

# MEMBERS' DAY

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## HEARING

BEFORE THE

### COMMITTEE ON THE BUDGET

### HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

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HEARING HELD IN WASHINGTON, DC, FEBRUARY 14, 2007

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### **Serial No. 110-7**

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## MEMBERS' DAY

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WEDNESDAY, FEBRUARY 14, 2007

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

The committee met, pursuant to call, at 2:00 p.m., in room 210, Cannon House Office Building, Hon. John M. Spratt, Jr. [chairman of the committee] presiding.

Present: Representatives Spratt, Ryan, Kaptur, Porter, Becerra, Smith, Doggett, Alexander, Blumenauer, Berry, Sutton, Etheridge, Hooley, Baird, Moore, and Bishop.

Chairman SPRATT. Mr. Peterson and Mr. Goodlatte, we started to hit the ground running but I think we had better get underway in light of the fact that the Republicans have a conference at 2:15 is it? So, without any further to do, Chairman Peterson, the floor is yours and we extend the same privileges to Mr. Goodlatte. We look forward to statements from both of you. We have allotted ten minutes for each person, for each set of witnesses. So, if you could keep it down to a little less than ten minutes so there will be time for questions we would appreciate it.

### STATEMENT OF HON. COLLIN C. PETERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. PETERSON OF MINNESOTA. All right. Thank you very much, Chairman Spratt and Ranking Member Ryan and other members. Thank you for the opportunity to testify about the federal budget and its provisions that fall under the Agriculture Committee's jurisdiction. I am pleased to be here today with my good friend, Ranking Member Goodlatte. We work well together on a bipartisan way on the Ag Committee, and we are committed to continuing that tradition as the we write the new Farm Bill.

As you know, the 2002 Farm Bill is set to expire September 30, and last year Mr. Goodlatte led the Committee across the country for a series of field hearings to find out what farmers and ranchers thought about how the current Farm Bill is working and what changes they would like to see made in the next Farm Bill. What we heard in most of those field hearings is that in general, the 2002 Farm Bill is working well for producers and that the basic structure should be maintained.

The feedback on the 2002 Farm Bill was especially positive when you compare it to the reaction from farm country to the 1996 Farm Bill, which in my opinion was a bad deal for producers and taxpayers alike. The '96 Farm Bill dismantled the safety net in favor of a free market approach to farming. It was written during a time

of high commodity prices under the assumption that those prices would remain high well into the future, actually a similar situation to what we have today. And the prices did not stay high and Congress had to intervene, spending more than \$23 billion in additional payments to farms over the life of the '96 Bill.

Now the administration is proposing a Farm Bill that we just had a little over three-house hearing on the Committee just now where they are once again proposing to weaken the safety net for farmers on the assumption that these prices will stay high. In my opinion we have made that assumption before and did not get real great results, and it cost the taxpayers money. And I want to really avoid that experience again.

In contrast, the 2002 Bill, which restored the safety net for farmers, has proven to be one of the most fiscally responsible government programs that we have had. By making payments to farms when prices are low and returning savings when prices are high, the 2002 Farm Bill represented a major policy improvement.

In one way, we have become victims of our own success with the 2002 Bill. When former Ag Chairman Combest wrote the Bill, along with his colleagues and Mr. Goodlatte and I, his baseline for the Safety Net Program was \$140 billion over ten years. The most recent baseline has shrunk to about \$80 billion. And while the baseline has increased for some other Farm Bill programs, these increases have come in areas such as food stamps which now account for 67 percent of our budget. And they need to be maintained. But the bottom line is that additional resources are going to be needed to produce a policy that facilitates a strong farm sector and helps our nation move towards energy independence in a fiscally responsible way.

Mr. Chairman, one of the ideas in the administration's Farm Bill Proposal that I support is their conclusion that additional budgetary resources are needed for the Farm Bill. For example, USDA's proposal recommends increased funding for the Renewable Fuels Program. One of the biggest developments that agriculture in rural America has seen in a generation, and maybe in a lifetime, has been the growing demand and expanding market for agriculturally based energy sources, including ethanol and biodiesel. The excitement about this exists far beyond just our rural communities. As our colleagues from across the country in urban and suburban districts I think are as excited about the potential for ethanol and these other renewable fuels as we are to reduce our nation's dependence on foreign energy sources.

We need a strong energy title in the Farm Bill. However, we currently have no baseline money to accomplish that. I believe that this is a necessary investment that we must make, especially to jump start the transition from corn-based ethanol to cellulosic ethanol, which will provide a long term, environmentally friendly, and sustainable renewable fuels industry in the United States.

Another interesting part of the administration proposal is the additional funding to support the fruit and vegetable industry. Many of our colleagues in the House as well as the Senate are in agreement that some sort of action in this area should be a priority for the 2007 Bill.

USDA is also calling for an extension of the MILC Program, the Milk Income Loss Contract Program. It is a long story, but this is a program that has become very popular amongst dairy farmers across the country but it currently does not have a baseline.

The administration has also recommended expanding agriculture conservation programs. The 2002 Farm Bill had the largest increase in such programs in the Department's history. Even so, again, many of our colleagues are persuaded as is the Secretary that further expansions are appropriate.

Another proposal from USDA recommends increases in the Food Stamp Program that would counter the rise in obesity, remove the cap on the program's child care deduction, and exclude college savings accounts from resource limit calculations.

In addition to these priorities, some minor but perhaps desirable rebalancing in basic commodity programs will be proposed. And those will also require an increase in funds available to the Committee.

