines of our economic recovery, and I also know that taxes and regulations put a chokehold on our small businesses' ability to function. So I am certainly warm to those ideas and will carry those forward, and I thank you for coming today.

Mrs. KELLY. Thank you.

Mr. RYUN. At this point, we will turn to Mr. Kucinich for his testimony, and you are welcome to begin at any time.

STATEMENT OF HON. DENNIS J. KUCINICH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. KUCINICH. Thank you very much, Mr. Ryun. I want to thank the committee for giving me this opportunity to testify. I represent part of Cleveland, Ohio and many of its suburbs, but I am not here today to advocate for local funds. I am here to offer a new approach to resolving a national problem. This issue affects Cleveland to be sure, but it also limits the economy in every congressional district.

The concern and solution I bring to you today is the decline and disrepair of the United States' infrastructure system. I am talking about bridges, highways, schools, water, wastewater treatment plants, and drinking water systems. Like every Member of Congress, every member of the Budget Committee, I can think of at least one major infrastructure project in my district that laxlacks funding, I am sure every Member has the same concern, and today I am offering a solution.

I am proposing a financing mechanism that taps the Federal Reserve as a financing bank to provide zero-interest loans, thus greatly reducing the cost of infrastructure improvement. We all see the current crisis in our infrastructure. It is something we see every day when we sit in traffic, bound by orange barrels that line our highways. It is something that school children experience at their desks, crowded together under leaky roofs, and beachgoers experience, at best the sidewalk, when municipal sewer systems overflow. These incidents happen every year and happen with increasing regularity as systems age. Infrastructure problems threaten our productivity, our economy, our environment, and our health.

What will it take to fix these problems? Well, nationally, it will take more than $1.6 trillion to bring our country's roadways up to speed, according to a report released in 2005 by the American Society of Civil Engineers. It will take $127 billion to repair and renovate our schools, according to the National Center for Education Statistics. That estimate was 7 years ago, with more recent estimates at $268 billion. And in a study by the Water Infrastructure Network, it would take $1.3 trillion over 20 years to build, operate, and maintain drinking water and wastewater facilities.

If you add these staggering sums of money to the necessary funding to replace and repair our devastated infrastructure from the Katrina disaster, estimates from Risk Management Solutions, a private sector company that provides services for the management of insurance catastrophe risk, suggests that total losses, insured and uninsured, from both hurricanes approach $140 billion, the bulk of which is due to Hurricane Katrina.

Now, the people of Katrina are returning to nothing, and the first task is to rebuild the basic infrastructure. The Center for Business and Economic Research at Marshall University estimated that Hurricane Katrina has generated commercial structure damage of $21 billion, commercial equipment damage at $36 billion, residential structure and content damages of almost $75 billion, electric utility damages of $231 million, highway damages of $3 billion, sewer system damages of $1.2 billion, and commercial revenue loss of $4.6 billion.

The American Waterworks Association estimates the damage from Katrina requires water supply infrastructure and repair and replacement costs at $2.25 billion. The Mississippi Department of Education estimates Katrina damage to Mississippi's schools at over $1 billion dollars, to replace 14 destroyed schools, repair 246 damaged schools, and repair 159 damaged school buses. Overall, Katrina damaged or destroyed over 400 school buildings in four affected States.

The State of Louisiana's Department of Transportation testified to the Committee on Transportation and Infrastructure of our United States Congress that damage resulting from the hurricane, such as repairing or replacing damaged roads, bridges, public ports, airports, railroads, and the maritime and transit systems is estimated at $5.5 billion. And to ensure future hurricanes do not exact such massive damage to Louisiana, it will cost $22 billion for levee protection and pumping capacity.

Now, with these extraordinary needs, it is no wonder municipalities have not been able to make up the differences as the Federal

Government has gradually decreased infrastructure support. If you put aside all the partisan issues, the current deficit is real and everybody agrees it has to be reduced. That reality makes massive Federal investments unlikely. For example, the President's 2007 budget is only $18 billion to address the damage inflicted by Katrina.

Now, Mr. Chairman, my solution would create a low-cost Federal financing mechanism to administer billions of dollars in zero-interest loans every year to localities for infrastructure projects. Financing costs for any project adds substantially to the cost of the project; therefore, zero-interest loans make local dollars go significantly further. States would be totally responsible for choosing which projects to fund with the loans according to their specific needs.

This bill that I am speaking of would create the Federal Bank for Infrastructure Modernization. The bank, as an extension of the Federal Financing Bank under the Treasury, would administer the loans. The loans would bear a small fee of one-fourth of 1 percent of the loan principal to cover the administrative cost of the Federal Bank for Infrastructure Modernization. In order to provide the money for the loans, the Federal Bank for Infrastructure Modernization would hold a portion of the Treasury securities that the Federal Reserve normally holds.

By transferring billions of dollars annually to the Federal Bank for Infrastructure Modernization, it would still allow the Fed to operate as it does now to add liquidity to the system. The Fed, instead of buying securities, would buy the mortgage loans of the States. This way, the Federal Bank for Infrastructure Modernization's finances would be integrated by the Federal Open Market Committee, so as not to disrupt its ability to promote economic stability.

The actual amount would be varied so these funds could be used as a tool to foster stable economic growth. During times of economic slowdown, the Federal Bank for Infrastructure Modernization could make more loans available to spur investment. During times of economic boom, the Federal Bank for Infrastructure Modernization could make fewer loans available.

The needs are so great that our old ideas just won't work. If we talk about the hundreds of billions needed to make the infrastructure a workable, productive system, the sum overwhelms nearly every idea we had in the past.

The President's nondefense discretionary budget is $375.8 billion. The needs are much greater than that. Even for certain needs like school construction, we would have to spend one-third of his budget. To repair structurally deficient bridges, we would have to spend one-fourth of the budget. It is unimaginable we would fully address even one of these issues.

We have to be creative. We have to think of ways of solving problems outside of the box, and that is exactly what this proposal is and why it needs the support of the Budget Committee. The Committee's backing this bill will reflect an understanding that our Nation is asking for innovative bipartisan solutions.

The Federal Bank for Infrastructure Modernization is a tool for leveraging the necessary funds. Citizen States would still be re-

sponsible for paying the net cost of the project, but by making available the loans interest free, it cuts the overall cost of the project in half. It is a workable solution and it goes a long way in addressing infrastructure needs.

I come here today to seek the support of the Budget Committee, and with your leadership this bill could provide the ingenuity and the essential boost that projects need.

Mr. RYUN. I thank the gentleman for his testimony.

At this point in time I have no further questions. The committee will go into recess subject to the call of the Chair.

Mr. KUCINICH. Thank you.

Mr. RYUN. Thank you.

[Recess.]

[The prepared statement of Mr. Kucinich follows:]

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The concern and solution I bring to you today is the decline and disrepair of the U.S. infrastructure system. I speak of bridges, highways, schools, wastewater treatment plants, drinking water systems, etc. Like every Member of Congress, ever Member of the Committee on Budget can think of at least one major infrastructure project in their district that lacks funding. And today, I offer us all a solution. I propose a financing mechanism that taps the Federal Reserve as a financing bank to provide zero interest loans, thus greatly reducing the costs of infrastructure improvement.

We all see the current crisis in our infrastructure. It is something we see everyday when we sit in traffic bound by orange barrels that line our highways. It is something that schoolchildren experience at their desks, crowded together under leaking roofs. And beachgoers experience at best the sidewalk when the municipal sewer systems overflow. These incidents happen every year and happen with increasingly regularity as systems age. Infrastructure problems threaten our productivity, our economy, our environment and our health.

What will it take to fix these problems? Nationally, it would take more than $1.6 trillion to bring our country's roadways up to speed according to a report released in 2005 by the American Society for Civil Engineers. It would take $127 billion to repair and renovate our schools according to the National Center for Education Statistics. That estimate was 7 years ago, with more recent estimates at $268 billion. And in a study by the Water Infrastructure Network, it would take $1.3 trillion over 20 years to build, operate and maintain drinking water and wastewater facilities.

Add to those staggering sums of money the necessary funding to replace and repair devastated infrastructure from the Katrina disaster. Estimates from Risk Management Solutions (RMS), a private-sector company that provides services for the management of insurance catastrophe risk, suggest that total losses—insured and uninsured—from both hurricanes (Katrina and Rita) approach $140 billion, the bulk of which is due to Hurricane Katrina.

The people of Katrina are returning to nothing and the first task is to rebuild the basic infrastructure. The Center for Business and Economic Research at Marshall University estimated that Hurricane Katrina has generated commercial structure damages of $21 billion, commercial equipment damages of $36 billion, residential structure and content damages of almost $75 billion, electric utility damages of $231 million, highway damages of $3 billion, sewer system damages of $1.2 billion and commercial revenue losses of $4.6 billion.

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With these extraordinary needs, it is no wonder that municipalities have not been able to make up the difference as the Federal Government has gradually decreased infrastructure support. Putting aside all partisan issues, the current deficit is real and everyone agrees it must be reduced. That reality makes massive Federal investments unlikely. For example, the President's 2007 budget has only $18 billion to address the damage inflicted by Katrina.

My solution would create a low-cost Federal financing mechanism to administer billions of dollars in zero-interest loans every year to localities for infrastructure projects. Financing costs for any project add substantially to the cost of the project, therefore zero interest loans make local dollars go significantly further. States would be totally responsible for choosing which projects to fund with the loans according to their specific needs.

This bill would create the Federal Bank for Infrastructure Modernization (FBIM). The bank, as an extension of the Federal Financing bank under the Treasury, would administer the loans. The loans would bear a small fee of one-quarter of 1 percent of the loan principle to cover the administrative costs of the FBIM.

In order to provide the money for the loans, the FBIM would hold a portion of the Treasury securities that the Federal Reserve normally holds. By transferring billions of dollars annually to the FBIM, it would still allow the Fed to operate as it does now to add liquidity to the system. The Fed, instead of buying securities, would buy the mortgage loans of the states. This way, the FBIM's finances would be integrated by the Federal Open Market Committee so as not to disrupt its ability to promote economic stability.

The actual amount could be varied so these funds could be used as a tool to foster stable economic growth. During times of economic slowdown, the FBIM could make more loans available to spur investment. During times of economic boom, the FBIM could make fewer loans available.

The needs are so great that our old ideas just won't work. If we talk about the hundreds of billions of dollars needed to make infrastructure a workable, productive system, the sum overwhelms nearly every idea we've had in the past.

