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NOMINATIONS OF: MATTHEW SLAUGHTER, KATHERINE BAICKER, ORLANDO J. CABRERA, CHRISTIANE GIGI HYLAND AND RODNEY E. HOOD

HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

ON

NOMINATIONS OF:

MATTHEW SLAUGHTER OF NEW HAMPSHIRE, TO BE A MEMBER OF THE COUNCIL OF ECONOMIC ADVISERS

KATHERINE BAICKER OF NEW HAMPSHIRE, TO BE A MEMBER OF THE COUNCIL OF ECONOMIC ADVISERS

ORLANDO J. CABRERA OF FLORIDA, TO BE ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CHRISTIANE GIGI HYLAND OF VIRGINIA, TO A MEMBER OF THE NATIONAL CREDIT UNION ADMINISTRATION BOARD

RODNEY E. HOOD OF NORTH CAROLINA, TO BE A MEMBER OF THE NATIONAL CREDIT UNION ADMINISTRATION BOARD

OCTOBER 25, 2005

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NOMINATIONS OF:

MATTHEW SLAUGHTER, OF NEW HAMPSHIRE, AND KATHERINE BAICKER, OF NEW HAMPSHIRE, TO BE A MEMBER OF THE COUNCIL OF ECONOMIC ADVISERS

ORLANDO J. CABRERA, OF FLORIDA TO BE ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CHRISTIANE GIGI HYLAND, OF VIRGINIA AND RODNEY E. HOOD, OF NORTH CAROLINA TO BE A MEMBER OF THE NATIONAL CREDIT UNION ADMINISTRATION BOARD

TUESDAY, OCTOBER 25, 2005

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 10:09 a.m., in room SD–538, Dirksen Senate Office Building, Senator Richard C. Shelby (Chairman of the Committee) presiding.

OPENING STATEMENT OF CHAIRMAN RICHARD C. SHELBY

Chairman SHELBY. The hearing will come to order.

We have several nominees this morning. I appreciate the willingness of the nominees to appear before the Committee today.

Today's witnesses are Dr. Matthew Slaughter, who has been nominated by the President to be a Member of the Council of Economic Advisers; Dr. Katherine Baicker, to be a Member of the Council of Economic Advisers—of course, nominated by the President; Mr. Orlando J. Cabrera, to be Assistant Secretary for Public and Indian Housing at the Department of Housing and Urban Development; Ms. Christiane Gigi Hyland, to be a Member of the National Credit Union Administration Board; and Mr. Rodney E.

Hood, to be a Member of the National Credit Union Administration Board.

Dr. Matthew Slaughter and Dr. Katherine Baicker are nominated, as I said, to be Members of the President's Council of Economic Advisers. The Council of Economic Advisers was established by the Employment Act of 1946, and it provides the President with economic analysis and advice on the development and implementation of domestic and international policy issues.

Dr. Slaughter is currently a Professor of Business Administration at the Tuck School of Business at Dartmouth College. Previously, he was a Fellow at the National Bureau of Economic Research and has served as a Consultant to the National Foreign Trade Council, the World Bank, the Federal Reserve, and the IMF.

Dr. Baicker is currently a Professor at the School of Public Affairs at UCLA. She was previously a Professor at Dartmouth College. Dr. Baicker is also a Fellow at the National Bureau of Economic Research and was a Senior Economist at the Council of Economic Advisers from 2001 to 2002.

Mr. Orlando Cabrera has been nominated to be Assistant Secretary for Public and Indian Housing at the U.S. Department of Housing an Urban Development. Mr. Cabrera is currently Executive Director of the Florida Housing Finance Corporation.

Mr. Rodney Hood and Ms. Christiane Gigi Hyland are both nominated to be Members of the Board of Directors of the National Credit Union Administration. The National Credit Union Administration, as we all know, is an independent agency, deriving its powers under the Federal Credit Union Act. The NCUA is responsible for chartering and ensuring the safety and soundness of the 5,500 Federal credit unions under the Act. The NCUA also administers the National Credit Union Share Insurance Fund.

After we administer the oath, this morning's nominees will have an opportunity to make their opening statement, and you can introduce at that time any members of your family. But first we will recognize our colleagues that are here.

Senator Dole.

STATEMENT OF SENATOR ELIZABETH DOLE

Senator DOLE. Thank you, Chairman Shelby.

This morning we are considering, as you have said, five outstanding nominees, and I am pleased to introduce to the Committee Mr. Rodney E. Hood, a fellow North Carolinian who has been nominated by President Bush to serve as a Member of the National Credit Union Administration Board.

Mr. Hood has an impressive background in housing and financial services and has received a strong endorsement by the North Carolina Credit Union League for this position. In September 2004, Mr. Hood was appointed by President Bush to serve as Associate Administrator of the Rural Housing Service, RHS. RHS, an agency within Rural Development at the U.S. Department of Agriculture, is one of the Federal Government's largest direct lenders. In this position, Mr. Hood has managed a housing portfolio of more than $43 billion and has administered the Agency's Housing and Community Development programs.

Previous to his appointment to RHS, Mr. Hood was an executive with North Carolina Mutual Life Insurance Company in Durham, where he directed the company's group insurance marketing and sales efforts. He also held management posts with Bank of America, where he served as a CRA Officer, and with Wells Fargo, where he served as Division Manager for Community Development Lending and, later, as the National Director of the Affordable Housing Lending Group. Mr. Hood also served on the Wells Fargo Housing Foundation Board, where he managed the Foundation's relationship with nonprofit housing providers, including Neighborhood Housing Services, Habitat for Humanity, and the National Council of La Raza.

Among Mr. Hood's best attributes are his good, strong North Carolina roots and his ongoing involvement in public service. A native of Charlotte, he graduated from the University of North Carolina at Chapel Hill, where he served on the Board of Visitors. He currently serves on the Board of Trustees of the North Carolina School of the Arts and on the Board of Directors of the Caring House, a living facility for cancer patients receiving treatment at Duke University.

Mr. Hood recently received the Triangle Business Journal's 40 Under 40 Leadership Award, which recognizes the best of the best of Raleigh-area young professionals for the community service and their career accomplishments.

Unfortunately, Mr. Chairman, I will not be able to stay for this important hearing, but I hope the Committee will take into account my good friend and colleague Richard Burr's comments, and mine, and give strong support to Mr. Hood's nomination.

Thank you, Mr. Chairman.

Chairman SHELBY. Thank you.

Senator Martinez.

STATEMENT OF SENATOR MEL MARTINEZ

Senator MARTINEZ. Mr. Chairman, thank you very much. I am here today to have the great pleasure and honor of introducing to the Committee a good friend, a great Floridian, Orlando Cabrera. I am proud that Orlando is among a number of very talented Floridians that this Administration has tapped for service, even at HUD. The President and Secretary Jackson have chosen a great person to serve our country as Assistant Secretary for Public and Indian Housing. I believe Orlando is extremely well-qualified to succeed in this position.

You know, Mr. Chairman, the demands of the Secretary of Public and Indian Housing at HUD are great. The challenges are terrific, and it takes a person of great integrity, management skill, and also a good deal of patience to work through the many problems that affect our public housing. I know Mr. Cabrera will be well-suited to that. As the Executive Director of the Florida Housing Finance Corporation, Mr. Cabrera led the fourth-largest housing finance agency in the United States to help Floridians obtain safe, decent, and affordable housing. Orlando worked diligently to ensure that our State's housing programs were well-managed to meet the needs of Floridians. His commitment to coordinating housing policy at all levels of Government will be a great asset to the Agency.

As the son of Cuban immigrants, Orlando knows first-hand that, for many families, homeownership is the key to the American Dream. He recognizes and understands the struggles that are present for people moving through the housing continuum because of his experiences at Florida Housing and his participation on many housing-related boards, Orlando is also aware of the conflict that often arises between State and Federal housing regulations. I am confident that he will use a combination of personal and professional knowledge to guide the Department in making sound public policy.

On a personal note, I recognize that from time to time people are willing to make a mistake. His family, when they first came here from Cuba about the same time that mine did, they settled in a very cold part of New York. And since then, they have recognized that error and have moved back to the balmier surroundings of Florida—although today that wisdom may be in question. But I have known Orlando for several years, have had the pleasure of working with him—during my time at HUD particularly—and I know and have always appreciated and respected him for his work. He is a man of great character and competence and he is also a man committed to his faith and his wonderful family, many of whom are here with him today.

I know he will approach this position with the same kind of dedication and diplomacy that he has carried with him throughout his entire professional career. And I know that Orlando will serve our country well in this position. So, I would urge my colleagues in the Senate to join me in a swift confirmation of Mr. Cabrera.

Thank you, sir.

Chairman SHELBY. Thank you.

Senator Warner, you arrived just in time. I recognize you for any comments you would like to make before the Committee.

STATEMENT OF JOHN WARNER
A U.S. SENATOR FROM THE STATE OF VIRGINIA

Senator WARNER. Thank you very much, Mr. Chairman, and my colleagues. I am chairing a hearing of our Armed Services Committee just below you here, but I did want to take the time to come up and talk about this extraordinary nominee by the President. And I want to thank our distinguished colleague, Senator Harry Reid, who had a lot to do with this nomination and counseled me on it.

We have a fellow Virginian, Gigi Hyland, down there, I think, somewhere.

Ms. HYLAND. Here I am.

Senator WARNER. Right here.

[Laughter.]

And I, just by coincidence, met her and talked to her. She is very modest, and expressed some interest in public service. And her family, her father is very active in public service and her mother was at one time. It is a distinguished family of professionals. So, I invited her in, and I tell you—and I am not easily swept off, but she swept me away. She is really an extraordinary individual, and her accomplishments in life and a wealth of experience. I would like to put this into the record, Mr. Chairman——

Chairman SHELBY. Without objection, your entire statement will be made part of the hearing record.

Senator WARNER. —and just say that this is a proud American family and serving in public service in many capacities, and she would be a very strong person on this post to which our President has appointed her.

Chairman SHELBY. Thank you, Senator Warner. We know you are chairing the Armed Services Committee.

Senator WARNER. Thank you.

Chairman SHELBY. Senator Richard Burr from North Carolina, welcome to the Committee.

STATEMENT OF RICHARD BURR
A U.S. SENATOR FROM THE STATE OF NORTH CAROLINA

Senator BURR. Thank you, Mr. Chairman. It is indeed an honor to be here. I know that all five nominees are more than qualified, or they would not have been nominated by the President. But I am here specifically also to introduce Rodney Hood of Durham, North Carolina, who has been nominated to the National Credit Union Administration Board.

Rodney is well-prepared for the position for which he has been nominated. A graduate of the University of North Carolina at Chapel Hill—which it pains a Wake Forest graduate to say—he has spent a career in finance and housing. Perhaps more importantly, though, is his commitment to community service, whether in Washington or North Carolina. He has been an active volunteer in the community, having served the North Carolina Low Income Housing Coalition, Boys and Girls Clubs in Raleigh, the North Carolina School of the Arts, the Duke Ellington School of the Arts in the District, and the Folger Shakespeare Library. This is a downside to Rodney's confirmation. When confirmed, he will have to step down from many of his current service commitments.

Speaking for North Carolina, though, Mr. Chairman, I can say that North Carolina's loss is the Nation's gain with this nomination. The same drive to serve and succeed he has shown throughout his career will be a tremendous benefit to the National Credit Union Administration Board and the credit unions it oversees. I think this is particularly true of the credit unions serving low- and middle-income members. Rodney's career to date, as mentioned, has focused on finance and housing with a focus on affordable housing and community development, particularly in underserved areas. By extension, he has invested a great deal of time in the financial literacy and education programs, including programs on ownership. This background, with its close connection to the individual, will serve credit unions and their members well.

Mr. Chairman, Rodney Hood is successful because he sees the human face behind the issues. I believe, with this nomination, he will not forget that human face that he represents. I believe the Committee will be pleased by his qualifications for the post. I urge the Committee to approve Rodney's nomination, and I can honestly say I think this Committee will be proud of the vote in favor of Rodney Hood's confirmation.

I thank the Chair.

Chairman SHELBY. Thank you, Senator Burr.

What I would like to do now is ask all of the nominees to stand, raise your right hand, and be sworn.

Do you swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SLAUGHTER. I do.

Ms. BAICKER. I do.

Mr. CABRERA. I do.

Ms. HYLAND. I do.

Mr. HOOD. I do.

Chairman SHELBY. Do you agree to appear and testify before any duly-constituted committee of the Senate?

Mr. SLAUGHTER. I do.

Ms. BAICKER. I do.

Mr. CABRERA. I do.

Ms. HYLAND. I do.

Mr. HOOD. I do.

Chairman SHELBY. Thank you.

Dr. Slaughter, we will start with you. Your written testimony will be made part—all of your written testimony will be made part of the hearing record in its entirety. If you have—I will pose this question to all of you and start with Dr. Slaughter—do you have any family members you want to recognize at this hearing today?

Mr. SLAUGHTER. I do, Mr. Chairman.

Chairman SHELBY. It is an important hearing. It is your day.

Mr. SLAUGHTER. Thank you, yes. We have a large and very close extended family, starting with my wife Lindsey and our two little boys, Nicholas and Jacob. With school and obligations, they are back home in New Hampshire, but with me here today is one of my brothers, Steve Slaughter, from Chicago, Illinois.

Chairman SHELBY. Okay. Dr. Baicker, do you have anybody you want to recognize?

Ms. BAICKER. Yes. Thank you very much for the opportunity, Mr. Chairman. I would like to introduce my husband, who is also an economist, Alan Durell, and my exceedingly proud parents, Maxine and Joseph Baicker, who are here from New Jersey.

Chairman SHELBY. Good. Mr. Cabrera, do you have anybody you want to recognize?

Mr. CABRERA. Yes, Mr. Chairman, I have a big contingent here.

Chairman SHELBY. You go ahead.

Mr. CABRERA. I have my wife, Betty Cabrera; my sons, Orly and Stefan; my mom and dad, Orlando Cabrera and Carmen Cabrera; my sister, Rosie; my nephew and niece——

[Laughter.]

—Alex and Giovanna. And my two best friends, Ron Weiner and Nick Schufer.

Chairman SHELBY. Well, that is great.

Ms. Hyland, do you have somebody you want to recognize?

Ms. HYLAND. Yes, Mr. Chairman, I do, and I appreciate the opportunity. To my left is my dear aunt, Auntie Alba Colonne Whitt, and my dear friend Shirley Robson, and then my wonderful father, Fairfax County Supervisor for Mount Vernon, Gerry Hyland.

Chairman SHELBY. Thank you.

Mr. Hood, do you have anyone you want to recognize?

Mr. HOOD. Yes, Mr. Chairman, I have family members. They are having flight delays getting out of North Carolina, but fortunately I have a few friends who are all visiting with me today, friends from USDA, Wells Fargo, Bank of America, and other social friends from here in Washington. Thank you all who are here.

Chairman SHELBY. Thank you.

Dr. Slaughter, we will start with you, if you will sum up whatever you want to say.

STATEMENT OF MATTHEW SLAUGHTER OF NEW HAMPSHIRE, TO BE A MEMBER OF THE COUNCIL OF ECONOMIC ADVISERS

Mr. SLAUGHTER. Thank you, Mr. Chairman.

Chairman Shelby, Senator Sarbanes, and Members of the Committee, I am deeply honored to appear before you today as a nominee to become a Member of the President's Council of Economic Advisers.

Since its creation in 1946, the Council of Economic Advisers has provided the President with sound, objective advice on the full range of economic policy issues facing our country. On many measures, today the U.S. economy is among the world's strongest, thanks to the foundation of all the men and women that make up our highly productive work force. At the same time, today the U.S. economy faces important economic challenges. The rise of countries such as China and India, the costs of energy and health care, the demographic shift of an aging population, and the need to best educate our children. All the challenges, and more, will require careful, constructive policies to help ensure rising living standards for both ourselves and future generations of Americans. If I am fortunate enough to be confirmed to Council membership, I will devote my full energies to helping the Council work with all of you on meeting these challenges.

Past Council Members have drawn on their experiences in research, teaching, and related activities. My experience include a wide range of policy-related work in international trade and finance, with a particular interest in how international commerce helps shape national economic outcomes, such as productivity and wages. I am currently an Associate Professor of Business Administration at the Tuck School of Business at Dartmouth, a tenured position that I have held since 2002. I am also currently a Research Associate at the National Bureau of Economic Research and a Visiting Fellow at the Institute for International Economics. In recent years, I have also enjoyed the opportunity to be a Visiting Scholar at the Federal Reserve Board and the International Monetary Fund, a Consultant at the World Bank, and a Term Member on the Council on Foreign Relations. I hope that the breadth and depth of these work experiences would serve me well at the Council of Economic Advisers.

Let me close by thanking you again both for the privilege of appearing before this Committee and for your timely consideration of my nomination. I look forward to answering any questions that you may have.

Thank you.

Chairman SHELBY. Dr. Baicker.

STATEMENT OF KATHERINE BAICKER OF NEW HAMPSHIRE, TO BE A MEMBER OF THE COUNCIL OF ECONOMIC ADVISERS

Ms. BAICKER. Chairman Shelby and Members of the Committee, it is a great honor to appear before you today as the President's nominee to be a Member of the Council of Economic Advisers.

For almost 60 years, Members of the Council have had both the opportunity and the responsibility of providing the President with objective advice on issues ranging from education to health care to trade to welfare. Members of the CEA strive to bring the best scientific thinking from the broader economics community to bear on these often difficult questions.

My previous experience includes work in both the academic and policy arenas. Since receiving my Ph.D., I have served on the faculty in both the Economics Department at Dartmouth and at the Center for the Evaluative Clinical Sciences and the Department of Community and Family Medicine at Dartmouth Medical School. I recently joined the Department of Public Policy in the School of Public Affairs at the University of California at Los Angeles. I am a Research Associate in the Public Economics Program at the National Bureau of Economic Research. My research focuses on health economics, welfare, and public finance, with a particular emphasis on financing health insurance, spending on public programs, and fiscal federalism. I have also had the privilege, several years ago, of serving as a Senior Economist at the Council of Economic Advisers, where I experienced first-hand the Council's vital role in providing sound economic advice to inform the policymaking process. I hope that my experiences will allow me to continue this strong tradition.

In the coming years, our strong and growing economy will also be faced with many challenges, including mounting pressures on both public and private health care spending and the education and training of workers with the skills and flexibility required in the modern labor market. If I am fortunate enough to be confirmed, I look forward to working with you on all of these important issues.

Thank you again for considering my nomination and for the privilege of appearing before the Committee. I look forward to answering any questions you might have.

Chairman SHELBY. Mr. Cabrera.

STATEMENT OF ORLANDO J. CABRERA OF FLORIDA, TO BE ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. CABRERA. Mr. Chairman, Senator Sarbanes, Senator Martinez, a good friend whom I greatly admire——

Chairman SHELBY. He has gone to vote, where we can continue this hearing. He will be back.

Mr. CABRERA. I know. But I am grateful for his wonderful comments and for his friendship.

Members of the Committee, thank you for allowing me the opportunity to address the Committee today.

First, I would like to thank President Bush and Secretary Jackson for giving me the opportunity to serve our country as Assistant

Secretary for Public and Indian Housing. I am humbled at having been asked, and honored to serve however I best may. I would also like to thank all of you for your time and graciousness in meeting with me these last few weeks—and your staff, all of whom have been wonderful. Hurricane Katrina has impacted all of our lives, and I appreciate each of you accommodating me into your busy schedules.