Knowing that you have a difficult task, I nevertheless feel strongly that increasing the resources made available for writing the Farm Bill will serve our nation well and will yield substantial and tangible gains in return. The Budget Committee is an important partner of ours in the development of this new Farm Bill and I appreciate your consideration of the case that we are making here today, and looking forward to continuing to work with you as we develop this Budget Resolution. And in the handout I have included some historical information here to kind of give the Committee the lay of the land, if you will, on where we are at. We have summary sheet and the one goes into more detail, but we have a \$60 billion, as I said, reduction in the baseline in the commodity area. All the other parts are up substantially: conservation 32 percent, Food Stamps and Child Nutrition 46 percent. So overall, when you include everything, we have an increase in the baseline but in the commodity area we have a substantial increase. That is the way it is supposed to work. And as I have said earlier, quite a few of the folks in the this area as we have traveled around the country are saying if we just extended the current Commodity Title that would be something they could live with. But there are some issues there that have been bubbling around, especially with wheat and barley in the way they were treated in 2002. I made a personal attempt to get additional resources for barley that was unsuccessful, and so we have some other information that we will make available to you, some analysis of what kind of safety net is available in these different commodities based on a percentage of their price and so forth that I think argues for some modifications amongst these commodities that probably will take some resources to fix.

So we are here to plead with you to see if you can help us figure out a way to get some additional resources and then hopefully be able to support you as you move ahead with your budget resolution.

[The prepared statement of Mr. Peterson follows:]

PREPARED STATEMENT OF HON. COLLIN C. PETERSON, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF MINNESOTA

Chairman Spratt, Ranking Member Ryan and Members of the Budget Committee, thank you for this opportunity to testify about the Federal Budget and its provisions that fall under the Agriculture Committee's jurisdiction. I am pleased to be joined today by Agriculture Committee Ranking Member Bob Goodlatte. The Agriculture Committee has a long history of bipartisan cooperation, and we are committed to continuing that tradition as we write a new Farm Bill this year.

As you know, the 2002 Farm Bill is set to expire on September 30. Last year, Mr. Goodlatte led the Committee across the country for a series of field hearings to find out what farmers and ranchers thought about how the current Farm Bill is working and what changes they would like to see made.

What we heard at those field hearings is that in general, the 2002 Farm Bill is working well for producers and that the basic structure should be maintained.

The feedback on the 2002 Farm Bill was especially positive when you compare it to the reaction from farm country to the 1996 Farm Bill, which was a bad deal for producers and taxpayers alike. The 1996 Farm Bill dismantled the safety net in favor of a free market approach to farming. It was written during a time of high commodity prices under the assumption that prices would remain high well into the future. Well, prices didn't stay high, and Congress had to intervene, spending more than \$23 billion in additional "low price" payments to farmers over the life of the 1996 bill.

Now, the Bush Administration is proposing that we weaken the safety net for farmers on the assumption that commodity prices will remain at historically high levels. We made that assumption once before with catastrophic results, and taxpayers paid the price.

In contrast, the 2002 Farm Bill, which restored the safety net for farmers, has proven to be one of the most fiscally responsible government programs. By making payments to farmers when prices are low and returning savings when prices are high, the 2002 Farm Bill represented a major policy improvement.

In one way, we have become victims of our own success with the 2002 Farm Bill. When former Ag Committee Chairman Larry Combest wrote the 2002 Farm Bill, his baseline for the safety net programs was 140 billion dollars over ten years. The most recent baseline has shrunk to about 80 billion dollars. While the baseline has increased for some Farm Bill programs, these increases have come in areas such as food stamps, which account for 67 percent of our budget, that need to be maintained, not cut to fund other programs. The bottom line is that additional resources are needed to produce a policy that facilitates a strong farm sector and helps our nation move toward energy independence in a fiscally responsible way.

Mr. Chairman, one of the ideas in the Administration's Farm Bill proposal that I support is their conclusion that additional budgetary resources are needed for the Farm Bill. For example, USDA's proposal recommends increased funding for renewable fuel programs.

One of the biggest developments that agriculture and rural America has seen in a generation has been the growing demand and expanding market for agriculturally-based energy sources, including ethanol and biodiesel. The excitement about this exists far beyond just our rural communities, as our colleagues from across the country in urban and suburban districts are also excited about the potential for ethanol and other renewable fuels to reduce our nation's dependence on foreign energy sources.

We need a strong energy title in the Farm Bill; however, we currently have no baseline money to accomplish that. I believe that this is a necessary investment that we must make, especially to jumpstart the transition from corn-based ethanol to cellulosic ethanol, which will provide a long-term, environmentally friendly and sustainable ethanol industry in the United States.

Another interesting part of the Administration proposal is additional funding to support the fruit and vegetable industry. Many of our colleagues in the House as well as the Senate are in agreement that some sort of action in this area should be a priority for the 2007 Farm Bill. USDA also is calling for the extension of the Milk Income Loss Contract program. It's a long story, but this is a program that has become very popular among many dairy farmers, but it currently does not have a baseline.

The Administration also recommended expanding agricultural conservation programs. The 2002 Farm Bill had the largest increase in such programs in the Department's history. Even so, again many of our colleagues are persuaded—as is the Secretary—that further expansions are appropriate. Another proposal from USDA recommends increases to the Food Stamp program that would counter the rise in obe-



sity, remove the cap on the program's child care deduction, and exclude college savings accounts from resource limit calculations.

In addition to these priorities, some minor, but perhaps desirable, rebalancing in basic commodity programs will be proposed, and those will also require an increase in funds available to the Committee.