The President's non-defense discretionary budget is $375.8 billion. The needs are much greater than that. Even for certain needs, like school construction, we would have to spend one-third of his budget. To repair structurally deficient bridges, we would have to spend one-fourth of his budget. It is unimaginable that we will fully address even one of these areas.

We must be creative. We must think of ways of solving problems that are outside-the-box. That is exactly what this proposal is and why it needs the support of the Budget Committee. The Committee's backing of this bill reflects an understanding that our nation is asking for innovative, bipartisan solutions.

The Federal Bank for Infrastructure Modernization is a tool for leveraging the necessary funds. Cities and states would still be responsible for paying the net cost of the project, but by making the loans zero-interest, it cuts the overall cost of the project in half. This is a workable solution that goes a long way in addressing infrastructure needs.

I come here today to seek the support of the Budget Committee. With your leadership, this bill could provide the ingenuity, the essential boost that projects need.

Mr. DIAZ-BALART [presiding]. We will start with Mr. Miller. Mr. Miller, you are recognized, sir. Thank you for being here today.

STATEMENT OF HON. BRAD MILLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. MILLER. Thank you, Mr. Chairman. And thank you for this opportunity to testify about our Nation's budget priorities. I actually have little quarrel with what the President said in his State of the Union about what we need to do to compete in an unforgiving world economy, but I am dumbfounded by what came just days later.

Mr. DIAZ-BALART. Mr. Miller, if you would press the microphone button and make sure we can get your statement on the record.

Mr. MILLER. Mr. Chairman, again, thank you for the opportunity to appear today and to testify about our Nation's budget priorities. Specifically on the point of competitiveness, I actually have little quarrel with what the President said in his State of the Union, but I was dumbfounded by what came just days later when the President submitted his proposed budget. I wondered, did any of the people who wrote the President's speech actually talk to any of the folks who prepared the budget? Did the folks who prepared the budget even watch the speech on television? Did they go to the refrigerator just when the President talked about American competitiveness?

Unfortunately, it was not the first time that I have seen a jarring difference between what the President said in the State of the Union and what was in his budget. Mr. Chairman, I will spare you the hackneyed Yogi Berra quotation about deja vu, but there is another Yogi Berra quotation that fits here: You can observe a lot just by watching.

Here is what I have observed about this administration from watching the President's State of the Union and from the proposed budget that comes a week or so later. The President's rhetoric about helping working Americans hits the mark. The budget completely misses.

In 2004 and again last year, the President praised the important role of community colleges in job training. In 2004, the President proposed a new $250 million job-training program in community colleges. The funding for that new program was a little hard to find in the President's proposed budget, but Congress that year did fund, did appropriate $250 million for the program. Unfortunately, half of the appropriation came dollar for dollar from the Federal Dislocated Workers Assistance Program, a program that already did pretty much what the President said his new program would do. Last year, Congress provided no funds for the new community college initiative, but the Federal Dislocated Workers Assistance Program did not get the $125 million back. In fact, programs that train new and dislocated workers have been cut by about $120 million over the last three appropriation cycles. In this year's State of the Union, the President did not mention community colleges at all, to the great relief of all of us who really care about community colleges. But this year the President announced a new American Competitiveness Initiative.

Mr. Chairman, I do care deeply about our need for science and math education, for research funding, for energy independence. I was pleased to hear the President lend his voice to those concerns. I should have known to worry instead.

The President's proposed budget actually cuts science funding. The President would decrease the Federal science and technology budget by almost $600 million. Oceanographic and atmospheric research is cut almost 10 percent. Now, research into nuclear energy would increase by almost a third, but research into renewable energy and energy efficiency, including the new switchgrass initiative, is increased by only 4 percent. Other programs that are vital to our Nation's competitiveness, programs that have proven results

in creating and saving American jobs, would either be eliminated or cut drastically.

The proposed budget would cut the Manufacturing Extension Partnership by 56 percent. The National Institute of Standards and Technology (NIST) of the Department of Commerce, would suffer a 23-percent decrease in funding, including all funding for the Advanced Technology Program, one of the few sources of patient capital for commercialization of new technologies.

Mr. Chairman, if we really want to match action on competitiveness to rhetoric, and I do, here is where we should start: Fully fund the President's community college job-training program and restore the $125 million taken from the Federal Displaced Workers Assistance Program. In general, protect funding for career and technical programs in community colleges that provide help for the unemployed and for those trying to improve their job skills.

Now, we also need to protect funding for microloans and business assistance programs that help low-income entrepreneurs who do not have access to traditional capital markets, and provide full funding for the Small Business Administration Small Business Loan Program that has accounted for 30 percent of all long-term business lending. And, Mr. Chairman, as you must know, the vast majority of new jobs is created by small businesses in this country.

We need to increase funding for the Manufacturing Extension Partnership (MEP). The MEP program has helped North Carolina, my State, helped North Carolina businesses save $85.6 million in 2002 alone. We need to provide full funding for the Advanced Technology Program, the ATP, that amounts to $79 million, and find other ways to help new technology cross the valley of death from the laboratory to the marketplace.

Mr. Chairman, we need to make a real commitment to science and math education, to research and innovation, not just give lip service to those needs.

Mr. Chairman, after having now watched four States of the Union and four budgets as a Member of Congress, I can offer this observation: If we can't get the speech writers and the budget writers to speak to each other, to talk to each other, maybe we can get them to switch jobs. Let the speech writers write the budget, let the budget writers write the speech. Mr. Chairman, the speeches are a lot better than the budgets, and the budgets are what really matter. Thank you.

[The prepared statement of Mr. Miller follows:]

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Other programs that are vital to our nation's competitiveness, programs that have proven results in creating and saving American jobs, would either be eliminated or cut drastically. The proposed budget would cut the Manufacturing Extension Partnership by 56 percent. The National Institute of Standards and Technology of the Department of Commerce ("NIST ") would suffer a 23-percent decrease in funding, including all funding for the Advanced Technology Program, one of the few sources of "patient capital" for the commercialization of new technologies.

Mr. Chairman, if we want to match action on competitiveness to rhetoric, and I do, here's where we should start: fully fund the President's new community college job training program, and restore the $125 taken from the Federal Displaced Worker's Assistance Program. In general, protect funding for career and technical programs that provide help for the unemployed and for those trying to improve their job skills.

We need to protect funding for microloans and Business Assistance Programs that help low-income entrepreneurs who do not have access to traditional capital markets, and provide full funding for the Small Business Administration's small business loan programs, that has accounted for 30 percent of all long-term small business lending.

We need to increase funding for the Manufacturing Extension Partnership. MEP programs helped North Carolina businesses save $85.6 million in 2002 alone.

We need to provide full funding for the Advanced Technology Programs, $79 million, and find other ways to help new technologies cross the "valley of death" from the laboratory to the marketplace.

And we need to make a real commitment to science and math education, to research and innovation.

Mr. Chairman, after watching four States of the Union and four budgets as a Member of Congress, I offer this observation: If we can't get the speechwriters and the budget-writers to talk to each other, maybe they can switch jobs. Let the speechwriters write the budget, and let the budget-writers write the speech.

Mr. Chairman, the speeches are a lot better than the budgets, and the budgets are what really matter.

Mr. DIAZ-BALART. Thank you very much, sir. We appreciate you coming down here and letting us know what your priorities are. Thank you very much, sir.

Mr. MILLER. Thank you.

Mr. DIAZ-BALART. And now we will listen to Mr. Robin Hayes, also from the great State of North Carolina. It is a privilege, sir, to have you here with us today. It always is.

STATEMENT OF HON. ROBIN HAYES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. HAYES. Mr. Chairman, I was thinking the same thing. I am pleased to appear before you and appreciate your time, effort, and patience on this important subject. Thank you for allowing me the opportunity to testify before the committee today. There are several topics I would like to highlight: funding for Community Development Block Grants, veterans health care, Impact Aid, and Department of Agriculture programs.

Mr. Chairman, I would first like to address the proposed cuts in funding to the Community Block Grant Program. The program provides local municipalities the opportunity to provide services to the most vulnerable, create jobs, and expand businesses, provide safe and affordable housing, and leverage considerable private sector investment in communities.

In my district, which has been particularly hard hit by the loss of textile and manufacturing businesses, CDBG program has provided critical assistance to help keep towns on their feet. The CDBG enables local governments the flexibility, provides them the flexibility to design programs that are most effective to meet their specific needs. I urge the committee to make every effort possible to keep this important program funded at or above fiscal year 2006 level.

As you know, the 2007 budget proposal for Veterans Affairs totals $80.6 billion, including $42 billion in mandatory funding to support benefit programs for our Nation's veterans and $36 billion for medical care. Though this is a 12.2-percent health care funding increase from 2006, as the number of veterans grows and health care costs exponentially increase, it is important that we provide the maximum possible level of funding for your care. As you and your committee begin assembling the budget resolution for 2007, I ask you to do everything in your power to adequately fund programs for our Nation's veterans. Providing quality affordable and accessible health care services to our Nation's veterans is a top priority for me as a Member of Congress, and must remain a priority for us all.

In my district of North Carolina, I have fought for a new community-based outpatient clinic known as CBOC so that local veterans would have improved health care access. I am very pleased the Department of Veterans Affairs has announced they will be establishing a CBOC, and looking forward to working with them and fellow Members on providing funding for VA health care facilities across the country. During the time we are calling on the military to do so much, fully funding VA health care sends a strong message that we will take care of those who serve.

As you craft the resolution, there many difficult challenges to overcome, central priorities such as providing for our men and women in uniform, ensuring our national security through continuing operations in the global war on terrorism, reducing the deficit and taking care of our domestic needs. So when you focus on

these important priorities, I ask that you consider reducing the funding for foreign operations. We have so many needs here at home, sending American taxpayer dollars to fund programs in other countries, international organizations such as the U.N., should not be a top priority. We must take care of our own first before sending aid overseas. Before allocating money for foreign programs, I urge you to increase funding for veterans programs and fully fund military requirements.

Mr. Chairman, another issue important to our military families is Impact Aid. Funded in both defense and education, this critical program acts like Uncle Sam's tax payment on land owned by the Federal Government and is vital in sustaining local school districts that derive no property tax revenue from military bases. The overall issue and the importance of Impact Aid is illustrated by my district in North Carolina, which are typical of many places around the country, with military bases often the largest employer and land owner. The Eighth District in North Carolina is home to Fort Bragg and Pope Air Force Base. Cumberland and Hope Counties are enormously proud of their affiliation with the military installations. Impact Aid payments, essentially frozen, the numbers of students returning to our schools from overseas posts with the military increasing, the gap in payments is widening both at home and across the Nation.