I would very much like to thank Governor Jeb Bush for having appointed me Executive Director of Florida Housing and for allowing me to serve the people of the State of Florida. As a still waxing Floridian, I am grateful for all of his support.

I sit before you today in profound gratitude of a lot of people. These people provided me with support and encouragement throughout my life, and particularly in the case of my parents, under sometimes difficult circumstances. I would likely not be here before you but for their constant love, support, and counsel.

I would also like to thank the rest of my family and all of my friends, particularly Bill and Tracy Cowden, who have been lifelong friends but also have put me up for the last 2 months. And the staff of——

[Laughter.]

Chairman SHELBY. That is a real friend, is it not?

Mr. CABRERA. Yes, it is. And the staff and Board of Directors of the Florida Housing Finance Corporation for all of their encouragement and support. I wish I could mention all of them by name, but then we would need to order cots and make arrangements for dinner, and I do not know if everyone on the Committee likes Cuban food.

I have always had a home. I know how fortunate I am to actually make that statement, especially because my parents were exiles in, and later immigrants to, our country. Our home always had those things that we would like to think are provided to all people from their childhood through that day when one leaves and makes one's own home. Like my parents before us, when my wife and I started our lives together, we initially rented and then purchased a home. We can affirmatively state that we have realized the American Dream of homeownership and we understand its importance to all Americans.

Our family's experience is what most Americans hope is prototypical. Nonetheless, I am keenly aware that not every American is on that same housing continuum that our family followed. As a former Director, Vice Chairman, Chairman, and finally Executive Director of Florida Housing, my work really focused on making that continuum more possible for all Floridians. During my tenure at Florida Housing, we financed the construction of a lot of units for both homeownership and rental, to make that continuum as accessible as it could be for Floridians.

While at Florida Housing, I had the honor to lead an organization that financed the construction of thousands of affordable housing units. Most of the units we financed went to Floridians that earned 60 percent of area median income and below, during my tenure we made great strides toward financing the construction of units for Floridians earning 30 percent of area median income and below. In my 5-year involvement, we developed more units for ex-

tremely low-income Floridians than had ever been developed in the previous 20 years, and that is an achievement I am extremely proud of.

Happenstance being what it is, I was Florida Housing's Executive Director during five hurricanes and one tropical storm. We responded to the needs created by those storms by realigning State subsidies in order to make funds available to local governments for storm recovery, making our Federal subsidy available to fund tenant-based rental assistance and home repair, and by creating incentives for developers to construct units in storm-affected areas as quickly as possible.

As unquestionable as our commitment to recovery from Katrina is—and hopefully Wilma will be kinder; although from news reports from my long-time home, Miami, it does not seem that it has been—the Office of Public and Indian Housing would address more day-to-day programmatic concerns. Public housing authorities hold a wealth of assets and ideas that are becoming more and more important to the sustainability of the housing continuum I mentioned above. If I am confirmed, I will work to develop policies so it will make it possible for PHA's to work more independently while maintaining fiscal soundness.

Finally, on the issue of Indian housing, if confirmed, the Office of Public and Indian Housing will reach out to the various tribes, groups, and corporations to ensure we are addressing their needs as well as we can. Ongoing outreach and maintaining strong relations with stakeholders will be a significant focus of our efforts with respect to Indian and public housing.

In closing, if confirmed, I look forward to serving our country, the President, Secretary Jackson, and HUD by looking for answers and taking opportunities wherever we may find them to make safe, decent, affordable housing available to all Americans.

Thank you, Mr. Chairman, Senator Sarbanes, Senator Martinez, and all Members of the Committee for your time and consideration of my nomination. I stand ready to answer any questions you may have.

Chairman SHELBY. Thank you.

Ms. Hyland.

STATEMENT OF CHRISTIANE GIGI HYLAND OF VIRGINIA, TO A MEMBER OF THE NATIONAL CREDIT UNION ADMINISTRATION BOARD

Ms. HYLAND. Thank you very much, Mr. Chairman, Senator Sarbanes, and Members of the Committee. Let me begin by thanking Senator John Warner for his gracious introduction in support. I also want to extend my gratitude to the Senate Minority Leader, Senator Harry Reid, for submitting my name to the White House for consideration. I am especially grateful to President Bush for nominating me to be a Member of the National Credit Union Administration Board. I am deeply honored to be asked to enter into public service, and if confirmed I will do everything that I can to merit the trust that the President has placed in me.

I also want to extend my thanks to NCUA Chairman JoAnn Johnson for her encouragement, my fellow nominee Rodney E. Hood, for his patience, and the professional staff at NCUA, who

provided me thorough briefings and insights on many of the issues facing this independent Agency.

I have already introduced the family members that I have with me today. Their unceasing love, support, and encouragement have sustained me through this process and I extend to them my heartfelt thanks.

Mr. Chairman, if confirmed, I will bring to the NCUA Board over 14 years of credit union system experience. For 7 years, I was in private practice in my family's law firm, Hyland & Hyland, in Alexandria, Virginia. There, I represented natural person credit unions, particularly in the areas of regulatory and consumer lending compliance, residential real estate transactions, and credit union account lending and employment policies and procedures. While at the firm, I graduated from the Credit Union Development Education Program, a program that explores the inherent power of the cooperative structure and the ability of financial cooperatives to facilitate "people helping people," both domestically and internationally.

For the next 5 years, I served concurrently as Executive Director of the Association of Corporate Credit Unions and Vice President of Corporate Credit Union Relations with the Credit Union National Association. While at ACCU and CUNA, I spearheaded corporate credit union participation in the creation of the Community Investment Fund, the CIF, the National Credit Union Foundation's primary funding mechanism for local, State, and national credit union development activities. The funds in the CIF are earmarked specifically for development initiatives that increase credit unions' capacity to impact the financial lives of consumers. This includes education, small credit union programming, community outreach, and international development. In addition, I worked to involve corporate credit unions in the settlement of affordable and safe international remittances through the IRnet program established by the World Council of Credit Unions. In my current role as Senior Vice President/General Counsel to Empire Corporate Federal Credit Union in Albany, New York, I provide independent legal advice and counsel to Empire's management and board on initiatives, contracts, and projects.

With all of this credit union experience, can I serve as an effective, independent regulator? Yes. I believe that my career in the credit union system enhances my ability to balance safety and soundness considerations with the needs of the institutions regulated. I believe credit unions serve as a critical component of the financial services sector, providing products and services cooperatively to benefit their member-owners.

If confirmed, Senator, I will strive to be a fair and thoughtful regulator, mindful of the stated Congressional findings and purposes of the original enabling legislation. I will work to foster credit unions' sense of responsibility to serve all segments of their membership, particularly working people, youth, and others who are not being served by traditional financial institutions. If confirmed, I will work closely with Members of this Committee and Members of Congress to ensure the financial integrity and vitality of credit unions in an ever-changing environment.

Thank you, Mr. Chairman and Members of the Committee, for the opportunity to appear before you today. I look forward to answering any questions you might have.

Chairman SHELBY. Thank you.

Mr. Hood.

STATEMENT OF RODNEY E. HOOD OF NORTH CAROLINA, TO BE A MEMBER OF THE NATIONAL CREDIT UNION ADMINISTRATION BOARD

Mr. HOOD. Thank you, Mr. Chairman. Thank you for the opportunity to meet with you on behalf of my nomination to serve on the Board at the National Credit Union Administration.

I would like to express my deep appreciation to President Bush for nominating me to this position. I would also like to thank Senator Elizabeth Dole and Senator Richard Burr for their generous remarks. I am humbled by their kind and gracious words and would like to acknowledge and applaud their great leadership and service for my home State, North Carolina.

While my parents are not here today in person, I feel the warmth of their presence as they watch from Heaven. I am thankful to them for bequeathing to me a strong value system, a value system that reflects humility, honesty, hard work, and compassion. I believe that these values have helped me make a difference in the lives of many people during my 17 years in the private sector and in public service.

If confirmed by the Senate, I look forward to fulfilling the duties and responsibilities of an NCUA Board Member. I am committed to listening carefully, working hard, and doing my level best to ensure the safety and soundness of the Nation's 8,800 federally insured credit unions.

I have a profound appreciation for community empowerment, which was developed early on in my youth as a missionary in Africa. There in a rural landscape, I saw the hard work, struggle, and resilient character of people who made their living from farming. I learned and saw that strong, struggling people were at the heart of what any country is about. That is why I am pleased to now be in a position where I can continue to serve my country by overseeing the institutions that give hardworking people access to capital.

President Bush said it best when he said, "The true measure of compassion is more than good intentions, it is good results." I have been blessed and fortunate to work at some of America's most respected financial institutions, which sought to empower stability and prosperity in our local communities. While at North Carolina Mutual and Wells Fargo, I held management posts that allowed me to promote community development and outreach in underserved communities. I served on the board at the Wells Fargo Housing Foundation and managed public-private partnerships with results-oriented housing providers such as the Neighborhood Reinvestment Corporation, Habitat for Humanity, and the National Council of La Raza. Having served as a Community Reinvestment Act Officer at Bank of America and the National Director of Affordable Housing at Wells Fargo, I have been both an advocate and provider of affordable housing and small business lending. In those positions, I

oversaw loan programs, managed teams of regional community development managers, and worked with both our internal Credit Policy Group and the Office of the Comptroller of Currency to review credit risk.

At USDA, I helped administer a $43 billion loan portfolio comprised of over 400,000 loans—loans to individuals seeking homeownership, private entities to provide affordable rental housing, and to local government entities to fund schools, hospitals, and first responder services.

These experiences have directly exposed me to the importance of financial soundness, risk management, and regulatory review. I come to NCUA with a mindset based on the following tenets: First, I will work hard to ensure that credit unions remain safe and sound financial institutions; second, I will strive to be recognized as a fair and thoughtful regulator, one who realizes the value and necessity of regulation while being cognizant of the impact of arduous regulations; third and finally, I understand the importance of disclosure and transparency and will work closely with the Members of this Committee and all Members of Congress to ensure the financial integrity of credit unions in a rapidly changing environment.

Since joining the Federal Government at USDA, I have been honored to work side-by-side with and lead some of the most capable and talented career staff around. And should I be honored by your confidence, I look forward to doing so at NCUA as well.

Mr. Chairman, thank you for the honor of appearing before you this morning. And I thank you for your courtesy and consideration. I welcome any questions you may have.

Thank you.

Chairman SHELBY. Thank all of you.

Dr. Slaughter, I will start with you and Dr. Baicker.

Rather, the impact of higher prices for oil and other goods on the economy. There has been much speculation as to how our economy will adapt to the aftermath of hurricanes Katrina and Rita. It now appears concern has shifted back to the dangers of inflation, particularly in the energy market. What will be the impact, in your judgment, of continued high oil prices on the economic expansion in the United States, and what particular policy options will you recommend to the President to enable our economy to manage the reconstruction of the Gulf Coast area?

I will start with you and then go to Dr. Baicker.

Mr. SLAUGHTER. Thank you, Mr. Chairman. That is an excellent question that raises an important set of issues. The price of oil and oil-based products we all see while at the gasoline station to fuel up our cars. Many of us are going to see——

Chairman SHELBY. It affects everybody.

Mr. SLAUGHTER. It affects everybody in many different ways. To this point, we all have seen the sharp rise and price increases for the gasoline we buy. We will see it in home heating oil prices and natural gas prices. Fortunately, the U.S. economy in the past few decades has become much more energy efficient. Thanks to a lot of technology innovations and the broad guidance of policy regulators, today the U.S. economy produces our goods and services needing a lot less energy than it did in the past. So one of the implications

of that, when we think about the important issue you raise of the impact on broader prices in the U.S. economy, is that, relative to previous oil price increases in the 1970's, for example, we think there will be a much more muted impact on broader prices of goods and services in the U.S. economy.

That remains to be seen, but thus far the oil price increases and gasoline price increases have been contained.

Chairman SHELBY. Natural gas is factored in there, too?

Mr. SLAUGHTER. Natural gas as well, absolutely. But the broader prices of goods and services——

Chairman SHELBY. "Has been contained"—what do you mean by that?

Mr. SLAUGHTER. It has been contained to those sectors and those particular immediate products.

Chairman SHELBY. In other words, it has not gone everywhere else?

Mr. SLAUGHTER. Exactly. It has not gone broader to goods and services that we buy at the grocery store and——

Chairman SHELBY. Or wages.

Mr. SLAUGHTER. Or wages thus far. Exactly.

So the policy challenge going forward, I think, is twofold. One is to think about a possible impact on a broader range of prices in the U.S. economy and, more importantly, to the extent that some of the underlying forces driving oil price increases are based on growth in the United States and in other countries around the world—China being a prominent example. These high prices for oil and related products are likely to persist for quite some time, and so the policy challenges we will be thinking about: What broad sets of frameworks could allow American households and American businesses to best respond.

Chairman SHELBY. Dr. Baicker.

Ms. BAICKER. To follow up on what my colleague has mentioned, fortunately core inflation in the United States is relatively low and stable, which has meant that the shock to oil prices has not had a wider effect.

Chairman SHELBY. Would you, just for the audience, define generally what you mean by "core inflation"?

Ms. BAICKER. Energy prices and food prices in general are more volatile than prices in the broader economy. Sometimes when we look at how inflation is evolving over the longer-run——

Chairman SHELBY. In other words, they are volatile, they are up and down?

Ms. BAICKER. They are up and down a lot more.

Chairman SHELBY. But they have mainly been up, haven't they?

Ms. BAICKER. Well, lately oil prices certainly have been up. We want to think about those as an important factor affecting all Americans, from heating expenses to transportation expenses and the like. But we also want to look at other elements of inflation that may evolve more stably over time to give us a sense of what the underlying pressures on wages and broader inflation are. If you look at the prices of things excluding energy and food, which move around more rapidly, we see that those prices do remain low and stable, unlike in the 1970's. The pressures that you brought up

that we would all be worried about, on wages and on inflation more broadly, are mitigated by those other prices being more stable.

That said, as you correctly brought up, oil prices and refined product prices have been high and do not appear to be going down anytime in the immediate future. So that creates challenges for the economy, but also the opportunity to develop alternative sources of energy that may become cost-effective where they were not before. And to that end, it seems that refining capacity is likely to grow over the next 10 to 15 years, as is the capacity to import liquefied natural gas, which will provide alternatives as well.

Chairman SHELBY. Does the current account imbalance bother either one of you, the way it has grown in recent years?

Mr. SLAUGHTER. Mr. Chairman, that is an issue of great concern that you raise. By any measure, the current account imbalance that the United States runs today is large by historical standards of the United States and by standards of other countries. So, I think a broad policy challenge for the United States in the coming years will be trying to understand the underlying causes of the current account imbalance, thinking about its consequences, and thinking about possible ways that that imbalance could be brought down.

I think a lot of analysis has gone into the current account deficit the United States is running. It is clear that at least some of the causes of the current account imbalance today actually reflect underlying strengths of the United States economy, one example being that the United States has enjoyed much faster rates of economic growth than have most of our trading partners in recent years. Countries like Japan, Germany, and France, which are the bulk of our trading, have been going much more slowly.

Chairman SHELBY. Is some of that because we have more of a flexible labor market? Is that factored in there?

Mr. SLAUGHTER. I think there is a lot of evidence now that the underlying flexibility of labor markets in the United States of capital markets and product markets as well, allows the deployment of people and capital to industries to grow more quickly when new opportunities arise. I think you are exactly right. But in terms of the current account implication, it means that we tend to be importing a lot more from them, thanks to our growth, than they import from us.

So that is one of the underlying causes. There are others.

Chairman SHELBY. That is an unhealthy situation economically over time, is it not?

Mr. SLAUGHTER. It is. And I think a broad policy challenge that this Administration and others have been working hard on is working with policymakers in these other countries, like Japan and Germany, to try to think about the macro- and micro-economic reforms, kind of big-level and down at the level of individual companies, that would allow those countries to grow more quickly.

Chairman SHELBY. Dr. Baicker, do you have any comments?

Ms. BAICKER. Certainly. I would share your concern as well, and I defer to my colleague's greater expertise on issues of international commerce. That said, even things that are good for the economy overall may not benefit all workers in the U.S. economy in the same way. Some people may be hurt by trade while others are

helped. And there are lots of policy opportunities to make sure that those workers who may be displaced by trade or lose their jobs because of other changes in the U.S. economy have every opportunity to get retrained and have income support they need to weather those changes.

Chairman SHELBY. To both of you, what is your take on the long-term—or let us say the next 20 years, if you can look that far out—the economic implications to the United States economy and to the workers of the U.S. facing a rising Chinese growth economy and perhaps India and so forth. Do you view that as a concern, as an opportunity, as a challenge, or all of it?

Ms. BAICKER. Certainly it raises the importance of ensuring that workers have access to education when they are young and training and retraining once they enter the labor market. A more rapidly evolving economy, where some sectors grow quickly but others shrink, necessitates making sure that retraining is available to move workers into sectors that are growing or into parts of the country that are growing. Giving them the flexibility to make those decisions about what training they need in the sad event that they do lose jobs to other sectors of the U.S. economy or to foreign countries is of vital importance to ensuring that all Americans enjoy the benefits of growing commerce across the United States and across other countries.

Chairman SHELBY. Dr. Slaughter.

Mr. SLAUGHTER. To build on what Dr. Baicker has said, I think there is a real opportunity for the United States, with the growth that has been going on and that is expected to go on in countries like China and India, for American-based companies. The fact today is that about 95 percent of the world's population lives outside of the United States so for U.S.-based companies, when they think about growth opportunities, countries like China and India present a tremendous opportunity.

That said, I do have some concerns about the magnitude of the policy challenges that we all face with integrating China and India into the market-based world economy that we would like to see them continue to move into. There are a lot of policy challenges. One I will highlight is support for enforcement of intellectual property rights. One of the strengths of the U.S. economy for a long time has been intellectual property creation, knowledge-based activities, things like information technology, life sciences, and finance. Those are things that American firms are particularly good at. And ensuring that the institutions and legal regimes develop in countries like China and India to afford our companies those opportunities, I think, is a real challenge going forward that will require a lot of diligent and ongoing policy work.

Chairman SHELBY. Dr. Baicker, you have done some work, as I understand, in the health care area. We have a great challenge in dealing with Medicare, Medicaid, among other things. How do we meet that challenge in the future? Maybe you will win a Nobel Prize if you come up with that.

Ms. BAICKER. That would be great.

[Laughter.]

I agree with you that these are the primary forces affecting U.S. long-run spending growth that we should get under control now before they swallow the entire Federal budget.

Chairman SHELBY. Is that a combination of demographics and politics, perhaps?

Ms. BAICKER. It is certainly a combination of both demographics and of the increasing expenditures per person on health care. The reason Medicare expenditures are growing so much more quickly than Social Security expenditures is that the same aging population that is consuming more Social Security resources is consuming even more health care per person. If you look at the Medicare budget over a 30- or 50-year horizon, the growth in excess of GDP is almost entirely driven by the excess growth of health spending relative to GDP growth and relative to wage growth.

So what do we do about that? Well, it is all well and good to say we should spend less on health care, but we have one of the premier health systems in the world and we develop lots of new health technologies. It is important that any policies do not stifle that innovation that has served us all well. That said, our health resources do not seem to be going where they achieve the greatest gains. We spend a lot of our Medicare resources on people in the last 6 months of life getting care that neither prolongs their life nor improves their quality of living nor makes them more satisfied with the health care they receive.