Knowing that you have a difficult task, I nevertheless feel strongly that increasing the resources made available for writing the Farm Bill will serve our nation well and will yield substantial and tangible gains in return. The Budget Committee is an important partner of ours in the development of a responsible Farm Bill. I appreciate your consideration of the case I make today and look forward to working with you as you develop the budget resolution.

Chairman SPRATT. Mr. Goodlatte, would you like to add to that?

**STATEMENT OF HON. BOB GOODLATTE, A REPRESENTATIVE  
IN CONGRESS FROM THE STATE OF VIRGINIA**

Mr. GOODLATTE. Yes, thank you very much Mr. Chairman, Mr. Moore. We appreciate the opportunity to make our case for American farmers and ranchers and all of rural America. Chairman Peterson and I are continuing the process of information gathering and evaluating the information we have received as we move forward and prepare to reauthorize the Farm Bill later this year.

We began this process more than a year ago with the Committee's first Farm Bill hearing in Fayetteville, North Carolina and convened ten more field hearings, as well as several subcommittee hearings, throughout the United States since then. In addition, we held several full Committee hearings in Washington, D.C. and in total heard formal testimony from 174 farmers and ranchers and through our website and other means for input thousands more. Even now, as we move into the home stretch, there is still much work to be done. We set out on every hearing intent on finding out what farmers and ranchers wanted to see in the next Farm Bill. In turn the witnesses, as well as members of the local communities in the audience, wanted to know the situation in Washington that would influence the next Farm Bill. While there are a myriad of factors that will influence what the outcome of the Farm Bill will be, both Mr. Peterson and I unabashedly agree that it all comes down to how much money is available in the budget. Today we take the first step to find out how much money will be available for rural America.

While in the field listening to producers, the popularity of the current Farm Bill was readily apparent. Though we were proud to hear that farmers were happy with our 2002 product, I felt the need to caution them that in terms of the budget environment much has changed since then. Today the budget environment we find ourselves in is very different than that of 2002. In 2002, we had a \$198 billion baseline for commodities, conservation, research and rural development, excluding nutrition. I told farmers that the handwriting has been on the wall for some time and the budgetary constraints we feel now will likely continue into the future. Most notably, CBO's March, 2006 estimate to continue the current Farm Bill baseline was \$104 billion which was significantly lower than the baseline in 2002. However, in the most recent CBO estimate the projected baseline took another \$30 billion hit resulting in an estimated \$74 billion over ten years. Again, that is excluding nutrition programs.

Throughout our hearings, we heard that some commodity groups wanted a higher loan rate. Others wanted a more consistent Counter Cyclical Program, and still others wanted an increased direct payment or a payments of any kind. The ideas and suggestions about how we could perfect current farm programs were as numerous as they were diverse, differing by commodity and region of the country. How each farmer defined an adequate safety net depended upon what he was growing and where he was growing it.

There was one common issue that we heard from all varieties of commodity producers in every region of the country: the increasing cost of environmental compliance. Farmers and ranchers across the nation, from row crop producers to fruits and vegetable growers and livestock owners, all complained about the costs they are incurring in order to stay in compliance with burgeoning environmental regulations. The growing list of requirements thrust upon farmers and ranchers are largely debilitating. We heard from quite a few that were so confounded with the increased regulation and sheer breadth and depth of the seemingly endless compliance requirements that they were seriously contemplating a career change. For most, the situation is beyond a matter of profitability, for which an increased direct payment or a higher loan rate can compensate. It has, unfortunately, become a matter of survivability. We

We must put the taxpayers' money where our mouth is. We must help those that, by the sheer nature of their livelihoods, are ensnared by burdensome environmental regulations and requirements. We must offer increased financial assistance to help those who are willing to do the right thing, or at least what the law requires, but cannot afford the cost of compliance. I am not asking the House Budget Committee to roll back environmental laws, rules or regulations. I am asking for the resources needed to help our farmers and ranchers who are first and best stewards of the land to comply with the complex and costly web of federal regulation that govern land use. Our farmers and ranchers will be the first to tell you that their production yields are directly influenced by the quality of the land, air and water around them, but that responsible use of those elements is absolutely necessary to agriculture production in this country. There can be no reservations about the need to assist those in rural America to comply with the numerous laws and regulations that we all too often thrust upon those that are least able to afford compliance.

Mr. Chairman, if I might add to that point. More than half of all of the farmers in America do not participate in the commodity programs that are so important to many in many regions of the country. They may be fruits and vegetables producers, they may be livestock producers, they may be producers of other row crops that do not participate in the major commodity programs. But they all have to comply with environmental regulations. And when they do comply, it not only benefits their farm but it also benefits those who live downstream, downwind, in the same community, along with Chesapeake Bay in my region of the country, and so many other environmentally sensitive areas in other parts of the country.

And if we are to take the current baseline for agriculture and recognize that the commodity programs have worked very well and prices have gone high which has resulted in a great bonus, I would

argue, to the taxpayers and to the Budget Committee. But if we operate simply on that baseline and do not recognize that since 2002 many circumstances have changed, many needs have changed, and if we are going to write a new Farm Bill we are going to have to have resources to do it. That does not just recognize that if we are going to address the commodity programs, that we are going to have to address rural America in general and the problems that it has. And if we operate off the current baseline we will not be able to any where near meet those needs.