Mr. Chairman, we must do more this year to recognize this burden on our local school districts and increase funding for Impact Aid. As cochair of the 130-member House Impact Aid Coalition, I want to work with you to provide a modest increase in the Department of Education funding to cover the Federal Government's obligation to these school districts; also increasingly concerned about how BRAC and global rebasing is affecting our local schools. A potential increase of 35- to 45,000 students, Congress must step up to meet the needs of these children in our schools. We cannot leave our school districts lacking the funding. Department of Defense funding for Impact Aid is essential, and we have to send a clear message to the military families we will take care of their children.

As we seek to prepare students for the 21st century workforce, community colleges in my district are concerned about funding for Carl Perkins vocational and technical education. Funding is vital for retraining, and I fear eliminating the program may leave behind students in programs that provide hands-on workforce education in growing trades of our economy.

Eighth District farmers continue to express to me their strong opposition to the President's budget regarding agricultural issues, thousands of producers in communities that depend on a strong agricultural economy and Federal programs. It is important to note, spending on agricultural programs is lower than expected when the farm bill was passed. Through 2005, commodity program costs were $19 billion lower than CBO projected when the farm bill was passed, and the recent reconciliation bill also was aided by cuts in agricultural programs. Appropriation bills have increasingly reduced mandatory funding for conservation, rural development, research, and renewable energy; 2006 reduction is $1.7 billion. In addition, the recently enacted budget reconciliation bill is projected by CBO to reduce Agriculture Committee spending by $3.7 billion. A

disproportionate burden of the reduction is placed on America's farmers.

As you know, the farm bill is a 5-year bill, and the 5-year nature of the bill brings certainty to producers who make their business plans based upon agricultural programs. Changing provisions in the law brings a massive amount of uncertainty to farm assistance. The House Ag Committee is right in the process of having hearings throughout the Nation, first held in Fayetteville, North Carolina. I can assure you there is consensus of farmers who attended the field hearing to change farm programs during reauthorization for the next farm bill, not piecemeal during the annual budget process.

I also would like to stress my support for funding our conservation initiative and other issues that farmers bring up during farm bill field hearings. Producers are very supportive of incentive-based conservation initiatives such as Equip and CRP. Important programs have been a major success in rehabbing wildlife and improving the environment. Hopefully, we will continue to support these programs that are important to our Eighth District farmers.

Mr. Chairman, thank you very, very much for the opportunity, for your attention, and for the ability for me to testify before your committee on these programs. I appreciate your consideration and look forward to working with you on the 2007 budget. Thank you very much.

[The prepared statement of Mr. Hayes follows:]

PREPARED STATEMENT OF HON. ROBIN HAYES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. Chairman, thank you for allowing me the opportunity to testify before the Committee today. There are several topics I would like to highlight: funding for Community Development Block Grants, Veteran's health care, Impact Aid, and Department of Agriculture programs.

Mr. Chairman I would first like to address the proposed cuts in funding to the Community Development Block Grant Program (CDBG's). The CDBG program provides local municipalities the opportunity to provide services to the most vulnerable, create jobs and expand businesses, provide safe and affordable housing, and leverage considerable private sector investment in communities.

In my District, which has been hit particularly hard by the loss of textile and manufacturing businesses, the CDBG program has provided critical assistance to help keep towns on their feet.

CDBG's enable local governments the flexibility to design programs that are most effective to meet their specific needs. I urge that the Committee make every effort to keep this important Program funded at or above Fiscal Year 2006's level.

Mr. Chairman, our country's veterans answered the call when America needed them, and their service ensures that all Americans can live in freedom. This is why it is so vitally important that we honor their service by making certain that they receive the quality health care they have more than earned. Caring for our older veterans and giving them the best access to quality health care is our duty as a nation and as we continue to sustain operations in support of the Global War on Terrorism, it is imperative we send a strong signal to these active duty forces that our nation will indeed care for them when they return home.

As you know, the President's FY 2007 budget proposal for the Department of Veterans' Affairs totals $80.6 billion, including $42 billion in mandatory funding to support benefits programs for our nation's veterans and $36 billion for Medical Care. Though this is a 12.2-percent health care funding increase from 2006, as the number of veterans grows and health care costs exponentially increase, it is important that we provide the maximum possible of level of funding for their care. As you and your committee begin assembling the budget resolution for Fiscal Year 2007, I ask that you do everything in your power to adequately fund programs for our nation's veterans.

Providing quality, affordable, and accessible health care services to our nations' veterans is a top priority for me as a Member of Congress, and must remain a pri-

ority for us all. In my District in North Carolina, I fought for a new Community Based Outpatient Clinic (CBOC) so that local veterans would have improved VA health care access. I am very pleased that the Department of Veterans' Affairs has recently announced that they will be establishing a CBOC in the 8th District of North Carolina and look forward to working with them, and my fellow Members of Congress, on providing the necessary funding for VA health care facilities across the country. During this time when we are calling on our military to do so much, fully funding VA health care sends a strong message that we will take care of those who serve.

As you craft the budget resolution for Fiscal Year 2007, there are many difficult challenges to be overcome. We must focus on essential priorities such as providing for our men and women in uniform, ensuring our national security through continuing operations in the Global War on Terrorism, reducing the deficit, and taking care of our domestic needs. So that we may focus on these important priorities, I ask that you consider reducing the funding for foreign operations. When we have so many needs here at home, sending American tax payer dollars to fund programs in other countries and international organizations should not be a top priority. We must "take care of our own first" before sending aid overseas. Before allocating money for foreign programs, I urge you to increase funding for veterans programs and fully fund our military requirements.

Mr. Chairman, another issue important to our military families is Impact Aid. Funded in both Defense and Education, this critical program acts like Uncle Sam's tax payment on land owned by the Federal Government and is vital to sustaining local school districts that derive no property tax revenue military bases. The overall issue of the importance of the Impact Aid program is illustrated by my own District in North Carolina, which are typical of many places across the country with military bases often the largest employers and land owners.

The 8th District of North Carolina is home to Fort Bragg and Pope Air Force Base, and Cumberland and Hoke counties are enormously proud of their affiliation with these local military installations. But with Impact Aid payments essentially frozen and the number of students returning to our schools from overseas posts with the military increasing, the gap in payments is widening, both at home and across the nation. Mr. Chairman, we must do more this year to recognize this burden on our local school districts and increase funding for Impact Aid. As Co-Chair of the 165 member House Impact Aid Coalition, I want to work with you, Mr. Chairman, to provide a modest increase in Department of Education funding to cover the Federal Government's obligation to these school districts.

I am also increasingly concerned about how BRAC and global rebasing is affecting our local schools. With a potential increase of 35,000 to 45,000 students, Congress must step up to meet the needs of these children and our schools. We cannot leave our school districts lacking funding and facilities to support these children. With this in mind, I urge my colleagues to include 50 million dollars in Department of Defense funding for Impact Aid and to send a clear message to our military families—-we are going to take care of their children whether they are educated at overseas posts or here stateside.

As we seek to prepare our students for the 21st century workforce, Community Colleges in my District are concerned about funding for the Carl D. Perkins Vocational and Technical Education Act. This funding is vital to my District for retraining and I fear that by eliminating the Perkins program, we may leave behind students and programs that provide hands on workforce education in the growing trades of our economy.

The 8th District farmers continue to express to me their strong opposition to the President's budget regarding agriculture issues. We have thousands of producers and communities that depend on a strong agricultural economy and Federal agriculture programs.

It is important to note that spending on agriculture programs is lower than expected when the farm bill was passed. Through FY 05, commodity program costs were $19 billion lower than CBO projected when the farm bill was passed. Appropriations bills have increasingly reduced mandatory funding for conservation, rural development, research and renewable energy. For FY 06, the reduction was $1.7 billion. In addition, the recently enacted budget reconciliation bill is projected by CBO to reduce agriculture committee spending during the FY 06 to FY 10 reconciliation period by $3.7 billion. This continues to bring a disproportionate burden of deficit reduction on America's farmers and rural communities.

As you know, the 2002 Farm Bill is a 5 year bill. The 5-year nature of the bill brings certainty to producers who make their business plans based upon these agriculture programs. Changing provisions of the law brings a massive amount of uncertainty to farm assistance. The House Agriculture Committee is already in the proc-

ess of having Farm Bill field hearings throughout the nation and we most recently had one in Fayetteville, North Carolina. I can assure you that the consensus from the farmers who attended the field hearing is to change the farm programs during reauthorization of the next farm bill, not piecemeal during the annual budget process.

I would also like to stress my support for funding our conservation initiatives. This is another issue that farmers continue to bring up during Farm Bill field hearings. Producers are very supportive of incentive based conservation initiatives, such as EQIP and CRP. These important programs have been a major success in rehabilitating wildlife and improving the environment. I am hopeful that you will continue to support agriculture programs that are important to 8th District farmers.

Mr. Chairman, thank you for the opportunity to testify before your Committee about these important programs. I appreciate your consideration and look forward to working with you on the Fiscal Year 2007 budget.

Mr. DIAZ-BALART. Thank you very much, Mr. Hayes. Appreciate your leadership and you coming out here and speaking to us today, as well as Mr. Miller also from the great State of North Carolina. Thank you, both. Thank you, gentlemen.

Now we will recognize Mr. Mark Kennedy. Thank you, sir. Thank you for being here. We appreciate you being here, and we look forward to your testimony.

STATEMENT OF HON. MARK R. KENNEDY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. KENNEDY. Well, thank you, Chairman. We appreciate you taking the time to let us express the concerns we have. And I have concerns with a number of areas in the budget, but I am here today to have my voice joined with that of Representative Terry of Nebraska as we oppose again the misguided proposal to eliminate the Edward Byrne Justice Assistance Grant Program (JAG).

Mr. Chairman, the Byrne JAG program is a critical source of funding for more than 800 antidrug task forces in practically every, if not every, State of the Union. Byrne JAG funding is essential to help State and local police officers identify and dismantle local, State, and regional drug-trafficking syndicates. Federal Government law enforcement agents rely on the information from Byrne JAG task force to identify and disrupt international drug-trafficking rings. If Byrne JAG funding is eliminated, as the President has proposed, the successful interagency law enforcement infrastructure that has led to the lowest U.S. violent crime rates in 30 years will disappear.