Chairman SHELBY. What percentage, roughly, of our health care costs are incurred in the last couple of months or so of someone——

Ms. BAICKER. In the Medicare program, about 20 percent of expenditures go to people in their last 6 months of life, I believe which is a lot of spending and, interestingly, highly variable across different areas of the country. So in some parts of the country, twice as many Medicare beneficiaries die in the intensive care unit than in other parts of the country. And this is not because those people are sicker or older or have different stated preferences for receiving care at home or receiving care in the hospital. It is just that medicine is practiced more intensively and more expensively in those areas in ways that do not seem to pay off in the beneficiary's well-being physically, psychologically, or in any way we can measure.

The challenge is to understand what is driving those higher expenditures and what makes low expenditure/high-satisfaction areas different, and try to implement that in different areas. CMS, the Centers for Medicare and Medicaid Services, has gone a long way in developing quality measures and best practices guidelines that would help areas of the country that lag behind in quality and excel in expenditure in adopting some of the better practices that are done in other areas of the country. And there is a strong role for the transmission of information to all those hospitals.

Chairman SHELBY. Would both of you economists deem this economy we have today a strong growing economy still?

Mr. SLAUGHTER. I would, Mr. Chairman. In a lot of the basic measures we look at, the U.S. economy, in spite of the challenges it has faced in recent years with a lot of shocks, has been performing quite well. If you look at GDP growth this year, it is on track to be an——

Chairman SHELBY. Especially since 2001, you know.

Mr. SLAUGHTER. Absolutely. With the terrorist attacks, with the downturn in U.S. equity markets, with the uncertainty that faced a lot of businesses in terms of accounting reform, that natural disasters' as we have seen in recent months, unfortunately. That flexibility we were speaking of, I think, has served the economy well. GDP growth is on track to be about 3.5 percent this year. Unemployment is now below 5 percent in the U.S. economy. And as we were discussing——

Chairman SHELBY. But in a lot of areas, 3 percent, 2.8—in my State of Alabama recently it was 3.8 percent unemployment—I mean hired worker performance, low unemployment.

Mr. SLAUGHTER. Absolutely, there are pockets where I think the firms are trying to find the people they need to help them build the houses and man the——

Chairman SHELBY. Well, that is a good sign, is it not?

Mr. SLAUGHTER. It is a good sign. And again, the broad policy goal is trying to have those good outcomes be shared as broadly as possible.

Chairman SHELBY. I know that our deficits, because of the hot economy and we have had more tax receipts and so forth, have been going down better than they were a year ago. But does the deficit and then the ensuing debt concern either one of you? It concerns most Americans.

Mr. SLAUGHTER. Absolutely. I am concerned about the deficits, not just today but, as we were discussing, when you look out on the coming generation, you mentioned the demographic changes facing the U.S. economy, and the reality is, for example, that we have a labor force that is going to grow a bit more slowly in the coming years than it has in previous decades because of the fact that there are not as many baby busters as will replace the baby boomers that are at the leading edge of retirement. And so I think the real fiscal challenges going forward, as we have discussed, are issues of Social Security, Medicare, and Medicaid spending. Innovative thinking on both the spending side and also the taxation side will be warranted and in that regard, I think we all look forward to hearing the recommendations of the President's Tax Reform Panel and the ideas that they may bring to the table to help facilitate these discussions.

Chairman SHELBY. Dr. Baicker, do you have a comment?

Ms. BAICKER. Yes, I share your concern as well. And the ability to run deficits in times of natural disaster, war, or high unemployment is a real asset to the economy. But we are now on a path to reducing the deficit by 50 percent over 5 years, ideally, and that puts us on the right path, I think. Taxes are only half the equation, as my colleague mentioned. Entitlement growth that we were just speaking of Social Security and Medicare is eating up an increasing fraction of discretionary spending. So getting those programs on a more efficient track would go a long way toward alleviating those problems.

Chairman SHELBY. Mr. Cabrera, I will go to you now, if I could, because we have a vote on the floor and Senator Martinez, I hope, will vote and get back here where we can continue the hearing without recessing.

Could you share briefly with the Committee the role that the Florida Housing Finance Corporation has played in rebuilding after hurricanes in Florida? What role do you all have there?

Mr. CABRERA. Florida Housing, essentially, allocated a good amount of resources to people who needed tenant-based rental assistance, and most of that resource went to public housing authorities. They stepped in in order to make it as easy as possible for the funds that are necessary for people to find homes to utilize them. The second thing that Florida Housing did was create a pool fund so people can begin repairing their homes, or alternatively, allow them to borrow so they can buy a new home.

The other aspect that Florida Housing helped with was helping our sister agencies. Our sister agencies, particularly DCA, Department of Community Affairs, was mostly charged with hurricane recovery tasks at the State level, and our largest role was supporting them.

Chairman SHELBY. We wish you well over there at HUD. You have a great challenge, which you follow in some big shoes and Senator Martinez. I think the Cuban Americans can play a big role there, and you will.

Mr. CABRERA. Thank you, sir.

Chairman SHELBY. I congratulate you.

Mr. CABRERA. Thank you.

Chairman SHELBY. Ms. Hyland and Mr. Hood—Ms. Hyland first. You spent the last several years working in the credit union industry. You know a lot about it.

Ms. HYLAND. Yes, sir.

Chairman SHELBY. If you were to be confirmed, which I predict you will be, your responsibilities would change from that of an industry advocate—you know, working in the industry—to that of a safety and soundness regulator. Two different roles, as you well know. Could you give us some insight in what you believe would be the appropriate role of the regulator is in relation to the industry, that is, the credit union you would regulate? To what extent should a regulator be concerned about appearing as an industry advocate? In other words, I do not think you can do both.

Ms. HYLAND. Certainly.

Chairman SHELBY. I am not saying you would, but, you know, you come——

Ms. HYLAND. Certainly, Mr. Chairman. I guess there are two points I would like to make. Number one is that, by virtue of the Federal Credit Union Act and the parameters that are laid out for the Board, there is a line to be drawn in terms of listening to the interests of the industry and listening to the professional staff at NCUA, and as a board member, then, exercising independent judgment and being able to balance those concerns so that the credit union system is protected by a strong safety and soundness regulator.

Chairman SHELBY. That should be number one, shouldn't it?

Ms. HYLAND. Correct.

Chairman SHELBY. The strong safety and soundness of the credit union system.

Ms. HYLAND. Absolutely. Secondarily, I would like to emphasize, as I said in my statement, that I believe credit unions play a vital

role in the larger financial services sector. So to the extent that that safety and soundness can be balanced with regulatory flexibility to allow credit unions to continue to serve the Congressionally mandated mission of serving people of smaller means, I believe that also should be pursued and monitored by the regulator.

Chairman SHELBY. Mr. Hood, could you briefly tell us any trends that you may have picked up, either credit union-specific or generally, that would be applicable to the financial system, that in your opinion pose a threat to the safety and soundness of credit unions?

Mr. HOOD. Well, yes, sir, Mr. Chairman. I think that one trend that I am seeing that could potentially pose a threat is the view that taxation should be imposed on our credit unions. When the credit unions were chartered, they were chartered to be tax exempt, democratically controlled entities that would provide for the——

Chairman SHELBY. I have not introduced any legislation.

[Laughter.]

Mr. HOOD. Thank you for that, Mr. Chairman. But I recognize that that is potentially a trend. And I believe, sir, that if it were to reach fruition, it would have such an adverse effect on the credit unions' ability to serve the needs of low- to moderate-income individuals. And that is something that I think we really will probably want to address, in the sense that it would, one, fundamentally change the scope of the charter, and I think that is something that is really out there on the horizon that, if confirmed, I would like to address with you and your staff.

Chairman SHELBY. I have a number of questions for the record. I know Senator Sarbanes and others that are in other hearings will have questions for the record. But we would like to get all of you confirmed, have a markup, move you out as soon as possible. But I have a number of questions for the record myself, and we will ask those and get in touch.

We are voting on the Senate floor. Senator Martinez is back. I am going to give the chair to him and let him close up the hearing.

Senator MARTINEZ. [Presiding.] Thank you all very much for your indulgence. We have votes going on and so that requires the coming and going that you have seen. So a busy time in the life of a Senator.

Mr. Cabrera, I wanted to ask you a couple of questions relating to public housing, an area that I know well from my time at HUD—I wanted to just ask of you—and some of this may already have been asked, but what do you see as the major challenges in terms of providing affordable housing, the challenges of the Section 8 program, the future of HOPE VI, which has been perceived differently by the Administration than some here in the Congress. Frankly, I was conflicted greatly as a member of the Administration and what I believed to be a positive program in HOPE VI and it had done a lot of good, while at the same time I understand too often that there is not enough benefit to the entirety of it.

What are your thoughts on some of those issues, if you could just in general?

Mr. CABRERA. I think that public housing has a few challenges. The initial challenge it has is to become a better manager of valu-

able resources. And I think it is doing just that. It has made great strides in the last few years to become a better manager, certainly with the help of this Congress. And that infrastructure, that rubric has to be put in place and executed upon.

As to the issue of HOPE VI, I think it has had its successes. It certainly has successfully demolished a lot of severely distressed units. But it has had its challenges as well in terms of trying to get units built. I think that a lot of my time, if confirmed, will be spent on trying to improve the rough edges of HOPE VI.

Senator MARTINEZ. One of the things that I hope we can do is to think about the future differently. You know, HOPE VI accomplished what it did, obviously many lessons that could be learned from the positive as well as some of the things that maybe did not work as well. Nevertheless, there is a need for us to do something to continue to modernize public housing, to continue to improve the stock of public housing, to reinvent it, if you will, in a different concept and a different vision—more mixed ownership, you know, just a rethinking of the concept. And I wonder if you have any impetus, or is there any impetus in the Administration that you know of, to come back to Congress with some new ideas on a program that might not be HOPE VI—maybe HOPE VII—but something new and different that would accomplish some of the goals of HOPE VI while at the same time bringing about some of the lessons learned.

Mr. CABRERA. I think that certainly SLHFA is a good place to start the discussion. The idea of having flexibility at the PHA level, I think, is a good one so long as you can guard or enhance fiscal soundness. I think giving PHA's the ability to go and compete for a variety of resources—because they have significant assets—in order to replenish units is good policy. I think that would be a good start. In Florida, we recently amended Chapter 421 of the Florida Statutes, which is a statute that essentially administers or enables PHAs, and now PHAs in Florida have a wider breadth of options in terms of how to conduct their activities, at least in the State of Florida. I think that is a good thing.

Senator MARTINEZ. I do not mean to neglect the rest of you but, as you can tell, this is a little more in my vein. So, I will continue here for another minute or two.

One of the things that I known distressed me greatly during my time at HUD was the morning news clips when it got to Public and Indian Housing, the multiplicity of indictments, convictions, fraud, waste, abuse that was kind of the daily fare. You know, we have—I do not remember now the exact number, but I think some 2,600 housing authorities across the country. And a number of these, the number of people associated with them, from time to time would stray from the straight and narrow. And I find that disappointing because I always thought it was really interfering with the ability of some needy person to live in a safe and decent place. It was really not stealing from that impersonal Government, but it was really stealing from the neighbor next door or someone living in public housing.

I wonder what you think about the status of that situation? I know Michael Liu, the fellow you will be succeeding, worked diligently in this area. We stressed it a great deal. We made some progress, but I am not sure we turned the tide. I just wonder how

you might view that aspect of things—unfortunately a negative aspect, but nevertheless one that needs to be dealt with.

Mr. CABRERA. I think Secretary Liu made great strides on that. I think he did a terrific job. I also think that there are other things that we can do in order to minimize those incidences. One of the things is to more methodically approach troubled agencies, and specifically agencies that HUD has put into receivership, in order to better deal with the business aspects that one has to content with when you have a troubled agency. Simple things: Marshalling assets, paying liabilities, and getting people in place to properly run a PHA. I think that would go a long way to helping circumstances.

Senator MARTINEZ. One last area, and this is more related to your prior job but it would help me in carrying out my responsibilities toward the State. I have been impressed how, over the last, I would say, 3 years, what I did not perceive to be a crisis in affordability of housing in Florida has become that, and accentuated each and every day. And of course, as we see the devastation of the latest hurricane, this only destroys more of the basic stock of housing for many, whether it be farm workers, whether it be retirees in a mobile home park.

What, as you depart from that world, are your recommendations in terms of creating more affordability of housing opportunities for people in the State of Florida? Frankly, these lessons really are nationwide; it is not unique to Florida. But what are your thoughts on housing affordability, how to bring housing as affordable to more and more people?

Mr. CABRERA. When I was asked this question in Florida, the first thing I stated—and I think particularly my colleagues to the right would agree—is patience. Because markets are funny things, and markets change. But that is not a very satisfying answer on a practical level. On a practical level, I think that the Low-Income Housing Tax Credit is a remarkable devise to have the private sector essentially construct units and manage them. And when I say "private sector," I do not just mean for-profit entities. I also include nonprofit entities. I am just saying——

Senator MARTINEZ. Nongovernmental sector.

Mr. CABRERA. —other than Government.

Senator MARTINEZ. Right.

Mr. CABRERA. And it has been a remarkably helpful thing from the perspective of unit production. Now, how does that relate to public housing? It does increasingly because many public housing authorities are beginning to become more entrepreneurial, which is, I think, good. And they have assets—mainly land—that can be developed. In many cases, that land is the only affordable land that is viable, where one can develop units. So that is another aspect that would be helpful.

I think the market, as markets change, the private activity bond allocation, which is currently probably under-utilized nationwide, is going to become very, very important to the production of units. But those are the strongest production devices I believe we have, and I think we should utilize them to their fullest extent.

Senator MARTINEZ. Let me ask other panel members if you might have any thoughts you want to share on the issue of affordability of housing. In addition to that, maybe the other issue related to

that, which is housing bubble, whether the possibility of us having an overheated housing market that may create some disruptions. Ms. Baicker, I notice some interest in you in this topic.

Ms. BAICKER. I agree with Mr. Cabrera that vouchers are a really flexible tool to use to get people into housing that they might not otherwise be able to afford. I know there have been many experiments at both the State and Federal level with vouchers that are larger for people with lower income and phase out as people's income grows, and gives them the opportunity to live in housing that otherwise would not be accessible and does not have some of the disadvantages of housing that is designated only for low-income people, which often then has problems that you do not see in the wider housing community. So, I share the hope that that kind of program, with flexibility built in for people to take the vouchers to the housing that suits them best, would really give people that opportunity.

Senator MARTINEZ. I think Single-Family Housing Tax Credits would also be a good idea. You know, we have done it for multifamily; it seems to me that it only makes sense to do it in single-family housing as well.

Any other comments on that?

Mr. SLAUGHTER. Senator, I think this issue of the increase in home prices, especially in particular communities—on the coasts, for example, in recent years—-there is legitimate concern about that rate of increase and whether in some sense those prices have gone too high and, going forward, whether price growth will moderate or even turn negative and prices will actually decline.

This very important issue of housing affordability has longer time horizons that are important as well. In addition to the immediate concerns, one issue that I always think about is that affordability depends not just on the price of the homes, but also on the earnings power of the families involved. And so a broad policy challenge, I think, is continuing to ensure income gains for as many American households as possible, to allow them to achieve that dream that a lot of people have, which is having their own home.

Senator MARTINEZ. Yes, a dream which we share.

Ms. Hyland.

Ms. HYLAND. Senator Martinez, I would suggest that credit unions certainly can play a seminal role in that through individual development accounts to allow low-income and working people to essentially build toward that American Dream as well as offering affordable mortgage products through efforts from the National Credit Union Foundation and others that really strive to reach out to people that need to build wealth in order to put their first down payment on a home. And I believe that credit unions can serve a seminal role in doing that. And partnering with other entities, both Government as well as other not-for-profits to help that.

Mr. HOOD. Yes, Senator Martinez, I would agree with my colleague and also say it is important to create public/private partnerships. And I was pleased when Mr. Cabrera said that there are other community stakeholders who are getting involved now with affordable housing. I think it is equally important for us to really note the importance of analyzing applicants, in terms of having to look outside the box when it comes to qualifying them.

Senator MARTINEZ. Traditional, right.

Mr. HOOD. Looking outside of traditional credit and trying to really find innovative ways of advancing the dreams of homeownership. That is one of the things I think we are going to see more of if we really are going to create more affordable homeownership opportunities.

Senator MARTINEZ. I think we have seen that over the last several years. There are financing companies moving out of the straightjacket of looking at an applicant in a single way, but the more diverse population we have.

Mr. HOOD. Exactly.

Senator MARTINEZ. Frankly, it gets into other issues that I really do not care to open the box, of the whole issue of illegals that seek to finance a home and what happens with all of that. But anyway, we will save that for another day.

I want to just thank all of you for your indulgence of the Committee and myself. I know that Ranking Member Senator Sarbanes had an interest in being here and questioning the panel. I am done with the questions that I had, and so at this point let me seek some counsel as to how we might approach this.

Senator Sarbanes's questions will be asked in writing and you can submit them for the record. And so with that, I will bring the hearing to an end. And thank you very much for your participation. We wish you all luck.

Mr. SLAUGHTER. Thank you.

Ms. BAICKER. Thank you.

Ms. HYLAND. Thank you, Senator.

Senator MARTINEZ. The hearing is adjourned.

[Whereupon, at 11:17 a.m., the hearing was adjourned.]

[Prepared statements, biographical sketches of nominees, and response to written questions supplied for the record follow:]

PREPARED STATEMENT OF JOHN WARNER

A U.S. SENATOR FROM THE STATE OF VIRGINIA

OCTOBER 25, 2005

Chairman Shelby, Senator Sarbanes, and my other distinguished colleagues on the Senate's Banking, Housing and Urban Affairs Committee, I thank you for holding this confirmation hearing.

Today, I am pleased to introduce a fellow Virginian, Gigi Hyland, who has been nominated to serve as a Member on the National Credit Union Administration Board. She is joined today by her father Gerry Hyland, who serves as the Fairfax County Supervisor for Mount Vemon, and her aunt Alba Colon Whitt.

Gigi Hyland has a wealth of experience with the business of credit unions. She currently serves as Senior Vice President and General Counsel for the Empire Corporate Federal Credit Union in Albany, New York, where she is responsible for advising Empire on its compliance with the NCUA, the Department of the Treasury, Federal Reserve, Securities and Exchange Commission, and other Federal and State legal and regulatory requirements.

Prior to joining Empire, Ms. Hyland worked concurrently as the Vice President for Corporate Credit Union Relations for the Credit Union National Association, Inc., and as the Executive Director of the Association of Corporate Credit Unions in Washington, DC. In her distinguished positions, she managed the development, coordination, and execution of a regulatory, legislative, public relations, and political advocacy program for the benefit of the corporate credit union network.

Before she began her career in the credit union industry, Ms. Hyland earned her BA from the College of William and Mary in Williamsburg, Virginia, and her JD from the George Mason University School of Law in Arlington, Virginia.

Mr. Chairman, Gigi Hyland's impressive credentials makes her highly qualified to serve as a Member on this Board, and I am certain that she will be a strong asset for the National Credit Union Administration.

I urge my colleagues to support her nomination.

PREPARED STATEMENT OF RODNEY E. HOOD

MEMBER-DESIGNATE, NATIONAL CREDIT UNION ADMINISTRATION

OCTOBER 25, 2005

Chairman Shelby, Senator Sarbanes, and distinguished Members of the Committee, thank you for the opportunity to meet with you on behalf of my nomination to serve on the Board of the National Credit Union Administration.

I would like to express my deep appreciation to President Bush for nominating me to this position. I would also like to thank Senator Elizabeth Dole and Senator Richard Burr for their generous remarks. I am humbled by their kind and gracious words and would like to acknowledge and applaud their great leadership and service for my home State of North Carolina.