[The prepared statement of Mr. Goodlatte follows:]

PREPARED STATEMENT OF HON. BOB GOODLATTE, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF VIRGINIA

Chairman Spratt and Ranking Member Ryan, thank you for affording us this opportunity to make our case for American farmers and ranchers, and all of rural America. Chairman Peterson and I are continuing the process of information gathering and evaluating the information we've received as we move forward and prepare to reauthorize the farm bill later this year. We began this process more than a year ago with the Committee's first farm bill field hearing in Fayetteville, North Carolina and convened 10 more field hearings, as well as several Subcommittee hearings, throughout the United States since then. In addition, we held several full Committee hearings in Washington, DC, and, in total, heard from 174 farmers and ranchers. Even now as we move into the home stretch, there is still much work to be done.

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Throughout our hearings, we heard that some commodity groups wanted a higher loan rate, others wanted a more consistent counter cyclical program and still others wanted an increased direct payment or a payment of any kind. The ideas and suggestions about how we could perfect current farm programs were as numerous as they were diverse, differing by commodity and region of the country. How each farmer defined an "adequate safety net" depended on what he was growing and where he was growing it.

There was one common issue that we heard about from all varieties of commodity producers in every region of the country: the increasing cost of environmental compliance. Farmers and ranchers across this nation, from row crop producers to fruits and vegetable growers and livestock owners all complained about the costs they are incurring in order to stay in compliance with burgeoning environmental regulations. The growing list of requirements thrust upon farmers and ranchers are largely debilitating. We heard from quite a few that were so confounded with the increased regulation and the sheer breadth and depth of the seemingly endless compliance requirements that they were seriously contemplating a career change. For most, the situation is beyond a matter of profitability for which an increased direct payment or a higher loan rate can compensate; it has, unfortunately, become a matter of survivability.

We must put the taxpayer's money where our mouth is. We must help those that, by the sheer nature of their livelihoods, are ensnared by burdensome environmental requirements and regulation. We must offer increased financial assistance to help those who are willing to do the right thing or at least what the law requires but can't afford the cost of compliance.

I am not asking the House Budget Committee to roll back environmental laws, rules or regulations. I am asking for the resources needed to help our farmers and ranchers, who are our first and best stewards of the land, to comply with the complex and costly web of federal regulation that govern land use. Our farmers and ranchers will be the first to tell you that their production yields are directly influenced by the quality of the land, air and water around them, but that responsible use of those elements is absolutely necessary to agriculture production in this country.

There can be no reservations about the need to assist those in rural America comply with the numerous laws and regulations that we all too often thrust upon those that are least able to afford compliance.

I support Chairman Peterson's call for additional baseline funding. I think it is only fair to help pay for the cost of environmental compliance that we've created.

Chairman SPRATT. We are up against the time limit, but you represent a whole Committee and one of the important items in our budget and we want to get your testimony fully in the record and fully before the Committee.

Let me just ask you one basic question. First of all, as you can well appreciate, we have got a tough job because we would like to move the budget to balance in the year 2012, the same target year that the President set with his budget. We frankly do not think that the President's budget will get us there so we have got to craft a different path. And as you look at the Farm Bill, it is multifaceted. Among the different features of the Bill, which to you are the most important? Conservation? Price supports? Income supports? A new Bioenergy Bill? A new specialty crops support program of some kind? Or a new permanent disaster assistance program? I know I am reeling those off quickly, but could you give us just your reaction of which to you matter the most or which you think matter the most to farmers?

Mr. PETERSON OF MINNESOTA. Well, I think Bob said it in his statement that it would depend on where you come from. In my part of the world, they will probably tell you it is the support for commodity programs because that is what they do. If you come from the Central Valley of California, they are probably going to tell you it is going to be the fruit and vegetable situation. If they come from, you know, the Chesapeake Bay area it could be conservation and environmental things. So I am not sure we have reached that consensus yet.

Part of why I was not more specific in my testimony is that we have the commodity groups and general farm groups coming to a conclusion now amongst themselves about what they thing things should look like. We have got the conservation people doing that. We have got a lot of effort going into looking at the cellulosic ethanol and what we should be doing in those areas. If I had to prioritize them, I think one of the most important things for the future of the country is getting the cellulosic ethanol and these new renewable fuel opportunities stood up and going. And I think that is something everybody in the country wants, not just rural America but people in the city and, you know, so that is a very high priority for us.

But it is not going to be realistic for us to, when you have Commodity Title down 43 percent, that we are going to take more money out of the Commodity Title and put it over into that. That is not going to work. We are going to undermine the safety net that we put in place. We saved \$17 billion over the life of the Farm Bill so far because we have a safety net that works. And because it has worked we have a lot less baseline. So I would argue that we are literally the only part of the United States government that has contributed to the budget deficit situation. I do not know if you can find any other part of the government where we have cut spending as much as we have in agriculture because the program worked. And so we do not want to undermine that.

Permanent disaster, I think what I am trying to do there is get away from these ad hoc disasters, which we have had to do every couple of years. Because even though we improved the safety net we still have not been able to get at the situation when we have something happen like a hurricane or a drought or whatever. We do not know exactly what it would cost us. We are not exactly sure how to structure this. But I think this would be a good thing for the government, for the taxpayers, for the budget, if we could figure out how to do this. I really believe that if we had a permanent disaster program, it would cost us half as much, or maybe less, of what we are spending on these ad hoc disasters. Because whenever we do one of those stuff gets added in there that should not be added in. People get paid that should not get paid, because of the legislative process and the other body and so forth. So, if we could have a formula, have a pot of money like they do in FEMA, I think it would cost us a lot less money. But where do we get the resources to do that? I mean, you know, there again you are robbing Peter to pay Paul.