Additionally, Byrne JAG has been a key weapon in the fight against illegal drugs like methamphetamine. Mr. Chairman, for a long time many thought meth was a problem for the Southwestern and Western States, or that it was a rural problem that wouldn't get into the suburbs or the cities. That thinking brought us a trail of destruction across the country from San Diego to the Shenandoah Valley. Since 2001, police officers have dismantled over 50,000 clandestine meth labs nationwide. However, according to Attorney General Gonzales, the number of meth cases filed nationwide quadrupled over the last decade. Without Byrne JAG, State and local law enforcement will not be able to fight this growing problem in the way they need to.

Last year the Senate voted to fund at $900 million. However, the 2006 Science-State-Justice Appropriations Act conference report contained just over $400 million, a devastating cut from the pre-

vious year's level of $634 million, and a far cry from the authorized level of $1.1 billion approved just last year.

The tangible results of last year's cuts have been seen in now at least three States that have been forced to respond. Texas was forced to eliminate its Byrne JAG Task Force. New Jersey is considering the same due to budget constraints. And my own State of Minnesota is struggling to fill the void we left last year with State money so that it can continue these effective law enforcement task forces. Who will be there to protect our children from those making and pushing poisons like meth if the House approves the elimination of the Byrne Justice Assistance Grant program?

Mr. Chairman, we cannot allow the Byrne JAG grants to be eliminated. Maintaining our successful fight against the spread of meth and other drugs requires that we fund the Byrne JAG program to at least the $900 million figure passed by the Senate last year. The Byrne JAG program is an important tool in our fight against drugs and violent crime, and it is absolutely critical we continue to fund this program this year.

Mr. Chairman, let us show the law enforcement officers who wake up every morning to protect our families that we stand with them in the fight against drugs and violent crime. Let us save the Byrne JAG program. With that plea, Mr. Chairman, I yield back the balance of my time.

Mr. DIAZ-BALART. Thank you, Congressman Kennedy. Thank you for that very passionate plea. I appreciate your being here, appreciate your passion on an issue that obviously is very important to you.

Mr. KENNEDY. Thank you so much, Chairman.

Mr. DIAZ-BALART. Thank you, sir.

[The information referred to follows:]

PREPARED STATEMENT OF HON. MARK R. KENNEDY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. Chairman, I want to thank you for holding this hearing so that you can gain the input of fellow Members as you wrestle with the FY07 budget request submitted by the president last Monday.

I want to add my voice with my friend Rep. Terry of Nebraska, as we again oppose the misguided proposal to eliminate the Edward Byrne-Justice Assistance Grant (JAG) program.

Mr. Chairman, the Byrne-JAG program is a critical source of funding for more than 800 anti-drug task forces in practically every, if not every, state of the union.

Byrne-JAG funding is essential to help state and local police officers identify and dismantle local, state and regional drug trafficking syndicates.

Federal law enforcement agents rely on information from Byrne-JAG task forces to identify and disrupt international drug trafficking rings.

If Byrne-JAG funding is eliminated, as the President has proposed, the successful interagency law enforcement infrastructure that led to the lowest U.S. violent crime rates in 30 years will disappear.

Additionally, Byrne-JAG has been a key weapon in the fight against illegal drugs like methamphetamine.

Mr. Chairman, for a long time many thought meth was a problem for the Southwestern and Western states, or that it was a rural problem that wouldn't get to the suburbs or the cities.

That thinking brought us a trail of destruction across the country, from San Diego to the Shenandoah Valley.

Since 2001, police officers have dismantled over 50,000 clandestine meth labs nationwide.

However, according to Attorney General Gonzales, the number of meth cases filed nationwide quadrupled over the past decade.

Without Byrne-JAG, state and local law enforcement will not be able to fight this growing problem.

Last year, the Senate voted to fund Byrne-JAG at $900 million.

However, the FY2006 Science, State, Justice Appropriations Act Conference Report contained just over $400 million—a devastating cut from the previous year's level of $634 million, and a far cry from the authorized level of $1.1 billion approved just last year.

The tangible results of last year's cut have been seen in how three states were forced to respond: Texas was forced to eliminate its Byrne-JAG task forces. New Jersey is considering the same due to budget constraints. My own state of Minnesota is struggling to fill the void we left last year with state money so it can continue these effective law enforcement task forces.

Who will be there to protect our children from those making and pushing poisons like meth if the House approves the elimination of the Byrne-Justice Assistance grant program?

Mr. Chairman, we cannot allow the Byrne-JAG grants to be eliminated.

Maintaining our successful fight against the spread of meth and other drugs requires that we fund the Byrne-JAG program at at least the $900 million figure passed by the Senate last year.

The Byrne-JAG program is an important tool in our fight against drugs and violent crime, and it is absolutely critical we continue to fund this program in FY07.

Mr. Chairman, let's show the law enforcement officers who wake up every morning to protect our families that we stand with them in the fight against drugs and violent crime—let's save the Byrne-JAG program.

With that plea, Mr. Chairman, I yield back the balance of my time.

Mr. DIAZ-BALART. Now we go to the great State of Florida, Congresswoman Brown-Waite. It is always good to see you again.

STATEMENT OF HON. GINNY BROWN–WAITE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Ms. BROWN-WAITE. Thank you very much, Mr. Chairman. I do miss being on the Budget Committee, and welcome this opportunity to be back, and appreciate your giving me this time to speak to the committee today.

This hearing is a wonderful opportunity for Representatives across our great country to express their views on the President's budget proposal for the 2007 fiscal year. Mr. Chairman, there is no doubt that the State of our Nation's finance is grim. The budget deficit is undeniable and requires immediate action. As Members of Congress, we all have an obligation to ensure that the burden is not passed on to our grandchildren.

The President's budget takes steps toward achieving fiscal responsibility by keeping the growth of government programs to a minimum. Most importantly, the budget takes into account the dangers America faces every day, increasing funding for programs vital to our national security, and providing support to the men and women of our great Armed Forces.

That having been said, we have an obligation to keep our promises to those who have defended our freedoms. As you may be aware, my district is home to nearly 107,000 veterans. I have more than any other Member of this House. I have the extraordinary charge to advocate for policies and legislation that best care for veterans' needs. Since 2001, before you and I were here, Mr. Chairman, and certainly continued since then, Republicans have increased the VA's budget authority by 47 percent. This year is no different. The 2007 proposal would increase the budget for the Department of Veterans Affairs by another $8.8 billion. At $80.6 billion in total budget authority, this request represents a 12.2-percent increase over the 2006 budget.

Among other things, the President's plan would increase funding for VA medical programs by 11 percent and take into account the growing importance of the mental health of our veterans, particularly those returning from Iraq and Afghanistan. Total funding for mental health services would increase by $339 million, for a total of $3.2 billion. With thousands of our young men and women returning from Iraq and Afghanistan, some of whom are experiencing the effects of posttraumatic stress disorder, it is imperative that Congress provide the resources necessary to care for these individuals.

Despite the many positive effects of this proposal, it should be noted that the budget is not perfect. I am troubled by this year's budget proposal once again that it includes a $250 annual enrollment fee and an increase in prescription drug copays for Category 7 and 8 veterans. At the same time we are asking veterans to pay more, the President's budget proposes increasing foreign aid to organizations and governments that in some instances oppose the very foundations of American ideals of democracy and freedom.

As you remember, the President offered a similar proposal last year only to meet stiff resistance in Congress. Category 8 veterans as classified by the Department of Veterans Affairs are individuals who have served our Armed Forces and have income and/or net worth above a means test threshold established by the VA and HUD geographic indexes. Category 7 veterans are individuals whose incomes are above the VA means test threshold, but below the HUD geographic index. Veterans in these categories have already agreed to certain copayments for health care.

Proponents of enrollment fees and higher copays actually estimate that 200,000 veterans would be discouraged from using the VA system, allowing the VA to focus on the neediest veterans. I fundamentally disagree that Congress should be discouraging veterans from using the VA system. We should be encouraging them. Category 7 and 8 veterans fought just as hard and just as nobly as their comrades did. This government should not penalize them for their financial status once they finish their service.

I believe that veterans, regardless of age, disability, or income, deserve respect and help from the very same Nation that they served so proudly. These fees would be a monetary barrier and unnecessary burden to quality health care for so many veterans. It is unfair to ask the hard-working men and women who sacrificed so much defending our country to pay ever more for their health care expenses. Enrollment fees make the VA more expensive without even making it any better. TRICARE recipients pay fees and are guaranteed access to care, but veterans are once again being asked to pay enrollment fees with no such promises of access to care.

We would be in denial if we didn't realize that health care costs are placing an extraordinary burden on the Department of Veterans Affairs health system. However, we won't solve this problem by merely shifting the burden to Category 7 and 8 veterans who fought for our country. Congress does have an obligation to ensure that these individuals have access to quality health care as well. These brave men and women have made substantial sacrifices to ensure that we can all enjoy our freedom. These individuals answer

the call in time of need. It is only fitting that we take care of them in their time of need.

As this committee addresses the budget resolution for the 2007 fiscal year, it is my sincere hope that you heed my advice and not include any proposal to increase fees for veterans health care.

Mr. Chairman, thank you again for allowing me to testify before the committee today. And I yield back my time.

[The prepared statement of Ms. Brown-Waite follows:]

PREPARED STATEMENT OF HON. GINNY BROWN-WAITE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. Chairman, I would like to thank you for giving me the opportunity to testify before the Committee today. This hearing is a wonderful opportunity for Representatives from across the country to express their views on the President's budget proposal for the 2007 fiscal year.

Mr. Chairman, there is no doubt that the state of our nation's finances is grim. The budget deficit is undeniable and requires immediate attention. As Members of Congress, we have an obligation to ensure that this burden is not passed along to our grandchildren. The President's budget takes steps toward achieving fiscal responsibility by keeping the growth of government programs to a minimum. Most importantly, the budget correctly takes into account the dangers America faces every day, increasing funding for programs vital to our national security and providing support to the men and women of our armed forces.

That having been said, we have an obligation to keep our promises to those who have defended our freedom. As you may be aware, my district is home to nearly 107,000 veterans, the most of any Member of the House of Representatives. I have an extraordinary charge to advocate for policies and legislation that best care for veterans' needs.

Since 2001, Republicans have increased the VA's budget authority by 47%. This year is no different. The 2007 proposal would increase the budget for the Department of Veterans' Affairs by another $8.8 billion. At $80.6 billion in total budget authority, this request represents a 12.2-percent increase over the 2006 budget. Among other things, the President's plan would increase funding for VA medical programs by 11 percent and take into account the growing importance of mental health. Total funding for mental health services would increase by $339 million to a total of $3.2 billion. With thousands of soldiers returning from Iraq and Afghanistan, some of whom are experiencing the effects of post-traumatic stress disorder, it is imperative that Congress provide the resources needed to care for these individuals.