While my parents are not here today in person, I feel the warmth of their presence as they watch from Heaven. I am thankful to them for bequeathing to me a strong value system. A value system that reflects humility, honesty, hard work, and compassion. I believe that these values have helped me make a difference in the lives of many people during my 17 years in the private sector and in public service.

If confirmed by the Senate, I look forward to fulfilling the duties and responsibilities of a NCUA Board Member along with my new colleagues. I am committed to listening carefully, working hard, and doing my best to ensure the safety and soundness of the Nation's 8,800 federally insured credit unions.

Now in existence for more than 150 years, credit unions play an important role as a financial partner for 84 million people. As not-for-profit financial cooperatives, the charter of these institutions centers on servicing the financial needs of their members and empowering Americans from all walks of life to achieve financial stability.

I have a profound appreciation for community empowerment which was developed early on in my youth as a missionary in Africa. There, in the rural landscape, I saw the hard work, struggle, and resilient character of people who made their living from farming. I learned and saw that strong, struggling people are at the heart of what any country is about. That is why I am pleased to now be in a position where I can continue to serve my country by overseeing the institutions that give hard-working people access to capital.

I realize that credit unions are a critical element in helping families achieve the American Dream of homeownership; assisting entrepreneurs in creating small businesses; and providing the trusted mechanisms for families to save for the future.

President Bush said it best when he said, "The true measure of compassion is more than good intentions, it is good results." I have been blessed and fortunate to work at some of America's most respected financial institutions which sought to empower stability and prosperity in our local communities. While at North Carolina Mutual and Wells Fargo, I held management posts that allowed me to promote community development and outreach initiatives to underserved communities. I served on the board of the Wells Fargo Housing Foundation, and managed public-private partnerships with results-oriented housing providers such as the Neighborhood Reinvestment Corporation, Habitat for Humanity, and the National Council of La Raza. Having served as a Community Reinvestment Act (CRA) Officer at Bank of America and the National Director of Affordable Housing at Wells Fargo, I have been both an advocate and provider of affordable housing and small business lending. In those positions, I oversaw loan programs, managed teams of regional community development managers and community development loan specialists, and worked with our credit policy group to evaluate and manage credit risks. I have also provided financial education to underserved communities by conducting seminars on homebuyer education, small business lending, and credit repair. In addition, I worked with regulators from the Office of the Comptroller of Currency to review the bank's lending activities, credit quality, and community development outreach efforts. These experiences directly exposed me to the importance of regulatory review, financial soundness, and risk management.

At USDA, I help administer a $43 billion dollar loan portfolio comprised of over 400,000 loans—to individuals seeking homeownership, private entities to provide affordable rental housing, and to local government entities to fund schools, hospitals, and first responder services. Throughout my career, I have nurtured and developed the core competencies that I will rely upon in assessing the safety and soundness of America's credit unions.

I come to NCUA with a mindset based on the following tenets:

- First, I will work hard to ensure that credit unions remain safe and sound financial institutions.
- Second, I will strive to be recognized as a fair and thoughtful regulator—one who realizes the value and necessity of regulation while being cognizant of the impact of arduous regulation.
- Third, I will bring focused leadership and management to NCUA while seeking to ensure efficient operations and prudent use of resources.
- Fourth and finally, I understand the importance of disclosure and transparency and will work closely with the Members of this Committee, and all Members of Congress, to ensure the financial integrity of credit unions in a rapidly changing environment.

Since joining the Federal Government as Associate Administrator for the Rural Housing Service at USDA, I have been honored to work side-by-side with and lead some of the most dedicated and hard working career staff around. And should I be honored by your confidence, I look forward to doing so at NCUA as well.

Mr. Chairman and the Members of the Committee, I am honored to appear before you this morning and would like to thank you again for your courtesy and consideration. I welcome any questions you may have.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Slaughter (Last) Matthew (First) Jon (Other)

Position to which nominated: Member, Council of Economic Advisers

Date of nomination: September 21, 2005

Date of birth: 31 / 01 /69 (Day) (Month) (Year) **Place of birth:** Minnesota, United States

Marital Status: Married **Full name of spouse:** Lindsey Oree Klecan

Name and ages of children: Nicholas Quinlan Slaughter, 9
Jacob Warren Slaughter, 4

Education:

Institution	Dates attended	Degrees received	Dates of degrees
University of Notre Dame	8/86-5/90	B.A.	5/90
Massachusetts Institute of Technology	8/90-5/94	Ph.D.	5/94

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

National Science Foundation, Research Grant, Economics Program, "Empirical Evidence on the Global Operations of Multinational Firms," with Gordon H. Hanson, 2002-2005.

National Science Foundation, Research Grant, Political Science Program, "Economic Insecurity and the Globalization of Production," with Kenneth F. Scheve, 2002-2005.

Elizabeth R. and Robert A. Jeffe Fellowship, Dartmouth College, 2001-2002.

John M. Manley Huntington Teaching Award, Dartmouth College, 2001.

National Science Foundation, Research Grant, Economics Program, "The Operations and Labor-Market Impacts of Multinational Enterprises," 2000-2004.

National Bureau of Economic Research, National Fellowship, 2000-2001.
Russell Sage Foundation, Research Grant, Program on The Future of Work in America, "The Effect of Growing International Trade on U.S. Real Wages," 2000-2001.

Nelson Rockefeller Research in Economics Grant and Research in Social Science Grant, Rockefeller Center for Public Policy, "The Operations and Labor-Market Impacts of Multinational Enterprises" 2000-2001.

Russell Sage Foundation, Research Grant, Program on The Future of Work in America, "Globalization and U.S. Labor Markets: New Research," 1997-2000.

Junior-Faculty Fellowship, Dartmouth College, 1997-1998.

Nelson Rockefeller Research in Economics Grant and Research in Social Science Grant, Rockefeller Center for Public Policy, "Who Supports Trade Barriers?" 1997-1998.

ECAT, Research Grant, "Multinational Firms and the U.S. Economy," 1996-2000.

Russell Sage Foundation, Research Grant, Program on The Future of Work in America, "International Trade and the Competitiveness of Factor Markets," 1996-1998.

Nelson Rockefeller Research in Economics Grant and Research in Social Science Grant, Rockefeller Center for Public Policy, "Measuring Goods-Market Integration," 1996-1997.

U.S. Department of Labor, Division of Foreign Economic Research, "Multinational Corporations, and American Wage Divergence," 1995-1996.

Honorable Mention, Upjohn Institute Dissertation Award Competition, 1995.

Bronze Award, Amex Bank Review Essay Competition, 1994.

Sloan Foundation MIT Industrial Performance Center Doctoral Fellowship, 1993-1994.

National Science Foundation Graduate Fellowship, 1990-1993.

Phi Beta Kappa and *Summa Cum Laude* honors, University of Notre Dame, 1990.

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates

Institutions related to my professional work (in reverse chronological order):

- International Tax Policy Forum. 2005-present. Member of Board of Academic Advisors.
- National Academy of Sciences. 2004-present. Member of Panel on "Analyzing the U.S. Content of Imports and Foreign Content of Exports."
- *Time* Magazine. 2004. Member of Board of Economists.
- Council on Foreign Relations. 2000-2005. Term Member.
- Institute for International Economics. 1997-present. Visiting Fellow.
- National Bureau of Economic Research. 1995-present. Faculty Research Fellow (1995-2002) and Research Associate (2002-present).

Institutions unrelated to my professional work (in reverse chronological order):

- Hanover Country Club, Hanover, NH. 2005-present. Member of Board of Directors.
- Hanover, NH School District (SAU#70). 2005-present. Member of School Board.
- United Developmental Services, Lebanon, NH. 2004-present. Member of Board of Directors.

Employment record: List below all positions held since college, including the title or description of job, name

of employment, location of work, and inclusive dates of employment.

- Tuck School of Business, Dartmouth College, Hanover, NH. Associate Professor of Business Administration. July, 2002-present.
- Department of Economics, Dartmouth College, Hanover, NH. Assistant and Associate Professor. July, 1994-July, 2002.
- Sloan School of Business, MIT, Cambridge, MA. Research Assistant. June, 1992-May, 1994.

As a consultant providing analysis and advice on issues of global economics, I have been involved with the following organizations (in reverse chronological order).

- Airbus North American Holdings, Inc. 03/2005-04/2005.
- Organization for International Investment. 02/2004-11/2004.
- Dell, Inc. 05/2003-11/2004.
- Coalition for Fair International Taxation. 03/2004-04/2004.
- Nathan Associates. 09/2003-03/2004.
- National Foreign Trade Council. 03/2003-08/2003.
- Emergency Committee for American Trade. 07/1997-01/2003.
- The World Bank. 1995-1997, 2000, 2002.
- Federal Reserve System. 1998, 2002.
- Exxon-Mobil. 1997-1998.
- International Monetary Fund. 1996-1997.

Government experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

- U.S. Department of Labor. 1995. As a consultant, provided analysis and advice on issues of global economics.

Published Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

Publications in Refereed Journals

"Globalization and Declining Unionization in the United States," *Industrial Relations*, forthcoming 2005.

"Vertical Specialization in Multinational Firms," with Gordon H. Hanson and Raymond J. Mataloni, Jr., *Review of Economics and Statistics*, forthcoming 2005.

"International Profit Sharing in Multinational Firms," with John W. Budd and Jozef Konings, *Review of Economics and Statistics*, 87 (1), 2005, pp. 73-84.

"Economic Insecurity and the Globalization of Production," with Kenneth F. Scheve, *American Journal of Political Science*, 48 (4), 2004, pp. 662-674.

"Are Profits Shared Across Borders? Evidence on International Rent Sharing," with John W. Budd, *Journal of Labor Economics*, 22 (3), 2004, pp. 525-552.

"Technology, Trade, and Adjustment to Immigration in Israel," with Neil A. Gandal and Gordon H. Hanson, *European Economic Review*, 48 (2), 2004, pp. 403-428.

"Have Falling Tariffs and Transportation Costs Raised U.S. Wage Inequality?" with Jonathan E. Haskel, *Review of International Economics*, 11 (4), 2003, pp. 630-650.

"Does Nationality of Ownership Matter for Labor Demands?" with Jonathan Haskel and Francesca Fabbri, *Journal of the European Economics Association*, 1 (2/3), 2003, pp. 698-707.

"Does the Sector Bias of Skill-Biased Technological Change Explain Changing Skill Premia?" with Jonathan E. Haskel, *European Economic Review*, 46 (10), 2002, pp. 1757-1783.

"Labor Market Adjustment in Open Economies: Evidence from U.S. States," with Gordon H. Hanson, *Journal of International Economics*, 57 (1), 2002, pp. 3-29.

"Expansion Strategies of U.S. Multinational Firms," with Gordon H. Hanson and Raymond Mataloni, in Dani Rodrik and Susan Collins (eds) *Brookings Trade Forum 2001*, 2001, pp. 245-294.

"Trade Liberalization and Per Capita Income Convergence: A Difference-in-Differences Analysis," *Journal of International Economics*, 55 (1), 2001, pp. 203-228.

"Does Trade Liberalization Converge Factor Prices? Evidence from the Antebellum Transportation Revolution," *Journal of International Trade and Economic Development*, 10 (3), 2001, pp. 339-362.

"What Determines Individual Trade-Policy Preferences?" with Kenneth F. Scheve, *Journal of International Economics*, 54 (2), 2001, pp. 267-292.

"International Trade and Labor-Demand Elasticities," *Journal of International Economics*, 54 (1), 2001, pp. 27-56.

"Foreign-Affiliate Activity and U.S. Skill Upgrading," with Bruce A. Blonigen, *Review of Economics and Statistics*, 83 (2), 2001, pp. 362-376.

"Labor-Market Competition and Individual Preferences Over Immigration Policy," with Kenneth F. Scheve, *Review of Economics and Statistics*, 83, 2001, pp. 133-145.

"Trade, Technology, and U.K. Wage Inequality," with Jonathan E. Haskel, *The Economic Journal*, 111 (1), 2001, pp. 163-187.

"Production Transfer within Multinational Enterprises and American Wages," *Journal of International Economics*, 50, 2000, pp. 449-472.

"Globalization and Wages: A Tale of Two Perspectives," *World Economy*, 22, 1999, pp. 609-30.

"International Trade and Labour-Market Outcomes: Results, Questions, and Policy Options," *The Economic Journal*, 108 (450), 1998, pp. 1452-1462.

"Per-Capita-Income Convergence and the Role of International Trade," *American Economic Review*, 87 (2), 1997, pp. 194-199.

"International Trade and American Wages in the 1980s: Giant Sucking Sound or Small Hiccup?" with Robert Z. Lawrence, in Martin Neil Baily and Clifford Winston (eds) *Brookings Papers on Economic Activity: Microeconomics 2*, 1993, pp. 161-211. (Reprinted in Edward E. Leamer (ed) *Outstanding Contributions in Economics: International Trade*, Worth Publishers, 2001, pp. 177-203.)

Books

Globalization and the Perceptions of American Workers, with Kenneth F. Scheve, Washington, D.C.: Institute for International Economics, 2001.

Publications in Edited Books and Conference Volumes

"Individual Preferences over High-Skilled Immigration in the United States," with Gordon H. Hanson and Kenneth F. Scheve, in Jagdish Bhagwati (ed.) *Skilled Migration Today: Prospects, Problems, and Policies*, Council on Foreign Relations Press, forthcoming 2005.

"Public Opinion, International Economic Integration, and the Welfare State," with Kenneth F. Scheve, in Pranab Bardhan, Samuel Bowles, and Michael Wallerstein (eds.) *Globalization and Egalitarian Redistribution*, Princeton University Press, forthcoming 2005.

"Foreign Direct Investment and Labor-Market Outcomes," with Kenneth F. Scheve, in Harry Huizinga and Lars Jonung (eds.) *Who Should Own Europe? The Internationalization of Asset Ownership in Europe*, Cambridge University Press, forthcoming 2005.

"Does Inward Foreign Direct Investment Contribute to Skill Upgrading in Developing Countries?" in William Milberg (ed) *Labor and the Globalization of Production*, New York: Palgrave Macmillan, 2004, pp. 121-145.
"The Role of Multinational Corporations in International Business Cycle Transmission," with Gordon H. Hanson, in Rolf Langhammer (ed) *Macroeconomic Policies in the World Economy: Proceedings of the Kiel Week Conference*, Springer Verlag, 2004, pp. 133-162.

"Globalization and Employment by U.S. Multinationals: A Framework and Facts." *Daily Tax Report*, March 26, 2004.

"Host-Country Determinants of U.S. Foreign Direct Investment into Europe," in Heinz Herrmann and Robert E. Lipsey (eds) *Foreign Direct Investment in the Real and Financial Sector of Industrial Economies*, Springer Verlag, 2003, pp. 7-32.

"Immigration and the U.S. Economy: Labor-Market Impacts, Illegal Entry, and Policy Choices," with Gordon H. Hanson, Kenneth F. Scheve, and Antonio Spilimbergo, in Tito Boeri (ed) *Immigration Policy and the Welfare State*, Oxford University Press, 2002, pp. 169-285.

"Protectionist Tendencies in the North and Vulnerable Economies in the South," in S. Mansoob Murshed (ed) *Globalization, Marginalization, and Development*, New York: Routledge Publishers, 2002, pp. 110-124.

"The Effects of Growing International Trade on the U.S. Labor Market," with George Johnson, in Robert Solow and Alan B. Krueger (eds) *The Roaring Nineties: Can Full Employment Be Sustained?*, Russell Sage Foundation, 2001, pp. 260-306.

"Measuring Product-Market Integration," with Michael M. Knetter, in Linda Goldberg (ed) *Topics in Empirical International Economics: A Festschrift in Honor of Robert E. Lipsey*, National Bureau of Economic Research Conference Volume, 2001, pp. 15-46.

"What Are the Results of Product-Price Studies and What Can We Learn From Their Differences?" in Robert C. Feenstra (ed) *The Impact of International Trade on Wages*, National Bureau of Economic Research Conference Volume, 2000, pp. 129-170.

"Causes and Consequences of Changing Income Inequality," with Danny Blanchflower, in Albert Fishlow and Karen Parker (eds) *Growing Apart: The Causes and Consequences of Global Wage Inequality*, Council on Foreign Relations, 1999, pp. 67-94.

"Technological Change as a Driving Force of Rising Income Inequality," with Jonathan E. Haskel, in Horst Siebert (ed) *Globalization and Labor: Proceedings of the Kiel Week Conference*, 1999, pp. 157-180.

"Comment On: Is Growth in Developing Countries Beneficial to Industrial Countries?" in Michael Bruno and Boris Pleskovic (eds) *Annual Bank Conference on Development Economics 1995*, pp. 284-291.

"The Impact of Internationalization on U.S. Income Distribution," in Richard O'Brien (ed) *Finance and the International Economy 8: Amex Bank Review Prize Essays*, 1994.

Working Papers

"Global Engagement and the Innovation Activities of Firms," with Chiara Criscuolo and Jonathan E. Haskel, NBER Working Paper #11479, 2005.

"Public Finance and Individual Preferences Over Globalization Strategies," with Gordon H. Hanson and Kenneth F. Scheve, NBER Working Paper #11028, 2005.

"Terms of Trade Gains and U.S. Productivity Growth," with Robert C. Feenstra, Marshall B. Reinsdorf, and Michael Harper, 2005.

"Expansion Abroad and the Domestic Operations of U.S. Multinational Firms," with Gordon H. Hanson and Raymond J. Mataloni, Jr., 2005.

"Does Inward Foreign Direct Investment Boost the Productivity of Domestic Firms?" with Jonathan E. Haskel and Sonia Pereira, NBER Working Paper #8724, 2002.

Other Reports

"Insourcing Jobs." Released October, 2004. Report prepared for Organization for International Investment.

"Globalization and Employment by U.S. Multinationals: A Framework and Facts." Released March, 2004. Report prepared for Coalition for Fair International Taxation.

"Infant-Industry Protection and Trade Liberalization in Developing Countries: What Do the Data Say?" Completed March, 2004. Report prepared for Nathan Associates.

"Tariff Elimination for Industrial Goods." Released August, 2003. Report prepared for National Foreign Trade Council.

"Mainstay IV: Technology, Trade, and Investment: The Public Opinion Disconnect." Released January, 2003. Report prepared for Emergency Committee for American Trade.

"Mainstay III: Global Investment, American Returns." Released 1998 (with shorter update in 1999). Report prepared for Emergency Committee for American Trade.

Political Affiliations and activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

None.

Political Contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

None.

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

   I currently hold a tenured professorship at the Tuck School of Business at Dartmouth College. If confirmed to the CEA, I will take a leave from this position that would allow me to resume it upon completion of government service.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

   Please see the above reply.

3. Has anybody made you a commitment to a job after you leave government?

   Please see the above reply.

4. Do you expect to serve the full term for which you have been appointed?

   Yes.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

   No such arrangements or agreements.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

   No such relationships.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

   No such involvements with the Federal Government.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

   No such lobbying activity.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

   To the best of my knowledge, no such conflicts to resolve.

Civil, criminal and investigatory actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

   No such proceedings, inquiries, or investigations.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

   No such proceedings, inquiries, or investigations.

Additional Schedule:
Qualifications

("State fully your qualifications to serve in the position to which you have been named.")

I am deeply honored to be nominated to serve as a Member of the Council of Economic Advisers. I look forward to serving our country in this role, and believe that my prior professional experience has prepared me to serve in this position.