So we need to maintain the safety net that we have in the commodity program. We need a little more money for conservation because it was taken away from us by the appropriators. We need to do this renewable fuel situation. And, you know, you will have other people tell you that, they are from the city, that we need more money in food stamps even though food stamps have gone up 58 percent and commodities have gone down 43 percent. They will argue that we need to put more money into food stamps. So I think it depends on where you are from.

That is probably not a very good answer.

Chairman SPRATT. Mr. Goodlatte?

Mr. GOODLATTE. I think it is a good answer, and I would endorse it. But let me add to that that whether you are from South Carolina, or Virginia, or Minnesota, or Oregon, or the suburbs of Kansas City, Missouri and Kansas City, Kansas, every where you look the question about whether a farmer will stay on the farm and a value that I think almost all Americans have in terms of wanting to see open space preserved, and not want to see continued taking of private lands, is the ability of that farmer to be able to continue to feed his family and derive some profit from their farm. And the two things that pressure them on that are increasing land prices, it is easier to sell that land and do something else. And that land is most likely not going to go to another farmer. It is going to go to some other use. Or it is going to be to have to spend a substantial

amount of dollars in complying with every increasing burdensome environment regulations.

So programs that make sure that we maintain the safety net that is very important to many farmers. Most of my farmers that are in livestock in Virginia do not have much of a government program safety net. But I strongly support maintaining that. I think it needs to be revised, but maintaining that for Midwestern and deep south farmers, and farmers in other parts of the country that do have important dependence upon the commodity programs.

But programs that deal with conservation and deal with helping farmers pay to comply with environmental regulations that do not just benefit them but benefit all of society are what I think should be the focus.

Chairman SPRATT. Mr. Moore, Mr. Blumenauer, we are trying to hold our witnesses to ten minutes. These witnesses are already twice ten minutes, but the biggest issue, one of the biggest issues before us, is how much we provide for the renewal of the Farm Program. So I think it warrants the additional time.

If you would like to ask a question, if I could ask you to ask one question and keep it fairly limited and focused I would appreciate it so we can move on to a host of other witnesses. But I think you should have the opportunity, Mr. Moore, first. Okay, Mr. Blumenauer.

Mr. BLUMENAUER. Mr. Chairman, in respect to the people who are waiting and to our Chair and Ranking Member, what I would do would be at some point I will just try and follow up, if I could, specifically. It touched a raw nerve when you are talking about being able to help farmers comply with environmental regulations and the land preservation piece. Congressman Farr and I spent the weekend in Portland hearing from a wide variety of people who were concerned about that, and I would like to just submit some things and seek your sense of what we can do on this Committee to be able to do that. But I will do that separately because it is more detailed. I am sure they have information or can direct me to folks and I do want to respect other members. Thank you.

Mr. PETERSON OF MINNESOTA. I got a report from Mr. Farr about your meeting. In fact, we had quite a discussion and there are a number of things we have been looking at and will be looking at to address these issues. And so it is definitely on our radar screen.

Mr. BLUMENAUER. Super, thank you.

Mr. GOODLATTE. And if I might just add, between \$194 billion baseline in the last Farm Bill and \$74 billion that we start with, excluding nutrition programs, in this one, is \$120 billion that is coming back effectively to the Budget Committee. There are not many other sectors of our economy where you have got that kind of a figure. We are not asking for all of that to be redirected to these other things. But we are asking for a significant portion of that to be made available for new ways to address farm programs.

Mr. BLUMENAUER. I do think, Mr. Chairman, that there is a compelling case that it does touch everybody in America. And that the time is coming, I mean no one wants to water down the environmental regulations, or few people want to water them down. It is not going to happen. I do think we have an obligation to try and help our people who are on the farms and ranches that benefit us

all. And I am looking forward to exploring that with you. Thank you very much.

Chairman SPRATT. Mr. Berry, we are trying to hold the witnesses to ten minutes. We are well over because this is such an important this year with the Farm Bill coming due. You are a rice farmer and a cotton farmer, if you have a question to put we would be glad to entertain it.

Mr. BERRY. Well, thank you Mr. Chairman. And I have served on the Ag Committee with my colleagues Mr. Peterson and Mr. Goodlatte and I welcome you certainly to the Budget Committee, and we appreciate you being here. I think we share, you just described, the Ranking Member just described the fact that we did not spend all the money in the last Farm Bill. And I do not think that the American people realize the tremendous benefit that they reap from having a good Safety Net Program for our producers, and a good Conservation Program for the land owners and to help encourage people to get the job done as far as land. I have been involved with it all my life. And it is always interesting the way occasionally it is presented as if someone is enriching themselves from farm programs. And I always encourage people that if they think it is the road to wealth, I know where they can get in on it. I know plenty of people that will sell them one.

As I said, I have spent my entire life on the farm and involved with agriculture and around farmers. And they are just good, hard-working people. There is no way that the production and processing system in this country will hold up and continue to be as productive as it is and has been and continue to provide America with the cheapest and the safest food supply and fiber supply in the world without a Safety Net Farm Bill behind them. And there is no way we are going to have water as clean as we have, and air as clean as we do without the conservation programs. And without getting into a whole lot of details, I just think it is absolutely critical that we put enough money in this budget to write a good Farm Bill.

Chairman SPRATT. Thank you very much for your testimony. We appreciate your coming here, and we appreciate your excellent statements as well.

Mr. PETERSON OF MINNESOTA. Thank you, Mr. Chairman.

Mr. GOODLATTE. Thank you, Mr. Chairman.