Despite the many positive aspects of this proposal, it should be noted that this budget is not perfect. I am troubled that this year's budget proposal once again includes a $250 annual enrollment fee and an increase in prescription drug co-pays for category 7 and 8 veterans. At the same time we are asking our veterans to pay more, the President's budget proposes increasing foreign aid to organizations and governments that oppose the very foundations of America's ideals of democracy and freedom.

As you know, the President offered a similar proposal last year, only to meet stiff resistance in Congress. Category 8 veterans, as classified by the Department of Veterans' Affairs, are individuals who have served in our armed forces and have income and/or net worth above both a means test threshold established by the VA and the HUD geographic index. Category 7 veterans are individuals whose incomes are above the VA means test threshold but below the HUD geographic index.

Veterans in these categories have already agreed to certain co-payments for health care. Proponents of enrollment fees and higher co-pays estimate that 200,000 veterans would be discouraged from using the VA health system, allowing the VA to focus on the neediest veterans.

I fundamentally disagree with the position that Congress should be discouraging veterans from using the VA system. Category 7 and 8 veterans fought just as hard and just as nobly as their comrades did. This government should not penalize them for their financial status once they finish their service. These fees would be a monetary barrier and unnecessary burden to quality healthcare for veterans.

It is unfair to ask the hard-working men and women who sacrificed so much defending our country to pay ever more for their health care. Enrollment fees make the VA care more expensive without making it better. TRICARE recipients pay fees and are guaranteed access to care, but veterans are being asked to pay enrollment

fees with no such promise. There is no doubt that rising health care costs are placing an extraordinary burden on the Department of Veterans Affairs Health System. However, we will not solve this problem by merely shifting the burden onto category 7 and 8 veterans who fought for this country.

Congress has an obligation to ensure that these individuals have access to quality health care as well. These brave men and women have made substantial sacrifices to ensure that we can all enjoy our freedom. These individuals answered the call in our time of need; it is only fitting that we take care of them in theirs.

As the committee drafts the budget resolution for the 2007 fiscal year, it is my sincere hope that you heed my advice and not include any proposal to increase fees for veterans' health care. Again, thank you for allowing me to testify before the committee today.

Mr. DIAZ-BALART. If I may, Congresswoman, last year in this committee you were the strongest vote, the strongest voice on behalf of the many veterans that obviously that you represent. And it should be no surprise to anybody that even though you are no longer on this committee, here you are once again advocating for those that you obviously have such passion for. We thank you for your leadership there. Last year you were instrumental; I am sure that we will see a lot of you on this issue in this year as well. I imagine that is going to happen. Correct?

Ms. BROWN-WAITE. Absolutely, Mr. Chairman. I will personally lobby the members of this committee, as other Members. And I believe that Members on both sides of the aisle do want to do what is right by our veterans, as certainly evidenced by the increase historically in the veterans budget.

Mr. DIAZ-BALART. Appreciate that. Appreciate your leadership.

Ms. BROWN-WAITE. Thank you.

Mr. DIAZ-BALART. Mr. Salazar, from the State of Colorado. It is great to have you here.

STATEMENT OF HON. JOHN T. SALAZAR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. SALAZAR. Thank you very much, Mr. Chairman. I appreciate the opportunity to come before you today and voice my views on the Third Congressional District of rural America. I ask for unanimous consent to enter my full statement into the record.

Mr. DIAZ-BALART. Without objection.

Mr. SALAZAR. Thank you, sir.

I know you have heard from many of my colleagues today about where we should be heading as a Nation in our domestic programs. Now, this is only my second year in Congress, but my first year was a crash course on how this institution works. What I did learn is that in time we often forget about the people behind the numbers. We forget about the family farmers struggling to raise crops during times of drought and record high fuel prices. We forget about the lone doctor working to provide care for sometimes an entire county. But this is the world I live in back in the San Luis Valley of Colorado.

As a member of the Blue Dog Coalition, I believe in fiscal discipline and responsible budgeting principles that include PAYGO spending and balancing the budget. This is no fancy math tricks, just plain, honest numbers. You may have to count on your pennies, but you spend your money most where it matters most to you and community.

Over the past week I spent time reviewing the administration's proposed budget, and I am deeply concerned about the program cuts that I saw. From cuts to the AG commodity programs to downsizing the essential air service programs to cutting funds for rural outreach grants, this budget, Mr. Chairman, fails rural America, and I urge the Budget Committee to consider this as you begin to draft a budget blueprint to bring before this House.

My time here is short, so I will not throw out too many numbers. Instead, my goal is to communicate one message: Rural America is the backbone of this great Nation, and we should not fail rural America.

I have always said that there are two things that can bring this country down: our dependence on foreign oil, and our dependence on other countries to produce our food. By cutting vital programs such as crop and commodity programs, we place our domestic food supply in jeopardy. By reducing crop insurance premium subsidies, we again place our domestic food supply in jeopardy. Without family farmers, it will get harder to sustain efforts to build renewable energy projects. Without folks like Ernie Ford out in Central Colorado who grow potatoes and canola for canola oil for renewable energy such as biodiesel, we will feel the hit on food prices.

Investing in rural America goes beyond supporting family farmers and ranchers. Just like big cities, we need infrastructure to keep trade and commerce flowing. Our communities need airport services and road expansions to keep pace. We need access to health care and good doctors. You cannot achieve these when the very programs meant to encourage growth are cut.

We in rural America are working hard to redefine our role in the 21st century. We are looking at growth areas such as biofuels and capitalizing on unique landscapes for ecotourism, which brings valuable dollars and jobs to economically depressed areas. I am excited about the possibilities. I ask that this Budget Committee not fail rural America and instead acknowledge help. Programs like this are an investment in our Nation and in rural America.

Third, I would like to end today by expressing my dismay that the President's budget funds his proposal to privatize Social Security. Ever since I introduced the Social Security Trust Fund Protection Act last year, I have called for both Democrats and Republicans to come together, and I was glad to hear the President say that he wanted to create a bipartisan commission to lead this effort. So the budget this week was a big surprise to me, $712 billion to privatize Social Security and billions more in benefit cuts. I had really hoped that we were ready to come together in good faith to find a solution.

In rural America, Social Security keeps tens of thousands of seniors from falling into dire poverty. I hope that this committee will steer clear of efforts to privatize and dismantle Social Security. And as I sit before you today, I know that each of us has our country's best interests at heart.

I would like to close by asking each one of you to make a personal commitment to support and invest in a region that often goes unrecognized for its cultural and economic contributions to our Nation.

Once again, sir, I thank you for allowing me to testify today, and I look forward to working with each one of you for fiscal year 2007, and I would hope that we have a much happier answer and a much happier outcome than what the proposed budget is today. Thank you, sir.

Mr. DIAZ-BALART. Thank you, Mr. Salazar.

[The prepared statement of Mr. Salazar follows:]

PREPARED STATEMENT OF HON. JOHN T. SALAZAR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Chairman Nussle and Ranking Member Spratt, thank you for the opportunity to testify before you today on the upcoming Budget Resolution for Fiscal Year 2007.

I know you have heard from many of our colleagues today about where we should be heading as a nation with our domestic programs. I have said time and again that our budget is a moral document, it is about our priorities and values as a nation.

Now, this is only my second year in Congress and my first year was a crash course on how this institution works. What I learned in that time is we often forget about the people behind the numbers. We forget about the family farmer struggling to raise crops during times of drought and record-high gas prices. We forget about the lone doctor working to provide care for sometimes an entire county. But this is the world I live in back in the San Luis Valley of Colorado.

As a Blue Dog, I believe in fiscal discipline and responsible budgeting principles that include pay-as-you-go spending and balancing the budget. No fancy math tricks—just plain, honest numbers. I learned this lesson while running the family farm. I know what it means to work within a budget. You may have to count your pennies, but you spend your money where it matters the most to you and your community.

Over the past week, I have spent time reviewing the Administration's proposed budget and I am deeply concerned about the program cuts that I saw. I cannot overemphasize how detrimental a budget like this would be to rural America. From cuts to the Agricultural Commodity programs to downsizing the Essential Air Service program to cutting funds for rural outreach grants, this budget fails rural America. And I urge the Budget Committee to consider this as you begin to draft a budget blueprint to bring before this House.

My time here is short so I will not throw numbers at you. In my time here today, my goal is to communicate one message—rural America is the backbone of this great nation and we should not fail rural America. We cannot pass the burden of debt onto the backs of our farmers who work hard to put food on our family tables.

I have always said that there are only two things that can bring this country down—our dependence on foreign oil and our dependence on other countries to produce our food. By cutting vital programs such as crop and commodity programs, we place our domestic food supply in jeopardy. By reducing crop insurance premium subsidies, we again place our domestic food supply in jeopardy.

Without family farmers, it will get harder to sustain efforts to build renewable energy projects. Without folks like Ernie Ford who grows potatoes and canola out in Center, Colorado, we will feel the hit in prices at the grocery store and our own household budgets.

Investing in rural America goes beyond supporting family farmers and ranchers. Just like the big cities, we need infrastructure to keep trade and commerce flowing. Our communities need airport service and road expansions to keep pace with the growing number of NAFTA trucks that barrel up the trade corridors. We need access to healthcare and good doctors, but you cannot achieve that when the very programs meant to encourage growth are cut.

Rural America is working hard to redefine our role in 21st Century America. We are looking at growth areas such as bio-fuels and capitalizing on unique landscapes for ecotourism, which brings valuable dollars and jobs to economically depressed areas. I am excited about the possibilities. I ask that this Budget Committee not fail rural America, and instead begin to see how programs like these are an investment in our nation and in an area that does so much for our country.

Finally, I would like to end today by expressing my dismay that the President's budget funds his proposal to privatize Social Security. Ever since I introduced the Social Security Trust Fund Protection Act last year, I have called for Democrats and Republicans to come together and I was glad to hear the President say he wanted to create a bipartisan commission to lead the effort.

So the budget this week was a big surprise—$712 billion to privatize Social Security and billions more in benefit cuts. I had really hoped we were ready to come together in good faith to find a solution, but a sneak in provision is by no means an honest start.