I am currently an Associate Professor of Business Administration at the Tuck School of Business at Dartmouth, a tenured appointment I have held since 2002. I am also currently a Research Associate at the National Bureau of Economic Research, and a Visiting Fellow at the Institute for International Economics. In recent years I have also been a Visiting Scholar at the Federal Reserve Board and the International Monetary Fund, a Consultant at the World Bank and the U.S. Department of Labor, and a Term Member at the Council on Foreign Relations.

My area of expertise is the economics and politics of globalization. Over my academic career I have researched a range of issues in international finance and trade, with a particular interest in how international flows of capital, people, and goods and services shape national economic performance in terms of productivity and wages. Over the years this work has been supported by several grants from organizations including the National Science Foundation and the Russell Sage Foundation. I have published more than three dozen articles as book chapters and in journals such as *American Economic Review, American Journal of Political Science, Journal of International Economics*, and *Brookings Papers on Economic Activity.* I also recently co-authored the book *Globalization and the Perceptions of American Workers*, and I currently serves in various editorial positions for several academic journals.

In addition to numerous presentations at academic conferences and seminars, I have spoken to many non-specialist audiences such as the National Academy of Sciences, the National Press Club, and testimony before the Finance Committee of the U.S. Senate. My work has been featured in business media such as *Business Week, The Economist, Financial Times, Newsweek, Time, The Wall Street Journal*, and *The Washington Post.* I have been interviewed on programs including CNN's *Lou Dobbs Tonight* and NPR's *Marketplace.* In recent years I have also served as a consultant both to individual multinational firms and also to several industry organizations that support dialogue on issues of international trade, investment, and taxation.

Prior to coming to Tuck, since 1994 I had been an Assistant and Associate Professor of Economics at Dartmouth, where in 2001 I was awarded tenure and also received the school-wide John M. Manley Huntington Teaching Award. I received my bachelor's degree summa cum laude and Phi Beta Kappa from the University of Notre Dame in 1990, and my doctorate from the Massachusetts Institute of Technology in 1994.

In conclusion, I believe that the breadth and depth of my work—in a wide range of academic and non-academic settings—serve as strong qualifications for Membership on the Council of Economic Advisers.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: **Baicker** (Last) **Katherine** (First) (Other)

Position to which nominated: **Member, Council of Economic Advisers**

Date of nomination:

Date of birth: **23** (Day) **May** (Month) **1971** (Year) **Place of birth: Princeton, NJ, US**

Marital Status: Married **Full name of spouse: Alan Durell**

Name and ages of children: None

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Yale University	9/89 – 6/93	BA	6/1993
Harvard University	9/93 – 6/98	AM, PhD	6/1998

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

See attached.

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
American Economics Association (member)		1998-2005
National Tax Association (member)		1998-2003
New Hampshire Public Radio (member)		1998-2005

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

Harvard University, Cambridge, MA, student and teaching fellow, 1993-1998
National Bureau of Economic Research, Cambridge, MA, Research Assistant, 1994-1998
Dartmouth College, Hanover, NH, Assistant and Associate Professor, 1998-2005
National Bureau of Economic Research, Cambridge, MA, Faculty Research Fellow, 2001- present
University of California, Los Angeles, Los Angeles, CA, Associate Professor, 2005 - present

Government experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

Council of Economic Advisers, senior economist, 2001-2002

Published Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

See attached.

Political Affiliations and activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

None.

Political Contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

None.

Qualifications: State fully your qualifications to serve in the position to which you have been named.

See attached.

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

   I will be on leave from my academic post at UCLA.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

   I plan to resume my employment at UCLA after completing government service.

3. Has anybody made you a commitment to a job after you leave government?

   UCLA has agreed to grant a leave and allow me to resume employment.

4. Do you expect to serve the full term for which you have been appointed?

   Yes.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

   None.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

   None.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

   None.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

Civil, criminal and investigatory actions:

1. Give the full derails of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

None.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None.

KATHERINE BAICKER

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EXPERIENCE

University of California, Los Angeles, 2005 to present
Associate Professor, Department of Public Policy, School of Public Affairs

Dartmouth College, 1998 to 2005
Associate Professor, Department of Economics
Assistant Professor, Department of Economics
Senior Research Associate, Center for the Evaluative Clinical Sciences, Medical School
Adjunct Assistant Professor, Community and Family Medicine, Medical School
Courses: Statistics, Topics in Public Finance (teaching evaluations: 4.8/5.0)

National Bureau of Economic Research, 2001 to present
Research Associate, Public Economics Program
Faculty Research Fellow, Public Economics Program

University of Chicago, Spring 2003
Visiting Assistant Professor, Harris School of Public Policy Studies
Course: Public Spending on Social Insurance Programs (teaching evaluations: 4.7/5.0)

Council of Economic Advisers, 2001-2002
Senior Economist, on leave from Dartmouth
Areas: Health, labor, welfare, education, taxation

RESEARCH FIELDS

Public economics, health economics, labor economics

EDUCATION

Harvard University, Ph.D. in Economics, 1998
National Bureau of Economic Research/NIA Health and Aging Fellow, 1996-1998
National Science Foundation Graduate Fellow, 1993-1996
NSF Harvard/MIT Research Training Grant in Positive Political Economy, 1997
Outstanding Teaching Award, 1998

Yale University, B.A. in Economics with Distinction, Magna Cum Laude, 1993
Triffin Prize for outstanding academic record in the social sciences
William Massee Award for outstanding record in economics and public policy
John Heinz Memorial Fellowship for government service
President, Yale College Council

GRANTS AND AWARDS

Employment Policies Institute, Research Grant (joint with A. Chandra), 2005
Employment Policies Institute, Research Grant (joint with H. Levy), 2004
Rockefeller Center, Faculty Scholarship, 2004
Rockefeller Center, Public Policy Grant, 2004
National Institute on Aging, Investigator (PO1 "Causes and Consequences of Health Care Intensity," Jonathan Skinner, PI), 2001-05
Rockefeller Center, Urban-Regional Studies Grant, 2003
Dartmouth College Junior Faculty Fellowship, 2002
Joint Center for Poverty Research/Department of Health and Human Services, Research Development Grant, 2000
Manhattan Institue, Research Grant, 2000
National Tax Association, Dissertation Prize Honorable Mention, 1999
National Academy of Social Insurance, Dissertation Prize Winner, 1999
Association for Public Policy Analysis and Management, *Dissertation Prize Honorable Mention, 1998*
Upjohn Institute, Dissertation Prize Finalist, 1998
Russell Sage Foundation, Summer Institute in Behavioral Economics, 1996

PUBLICATIONS

Fiscal Shenanigans, Targeted Federal Health Care Funds, and Patient Mortality, *Quarterly Journal of Economics*, Vol. 120, no. 1, February 2005 (also NBER Working Paper 10440) (joint with D. Staiger)

Extensive or Intensive Generosity? The Price and Income Effects of Federal Grants, *Review of Economics and Statistics*, Vol. 87, no. 2, May 2005

The Spillover Effects of State Spending, *Journal of Public Economics*, Vol. 89, no. 2-3, Jan 2005

The Effects of the Medical Malpractice Crisis on Physicians and the Practice of Medicine: The Preponderance of the Evidence, forthcoming, *Regulation*, 2005 (joint with A. Chandra)

The Consequences of the Growth of Health Insurance Premiums, *American Economic Review*, May 2005 (joint with A. Chandra)

The Effect of Malpractice Liability on the Delivery of Health Care, *Frontiers in Health Policy*, forthcoming 2005 (also NBER Working Paper 10709) (joint with A. Chandra)

Trade Adjustment Assistance, *Journal of Economic Perspectives*, Vol. 18 no. 2, Spring 2004 (joint with M. Rehavi)

The Productivity of Medical Specialization: Evidence from the Medicare Program, *American Economic Review*, Vol. 24 no. 2, May 2004 (joint with A. Chandra)

The Budgetary Repercussions of Capital Convictions, *Advances in Economic Policy and Analysis*, B.E. Press, Vol. 4 no. 1, 2004 (also NBER Working Paper 8382)

Who You Are and Where You Live: How Race and Geography Affect the Treatment of Medicare Beneficiaries, *Health Affairs*, October 7, 2004 (joint with A. Chandra, J. Skinner, J. Wennberg)

Medicare Spending and the Quality of Care Received by Medicare Beneficiaries, *Health Affairs*, April 7, 2004 (joint with A. Chandra)

Geographic Variation And The Problem Of Measuring Racial Disparities In Health Care, *Perspectives in Biology and Medicine,* Vol. 47, Winter 2005 Supplement (joint with A. Chandra and J. Skinner)

Reducing Uninsurance Through the Nongroup Market: Health Insurance Credits and Purchasing Groups, *Health Affairs*, October 23, 2002 (joint with M. McClellan)

Government Decision-Making and the Incidence of Federal Mandates, *Journal of Public Economics*, Vol. 82 no. 2, November 2001

The Budgetary Repercussions of Pricey Prosecutions, *The National Tax Association Proceedings*, 2000

The Effects of State AFDC Spending on Births and Marriages, *The National Tax Association Proceedings*, 1999

Fiscal Federalism and Social Insurance, *The National Tax Association Proceedings*, 1999

State Fiscal Institutions and Responses to Federal Mandates, *The National Tax Association Proceedings*, 1998

A Distinctive System: Origins and Impact of U.S. Unemployment Compensation (joint with Claudia Goldin and Lawrence Katz), in *The Defining Moment: The Great Depression and the American Economy*, University of Chicago Press, 1998

Physicians' Assessment of Surgeon Quality (note), *Evidence-based Health Policy and Management,* Vol. 2, No. 4., December 1998

WORK IN PROGRESS

The Effect of Mandated State Education Spending on Total Local Resources, NBER Working Paper 10701, presented at NBER/CESifo Transatlantic Public Economics Seminar, under revision for *Journal of Public Economics* (joint with N. Gordon)

Finders Keepers: Forfeiture Laws, Policing, and Local Budgets, NBER Working Paper 10484 (joint with M. Jacobson)

The Labor Market Effects of Rising Health Insurance Premiums: Evidence from the Medical Malpractice Crisis, NBER Working Paper 11160, presented at "Program Evaluation, Human Capital, and Labor Market Public Policy: A Research Conference in Honor of Mark C. Berger", under revision for *Journal of Labor Economics* (joint with A. Chandra)

Malpractice Liability And The Practice Of Defensive Medicine In The Medicare Program (joint with A. Chandra and E. Fisher)

The Spillover Effects of Health Insurance Coverage and Generosity (joint with A. Finkelstein)

Do Higher Rates Of Cesarean Delivery Reflect Less Appropriate Procedure Use? (joint with A. Chandra and K. Buckles)

The Effect of Employer Health Insurance Mandates on Employment and Insurance (joint with H. Levy)

PROFESSIONAL ACTIVITIES

Papers Presented:

American Economics Association Meetings, American University, Association for Public Policy Analysis and Management, BU/Harvard/MIT Health Economics Seminar, Center for European Economic Research, Center for the Study of Health Systems Change, Columbia University, Cornell University, Dartmouth College, Duke University, Federal Reserve Bank of Boston, Federal Reserve Bank of New York, Federal Reserve Board of Governors, Frontiers in Health Policy, Harvard University, Institute of Politics, Joint Center for Poverty Research, McGill University, National Bureau of Economic Research, National Tax Association, Northwestern University, Stanford University, Syracuse University, Texas A & M, Transatlantic Public Economics Seminar, Tufts University, Union College, University of California – Davis, University of California – Los Angeles, University of California – San Diego, University of Chicago, University of Florida, University of Illinois, University of Maryland, University of Michigan, University of Pennsylvania, University of Virginia, Urban Institute, William and Mary, Yale University

Referee:
American Economic Review, Canadian Journal of Economics, Economic Journal, Health Affairs, Journal of Human Resources, Journal of Policy Analysis and Management, Journal of Political Economy, Journal of Public Economics, Medical Care, National Tax Journal, Quarterly Journal of Economics, Robert Wood Johnson HCFO

Program Committee:
National Tax Association

Selected Media Coverage of Research:
ABC News Radio (interview), Business Week, CBS News Radio (panelist), CSPAN (broadcast speech), Forbes, National Public Radio (interview on Marketplace), New York Times, Wall Street Journal, Associated Press (wire story run in 150 news outlets, including Boston Globe, Atlanta Journal Constitution, Houston Chronical, Baltimore Sun, Philadelphia Inquirer, Guardian, Miami Herald, Los Angeles Times, Yahoo News, CBS, NBC, CNN)

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Cabrera (Last) Orlando (First) Jose (middle) (Other)

Position to which nominated:

Assistant Secretary of the Department of Housing and Urban Development for Public and Indian Housing

Date of nomination: August 18, 2005

Date of birth: 25 January, 1962
(Day) (Month) (Year)

Place of birth: Tarrytown, New York

Marital Status: Married

Full name of spouse: Rosa Beatriz del Valle Cabrera

Name and ages of children:

Orlando Luis Cabrera, 9

Stefan Jose Manuel Cabrera, 6

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Southwest Miami Senior High School	1977-1980	High School Diploma	June, 1980
University of Michigan	1980-1984	B.A.	December, 1984
University of Wisconsin Law School	1986-1989	J.D.	May, 1989

I attended summer classes at Florida International University during the summer of 1982. I took three classes: World Politics, Microeconomics, and Modern Philosophy with a focus on Hegel and Marx as I recall.

From September 28, 2003 through October 3, 2003 I attended an Executive Leadership Program at the University of Notre Dame Business School. It was a non-academic program.

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

At Southwest Miami Senior High School,

Mu Alpha Theta (Math Honor Society)

At the University of Michigan,

Outstanding Contribution to the Fraternity, 1984, Phi Gamma Delta

I earned a scholarship as a freshman at the University of Michigan that was state sponsored, but I do not remember the name of the scholarship. The program was sponsored by the State of Michigan and the state discontinued funding after 1981.

At the University of Wisconsin Law School,

Wrote onto Wisconsin International Law Journal, 1987
Administrative (i.e., Managing) Editor, 1988 -1989

Outstanding Contribution to the Law School, 1989

As a Lawyer

In 1995, the Supreme Court of Florida awarded the Tobias Simon Award for pro bono service to the lawyers that represented the Cuban detainees at Guantanamo Naval Base. I was on the litigation committee and executive committee of that effort. The award was given to the group.

In 1999 and 2000, I was awarded Attorney of the Year by the Latin Builders Association.

Memberships: **List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.**

Organization	Office held (if any)	Dates
Phi Gamma Delta	None	1980 to 1984
Phi Delta Phi (Legal "fraternity" that was responsible for the end-of-year skit at Wisconsin Law.)	Secretary	1987 to 1989
American Bar Association	None	1989 to present
State Bar of Wisconsin	None	1989 to present
Dane County Bar Association	None	1989 to 1991
Cook County Bar Association	None	1989 to 1991
Illinois State Bar Association	None	1989 to present

The Florida Bar	None	1991 to present
The Dade County Bar Association	None	1991 to present
Cuban American Bar Association	None	1989 to present
Interamerican Bar Association	None	1995 to present
Latin Builders Association	Director, General Counsel	1996 to 2003
Builders Association of South Florida	Member	1999 to 2003
Florida Housing Finance Corporation	Director, Vice Chair and Chair	2000 to 2003
City of Miami Community Development Committee	Chairman	2001 to 2003
National Council of State Housing Boards	Director	2002 to 2003
National Council of State Housing Agencies	Director	2003 to present
Hurricane Housing Work Group	Member	2004 to 2005

Employment record: **List below all positions held since college, including the title or description of job, na of employment, location of work, and inclusive dates of employment.**

DWG Corporation, Paralegal, Miami Beach, Florida June, 84 through December, 84

Dean Witter Reynolds, Stockbroker, Miami, Florida, January, 1985 through July, 1985

Greenberg, Traurig, Askew, Hoffman, Rosen & Quentel, Paralegal, Miami, Florida, July, 1985 through June, 1986

Broad & Cassel, P.A., Law Clerk, Miami, Florida, June to July, 1987

Law Offices of Elliot Harris, Law Clerk, Miami, Florida July to August, 1987

Lawton & Cates, P.C., Law Clerk, Madison, Wisconsin, January, 1988 to May, 1988

Holleb & Coff, Ltd., Law Clerk, Chicago, Illinois, May, 1988 to August, 1988

Lawton & Cates, P.C., Law Clerk, Madison, Wisconsin, September, 1988 to January, 1989

Holleb & Coff, Ltd., Associate, Chicago, Illinois, June, 1989 to January, 1991

Hornsby, Sacher, Zelman & Stanton, P.A., Associate, Miami, Florida, February, 1991 to October, 1992

Sparber, Kosnitsky, Truxton, Spratt & Mann, P.A., Associate, Miami, Florida, October, 1992 to March, 1993

Davis & Wood, P.A., Associate, Miami, Florida, March, 1993 to November, 1993

Bermudez & Cabrera, P.A., Partner, Miami, Florida, November, 1993 to May, 1995

Rasco, Reininger & Perez, P.A., Partner (non-equity), Senior Attorney, Miami, Florida, Associate, May , 1995 to October, 1999

Ruden, McClosky, Smith, Schuster & Russell, P.A., Shareholder, Miami, Florida, October, 1999 to June, 2001

Holland & Knight, LLP, Partner, Miami, Florida, June, 2001 to February, 2003

Florida Housing Finance Corporation, Executive Director, Tallahassee, Florida, February, 2003 to present (resignation pending)

Government experience:

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

Chairman (2002-2003), Vice Chairman (2002) and Director (2000-2003) of the Board of Dire Florida Housing Finance Corporation

Executive Director (2003 – Present), Florida Housing Finance Corporation

Chairman, City of Miami Community Development Committee (2001-2003)

Published Writings:

List the titles, publishers and dates of books, articles, reports or other published material

David Adelson (a fellow associate when I was at Holleb & Coff) and I published an article in a periodical called *Healthspan* in 1989 that was entitled *Soloveichik v. Soloveichik; When Parents Don't Agree.*

I wrote 2 editorial responses both of which were published. One was in the *Chicago Tribune* in 1990 regarding the future of Cuba and one was in April, 2003 in the *Florida Times Union* regarding the use of State Housing Investment Partnership allocations in Duval County, Florida.

Political Affiliations and activities:

List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

I was a registered Democrat from 1980 or so through 1996.
I was an unaffiliated voter from 1996 through 1999.
I have been a registered Republican since 1999.

Political Contributions:

Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

I am assuming that this question means cumulative and not one time donations.

To the best of my recollection, the following Campaign Finance Accounts of the following candidates received $500 or more from me, cumulatively:

Gaston Cantens for State Representative, 1998, 2000, 2002 ($750)
Alex Penelas for Mayor of Miami-Dade County, 2000 ($500)
Jose Garcia Pedrosa for Mayor of Miami, 2000 ($500)

Again, these are cumulative amounts, so they include primary elections, elections and run-offs, if any.

Qualifications:

State fully your qualifications to serve in the position to which you have been named. (attach sheet)

Please see attached addenda.

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Yes.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

No.

3. Has anybody made you a commitment to a job after you leave government?

No.