Chairman SPRATT. We look forward to working with you on a bill we can all support. The next witness is Mr. Dennis Cardoza and he will be followed by Norman Dicks. Mr. Cardoza, if you could keep your statements to a little less than ten minutes so that we can accommodate a few questions we would appreciate it, but the floor is yours.

#### **STATEMENT OF HON. DENNIS CARDOZA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. CARDOZA. I will do better than that. I want to respect Mr. Dicks, Mr. Chairman and all the members here. But the issue I do want to talk about today is very important. And I have submitted written testimony to the Committee but I will try and summarize a little bit why I have taken your time up today.

A few years ago, Mr. Chairman, actually seven years ago, I was fortunate enough, my wife and I were fortunate enough to adopt

two children out of foster care. Since then I have been an advocate for these children. There are over 211,000 children currently in foster care across the country that are being helped by the \$6.8 billion in funds that the federal government gives the states to allocate. That money is needed, but I will tell you that there are some other, and I would ask this Committee to give the full allocation to those children. There are actually 427,000 children in foster care, 211,000 are supported by the funds given, that are seeking families, 211,000 children are getting funding from the federal government.

Last year, Mr. Chairman, I authored an amendment to the Science, State, Justice and Commerce Appropriations Bill that provided \$5 million for drug endangered children. There was actually an authorization for \$20 million included in the Patriot Act. To date it has not been funded because last year's \$5 million amendment lapsed in the earmark process that we just saw go through the House.

So I am asking that we fully fund this program, Mr. Chairman and members. These drug endangered children grants provide grants to children to improve coordination between state and local agencies that provide assistance to children found in homes made dangerous by drugs, and to aid the transition of these children to safe residential environments. This amendment was adopted by a voice vote last year, and as I said it did not pass. Mr. Chairman, both of my children came from the same drug endangered home. It is a despicable situation where so many kids are left in abusive situations because of their parents' addiction to serious drugs, including and in particular methamphetamine. It is absolutely vital that we do everything we can to get those children out of those homes and placed in more secure environments.

My children were saved out the foster care system and placed in my wife and my home because of court appointed special advocates, which is the second program that I would like to advocate for you today. I urge you to fully fund that program. I will tell you that it was a CASA volunteer who was my son's kindergarten teacher who realized that they were being abused a second time in foster care, and were able to get them to the social service agency that got them to my wife and I. And I am forever in their debt and for every year that I come here I will testify on their behalf. We need more CASA volunteers, not less. The program has been cut in the last few years, we need to change that around. It is a small program, considering that we spend \$6.8 billion on foster care we only spend \$12 million on CASA. And I will tell you that dollar for dollar we could do much better putting more dollars in this one than in anything else we can do.

Chairman SPRATT. Mr. Cardoza, does this fall under the Child Care and Development Block Grant?

Mr. CARDOZA. I am not sure, Mr. Chairman. I will try and find that out for you and provide you with that information afterwards.

Chairman SPRATT. Okay. Okay.

Mr. CARDOZA. But the CASA funding, you know I have done bake sales and fundraisers for CASA because I think it is that important. And it truly is something that we must do.



Finally Mr. Chairman, I am going to advocate to all of you to fully fund the SCHIP Program, and not just to the age of nineteen, or below the age of eighteen. But I am going to advocate that we extend it, it is currently a voluntary program, to twenty-one. And it is imperative that we fully fund that program at least in one particular area, and that is for mental health services.

I was shocked recently when I read in the paper that 40 percent of foster kids, according to this one article, are homeless after eighteen months when they age out of the foster care system. The reality is that large numbers, and it is in my written testimony, are on psychotropic drugs because of the abuse and the neglect that they sustained as children. I never, to be very frank and honest, before I had my own children that came out of this situation I did not realize how bad the nurturing process can affect, or the lack of nurturing, at an early age can affect children. But it drastically does. We see that—well, I can read you some of the statistics I included in my testimony. The incidence of drug dependence among foster kids is seven times greater than the general public. More than half of foster care alumni ages nineteen to thirty-three had mental health problems, so 50 percent. And 20 percent of foster kids have three or more mental problems.

Well, Mr. Chairman what happens to foster kids is they are already coming out of unstable environments. And then they age out at eighteen, they get thrown pretty much on the streets with very few social services that follow them. And they are expected to get jobs and start supporting themselves. But the problem is that just at the time when they are supposed to really step it up and take responsibility for their lives, the psychotropic drugs that are helping them become stable and cut off for lack of health services. So what we need to do, Mr. Chairman, is continue this program to give them a fair chance at a good start in life. Certainly a lot of these kids are going to fail anyway because of the disadvantages they have. But we should not be withholding their medication at the most critical time that they possibly can have when they have no one else in their lives to help shepherd them after they age out.

I will tell you I have spoken to a lot of these kids, Mr. Chairman. It is a very serious problem. And it is a shame to spend billions of dollars trying to save these kids only to lose them for lack of a few drugs right at the end of their care. I believe, Mr. Chairman, I know you cannot score this in the congressional budget scoring process correctly, but this is a lot like Head Start where we know if we take care of them at the beginning they are healthier and it costs government less money. I believe that if we take care of these kids as they age out of the process that we will in fact save the government money by these kids not becoming homeless, not committing crimes on the street, not being put in our penal facilities and costing taxpayers much more money in the long run. And with that, Mr. Chairman, I just ask for your help in supporting this issue.