In rural America, Social Security keeps tens of thousands of people from falling into extreme poverty. Around the time we began this debate last year, I was approached by Amelia Valdez from Pueblo, CO, a woman about my own mother's age. She gave me a photograph of Franklin D. Roosevelt signing the Social Security Act into law and said with tears in her eyes: "Hang it in your office as a reminder—please, do not let them dismantle my only source of income."

I hope this Committee will think of women like Amelia Valdez and steer clear of efforts to privatize and dismantle Social Security.

As I sit before you today, I know each of us has our country's best interests at heart. There are many worthwhile and competing interests to consider as we move forward with the FY07 Budget Resolution. I would like to close by asking each of you to make a personal commitment to support and invest in a region that often goes unrecognized for its cultural and economic contributions to our nation.

Mr. Chairman, Ranking Member Spratt: Once again, thank you for allowing me to testify today. I look forward to working with each of you this year to develop a budget that truly reflects America. I would be more than happy to answer any questions you may have at this time.

Mr. DIAZ-BALART. Appreciate you coming down here and testifying on issues that are important to you. It is important that the Budget Committee have an opportunity to hear you, so we thank you for your time.

Mr. SALAZAR. We thank you for allowing me, sir.

Mr. DIAZ-BALART. Thank you, sir.

We are waiting for one Member of Congress that we think is on his way here, so what we will do is take a short break at the call of the Chair until the time that Member shows up.

[Recess.]

Mr. DIAZ-BALART. We are called back to order. Mr. Fitzpatrick from Pennsylvania is here to testify before the Budget Committee now.

And it is a pleasure to have you here, sir. The floor is yours.

STATEMENT OF HON. MICHAEL G. FITZPATRICK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. FITZPATRICK. Thank you for the opportunity to appear before you today to express my hopes and my reservations with respect to the President's Federal budget request for fiscal year 2007.

After taking a week to carefully review the President's budget request, I discovered some encouraging proposals to assist the Nation on the road toward ensuring our independence on foreign oil, expanding math and science education, and supplying our troops with the equipment they need to fight and to win the war on terror. While there are many encouraging proposals incorporated within the President's budget, there are some spending decisions that do concern me, especially one that directly affects my constituents. That program is the USDA National Resource Conservation Service Flood Mitigation Program. And I want to focus on the President's decision to zero out his funding today.

I agree that the government must be fiscally responsible with taxpayers' money. Federal spending over the course of the past 5 years has risen faster than at any time during the past four decades. In addition, the Nation faces a costly war in Iraq, Hurricane Katrina clean-up costs, and rising entitlement spending. The larg-

est entitlement programs, Medicare, Medicaid, and Social Security, are projected to cost $1.132 trillion this year and account for about 42 percent of the entire Federal budget, as Congressional Budget Office figures show. By comparison, defense is 15.8 percent of the 2007 budget. As a result, budget deficits remain high and are expected to soar when the baby boom generation begins to retire over the next few years.

We need to slow the growth of Federal spending in order to regain control over the spiraling costs of our mandatory programs. The recent passage of the Deficit Reduction Act will place the government on the path to fiscal responsibility and slowed growth. The economy is primed for this, as yesterday's announcement of the government posting its first surplus in 3 years demonstrates. Tax receipts surpassed spending by $10.98 billion in December, the result of congressional action to cut taxes and spur investment in our economy. Our policies are working, and Congress must now focus on cutting spending.

However, such reforms should not be made on the backs of America's most needy citizens. The President's call to curb Medicare spending, to reduce funding for national critical health research assets such as the National Heart, Lung and Blood Institute and the National Cancer Institute, a $100 million reduction in the Department of Homeland Security's Assistance to Firefighters Grant Program, and the inclusion of an increase in the copay and enrollment fee for veterans seeking care from the VA are all issues that concern me greatly and must be addressed through congressional action.

As a Member of Congress representing eastern Pennsylvania and the greater Philadelphia region, I am concerned that Amtrak is severely underfunded in the President's request. Thousands of commuters rely on Amtrak's Northeast corridor rail service each day to commute to their jobs up and down the east coast from Boston to Washington, D.C. Although Amtrak has been the target of criticism for its management system and business structure, its operation is integral to the health of our economy. Additionally, as more Americans take the train each day, they leave their cars behind, which means there are fewer cars on the road contributing to pollution as well as gasoline demand.

I support the full funding of Amtrak rail service. The President's proposed $900 million for Amtrak falls woefully short of the estimated $1.5 billion necessary to prevent cuts in service and will not allow for future investment in America's rail system.

However, one specific program that has a direct impact on my constituents in the Eighth District concerns me the most, the elimination of funding for the NRCS and flood mitigation programs. I have written to Chairman Nussle on this subject; however, I wanted to come here to speak to you personally and have my concerns placed in the record.

We must continue to protect Americans from the threat posed by natural disasters—Katrina and Rita demonstrate this need clearly. Flooding continues to destroy homes, businesses, and communities throughout America. I am concerned that the President's fiscal year 2007 budget eliminates all funding for the NRCS Watershed Protection and Flood Prevention programs. The budget proposes

zero for watershed planning, zero for watershed operations, and $15.3 million for rehabilitation of aging watershed dams, in spite of the fact that these watershed programs have improved the safety of lands previously considered to be in a constant threat of flood damage.

Even before Katrina, flood damage in the United States was estimated to cost $2 billion each year. Hurricane Katrina has taught us that an adequate infrastructure is vital to protect and maintain our communities' homes, businesses, and roads from flooding. Zeroing out funding for watershed planning and watershed operations will have a severe effect on flood mitigation projects like elevating and flood-proofing properties and implementing resource management systems across the United States.

In my district alone, severe flooding has caused millions of dollars in damages to homes along the Nishamany Creek. A combination of State and Federal funding has allowed many of these houses to be raised or elevated to prevent future damage. Those projects and nearly 2,000 other projects like it across the Nation would be restricted, if not terminated, if the President's request is to go forward. Therefore, I strongly support continued funding for the USDA and RCS watershed programs. This funding is essential to the preservation of storm-ravaged areas of our Nation, and I encourage my colleagues' support of this necessary program.

Thank you, Mr. Chairman, for making the time for me to testify today.

Mr. DIAZ-BALART. Thank you, sir. And I appreciate you taking your time coming out here. We know how important these issues are to you, so we really appreciate that.

[The information referred to follows:]

PREPARED STATEMENT OF HON. MICHAEL G. FITZPATRICK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. Chairman, members of the committee, thank you for the opportunity to appear before you today to express my hopes and reservations on the President's Federal budget request for fiscal year 2007. After taking a week to carefully review the President's budget request, I have discovered some encouraging proposals that will assist the nation on the road toward assuring our independence from foreign oil, expanding math and science education and supplying our troops with the equipment they need to fight the War on Terror. While there are many encouraging proposals incorporated within the President's Budget there are some spending decisions that concern me; especially one that directly affects my constituents. That program is the USDA-NRCS Flood Mitigation Program and I want to focus on the President's decision to zero out its funding today.

I agree that the government must be fiscally responsible with taxpayer's money. Federal spending, over the course of the past 5 years, has risen faster than at any time in the past four decades. In addition, the nation faces a costly war in Iraq, Hurricane Katrina clean-up costs, and rising entitlement spending. The largest entitlement programs; Medicare, Medicaid and Social Security, are projected to cost $1.132 trillion this year and account for about 42 percent of the entire Federal budget, as Congressional Budget Office figures show. By comparison, Defense is 15.8 percent of the 2007 budget. As a result, budget deficits remain high and are expected to soar when the baby boom generation begins retiring in the next few years. We need to slow the growth of Federal spending in order to regain control over the spiraling costs of our mandatory programs.

The recent passage of the Deficit Reduction Act will place the government on the path of fiscal responsibility and slowed growth. The economy is primed for this, as yesterday's announcement of the government posting its first surplus in 3 years demonstrates. Tax receipts surpassed spending by $10.98 billion in December—the result of congressional action to cut taxes and spur investment in our economy. Our

policies are working, and Congress must now focus on cutting spending. However, such reform should not be made on the backs of America's most needy citizens.

The President's call to curb Medicare spending; to reduce funding for critical national health research assets such as the National Heart, Lung and Blood Institute and the National Cancer Institute; a $100 million reduction in the Department of Homeland Security's Assistance to Firefighters Grant Program; and the inclusion of an increase in the copay and enrollment fee for veterans seeking care from the VA are all issues that concern me greatly and must be addressed through congressional action.

As a Member of Congress representing Eastern Pennsylvania and the greater Philadelphia region, I am concerned that Amtrak is severely under-funded in the President's request. Thousands of commuters rely on Amtrak's Northeast Corridor rail service each day to commute to their jobs, up and down the East Coast from Boston to Washington, DC. Although Amtrak has been the target of criticism for its management system and business structure, its operation is integral to the health of our economy. Additionally, as more Americans take the train each day, they leave their cars behind which means there are fewer cars on the road contributing to pollution as well as gasoline demand. I support the full funding of Amtrak rail service. The President's proposed $900 million for Amtrak falls woefully short of the estimated $1.5 billion necessary to prevent cuts in service and will not allow for future investment in America's rail system.

However, one specific program that has a direct impact on my constituents in the 8th District of Pennsylvania concerns me the most—the elimination of funding for USDA-NRCS flood mitigation programs. I have written to Chairman Nussle on this subject, however, I wanted to come here and speak to you personally and have my concerns placed into the record.

We must continue to protect Americans from the threat posed by natural disasters. Hurricanes Katrina and Rita demonstrate this need clearly. Flooding continues to destroy homes, businesses and communities throughout America. I am concerned that the President's FY07 Budget eliminates all funding for USDA-NRCS watershed protection and flood prevention programs. The budget proposes $0 for Watershed Planning, $0 for Watershed Operations and $15.3 million for Rehabilitation of aging watershed dams in spite of the fact that these watershed programs have improved the safety of lands previously considered to be in a constant threat of flood damage. Even before Hurricane Katrina, flood damage in the United States was estimated to cost $2 billion annually.

Hurricane Katrina has taught us that adequate infrastructure is vital to protect and maintain our communities' homes, businesses and roads from flooding. Zeroing out funding for watershed planning and watershed operations would have a severe effect on flood mitigation projects like elevating and flood proofing properties and implementing resource management systems across the United States. In my district alone, severe flooding has caused millions of dollars in damage to houses along the Neshaminy Creek. A combination of state and Federal funding has allowed many of these houses to be razed or elevated to prevent future damage. Those projects; and nearly 2,000 other projects like it across the nation would be restricted, if not terminated, if the President's request is to go forward.