4. Do you expect to serve the full term for which you have been appointed?

Yes.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or ot continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

Executive Director, Florida Housing Finance Corporation (FHFC)
FHFC Retirement Accounts (ING Defined Contribution Plan & ING 401(m) account)
Director, National Council of State Housing Agencies
Member, Fannie Mae Advisory Council (North Florida)
Member, Fannie Mae Advisory Council (SE Region)
Trustee, Charles Pasquale Trust

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

As a Director of the National Council of State Housing Agencies ("NCSHA") I have advocated for the NCSHA's legislative prerogatives each year that I was either a Director and Executive Director of Florida Housing Finance Corporation by visiting the State of Florida's Congressional delegation and seeking support for NCSHA's various legislative priorities.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

Pursuant to my Ethics Agreement dated September 7, 2005, with HUD's Office of General Counsel, in order to avoid a potential conflict of interest under 18 U.S.C. § 208, upon confirmation I will immediately resign my position as Executive Director of the Florida Housing Finance Corporation (FHFC). Pursuant to 5 C.F.R. § 2635.502, I also agree to that for a period of one year following my resignation, I will not participate in any particular matter involving specific parties in which FHFC is or represents a party, unless I am authorized to participate. Finally, within 90 days of my confirmation I will close the two retirement accounts arising from my employment with FHFC (ING Defined Contribution Plan and ING 401(m) account) and roll the proceeds over into my Morgan Stanley IRA. I will also resign as: Director, National Council of State Housing Agencies; Member, Fannie Mae Advisory Council (North Florida); Member, Fannie Mae Advisory Council (Southeast Region); and Trustee for the Charles Pasquale Trust within 90 days of my confirmation. Pursuant to 5 C.F.R. § 2635.502, for one year from the date of my resignations from these positions, I will not participate in any particular matter involving specific parties in which any of these entities is or represents a party, unless I am authorized to participate.

Civil, criminal and investigatory actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

None.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None.

Addenda Regarding Qualifications to be Appointed as Assistant Secretary of Housing and Urban Development for Public and Indian Housing

In one way or another, my career since its inception has mostly centered around housing. After college, one of my first jobs was as a paralegal in a law firm's public finance department. My job was to assist in the closing of multifamily mortgage revenue bonds for a relatively new housing finance agency known as the Florida Housing Finance Agency.

As a law clerk and an associate at a Chicago law firm, I worked on the first limited partnership agreements and other documents for entities that were formed in order to utilize and purchase low income housing tax credits. For a while after that initial experience, I had no real involvement with affordable housing, but was intensively involved as a lawyer for single family home and multifamily developers in South Florida for many years. Then in December of 2000, Governor Jeb Bush appointed me to the Board of Directors of the Florida Housing Finance Corporation, the successor entity to the Florida Housing Finance Agency. Since then, I have either been involved at the policy level as one of Florida Housing's directors or at the ground level, as Florida Housing's Executive Director.

This brief predicate explains a lot about my involvement with housing generally and the basis for my qualifications. With respect to public and affordable housing specifically, Florida Housing, the State of Florida's housing finance agency, deals with all facets of subsidy allocation for housing and works with those that allocate subsidy that Florida Housing does not manage, namely, public housing authorities.

During my tenure as either Executive Director or Director, Florida Housing has financed more affordable housing for people making less than 40% of area medium income than Florida Housing had ever undertaken whether as a state agency or as a corporation prior to 2000. Many of those units were developed by focusing on the needs of Section 8 voucher recipients, farmworkers, people with special needs, frail elders, the homeless, and others.

In my time as Executive Director, Florida Housing partnered with the Florida Association of Housing and Rehabilitation Organizations (Florida's chapter of NAHRO, the public housing "trade" organization) in order to modernize Florida's law as it relates to public housing authorities. We have encouraged public housing authorities statewide to utilize their various resources in order to rehabilitate public housing units.

I have been involved nationally as well through the National Council of State Housing Agencies, as a director and as NCSHA's "legislative whip" for the southeastern United States.

Essentially, my strongest qualification is significant familiarity with many components of the affordable housing delivery system and the housing continuum generally. Most of that familiarity is derived from hands-on experience, but admittedly, some of it is the good fortune of being there in one capacity or another when many of the programs were initiated (i.e., the low income tax credit and multifamily mortgage revenue bonds). I am grateful that I am being considered as a nominee for the position of Assistant Secretary for Public and Indian Housing because, if I were to be confirmed, the position enables me to continue serving the affordable housing continuum.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: **Hyland** (Last) **Christiane** (First) **Gigi** (Other)

Position to which nominated: **Board Member, National Credit Union Administration**

Date of nomination: **September 30, 2005**

Date of birth: **20** (Day) **August** (Month) **1965** (Year) **Place of birth: Wiesbaden, Germany**

Marital Status: **Unmarried** **Full name of spouse: N/A**

Name and ages of children: N/A

Education:

Institution	Dates attended	Degrees received	Dates of degrees
McGeorge School of Law	**8/90-12/90**	**Advanced Diploma in International Law**	**12/90**
George Mason School of Law	**8/87-5/90**	**J.D.**	**5/90**
College of William & Mary	**8/83-5/87**	**B.A.**	**5/87**
St. Mary's Academy	**9/79-6/83**	**High School Diploma**	**6/83**

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

Certificate, Leadership Fairfax, 1995
Distinguished Service Award, World Council of Credit Unions, 1997
Volunteer of the Year Award, National Credit Union Development Educator Program, 2000
Distinguished Service Award, Association of Corporate Credit Unions, 2002
Resolution of Excellence, US Central Corporate Credit Union Board of Directors, 2002
Certificate, Albany-Colonie Chamber of Commerce Executive Institute, 2003

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
National Cooperative Business Association	**Board Member**	**4/04-present**
Association of Corporate Credit Unions	**Member, Advisory Cmte. to Compliance Clearinghouse**	**2/05-present**

National Association of Federal Credit Unions	**Member, Corporate CU Cmte.**	**2/05-present**
National Credit Union Foundation	**Member, DE Advisory Cmte.**	**5/05-present**
American Bar Association	**Chair, Standing Committee on Election Law**	**10/03-present**

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

Law Clerk, Law Office of Brian Shevlin, Arlington, VA, 6/88-3/90

Legal Intern, Jobard-Chemla et Associés, Paris, France, 10/90-12/90

Managing Partner, Hyland and Hyland, Attorneys at Law, Alexandria, VA, 1/91-7/97

Concurrent positions: Executive Director, Association of Corporate Credit Unions and VP, Corporate Credit Union Relations, Credit Union National Association, Inc., Washington, D.C., 7/97-11/02

SVP, General Counsel, Empire Corporate Federal Credit Union, Albany, NY, 1/03-Present

Government experience: List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

N/A

Published Writings: List the titles, publishers and dates of books, articles, reports or other published materials you have written.

Original version of NAFCU's Share Draft and Negotiable Instruments Manual; Writer and editor of all articles in the Association of Corporate Credit Unions' newsletter, *Corporate Courier*, from 1997 through 2002; Wrote two op-ed pieces for the *Credit Union Times* on the strength of the corporate credit union network and the role of the Central Liquidity Facility during my employment with CUNA and ACCU; Authored an article on corporate credit unions for NCUA's Office of Credit Union Development newsletter; Authored articles for Empire Corporate FCU's Financial Strategies Magazine in 2003 and 2005 regarding compliance with Part 703 of NCUA's Rules and Regulations; Authored an article for the New York State Credit Union League's magazine on stop payments on official, teller's and cashier's checks; Authored a "Top 10 BSA" list for Empire Corporate FCU's monthly newsletter, *News and Numbers*.

Political Affiliations and activities: List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Served as in-house counsel to the Credit Union National Association, Inc.'s political action committee, CULAC from 7/97-11/02.

Political Contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

Hyland for Supervisor, Two Thousand and no/100 Dollars ($2,000.00), 10/2002
Hyland for Supervisor, Five Hundred Seventy-five and no/100 Dollars ($575.00), 10/2003

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

I believe I am qualified to serve as a National Credit Union Administration Board Member because I have over 14 years of experience within the credit union system in different capacities. I have served as general counsel to natural person credit unions, represented corporate credit unions at the national trade association level and now serve as general counsel to the fourth largest corporate credit union in the country. I believe that I am able to balance my understanding of the credit union system with an independent view of regulatory and safety and soundness issues that will be presented to me if I am confirmed for this position. I have attached my resume for your information as well.

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

   Yes.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

   No.

3. Has anybody made you a commitment to a job after you leave government?

   No.

4. Do you expect to serve the full term for which you have been appointed?

   Yes.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

a. Supplemental Retirement Agreement executed on January 1, 2004 with Empire Corporate FCU, Albany, NY, provides that a lump sum payment of $600,000.00 will be made to filer if filer works continuously for Empire through January 1, 2014.

b. 401k plan through former employer CUNA & Affiliates, Inc., Washington, D.C. and administered by CUNA Mutual Group. This plan was not rolled over to filer's current employer's plan (Empire Corporate FCU).

c. Empire Corporate Retirement Plan. This is a defined contribution plan, institutional investment (ING VP Money Market Portfolio I) and not self-directed by filer. The fund will be eligible for rollover/distribution in accordance with standard qualified plan rules under ERISA.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

Member, Wright Patman Congressional Federal Credit Union, Washington, D.C.
Member, Sunmark Federal Credit Union, Schenectady, NY
Member, Washington Telephone Federal Credit Union, Kensington, MD

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None. However, in the interest of full disclosure, from 7/97-11/02 I accompanied corporate credit union officials to Capitol Hill on semi-annual "Hike-the-Hill" efforts to educate legislators on the role and function of corporate credit unions within the credit union system.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

Regarding the items listed in "1." above, please be advised as follows:

- **a.** **No payments have been made and this agreement will be forfeit if filer is confirmed for the NCUA position.**
- **b.** **Neither CUNA & Affiliates, Inc. nor filer have made contirbutions to this plan since filer left CUNA & Affiliates, Inc. in November 2002.**
- **c.** **Filer has not made nor will Empire Corporate FCU make additional contributions to the plan in the event that filer leaves the employment of Empire Corporate FCU.**

In addition, please see the attached documents (i.e., 9/16/05 Letter from me to Robert M. Fenner, General Counsel, NCUA and 9/19/05 Letter to Marilyn L. Glynn, Acting Director, Office of Government Ethics from Robert M. Fenner, General Counsel, NCUA).

Civil, criminal and investigatory actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

   None.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

   None.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: **Hood** **Rodney** **Eugene**

(Last) (First) (Middle)

Position to which nominated: **Board Member – National Credit Union Administration**

Date of nomination:

Date of birth: **22** **February 1967** **Place of birth: Charlotte, North Carolina**

(Day) (Month) (Year)

Marital Status: Single **Full name of spouse:**

Name and ages of children:

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Myers Park High School	**1983-1985**	**High School Diploma**	**June 1985**
University of North Carolina At Chapel Hill	**1985-1989**	**Bachelor of Arts**	**May 1989**

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medal honorary society memberships and any other special recognition for outstanding service or achievement.

Bank of America Academic Scholarship	1985-1989
Order of the Old Well Honor Society	1988
GE Capital President's Award	1989
Bank of America Management Award	1991
Wells Fargo Home Mortgage Leaders Club	1999
Wells Fargo Housing Foundation Dream Award	2002
Triangle Business Journal "40 Under 40" Award	2004
American Council on Germany Young Leaders Award	2005

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office Held (if any)	Dates
City Tavern Club	Board of Governors	January 2003- Present
The North School of the Arts	Board of Trustees	June 2001 – Present
The Caring House	Board of Trustees	September 2004 – Present
The Nature Conservancy – DC	Board of Trustees	August 1999 – March 2003
National Endowment of the Arts	Panelist	May 1995 – May 2005
Duke Ellington School of the Arts	Council Member	August 1996 – March 2003
Folger Shakespeare Library	Corporate Committee	May 1998 – March 2003
Affordable Housing Alliance	Board Member	June 1996 – March 2003
UNC Chapel Hill	Board of Visitors	May 1995 – May 1999
Boys' and Girls' Club - NC	Board Member	June 1994 – June 1995
N.C. Low Income Housing Coalition	Board Member	April 1993 – May 1995
Carolina Club		May 1993 – Present
University Club of New York		May 1996 – Present
Church Club of New York		June 1998 – Present
Hope Valley Country Club		December 2003- Present

Employment record: List below all positions held since college, including the title or description of job, name of employment, location of work and inclusive dates of employment.

United States Department of Agriculture:
Associate Administrator – Rural Housing Service
Manage $50BN housing portfolio for single and multi-family housing loan and grant programs.
September 2004 – Present (Washington, DC)

North Carolina Mutual Life Insurance Company:
Marketing Director and Group Sales Manager
Individual Life Sales, Multi-Product Sales, and Group Benefits, and Compliance
March 2003 – September 2004 (Durham, NC)

Wells Fargo Home Mortgage:
National Director
Emerging Markets Housing Group
June 2000- March 2003 (Washington, D.C.)

Wells Fargo Home Mortgage:
Division Community Development Manager
Retail Sales Group – Affordable Housing
July 1996-June 2000 (Washington D.C.)

Bank of America:
Project Manager – National Initiatives
Community Development Group
June 1995-June 1996 (Washington, D.C.)

Bank of America:
Assistant Vice President/CRA Manager
Community Investment Group
October 1993-June 1995 (Raleigh, N.C)
September 1992-September 1993 (Charlotte, N.C)

Bank of America:
Commercial Loan Officer Training Program
September 1990-September 1992 (Charlotte, N.C)

G.E. Capital Corporation:
Financial Management Development Program
June 1989-September 1990 (Atlanta, GA)

Government experience:

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

Presidential Appointee to the United States Department of Agriculture
Associate Administrator – Rural Housing Service
Washington, DC
September 2004 – Present

Board of Trustees of a Public "state-supported" College
North Carolina School of the Arts
Winston-Salem, North Carolina
June 2001 – Present

Panel Member for the National Endowment for the Arts
Washington, DC
May 1995 – May 2005

Published Writings:

List the titles, publishers and dates of books, articles, reports or other published materials you have written.

I have no published materials.

Political Affiliations and activities:

List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Republican National Committee (RNC) Member

D.C. Republican Party
Featured Speaker at Fall Conference 1997
"Homeownership Opportunities"

Durham County Republican Party Member
Contributor & Volunteer for Bush Campaign 2000 / 2004
Contributor & Volunteer for Patrick Ballentine NC Gubernatorial Campaign
Contributor & Volunteer for Pat McCrory Mayoral Campaign
Contributor to Rick Lazio New York Senate Campaign
Contributor to Richard Vinroot NC Gubernatorial Campaign
Volunteer for Senator Elizabeth Dole and Senator Richard Burr Campaigns

Political Contributions: Itemize all political contributions of $500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients. N/A

I have not made any political contributions of $500 or more to any individual, campaign organization, political party, or political action committee

Qualifications: State fully your qualifications to serve in the position to which you have been named. (attach sheet)

Future employment relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

I severed all connections with my previous employer prior to accepting the appointment as Associate Administrator of the Rural Housing Service.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

I have no immediate plans after completing government service to resume employment with my previous employer – North Carolina Mutual Life Insurance Company.

3. Has anybody made you a commitment to a job after you leave government?

No one has made me a commitment to a job after I leave government service.

4. Do you expect to serve the full term for which you have been appointed?

I expect to serve the full term for which I have been appointed.

I am honored to serve the President of the United States as a Board Member of the National Credit Union Administration. After graduating from the University of North Carolina at Chapel Hill with a Bachelors Degree in Business Administration, Speech, and Political Science, I embarked upon a career in the financial services arena. Participating in management training and development programs at G.E. Capital and Bank of America exposed me to some of the best and brightest leaders in corporate America. I was blessed and fortunate to have many mentors who worked with me in my formative years.

My work at G.E. Capital provided me with a wonderful introduction to credit analysis, budgeting, and financial forecasting and served as a tremendous launching pad for helping me obtain a coveted position in the Bank of America Commercial Loan Officer Program. At Bank of America, I was trained in credit analysis and commercial lending. Upon completing the Commercial Lending Training Program, I became the Community Reinvestment Act (CRA) Officer for Charlotte, North Carolina – the bank's headquarters. My work as a CRA Officer exposed me to all aspects of mortgage lending, small business lending, commercial lending, and public-private partnerships. CRA also provided me with a passion for wanting to make a difference in the community. I have seen firsthand the positive results that stem from results-oriented community development loan programs and partnerships.

Since becoming involved with CRA nearly fifteen years ago, I have continued to work in the community development arena because it helps build and sustain healthy communities. I have had management posts at Wells Fargo Home Mortgage and at North Carolina Mutual which have further allowed me to gain additional insight and knowledge about the financial markets, credit evaluation, and risk analysis. My work at North Carolina Mutual was especially helpful because it exposed me to the inner workings of a small, minority-owned and operated company. This created a great balance to my previous experiences working with Fortune 500 companies.

In September 2004, I was appointed Associate Administrator of the Rural Housing Service at the U.S. Department of Agriculture. In my current capacity, I manage a loan portfolio in excess of $50 billion. I work to ensure that rural America has access to single family, multifamily, and community facilities loans. I work diligently with our loan officers and compliance officers to ensure that our loan portfolio is performing well. I recognize the importance of growing our loan portfolio while simultaneously managing our risks and maintaining strong asset quality. In addition, I assist the Administrator in managing the 1,000 individuals who work for the Rural Housing Service.

I believe that the breadth and depth of my experiences in the financial services arena have prepared me to become a successful Board Member of the National Credit Union Administration. Having worked with G.E. Capital, Bank of America, Wells Fargo, and USDA, I have nurtured and developed the core competencies that I will soon use to assess safety and soundness of the nation's credit unions.

Potential conflicts of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

I have no deferred compensation agreements or other financial arrangedments with business associates, clients, or customers who will be affected by the policies I will influenece in the position to which I have been nominated.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

I have no investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which I have been nominated.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

I have had no business relationship or financial transactions (other than tax paying) during the last 10 years with the Federal Government.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

I have not engaged in lobbying activities during the last 10 years.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

I will work diligently with the Office of Government Ethics to resolve any conflict of interest that may be disclosed during my aforementioned responses.

Civil, criminal and investigatory actions:

1. Give the full derails of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

I have not participated in any civil or criminal proceedings.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

I have not been the subject of any proceeding, inquiry, or investigation.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SARBANES FROM MATTHEW SLAUGHTER

Q.1. The U.S. current account deficit reached a record $666 billion last year and is on pace to reach $800 billion this year. As a percentage of GDP, the current account deficit is now over 6 percent and growing. Federal Reserve Chairman Greenspan has stated that "countries that have gone down this path invariably have run into trouble, and so would we. Eventually, the current account deficit will have to be restrained." And just last week in testimony before the Joint Economic Committee, CEA Chairman Bernanke acknowledged that the "Current account deficit presents some economic challenges. Gradually reducing the current account deficit over time would be desirable." What is your view on the current account deficit? Do you believe that this imbalance presents a serious potential threat to the Nation's economic health? If you believe that it should be reduced, what policies, beyond promoting economic growth, would you advise the President to undertake?

A.1. I am very concerned about the U.S. current-account deficit today, which by any measure has grown quite large. This deficit merits careful analysis for causes, consequences, and possible transitions. It is now well-established that at least some of the causes of this current-account deficit are the underlying strengths of the US. economy. One in particular is the fact that U.S. economy has for many years now been growing much more rapidly than have the economies of our biggest trade partners such as Japan, Germany, and France. Our faster growth has meant that our demand for their exports has been growing faster than has their demand for our exports.

At the same time, some of the other underlying causes of the current-account deficit are more worrisome. One in particular is the decline in savings by American households, a decline which began nearly a generation ago. In 2004, U.S. personal savings as percentage of disposable personal income was just 1.8 percent. Policy initiatives that can encourage greater personal savings will benefit not just American families but also the broader U.S. economy by helping reduce our current-account deficit.