[The prepared statement of Mr. Cardoza follows:]

PREPARED STATEMENT OF HON. DENNIS A. CARDOZA, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF CALIFORNIA

Thank you for allowing me to submit this statement for the record on an issue very close to my heart: our nation's foster children. The kids in our foster care sys-

tem are among the most vulnerable in our society, and I urge the Committee to make protecting foster care children a top priority as it goes about drafting its budget resolution.

I have a very personal interest in this issue. Seven years ago, I adopted two foster children. Since then, I have advocated on behalf of adoption and foster children in the California Assembly and in Congress. Every child, no matter what station they may be born to, deserves a chance to be raised in a stable and loving home.

As you consider this year's budget resolution, I urge you at the very minimum to maintain the \$6.8 billion in the Administration budget for state grants for foster care and adoption assistance. Every month, these funds support 211,000 children in foster care across the country and help 427,000 children as they seek permanent families.

I also believe that we must maintain full funding for the State Children's Health Insurance Program (SCHIP). I was deeply troubled by the shortfall in long term funding for the program in President Bush's budget. As you know, we would need an additional \$10 billion over the next five years just maintain the number of children enrolled. A failure to continue to support this vital program would have a devastating impact on children, especially foster children.

The Court Appointed Special Advocates (CASA) program is one that literally saved my life and I urge the Committee to strongly support it. Under the CASA program, funding is provided to the National Court Appointed Special Advocates Association to initiate and expand local programs that provide volunteer advocates to children who are victims in child abuse or neglect cases. Slightly over 200,000 children went through the system last year and I strongly urge the Committee to support the authorized funding level of \$12 million.

Last year I authored an amendment to the Science, State, Justice, and Commerce Appropriations bill to provide \$5 million for the Drug Endangered Children grant program. The Drug Endangered Children grant program provides grants to improve coordination between the state and local agencies that provide assistance to children found in homes made dangerous by drugs and to aid the transition of these children to safe residential environments. The amendment was adopted by voice vote during consideration of the bill but, unfortunately, it got lost in the conflict of competing priorities during consideration of this year's continuing resolution. I urge the Committee to give this vital program top consideration.

Moreover, I plan to introduce legislation which would expand Medicaid to cover children up to the age of 21. With meager resources and despite chronic funding shortfalls, the SCHIP program has made remarkable strides in helping children living in poverty get access to health care.

Though the program has made significant progress, it should only be viewed as a first step and much more needs to be done. The bill I plan to introduce would correct a huge problem under current law—the fact that only children under 19 are covered. We know that poverty still afflicts children in their late teens and early twenties and, by acknowledging and addressing this reality, we can make real progress towards reducing childhood poverty.

This will dramatically help the 23,000 children who have age out of foster care every year and who are no longer eligible for health care. The statistics are sobering: 1) incidents of drug dependence are 7 times greater with foster care alumni than the general public; 2) more than half of foster care alumni ages 19 to 33 had a mental health care problem, and 20% had three or more mental health problems; 3) more than 80% of children in foster care have developmental, emotional or behavioral problems; and 4) according to Health and Human Services, 75-80% of those children who need mental health services do not receive them.

By expanding access to health care for those children who need it, we can begin to put a dent in some of those horrendous statistics. My bill will help close the gap and make a difference in the lives of these at-risk youth.

Looking beyond this budget resolution, I strongly believe that Congress should act to eliminate obstacles to adoption and improve life for kids in foster care. In the past, I have sought to make foster care a priority for Congress. In April of 2005, I introduced the "Military Adoption Act", which makes it easier for military service members to adopt children by allowing them to take paid leave. The bill was signed into law by President Bush in December 2005.

I know the Committee has an unenviable task of choosing among many worthwhile priorities as it drafts its budget resolution. There is simply too much to do and not enough money to go around.

However, the welfare of our nation's youth must be a top priority. Simply put, no child should have to grow up abandoned and in poverty. Please do everything you can to ensure that the needs of children are well protected during the budget process.

Chairman SPRATT. That is very compelling testimony. I live across the street and have all my life from a church owned facility which treats children with deep seated emotional problems, many of them coming, most of them coming, from abusive and broken home situations. So you certainly have my sympathetic support. If you could supply for us a little better identification of the program and under what rubric of the budget it falls that would be useful, I think.

Mr. CARDOZA. I will indeed. I intend to introduce legislation to authorize and fully mandate the extension on the mental health services. I intend to with Mr. Kennedy and others to try and move this legislation as the Mental Health Parity legislation goes through. But I wanted to warn the Committee that I was doing this so that you could be thinking about it, and I will be working on it as well.

Chairman SPRATT. Renewing and extending the SCHIP Program will be one of our principal focal points and main emphases in the budget this year. Mr. Moore?

Mr. MOORE OF KANSAS. Thank you Mr. Cardoza, Mr. Chairman. As a district attorney, elected district attorney, in the suburb of Kansas City for twelve years I prosecuted several homicide cases involving small children, and frankly that is exactly why I ended up leaving the position of district attorney after twelve years. And I was one of the founders of the CASA Program in our county. And I will tell you, I have seen it and what you just said is exactly right. It is a very, very valuable resource, court appointed special advocates. Having an adult in the community who will go in and advocate for a child who needs that help is very, very helpful, I think, in many, many situations.

As Mr. Chairman just said, full funding for SCHIP is absolutely mandatory as far as I am concerned, as well. Thank you for testifying today.

Mr. CARDOZA. Thank you.

Chairman SPRATT. Mr. Blumenauer?

Mr. BLUMENAUER. Compelling testimony, agreed. It makes a lot of sense. You referenced a number of young people who age out, as you say, from foster care who end up on the streets?