Therefore, I strongly support continued funding of the USDA-NRCS Watershed Programs. This funding is essential to the preservation of storm ravaged areas of our nation and I encourage my colleague's support of this necessary program. Thank you, Mr. Chairman, for the time to speak to you today. With that, I yield the balance of my time.

Mr. DIAZ-BALART. We are waiting for one more Member, and we will take a short pause until he shows up, and then we will reconvene the meeting.

[Recess.]

Mr. DIAZ-BALART. We will reconvene the Budget Committee once again. And we are privileged to have Mr. Bass.

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

Mr. BASS. Thank you very much. And they have made things a lot fancier here since I was on this committee. I was honored to serve here for 8 years, and I am here today to submit written testi-

mony, and I will make my testimony very, very brief. I have three issues I would like to bring up.

First, I am hopeful that the Budget Committee can pay the kind of attention that is necessary to adequately fund individuals with disabilities education, otherwise known as special education. When I was on the committee, we were able to get in essence approximately $1 billion to $1.5 billion a year increase in these programs, in this program in particular. It is certainly the most important, in my opinion, education funding initiative, because it does represent an unfilled obligation that the Federal Government needs to make to adequately fund its fair share of that program.

Secondly, I would like to address the issue of the President's Advanced Energy Initiative. I hope the Budget Committee can focus on a great opportunity that exists that the President began with the State of the Union Address to assure that we develop alternative energy resources for this country. We are indeed addicted to oil, and we need to have a Congress that recognizes that and moves in that direction.

And, thirdly, and not inconsistent with my prior discussion about alternative energy, is the need not to use drilling in the Arctic National Wildlife Refuge (ANWR) as a revenue enhancer for reconciliation. We have been through this debate already this year. I am hopeful that we can leave NWAR out of the budget documents so that we at least begin the process of not having that long debate which was so difficult in this last fiscal year.

So, with that, Mr. Chairman, I will conclude my remarks and thank you very much.

Mr. DIAZ-BALART. Well, thank you very much. And without objection, your full remarks will be placed in the record.

Mr. BASS. Thank you, sir.

Mr. DIAZ-BALART. Thank you very much.

[The prepared statement of Mr. Bass follows:]

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

I would look like to thank Chairman Nussle and Ranking Member Spratt for providing members the opportunity to testify before the Committee today. As a former member of this committee, I am well aware of the challenges that you face when trying to craft a budget that meets our needs at home and abroad in a responsible manner. In this fiscal climate we must prioritize and ensure that the programs that have the biggest impact on our local communities and nation are adequately funded. It is for this reason that I would like to focus on the importance of increased special education funding and a commitment to a comprehensive renewable energy policy.

IDEA FUNDING

Since 1975 when Congress first passed the Individual with Disabilities Education Act, we outlined the steps communities must take to ensure that all students, regardless of any disability, receive a free and appropriate education. As a result of this Federal mandate, we also promised to provide 40 percent of the national average per pupil expenditure (APPE) for special-needs students. It has been over 30 years and we have yet to fulfill this promise.

I believe that it is safe to say that every Member of Congress has heard from at least one community in their district regarding the strain that rising special education costs has placed on their local budgets. In fact, I am positive that 105 of our colleagues have heard because they joined me in signing this letter that I will present to you asking that we fund special education at the level we agreed to in the 2004 IDEA reauthorization law. It was in this law that 397 members recognized the significance of fully funding IDEA by supporting a glide path that will allow us to reach full funding by 2011. As Majority Leader Boehner stated on November 19,

2004—"Our bill also puts the Federal Government on a 6-year glide path to reaching our original goal of funding up to 40 percent of the excess cost of educating students with special needs. And as we get closer to that goal, we are also going to give local communities more control over how they spend their own local dollars."

Since I arrived in Congress, IDEA spending has increased from $2.3 billion in FY 1995 to $10.7 billion in FY 2006. While this overall increase in funding is certainly impressive and one that we should be proud of, the reality is the Federal share in special education costs is actually dropping. In FY 2004, we reached an all time high of 18.6%—almost half of what we promised but an improvement—the President's budget request would bring the Federal share to 17%. We cannot afford to go backwards.

Giving our communities more control over how they spend their own local dollars should be our goal when debating education funding. Providing IDEA with the Federal funds that we promised does exactly that. Every extra dollar that the Federal Government provides to special education is an extra dollar that is freed up on the local level. The local school boards do not have an option when it comes to funding what is necessary for its learning disabled population but if the Federal Government provides the share it promised, local funds could be used for other equally important educational measures of their own choosing. Increasing special education funding is my number one education priority and I will not be asking for an increase in any other line item under the Department of Education. Mr. Chairman, I would request that you would assist me by establishing a clear path for appropriators to follow in this budget with regards to IDEA funding.

I recognize that we are facing fiscal restraints and agree that we need to reign in spending to control rising deficits but I believe that school boards should not have to cut education budgets, taxpayers shouldn't have to pay higher property taxes, and families with special needs students should never feel isolated or be criticized because the Federal Government is not paying its fair share of the cost of special education.

RENEWABLE ENERGY

In his State of the Union just 2 weeks ago, the President declared "America is addicted to oil." He continued, "By applying the talent and technology of America, this country can dramatically improve our environment, (and) move beyond a petroleum-based economy. We'll also fund additional research in cutting-edge methods of producing ethanol, not just from corn, but from wood chips and stalks, or switch grass. Our goal is to make this new kind of ethanol practical and competitive within 6 years."

Mr. Chairman, the President is right. If we accomplish the goals of the Advanced Energy Initiative, we will not only free ourselves from the entanglement of foreign energy, we will also clean the air, water and land we all enjoy, and we will develop new technologies and industries that provide jobs and a higher quality of life for all Americans. This must be among our highest national priorities.

I ask you to not only meet the President's goals, but to exceed them. The U.S. Department of Energy Biomass Fuels Initiative funds research, development, and technology validation on advanced technologies that will enable future biorefineries to sustainably convert cellulosic biomass to fuels, chemicals, heat and power. The President has requested $120 million, up from $91 million in FY06 for this task. I challenge this committee to support an even higher level and to anticipate higher levels in the future until we are able to power the automobiles we drive with the crops, forestry, and other biomass we produce.

I also urge the Committee to recommend at least $1.42 billion for basic energy science, which supports a substantial basic research budget for materials sciences, chemical sciences, energy biosciences, engineering, and geosciences.

As a member of the House Energy and Commerce Committee, I intend to work toward greater support and parity for these clean and renewable energy sources. The Energy Policy Act of 2005 was the best effort yet to pass Congress, but I know we can still do better.

ARCTIC NATIONAL WILDLIFE REFUGE

Finally, I want to comment on the issue of including any instructions for ANWR in the budget. We are all aware of last year's effort and outcome and I don't see any reason why this year would be different.

Using the budget process to open ANWR is a gimmick and must be resisted. An instruction to create a stand-alone reconciliation bill on ANWR would place the separate legislation containing the rest of the reforms and savings, regardless of how

valuable, in jeopardy. As a conference and Congress, we must ask ourselves where our priorities lie.

U.S. CONGRESS,
WASHINGTON, DC,
February 14, 2006.

Hon. JIM NUSSLE, *Chairman,*
Hon. JOHN SPRATT, *Ranking Member,*
House Budget Committee, Cannon Building, Washington, DC.

DEAR CHAIRMAN NUSSLE AND RANKING MEMBER SPRATT: In 1975, the Individuals with Disabilities Education Act (IDEA) was enacted into law to ensure that students with disabilities received the quality education that they both need and deserve. With this legislation came a promise to federally fund 40 percent of special education costs, a promise that still has yet to be honored. For nearly 30 years, this lack of adequate federal funding has unfairly burdened local school districts and taxpayers struggling to meet the educational needs of all students, including a growing number of students with disabilities.

In 2004, the House of Representatives approved and the President enacted the Individuals with Disabilities Education Improvement Act, establishing a concrete timetable of incremental funding increases in order to obtain the full 40 percent of promised Federal funding for special education by Fiscal Year 2011. This commitment was agreed to by an overwhelming majority of both the House and the Senate, and yet we were still unable to meet the goal we set for the first year of that timetable.

As you prepare your Fiscal Year 2007 House Budget Resolution, please honor our commitment and include the $16.94 billion authorized in this law for the Part B State Grants, thereby putting the Federal Government back on track to fully funding our share of IDEA costs. While we recognize the challenges and tough decisions that you face in the current fiscal climate, we believe that increasing IDEA funding enables our local communities to devote the scarce resources that are currently being spent to meet the unfunded Federal requirements of the IDEA law to other areas of significant need. Even during this time of restrained spending, we must help ease the burden that this current unfunded mandate places on state and local budgets.

We look forward to working with you on this critical matter, and are hopeful that our efforts will afford our schools greater financial freedom and the local control necessary to best serve their students and communities.

Sincerely,

Charles F. Bass,
William Lacy Clay,
Rush Holt,
Rick Boucher,
Jim Marshall,
Sherrod Brown,
Earl Pomeroy,
Zoe Lofgren,
Dennis Moore,
Sam Farr,
Mark Udall,
Bob Filner,
Betty McCollum,
Ben Chandler,
Emmanuel Cleaver,
Chris Shays,
Joe Schwarz,
Madeleine Bordallo,
Ed Whitfield,
Ruben Hinojosa,
Adam Smith,
Xavier Becerra,
Robert Scott,
Dennis J. Kucinich,
Donald M. Payne,
Shelley Moore Capito,
William Delahunt,
Rob Simmons,
Brian Higgins,
Michael McNulty,
Elliot L. Engel,
Major R. Owens,
John M. McHugh,
Jim Saxton,
Todd R. Platts,
Carolyn McCarthy,
Albert Wynn,
Eleanor H. Norton,
Sue Kelly,
Jim Matheson,
Danny K. Davis,
Grace F. Napolitano,
Greg Walden,
Tom Lantos,
Shelley Berkley,
Jim Davis,
Frank A. LoBiondo,
Debbie Wasserman Schultz,
Linda Sanchez,
Steve Israel,
John Conyers,
Rosa L. DeLauro,
John Dingell,
Maurice Hinchey,
Mike Ferguson,
Mike Doyle,
Tammy Baldwin,
Jay Inslee,
Sanford Bishop,
Sandy Levin,
James McGovern,
Lynn Woolsey,
Lincoln Davis,
Raul M. Grijalva,
Silvestre Reyes,
Juanita Millender-McDonald,
Loretta Sanchez,
Diana DeGette,
Michael Honda,
Jim Ramstad,
Frank Pallone,
Michael Michaud,
Elijah E. Cummings,
John F. Tierney,
David Price,
Anthony Weiner,
Peter King,
Gwen Moore,
Jim McDermott,
Leonard Boswell,
John T. Salazar,
Ed Case,
Bob Etheridge,
Doris O. Matsui,
Patrick F. Kennedy,
Darlene Hooley,
Chris Smith,
Tom Udall,
Lane Evans,
Stephanie Tubbs Jones,
Carolyn B. Maloney,
Jerrold Nadler,
Bart Gordon,
Judy Biggert,
C.A. Dutch Ruppersberger,
Barbara Lee,
Rick Larsen,
Tim Ryan,
Ted Strickland,
Jim Leach,
Collin C. Peterson,
Nick Rahall,
Timothy Johnson,
Tom Osborne,
Ben Cardin,
Vic Snyder,
Nancy Johnson,

Members of Congress.