Q.2. Many countries, notably China, Korea, and other Asian countries have been experiencing stronger economic growth than the United States, while their bilateral trade imbalances with the United States have widened significantly. It would appear that many of these countries also pursue policies of actively managing their currencies to promote competitive trade advantages. What has been the relationship between these countries' trade and exchange rate policies and the underlying U.S. current account deficit?

A.2. Bilateral trade imbalances between any two countries tend to reflect a number of forces, including their underlying patterns of comparative advantages. With the United States having strong capabilities in producing knowledge-intensive goods and services, we benefit from international commerce when we import labor-intensive goods and services from countries well-suited to those activities. Bilateral imbalances can also be affected by currency values as well.

Q.3. What policies do you think should be taken with regard to a country that has been found to be manipulating its currency to gain an unfair competitive trade advantage with the United States?

A.3. The Treasury Department currently has responsibility for all issues involving the value of the U.S. dollar. I will defer here to their established rules and procedures. More generally, it is important to encourage all countries to move toward more open, market-based systems—including for capital markets. Flexible capital markets generate a number of benefits for countries, including support for trade in goods and services.

Q.4. The prices of oil and gas have risen dramatically over the past year. In a July 3 article, *The Washington Post* reported that, "Morgan Stanley economist Andy Xie (Zee) warned of an 'oil bubble' and said much of the recent run-up has been driven not by supply and demand but by speculative energy traders at big investment firms that have grown increasingly dependent on returns from their trading profit." Do you see any evidence of Mr. Zee's findings?

A.4. Recent oil-price increases have been much more gradual than those of earlier decades, and seem to have been driven by rising demand rather than sudden supply shocks. And current prices, although high, have not reached the historic peaks (in real terms) of the early 1980's. Major countries driving this demand growth have included China and the United States, thanks to their strong economic growth. New production and refining capacity are expected to emerge in future years, but ongoing demand growth is expected to mean high prices for some time.

Q.5. The Bureau of Labor Statistics reported that the Consumer Price Index, the main inflation gauge, rose by 1.2 percent in September and has risen 4. 7 percent over the last 12 months. Real wages for working Americans continue to fall. According to the Labor Department, the average weekly earnings of nonsupervisory workers—who constitute about 80 percent of the workforce—fell by 1.2 percent in September and have fallen in 8 of the past 12 months.

However, some have argued that inflation is not such a significant issue because the so-called "core inflation" measures, those that do not include energy or food prices, have remained relatively stable. A recent *New York Times* article entitled, If You Don't Eat or Drive, Inflation's No Problem summarized that line of thinking: "Many economists urged Americans to remain calm and to focus on the so-called core CPI—the inflation measure that excludes the volatile costs of energy and food. The core rate rose just 0.1 percent in September, and is up only 2 percent in the last 12 months." The article concluded, "The dueling numbers seem to offer a classic case of how economists and consumers view the world differently. If only we lived in some futuristic biosphere where we did not need energy or food, inflation wouldn't matter."

As a Member of the President's Council of Economic Advisers, would you be concerned about increases in the costs of energy and food, or would you focus principally on core-inflation? Given the decline in real wages, what is the impact of the increase in the costs

of basic necessities, such as gasoline, heating oil, and food on working Americans?

A.5. I am concerned about increases in both core and overall rates of consumer-price inflation. Overall inflation rates are intended to capture the full basket of goods and services consumed by the typical American, and as such measure the price pressures facing all working Americans. Rising prices of energy and food impose real costs: Without commensurate increases in income, many Americans need to reduce spending on other goods and services.

Thus far, the recent sharp increases in the prices of energy have not been passed through to the broad set of nonenergy (and nonfood) prices captured by core inflation rates. For the first 9 months of 2005, consumer prices excluding food and energy have been rising at an annual rate of just 2.0 percent. This lack of strong pass-through of energy prices is thanks in part to sizable gains in energy efficiency throughout the U.S. economy in recent decades, and it helps contain the impact of rising energy prices on both firms and families.

Q.6. According to the U.S. Census Bureau, in 2004, the top quintile of households held more than half of America's total income, which is a record level. In an editorial on the report, *The New York Times* finds that "as the very rich get even richer, their gains can mask the stagnation and deterioration at less lofty income levels."

Dr. Slaughter, in an 1998 article, Globalization and Wages: A Tale of Two Perspectives, you wrote that, "Tens of millions of American workers have experienced stagnation or even absolute declines in their real earnings for over 25 years. For many less-skilled workers, the declines have been staggering and largely unprecedented this century. . . Combined with sluggish growth in real wages of all workers, rising wage inequality has meant absolute stagnation or even declines in real wages for the majority of the U.S. labor force."

Federal Reserve Chairman Greenspan has also expressed concern with the growing income inequality in the United States. In his Semi-Annual Monetary Report to this Committee in July of this year, Chairman Greenspan called the growing inequality in income and wealth "a very disturbing trend." Do you agree that income inequality is growing in America and that this is a serious problem, and if so, how would you address it?

A.6. I do agree that income inequality is growing in America, and that this trend is a serious problem in need of concerted policy effort. On many measures, income inequality has been rising in the United States for decades. In 1975, households at the 90th percentile of the national income distribution had incomes that were 8.5 times as high as households at the 10th percentile. By 1990, this ratio had risen to 10.1, and last year it stood at 11.1. At the individual level, one of the main force behind rising inequality is the increasing importance of education. In 2004, the average annual earnings of U.S. high-school graduates was $30,640, in contrast to $115,292 for Americans with advanced professional degrees.

Rising inequality means that the strong rates of productivity growth the U.S. economy has enjoyed in recent years are not

shared equally across all workers and families. The broad policy challenge is to equip more Americans with the skills necessary to command high and rising earnings in our increasingly global labor market. Improved education and retraining at all levels are essential. For example, President Bush's new Community-Based Job Training Grants aim to strengthen the vital role that community colleges play—in conjunction with local businesses—in skills development.

RESPONE TO WRITTEN QUESTIONS OF SENATOR SARBANES FROM KATHERINE BAICKER

Q.1. I am interested in your thoughts on the minimum wage. The minimum wage today is $5.15, which is far below where it has been in the past, when adjusted for inflation. Earning the minimum wage is not even close to enough to support a family. The U.S. Census Bureau reports that for a person with a family of four to reach the poverty line that person would need to earn $9.65 per hour, a rate that is almost twice the minimum wage. Increasing the minimum wage, in my opinion, is one powerful tool that we have to increase the incomes of working Americans. There are some who argue against increasing the minimum wage, due to concerns about its effect on employment. However, there is much academic research, including a study by economist Alan Krueger, that suggests that increasing the minimum wage has little effect on employment. What are your views with respect to increasing the minimum wage above its current level of $5.15?

A.1 Raising the minimum wage merits serious consideration. In setting the Federal minimum wage, however, it is important to balance those advantages against the potential unemployment that it might generate and the efficiency of how well the minimum wage targets low-wage families. Evidence on the unemployment likely to be created by increasing the minimum wage is mixed, and effects may be larger for small businesses, and larger in a time of increasing health insurance and benefits costs. About half of the approximately 2 million minimum wage workers are under age 25. An alternate policy for increasing the living standards of low-income workers is the Earned Income Tax Credit, which has been successful at increasing the living standards of low-income working parents.

Q.2. The prices of oil and gas have risen dramatically over the past year. In a July 3 article, *The Washington Post* reported that, "Morgan Stanley economist Andy Xie (Zee) warned of an 'oil bubble' and said much of the recent run-up has been driven not by supply and demand but by speculative energy traders at big investment firms that have grown increasingly dependent on returns from their trading profit." Do you see any evidence of Mr. Zee's findings?

A.2. Recent oil price increases have been much more gradual than those of the 1970's and 1980's, and seem to have occurred in response to increased demand in the face of tight supply, rather than in response to sudden supply shocks. This increased demand comes along with strong economic growth in the global economy. Concerns about security of supply may have contributed to some of the recent increases in crude oil prices, but current prices, although high,

have not reached the highs of the 1980's. Although new capacity is expected to keep pace with increasing demand, we are likely to face tight crude oil markets and no decrease in prices for several years.

Q.3. The Bureau of Labor Statistics reported that the Consumer Price Index, the main inflation gauge, rose by 1.2 percent in September and has risen 4.7 percent over the last 12 months. Real wages for working Americans continue to fall. According to the Labor Department, the average weekly earnings of nonsupervisory workers—who constitute about 80 percent of the workforce—fell by 1.2 percent in September and have fallen in 8 of the past 12 months. However, some have argued that inflation is not such a significant issue because the so-called "core inflation" measures, those that do not include energy or food prices, have remained relatively stable. A recent *New York Times* article entitled, If You Don't Eat or Drive, Inflation's No Problem summarized that line of thinking: "Many economists urged Americans to remain calm and to focus on the so-called core CPI—the inflation measure that excludes the volatile costs of energy and food. The core rate rose just 0.1 percent in September, and is up only 2 percent in the last 12 months." The article concluded, "The dueling numbers seem to offer a classic case of how economists and consumers view the world differently. If only we lived in some futuristic biosphere where we did not need energy or food, inflation wouldn't matter."

As a Member of the President's Council of Economic Advisers, would you be concerned about increases in the costs of energy and food, or would you focus principally on core-inflation? Given the decline in real wages, what is the impact of the increase in the costs of basic necessities, such as gasoline, heating oil, and food on working Americans?

A.3. Rising food and energy prices have real effects on American families and deserve careful attention. Energy prices in particular rose sharply in 2005. These price increases do not, however, seem to have passed through to the prices of other goods (with core inflation low and stable at 2 percent), thanks in part to increased energy efficiency, which mitigates the effect of the increases on consumers. Policies that promote continued strong economic growth and productivity gains will help ensure that Americans can enjoy increasing standards of living.

Q.4. According to the U.S. Census Bureau, in 2004, the top quintile of households held more than half of America's total income, which is a record level. In an editorial on the report, *The New York Times* finds that "As the very rich get even richer, their gains can mask the stagnation and deterioration at less lofty income levels." Federal Reserve Chairman Greenspan has also expressed concern with the growing income inequality in the United States. In his Semi-Annual Monetary Report to this Committee in July of this year, Chairman Greenspan called the growing inequality in income and wealth "a very disturbing trend." Do you agree that income inequality is growing in America and that this is a serious problem, and if so, how would you address it?

A.4. I share these concerns about the growing income inequality in the United States. Recent increases are part of a long-run trend,

with the income of high-income households growing more quickly than low-income households since the 1970's. One of the main contributors to this increase in inequality is the increasing importance of education: In 1980 the average high school graduate earned 28 percent more per year than workers without high school degrees, but in 2004 the difference was 49 percent. Workers with college degrees earn 31 percent more (in real terms) than they did in 1980, while workers with less than a college degree have seen little real increase. Policies that promote educational attainment, such as increased accountability for primary and secondary schools and increased grants to support access to community colleges, would go a long way toward improving the economic well-being of low-income Americans.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SARBANES FROM ORLANDO J. CABRERA

Q.1. Mr. Cabrera, do you commit to providing this Committee with any and all requested data and information in a complete and timely manner?

A.1. Yes. If confirmed, I will commit to providing Congress with requested information in a complete and timely manner, to the best of my ability. I look forward to working with Congress to fulfill HUD's mission and encouraging a positive working relationship.

Q.2. Disabled advocacy groups are concerned that vouchers that have been designated for the disabled do not retain this designation upon renewal. Do you commit to looking at what HUD can do to ensure that vouchers for the disabled continue to be used for this population?

A.2. Yes. If confirmed, I am committed to assuring that vouchers continue to be available to the disabled population. The Section 811 Program, Housing for Persons with Disabilities, provides assistance to expand the supply of housing with the availability of supportive services for persons with disabilities. In 2005, Congress appropriated funding for both new vouchers and renewal of vouchers in this program. HUD remains committed to ensuring that these vouchers continue to serve the disabled population.

In addition, HUD has issued a notice (PIH 2005–5) that directs Public Housing Agencies (PHA's) to reissue vouchers to the targeted nonelderly disabled population upon turnover. This applies to both 5-year and 1-year mainstream vouchers and other special purpose vouchers intended to serve nonelderly disabled families. The Department has started tracking the use of these vouchers in the Public Housing Information System (PIC).

Q.3. Many PHA's around the country opened their doors to Katrina victims by providing vouchers and vacant public housing units to evacuees. Do you support reimbursing PHA's for these expenses, and will HUD reimburse housing agencies for these expenses, incurred prior to the announcement of the FEMA/HUD housing assistance programs, including for families who were not previously assisted by HUD?

A.3. Yes, unless they are being directly assisted by FEMA or otherwise prohibited by law. The Department has already notified PHA's nationwide that it will reimburse them for any Housing Assistance

Payment and administrative costs retroactive to September 1, 2005 under the Katrina Disaster Housing Assistance Program but only for those families that were previously assisted by HUD and homeless families. The Department has obligated all funds provided in calendar year 2005 in accordance with the Conference Report to the Consolidated Appropriations Act, 2005 and has no additional budgetary resources to assist families that were not previously assisted by HUD. These families are generally assisted by FEMA under their Individual Assistance or Public Assistance programs pursuant to the Stafford Act.

Q.4.a. Substantial increases in utility costs—about 1/3 in fuel oil and nearly 50 percent in natural gas—are anticipated in 2006. These cost increases will create substantial hardship for public housing agencies and the seniors, people with disabilities, and families with children that they assist through the public housing and housing voucher programs, unless Federal funding is increased to help meet these costs. How will you ensure that PHA's can meet these increased costs without diverting funding from other critical needs?

A.4.a. Existing regulations for the Housing Choice Voucher (HCV) program and Public Housing program at 24 CFR 982.517 require PHA's to review utility allowances at least once a year if there is a change in utility costs that exceeds 10 percent. This assures that any large increases in utility costs are taken into account when calculating utility allowances for various unit types and sizes. Having said that, it is important to note that the Consolidated Appropriations Act for fiscal year 2005 changed the way the HCV program is funded from a unit-based to a budget-based program. The Conference Report specifically states that, "PHA's are expected to manage utility costs, decreased tenant contributions, and protect the most at-risk within these budgets." PHA's have been provided with 100 percent of their budgetary allocations in 2005 and most have at least 1 week of reserves that they may utilize to offset increased utility costs by increasing payment standards. It may, however, become necessary for PHA's to delay the issuance of vouchers upon turnover if increasing payment standards would preclude the PHA from managing within its budgetary allocation.

It is also important to note that Public and Indian Housing has an ongoing aggressive energy conservation program to assist PHA's in managing their operating costs relative to utilities consumption and cost and ensure residents decent, safe and sanitary housing. PIH is assisting PHA's in their efforts to control costs and meet the energy crisis brought about by Katrina in four crucial ways: (1) PIH is conducting outreach and education directed to PHA's and specifically residents as end users; (2) PIH is providing technical assistance for installing energy systems directed to PHA's to streamline procurement and facilitate financing options; (3) PIH provides incentives to PHA's that enable them to use savings to amortize energy costs, so as not to divert the use of capital funds from more emergent capital projects; and (4) PIH is promoting partnerships with other agencies to leverage resources. For example, HUD has worked with Department of Energy and State-sponsored energy programs to promote and fund weatherization and en-

courage the use of Energy Star equipment replacements. Low-income residents have also used the Low Income Home Energy Assistance Program (LIHEAP) through the Department of Health and Human Services to help pay energy bills.

In addition, PIH recently published a special Katrina energy newsletter reaching out to PHA's, resident groups, and Indian Housing in anticipation of higher utility costs this winter. PIH will continue to explore ways and means to mitigate the impact from escalating utility cost.

Q.4.b. Will you submit to this Committee within 2 weeks of your confirmation an estimate of the additional funding needed in 2006 to meet these extreme increases in utility costs?

A.4.b. I will be happy to work with the Senate in an effort to assess the level of funding that may be needed.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SARBANES FROM CHRISTIANE GIGI HYLAND

Q.1. On Wednesday, October 19, the NCUA presented its budget briefing at which it proposed a budgetary increase for 2006 of just 1.9 percent. The proposed budget would also reduce the staff by three positions, a 10-year low for the agency. Do you believe that NCUA has sufficient budget and staffing resources to effectively fulfill its duties?

A.1. Although I have been briefed by agency staff on the budget process, I have not had the opportunity to analyze the data used to develop the proposed budget. I understand examiner resources assessment development is robust, with initial resource needs presented by the field credit union examiners. If confirmed prior to the November NCUA Board Meeting, I intend to assess the adequacy of proposed resources as they relate to the budget package and ensure those resources are sufficient to achieve the objective of maintaining a safe and sound credit union system and meeting the strategic and annual plans developed by the agency.

Q.2. It has been brought to our attention that banks appear to be providing better outreach to communities than credit unions. In a 2003 report on the financial condition of credit unions, the GAO reported that its analysis suggested that "credit unions served a slightly lower proportion of low- and moderate-income households than banks." (GAO Report, "Financial Conditions Has Improved, but Opportunities Exist to Enhance Oversight and Share Insurance Management," October 2003.) How do you believe that credit unions can increase their outreach to the communities they are intended to serve?

A.2. I am aware credit unions have aggressively pursued expansions into underserved areas since Congress enacted the 1998 Credit Union Membership Access Act, which permitted credit unions to maintain their current field of membership while expanding into these underserved areas. With more credit unions using this expanded authority I expect they will further demonstrate their outreach to all segments of society.

As mentioned in my testimony, I spearheaded corporate credit union participation in the creation of the Community Investment Fund, which is the National Credit Union Foundation's primary

funding mechanism for development activities by credit unions. These funds—collected from credit unions throughout the country—are being utilized to enhance the credit unions' outreach to communities and further improve the financial well being of all consumers, with a focus on those in low- and moderate-income communities. As more of these funds are made available for initiating innovative products and services, credit unions best practices will be identified and shared throughout the credit union system on the most effective means of enhancing outreach.

Credit unions are also actively adopting international remittance services through the IRnet™ program established by the World Council of Credit Unions to provide safe and affordable remittances to those within their field of membership. This service offered by credit unions will provide many within the immigrant community an introduction into the financial industry in the United States, with the hope they will become active participants in the credit union system.

I have also seen the results of the outreach programs conducted by NCUA, as well as the State and national trade organizations, to present to the credit union participants opportunities available to credit unions to further expand their outreach to all segments of the population. Credit unions have responded to these programs by partnering with community development organizations and committing funds for low- and moderate-income loan programs. A recent example is the commitment—in excess of $110 million—by several of the largest credit unions in New York to provide mortgage funding to minority and low- and moderate-income individuals.

I strongly believe that credit unions must continue these community outreach efforts.

Q.3.a. Since the passage of the 1998 Credit Union Membership Access Act, credit union fields of membership have been expanding significantly, in large part through the expansion of the requirement for credit unions to serve members who have a "common bond" or "community bond." As credit unions serve increasingly large geographic areas, questions have been raised about the extent to which they are distinguishable from traditional banks. Under the Federal Credit Union Act, the credit union system was established "to make more available to people of small means credit for provident purposes through a national system of cooperative credit." Credit unions have been given favorable regulatory treatment for that purpose. As credit unions behave more and more like traditional banks, why should they continue to be regulated differently?

A.3.a. Credit unions are held to almost all of the same regulatory requirements as other federally insured depository institutions while remaining restricted in the loan rates they may charge, the individuals they may serve and the manner by which they raise capital. Credit unions continue to maintain their cooperative structure where members retain their democratic principles of one person one vote and the Federal credit unions' boards of directors remain volunteer member representatives. Credit unions continue to offer the financial services their members have come to expect,

while adopting the innovations of service delivery now available through improved technology in an increasingly competitive financial services marketplace.

With the continual changes of financial services and products occurring in the financial industry, credit unions have remained an affordable alternative to other financial institutions.

Q.3.b. What are your views on membership expansion of the common bond requirement and the implication for credit unions and their competitors?

A.3.b. Membership expansion into underserved areas has provided credit unions an opportunity to retain their occupational field of membership while affording them the ability to expand into underserved community areas determined by the Department of the Treasury. Prior to the Credit Union Membership Access Act in 1998 this ability was not statutorily authorized. I understand that over 620 Federal credit unions have availed themselves of this expansion authority.

The ability of credit union members to change their type of field of membership maintains the viability of the credit union system, diversifies risk, and allows credit unions to effectively deal with any adverse impact on occupation-based credit union may encounter due to economic challenges faced by the credit union's sponsoring organization or business.

The growth of credit unions does not appear to have impacted other institutions within the mainstream financial industry. I understand federally insured credit unions account for less than 7 percent of the federally insured deposits within the United States. With record profits being reported in the banking industry, credit unions do not appear to have adversely impacted these institutions.

As credit unions further increase their service in underserved areas, I expect that the alternative lending services, such as check cashers and payday lenders, may be challenged to provide less costly services which will benefit consumers.

Q.4. There have been a number of proposals to allow credit unions to perform an increasing amount of member business lending, getting credit unions more involved in the traditional business of commercial banks.

Arguments have been made that the more credit unions move into the areas of traditional commercial banks and offer a wider variety of services such as business lending, the more they should be regulated like traditional banks. Do you believe that the expansion of member business lending has implications on the distinction between credit unions and banks and the types of services they provide?

A.4. No, I do not. Credit unions have been involved in member business lending since the beginning of the last century. In New York, credit unions have been the primary provider of loans to purchase New York City taxi medallions since the 1920's. Many credit unions in the Midwest were formed as agricultural lenders, providing funding for the seeds and farm implements.

Credit unions have generally been the first source of capital for sole proprietor and small business owners in obtaining equipment and vehicles for their business. This lending has assisted individ-

uals whose lending needs may not have been deemed large enough for commercial lenders.

The cooperative structure of credit unions remains constant, with members determining the services and products credit unions provide, including member business loans.

Q.5.a. Some banks and other financial institutions are providing their customers with a service that is being referred to as "bounce protection" or "courtesy pay." This is a service that covers drafts that would otherwise have bounced, so that when a consumer overdrafts his or her account by writing a check, or using a debit or ATM card, the financial institution will pay to cover the overdraft. Often substantial fees are then charged when the service is activated. This differs from standard overdraft protection, which draws funds from a customer's savings account or other credit line to cover an overdrawn check.

In addition, unlike overdraft protection, which consumers generally must sign up for, bounce protection is often offered automatically, so the member may not even be aware that they have this service. I am concerned about reports of aggressive marketing tactics that lead consumers to overdraw their checking accounts and use ATM's to withdraw more cash than they have available. Do you believe that bounce protection is a practice in which credit unions should be engaging?

A.5.a. Credit union products and services are member driven. To the extent that credit union members ask and want this service from their credit unions, credit unions should be providing it.

Q.5.b. If so, what should the NCUA do to ensure that bounce protection is offered in a manner so that it provides a valuable service to members, rather than encouraging irresponsible behavior?

A.5.b. I understand NCUA has joined most of the other FIRREA agencies in issuing a "best practices" paper on the implementation of this type of program. I believe it important that clear disclosure is provided to members relating to these types of programs. If confirmed I will assess the guidance provided by the NCUA to credit unions and determine whether additional guidance or regulation is warranted.

Q.6. The GAO has suggested that there is limited follow-up to determine whether credit unions, after having been chartered, are successfully serving their fields of membership. The GAO reported that "[w]hile NCUA has stated its commitment to ensuring that credit unions provide financial services to all segments of society, NCUA has not developed indicators to determine if credit union services have reached the underserved." (GAO Report, "Financial Conditions Has Improved, but Opportunities Exist to Enhance Oversight and Share Insurance Management," October 2003.) What do you believe that the NCUA should be doing to ensure that credit union services are successfully reaching the underserved?

A.6. If confirmed I will review what the NCUA has done to address the findings in the GAO report mentioned and determine whether additional data collection and reporting is necessary. This may also include regular follow-ups with credit unions that received community charters or added underserved communities to their fields of

membership to document the challenges and successes of their plans to serve the underserved.

In addition, I have received information from the NCUA which provided me the average and median share and loan balances of all credit unions based on recent financial call report information. These balances compared very favorably to those 1,000 credit unions that are designated low income.

To obtain this designation, these low-income designated credit unions demonstrated to the NCUA that they served a membership with more than 50 percent of the members being at or below 80 percent of the national median household income.

Q.7. The Senate Banking Committee has been concerned about the level of noncompliance by financial institutions with necessary anti-money laundering and counter-terrorist financing measures. One important response was the issuance by the Federal Financial Institutions Examination Council of interagency anti-money laundering examination guidelines. Can you assure us that NCUA will fully adhere to those guidelines with respect to the institutions it supervises?

A.7. Yes. As SVP, General Counsel of Empire Corporate FCU, one of my key responsibilities is to ensure compliance with the Bank Secrecy Act and other anti-money laundering measures. If confirmed I will ensure NCUA maintains its commitments to the FFIEC and FinCEN, the primary enforcement agency, and will review the examination guidelines developed by the agency to address the anti-money laundering and counter-terrorist financing measures.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR ALLARD FROM CHRISTIANE GIGI HYLAND

Q.1. Do you believe it can be appropriate for a credit union to offer loans to a member when that applicant has impaired credit?

A.1. Credit unions have been in the forefront in offering loans to members who have found themselves in financial difficulties, with loan consolidations being a historic part of the credit unions' loan portfolio. In assessing the loan applications from members, credit unions have practiced the three "C"s of underwriting when determining the approval of a loan; that being character of the member, capability to repay, and collateral offered. When offering loans to members who have found themselves in financial difficulty credit unions need to ensure they are continuing to practice their due diligence when acting on loans while following their historic precepts.

Q.2. Do you believe it can be appropriate for a credit union to hire a vendor to perform lending activities such as loan origination and servicing, and to what degree should they be monitored?

A.2. Credit unions have long utilized third-party vendors for operational activities. This has allowed credit unions to provide services their members want and need while containing costs. However, I believe that these activities need to be effectively monitored by the credit union's officials and staff who are ultimately responsible for the safety and soundness of the credit union. I believe it is critical the officials thoroughly understand the program and any potential risk, and then establish clear oversight responsibilities to ensure

the activity is providing the expected results in a safe and sound manner.

Q.3. As an incoming NCUA board member, you will benefit from an executive staff with significant experience. To what extent do you see yourself involved in setting NCUA policy? To what extent do you see yourself involved in the day-to-day management of the NCUA?

A.3. As stated in statute, it is the Board's responsibility to establish sound policy and procedures for the credit union system and then ensure the staff of the NCUA implements the established policies. I believe it important that the NCUA Board establish clear oversight and monitoring over the operations of the NCUA. As I have seen in credit unions, it is important that staff understand their roles and are held accountable without micromanagement from the policymakers.

Q.4. As a new NCUA board member, will you consider ongoing compliance actions to be your responsibility, or will you engage only in matters raised after your confirmation?

A.4. If confirmed, I plan on delving into all current and pending activities of the NCUA. There is ongoing focus on BSA, anti-money laundering, fair lending, and other compliance issues that the credit union system is challenged with. I will ensure each is assessed and the Agency continues to pursue its objective of ensuring the continued safe and sound operations of the credit union system.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SARBANES FROM RODNEY E. HOOD

(1).

Budget

Providing resources to achieve mission objectives, particularly the safety and soundness of credit unions is, in my view, a critical responsibility of the NCUA Board. Based on discussions with NCUA staff, it is their belief that the proposed NCUA 2006 budget they will present to the Board in November is appropriate for its mission requirements. However, I have not had an opportunity to fully assess the budget submission in relation to the defined mission objectives and any contingencies that may arise. If confirmed, that will be one of my first, and continuing, priorities as a Board Member.

While NCUA staffing levels will be at their lowest in 10 years, it should be noted that the number of Federally insured credit unions has decreased from 10,500 in 1995 to 8,800 in 2005. Additionally, during 2003 NCUA restructured its central and regional operations that allowed for greater staffing efficiencies and other savings. In my review of the proposed budget, I will work to ensure that NCUA's operations are not compromised by inadequate budget and staffing resources. It is crucial that the strong financial reputation now enjoyed by credit unions be maintained. Critical to avoiding reputation and systemic risks is well trained and motivated examiner and support staff properly equipped to perform their jobs. It will be my direction and guidance that the current staffing level must achieve this standard, with an emphasis on ensuring the safety and soundness of credit unions in a changing environment.

In addition, the agency's resources must allow it to take into consideration future events, such as the increasing complexity of credit unions, asset growth, new regulatory requirements such as Bank Secrecy Act, and other emerging areas such as indirect lending and member business loans.

(2).

GAO Report

Having worked in the community development arena for almost 17 years, I believe that credit unions can increase their outreach to their local communities by providing financial education seminars, creating strategic partnerships, and leveraging the resources of the Federal Government.

At Wells Fargo, I managed our bank's financial education partnership with the American Library Association where we were able to provide homebuyer education and credit repair workshops in public libraries located in low-to-moderate income census tracts. By working with the American Library Association, Wells Fargo was given free space to educate its current and prospective customers in the comfort of the local library. Credit Unions should consider partnering with the American Library Association to create a similar partnership to provide financial education and outreach.

In addition to providing financial education, I believe that it is important that credit unions create partnerships with results-oriented nonprofit organizations. Partnering with community stakeholders such as the Neighborhood Reinvestment Corporation, Neighborhood Housing Service, National Council of La Raza, Local Initiatives Support Corporation, National Urban League, and Operation Hope, credit unions can create community development loan programs and loan consortia using the experiences and best practices of some of the country's preeminent practitioners in community development. In my previous positions at Bank of America and Wells Fargo, I found that our partnerships with some of the aforementioned groups provided us with great tools for identifying, assessing, and meeting the credit needs of underserved communities. I am aware NCUA and credit unions already partner with some of these groups and support continuing these efforts.

In my role as Associate Administrator at USDA, I spend a great deal of time meeting with financial service providers to inform them about our Guaranteed Rural Housing (GRH) loan product. Lender-approved loans to low-income borrowers can receive a USDA loan guarantee up to 90 percent of the loan amount. The GRH portfolio has 180,000 loans with an aggregate loan amount of $13 billion dollars. While there are 2,400 lenders using our GRH product, fewer than 100 credit unions have a relationship with USDA. I would like to see more credit unions use USDA's product to meet the homeownership needs of its low-income members and to further meet safety and soundness requirements. Because GRH loans insured by the Federal Government, participating credit unions do not have to allocate risks to the guarantee loan portion. By using the GRH product, credit unions will be able to leverage their loan portfolio by offering a higher number of loans to low-income borrowers. In addition to USDA, the SBA and HUD also offer loan guarantees for affordable housing and small business lending. All of these Federal guarantees should be used by credit unions be-

cause these programs create win-win situations—both for the consumer and the credit union.

If confirmed, I understand that in my capacity as a NCUA Board Member, I will be asked to speak at a large number of credit union events—seminars, symposia, workshops, etc. I will look forward to using upcoming speaking opportunities to provide credit unions with information about financial education, strategic partnerships, and Federal Government loan guarantees as important ways they can fulfill their mission.

(3) (a) Should Credit Unions be Regulated Differently

Since their inception in the 1900's, credit unions have provided financial products to meet the needs of their membership. Designed as tax-exempt, democratically controlled, and later as Federally insured entities, credit unions still operate under the same charter and remain critical in meeting the financial needs of low-to-moderate income individuals. They assist families in achieving the American dream of homeowners hip, entrepreneurs in creating viable, small businesses, and provide the trusted mechanisms for families to save for the future.

While credit unions now offer a greater selection of financial products, they do so not to compete with banks, but to serve the evolving needs of their membership. Credit unions of today are, in my opinion, no different than they were yesterday. Today's consumers value one-shop stops for obtaining credit cards, mortgages, checking accounts, savings accounts, and equity loans. Given my commitment to ensuring safety and soundness, I also believe that with product diversification comes less concentration of risks for the credit unions.

Unlike traditional banks, credit unions operate in an environment where they cannot provide financial services to individuals outside their field of membership. Banks are not restricted in defining their customer base. In addition, banks have a plethora of options for raising capital. While stock-issuance is the method most often preferred, they, unlike credit unions, do not have to rely solely on retained earnings for meeting its capital needs. Given the profound differences that exist between credit unions and banks, I believe that credit unions should continue to operate based on their traditional statutory role.

(3)(b) Membership Expansion of Credit Unions

I will look forward to examining the membership expansion trend that is taking place in the credit unions industry. It is my understanding that the current trend in credit union membership expansion stems from expansions to incorporate underserved communities and some conversions of credit unions serving occupational and associational common bonds to community charters. Given my track record in working to serve underserved communities, I will take a close look at the new expansions and monitor the results to see if credit unions are continuing to reach a greater penetration of low-to-moderate income individuals. This can be tracked through call reports, HMDA analysis, and through mere observation of average loan, mortgage, and savings & share draft account balances.

(4). Member Business Lending

I believe that credit unions should have the flexibility and ability to meet the needs of their members. Unlike traditional banks that have no business lending penetration caps, it is my understanding that credit unions have a 12.25 percent (of capital base) member business lending cap. While there are a handful of larger credit unions engaged in large business transactions, they are doing so based on the current regulatory mandates.

As a trained commercial loan officer, I recognize that complex member business loan transactions require special underwriting and loan servicing expertise. Because it is my paramount responsibility to ensure that credit unions remain safe and sound institutions, I, as a regulator, will set clear expectations that credit unions engaged in member business lending have well-trained, competent staff involved in atypical member business loan transactions.

In addition, I will work to ensure that credit unions participate in the SBA's guaranteed loan program. This will further allow the credit unions to engage in member business lending while adhering to the principles of safety and soundness.

(5) (a) Bounce Protection

If clearly described and articulated to credit union members, Bounce Protection can be a benefit that provides credit unions with a vehicle for adding to its product mix. When used properly, Bounce Protection should save individuals from the embarrassment one would experience if a check to a local merchant, school, or grocery store bounced. While it was designed as a convenience, I am concerned that many credit union members, especially the low-income members, have not fully understood the fee structure of using the product. I will review this issue with a goal on ensuring reasonable disclosures to fully protect credit union members. I will also work to develop procedures to determine the extent to which credit unions are conforming to published guidance on this issue.

(5) (b) Bounce Protection

As a regulator, I would propose that credit unions playa more visible and active role in providing disclosures that clearly discuss Bounce Protection and its fee structures. I would also suggest that our examiners look closely at credit unions using Bounce Protection products. I understand that in February 2005, the NCUA, jointly with the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency issued joint guidance to assist insured depository institutions in the disclosure and administration of overdraft protection programs. I would be willing to work with the Senate Banking Committee and my counterparts at other regulatory agencies to ascertain further best practices and/or ideas that should be shared with our examiners in providing them with a tool for gauging proper use of the products. Once creating an assessment tool, I would then suggest that NCUA take corrective action against any credit union that does not clearly disclose and market the products.

(6) How to Ensure Credit Unions Reach the Underserved

Having served as a CRA officer, I recognize the importance of assessing and measuring a financial institution's community development penetration. It is my understanding that NCUA receives

quarterly call reports and from information contained in them can review how credit unions are serving their members, including the underserved. For other quantifiable methods to assess community development impact in underserved communities, I would propose that HMDA data and other available data be examined to assess mortgage lending to minorities and low-to-moderate income individuals. Other suggestions would include examining credit unions' average loan, checking & savings account, and credit card balances over 3,5, and 7 year time periods to look for trends by income segment. One would expect average loan sizes and balances to decrease as credit unions attract additional low-to-moderate income members.

As mentioned in my Senate testimony, I want to be a regulator who is cognizant of the impact of arduous regulations. To that end, it will be my desire to create assessment tools that do not materially detract from the credit union's core mission of providing affordable financial products to its membership. I will be delighted to work with the Senate Banking Committee to further explore additional community development assessment techniques that can NCUA can consider.

(7) Money Laundering and Bank Secrecy Act

As a regulator, I will go beyond the call of duty in assuring the Senate Banking Committee that Federally insured credit unions are in compliance with the Bank Secrecy Act. I will make sure that our regulators recognize that this is extremely important for both the safety and soundness of credit unions and of the United States. 9/111eft an indelible mark in my life, as it did for many of us. Every effort should be made to prevent future attacks, and this is clearly one regulatory act that makes America safer.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR ALLARD FROM RODNEY E. HOOD

Q.1. Do you believe it can be appropriate for a credit union to offer loans to a member when that applicant has impaired credit?

A.1. Yes, there are some circumstances where it is appropriate for individuals with impaired credit to have access to credit. As a regulator, the safety and soundness of credit unions would be of paramount importance. In my view, however, credit unions can offer loans to members with impaired credit in combination with promoting financial education, offering risk-based pricing, and employing certain guaranteed loan products.

Great strides are being made now to assist people with impaired credit. In today's environment, financial education has helped borrowers understand the importance of managing their credit wisely. More informed borrowers can handle credit in more reasonable manners. At Wells Fargo, I managed a financial education partnership with the American Library Association where we provided homebuyer education and credit repair workshops in public libraries. In my previous positions in both Wells Fargo and Bank of America, we offered risked-based pricing to compensate the banks for the risk of lending to impaired borrowers. As the borrowers continued to pay off their loans, the banks were able to lower interest rates and reward the customers for financial responsibility. In addition to offering risk-based pricing, I would encourage credit

unions to offer guaranteed loan products from USDA and HUD to underserved borrowers.

Q.2. Do you believe it can be appropriate for a credit union to hire a vendor to perform lending activities such as loan origination and servicing, and to what degree should they be monitored?

A.2. Yes, hiring a vendor to perform lending-related activities can be a way for credit unions to serve members more effectively. The vendor may bring expertise or economies of scale that the credit union lacks. Due diligence and ongoing monitoring are very important, however. For example, outsourcing brings increased risk to the credit union, including reputation, compliance, credit, and transaction risk. I am aware that NCUA does not have vendor exam authority and the need for this is an issue that I would review if confirmed as an NCUA board member. I would also review whether there should be regulatory limits on the concentration of third party loan origination or servicing per credit union.

Q.3. As an incoming NCUA board member, you will benefit from an executive staff with significant experience. To what extent do you see yourself involved in setting NCUA policy? To what extent do you see yourself involved in the day-to-day management of the NCUA?

A.3. As a President-appointed and Senate-confirmed member of a three-member board, our responsibility is to set policy for NCUA. If confirmed as NCUA board member, I will delegate day-to-day activities to competent staff but policy decisions firmly rest with NCUA board members. In doing so, I will work with the excellent, experienced staff and executive leadership to achieve effective and efficient uses of agency resources.

Q.4. As a new NCUA board member, will you consider ongoing compliance actions to be your responsibility, or will you engage only in matters raised after your confirmation?

A.4. As a new NCUA board member, I will consider ensuring the safety and soundness of federally insured credit unions to be an ongoing activity. It is the focus both now and in the future and has been since 1934, when the Federal Credit Union Act was signed authorizing the formation of federally chartered credit unions in the United States.