Mr. DIAZ-BALART. Also, I would just remind that all Members have until Friday to submit their statements for the record, without objection.

[The prepared statement of Mr. Price follows:]

PREPARED STATEMENT OF HON. TOM PRICE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Our economy is thriving as more and more Americans are finding jobs. Over the last two-and-a-half years, we have added over 2.5 million jobs and the country's unemployment rate is 4.7 percent—the lowest level since July 2001. Our revenue growth is strong and is expected to be so for years to come. We have had many successes—over the past 5 years we increased funding for veterans, education, and many other programs.

Yet, in light of all these successes our spending continues to exceed our revenues and the rate of inflation. As a result, even though we have made major strides to bring the economy back on track, deficits persist. Mandatory spending for programs such as Medicare, Medicaid, and Social Security continue to grow at rates that endanger their viability.

It is becoming increasingly clear that we do not have a revenue problem, we have a spending problem. We must slow the rate of spending growth if we are to get our economic house in order. As we examine ways to exercise fiscal responsibility I ask you to be open to ideas that aim to rein in spending.

The recently passed Deficit Reduction Act is a step in the right direction. It allowed Congress to re-examine our spending priorities. It also has let our committees here in the House of Representatives to further eliminate waste, fraud, and abuse in programs that has been long overdue.

If we are to reduce our deficits we must have sound fiscal discipline. I ask the committee to slow the rate of growth for automatic programs in a fair and responsible manner.

One of the items of legislation that I have introduced is an earmark resolution to bring greater transparency to the appropriations process. Each earmark would have the name of the Member of Congress next to their appropriations request. Adding sunlight to this process will ensure that the hard-earned money of the American taxpayers is spent in the most appropriate manner.

Sound fiscal discipline is the key to accelerating economic growth and reducing deficits. We must continue deficit reduction measures to reduce spending and allow economic growth to flourish.

[The prepared statement of Mr. Evans follows:]

PREPARED STATEMENT OF HON. LANE EVANS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS

Chairman Nussle, Ranking Member Spratt, thank you for hearing my views regarding the proposed FY 2007 budget for the Department of Veterans Affairs (VA). As Ranking Democratic Member of the Committee on Veterans' Affairs, I am currently working with my colleagues in developing our views and estimates, which we will submit to your Committee next week. I, and my fellow Democratic members, will agree with the Majority in areas where we can, but we will be charting an independent course in making our recommendations as to the resource levels required by the programs under the jurisdiction of the Committee on Veterans' Affairs.

I am pleased that the Administration asked for an increase in appropriated dollars this year for veterans' medical care. This stands in sharp contrast to last year when the Administration requested an increase in appropriated dollars of less than 1 percent. At first glance the requested increase looks like a step in the right direction, however, compared to veterans' needs and demand for services, it clearly does not deliver the necessary resources to provide veterans with the health care and benefits they have earned. Although the proposed increase was a welcome surprise, I do not believe we should applaud too loudly when the job is not done.

Last Congress I testified before this Committee, stating:

I have been concerned that the Administration's budget submission falls far short of what is necessary to address serious problems within the system. I am also concerned about the practice the Administration continues to employ of proposing unpalatable legislative initiatives in the budget as if Congress had already authorized them. This puts Congress at a distinct disadvantage from the start. Instead of leaving Congress with the ability to fund its own priorities, we are forced to compensate the VA for legislation we have never authorized.

Once again this year, the Administration has included legislative proposals that would levy a health care enrollment fee and sharply increase pharmaceutical co-payments. Once again, we will need to provide the funding to cover these legislative

proposals, proposals rejected by Congress time and time again. This will provide an additional $800 million in appropriated dollars for VA health care.

The Administration uses its legislative proposals to diminish its appropriation request, then turns around and uses a portion of the proposed cost savings again to increase its collections estimate. Therefore, we will need to provide an additional $544 million. In addition, the Administration's estimated collections amount of $2.3 billion may not be realized, and may not represent the actual net amount being realized by the VA. Additional dollars will be needed to fill this gap.

The Administration includes a total of $1.1 billion in "management efficiencies" in this year's budget. To quote its budget submission, "VA is estimating cumulative efficiencies of $1.1 billion in 2007 which results in additional efficiencies of $197 million over the 2006 level of $884 million." On February 1, 2006, the Government Accountability Office issued a report, "Veterans Affairs: Limited Support for Reported Health Care Management Efficiency Savings" (GAO-06-359R), that concluded the "VA lacked a methodology for making the health care management efficiency savings assumptions reflected in the President's budget requests for fiscal years 2003 through 2006 and, therefore, was unable to provide [GAO] with any support for those estimates." So there is no actual proof this $884 million exists, but it is in the budget this year, and is used to offset increased appropriations. Additional resources will be needed to account for these phantom "savings."

The Administration, again this year, estimates a decline in the number of unique patients, from the current estimate of 5.4 million to 5.3 million. Last July, the Administration conceded that it had underestimated the number of patients and requested an additional $677 million in supplemental funding. I hope we are not going to have to seek an additional $700 million because of this lower estimate. The Administration relies on a change in "unobligated balances," totaling $442 million to offset its appropriation request. This was a strategy employed in last year's budget, a strategy that proved to be shortsighted and unrealistic. Additional resources will need to be provided to ensure that the VA is not faced with budgetary shortfalls triggered by bad estimates and unrealistic assumptions again in FY 2007.

The Administration proposes continuing its ban on enrollment by new Priority 8 veterans, a ban instituted in January 2003. I know I speak for many of my colleagues when I voice my strong opposition to this ban. We will be recommending additional resources to bring these forgotten veterans, many of them lower-income and combat-decorated, back into the system.

I am also concerned that not enough has been provided to meet the needs of veterans returning from Iraq and Afghanistan. In fact, the VA estimates that it will see fewer OIF/OEF veterans in FY 2007. We need to do more. We also need to do more in the areas of mental health and post-traumatic stress disorder (PTSD) and prosthetics. We need to restore the Administration's proposed cut in VA medical and prosthetic research, and provide additional resources to cover inflation.

Finally, I will be looking closely at the ability of the VA to handle benefits claims quickly and accurately. I will also be looking to make improvements in the Montgomery GI Bill, and in providing job training and employment opportunities to veterans.

Mr. Chairman, and Mr. Spratt, providing for veterans is a continuing cost of war, and a continuing cost of our national defense. We simply have no excuse for not meeting their needs. It is sometimes easy to forget that budgets and numbers ultimately come down to real people. We must not forget them. I hope that you will carefully consider the views and estimates that I and my Democratic colleagues will be submitting to this committee next week. Working together, we can make sure that our veterans are not forgotten, and that we meet our obligations to them as a nation.

Thank you.

[The prepared statement of Mr. Gibbons follows:]

PREPARED STATEMENT OF HON. JIM GIBBONS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEVADA

It should come to no surprise to anyone here today that I am in strong opposition to Yucca Mountain, because it is an unsafe and unsuitable solution to our nuclear waste problem. I also represent Nye County, where unfortunately the Yucca Mountain project is located.

The Yucca Mountain project was based on 1980's science and has no place in our country today. We need to focus on 21st Century solutions, like reprocessing and transmutation, which will help to reduce our nuclear waste. Going forward with Yucca Mountain is like still using cassette tapes or even 8-tracks, in the era of mp3 players and ipods.

As Members of Congress, we have the constitutional obligation to objectively oversee the Federal Government. This includes objective analysis regarding the feasibility of the Yucca Mountain Project as a deep geologic repository.

Unfortunately, it is extremely disturbing to see that since the birth of this project, the Department of Energy (DOE) has consistently failed to use science as their guide and has instead been blinded by it's obsession to do anything to rubber stamp this project so it can be finished. Allegations have been made that workers at the project have falsified their data to make the project work, and these allegations are now being investigated by my colleague Jon Porter on the Government Reform Committee. Such utter disregard for scientific integrity should be completely unacceptable to Members of Congress. And it is completely unacceptable to the people in Nevada and throughout this country who will have to live with the reality of the deadliest substance known to man being shipped past our schools, hospitals, and communities to a hole in the Nevada desert where it will endanger our water supply, environment, and public health.

Most recently, it was reported that only after 9 years, the Yucca mountain project is in need of repairs. To quote DOE spokesman Allen Benson from the Las Vegas Sun "Everything in there is old * * * this is a safety issue." This is a project that is expected to safely hold highly dangerous material for hundreds of thousands of years, and after only 9 years in its existence and already is requiring additional upgrades and repairs. Again, this is unacceptable to the people of Nevada and should be unacceptable to every tax-payer in this country.

If the DOE scandal over falsification of science and the need for repairs were not enough, even the National Research Council of the National Academies has found that there are serious challenges that still need to be addressed before moving forward and that these challenges should not be underestimated. Their list included the need to more closely analyze the security risks for any plan to move nuclear waste on a large scale.

As Members of Congress, we must fulfill our constitutional obligations and hold DOE accountable to these challenges and failures. While the Yucca Mountain Project might reside in Nevada, the dangers of transporting this waste will impact every community and every constituent across this country. It is my hope that when you examine the feasibility of this project, you reject the proposed $544 million for the failed Yucca Mountain Project in the President's FY 2007 Budget. It is time to stop wasting taxpayer dollars on a project that is unsafe and unnecessary. It is the 21st century, we have better and safer solutions to reduce the amount of nuclear waste, and it time to invest in them.

Mr. DIAZ-BALART. And, with that, I believe this committee now will adjourn.

[Whereupon, at 6:03 p.m., the committee was adjourned.]

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