Mr. CARDOZA. Well, I have had conflicting statistics on this. But I have heard a statistic that says 40 percent. I have heard other statistics that are less than that. But there is a tremendous number, Mr. Blumenauer.

Mr. BLUMENAUER. Thank you.

Mr. CARDOZA. Tremendous. And I will look into it and get you personally further information on that.

Chairman SPRATT. Other questions? Mr. Cardoza, thank you very much, indeed.

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

Chairman SPRATT. We appreciate it. Mr. Norman Dicks?

#### **STATEMENT OF HON. NORMAN DICKS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON**

Mr. DICKS. Mr. Chairman, I appreciate your taking the time. I hope they will pass out our testimony. We have a wonderful chart on the first page we want you to take a look at. And I appreciate

the opportunity to testify. I appreciate the opportunity to appear before you this afternoon to share my views on the fiscal year 2008 budget and, really, what has happened between 2001 and 2008. I think most of us who serve on the Budget and Appropriations Committees are aware of the constraints which have been placed on discretionary spending during the last half dozen years and tax policies and war costs have drained the Treasury of funds for basic service and critical investments. There are serious shortfalls in education, health services, research, and other areas which others will testify about today. I believe these are all critical challenges which we need to address, and I hope that we will be recognizing in the budget which you will present to the House next month. Mr. Chairman, there are other needs which also need to be addressed in the 2008 budget. My request today is that shortfalls in environmental and conservation programs, which have reached critical proportions, will also be adequately funded in your budget.

The numbers regarding funding for environmental and natural resource programs under Budget Function 300 tell a discouraging story. As the Budget Committee's own analysis, released last week, shows, the 2008 request for Function 300 programs of \$28.7 billion is \$2.8 billion, or 8.3 percent less, than the amount required to maintain current services. Funding for the Environmental Protection Agency is reduced by \$508 million. The budget for the Forest Service, not counting firefighting costs which are really uncontrollable, is down \$343 million. Excluding the welcome increase for our national parks, funding for the Interior Department is reduced by \$237 million. These 2008 proposed cuts come on top of seven years of steady decline. As the chart included in my written testimony shows, after adjusting for inflation, funding for the Interior Department has declined by 16 percent since 2001, for EPA by 29 percent, and for the non-fire portions of the Forest Service by a whopping 35 percent. These cuts have inevitably lead to declines in services for visitors to our parks, refuges and forests and to dramatic reductions in assistance to state and local governments for environmental and conservation activities.

Mr. Chairman, I know that your Committee understands the impact which these reductions mean in a broad sense. But I want to impress on you today what this means in terms of direct services to the public we all serve. Under the President's 2008 budget, funding to help our local communities repair and upgrade the water and sewer systems would decline by \$662 million, or approximately 50 percent since 2004. This is despite EPA's own estimate under Governor Christine Todd Whitman of a shortfall of at least \$388 billion for water and sewer systems. Mr. Chairman, there is not a community in this country that does not need help with its water infrastructure, and without these investments drinking water related health problems will increase and economic growth will be curtailed.

Air quality grants are reduced by \$35 million at a time when EPA has designated 208 American counties with a population of 88 million as failing to meet air quality standards under the Clean Air Act. Areas designated as EPA as not meeting air quality standards include Columbia and Spartanburg in your State of South Caro-

lina, and Milwaukee, Racine and Sheboygan in Mr. Ryan's State of Wisconsin. These areas need our help.

The annual level of clean up of Super Fund Sites contaminated with PCB's and other highly toxic substances has declined from eighty sites per year in the late nineties to twenty-four sites estimated for this year and next under the President's proposal.

Funding for the Land and Water Conservation Fund to acquire precious land for recreation and species habitat has declined from \$440 million in 2002 to \$85 million under the President's 2008 request. I am not proposing money to acquire large new tracts of land or establish new parks and wildlife refuges. If funds are restored they will go mostly to acquire remaining private properties in places like Valley Forge, Grand Teton National Park, and the Flight 93 Memorial Site. All purchases are from willing sellers.

Since 2001 staffing in the Forest Service has declined by 5900 positions making it more difficult to provide services either to recreational visitors or to commercial timber projects. Hundreds of Forest Service campgrounds are being closed for lack of funding and our forests are overrun with drug traffickers for lack of law enforcement personnel. Staffing at the Fish and Wildlife Service has declined by 400 positions over the last two years. Many refuges out there do not have one single person anymore to take care of them.

Mr. Chairman, my basic request, my urgent plea, is that your Committee recognizes in its Budget Resolution for 2008 that the environmental and conservation needs of this country have been neglect too long. I urge this Committee to reverse this trend and provide a significant increase for discretionary spending so that all of these deficits can begin to be addressed.

Mr. Chairman, in addition to my testimony regarding environmental and conservation needs broadly, I want to make a specific request regarding the way the firefighting costs are being dealt with under the budget. Frankly, the fire budget is exploding as fires become more common, more severe, and more expensive. These increased costs are causing havoc for other Forest Service and Interior programs. As members know, funding for other programs has been reduced by hundreds of millions of dollars as funds are borrowed at the last minute to finance the cost of fire suppression activities. In many cases, these funds are never repaid and critical maintenance and hazardous fuels work does not get done.

Mr. Chairman, these fire events are natural disasters every bit as much as hurricanes, tornadoes, and floods. The costs, however, are not treated like other emergencies whose costs are covered either by the FEMA or by the emergency funds outside of the discretionary caps. Mr. Chairman, we recognize that a certain amount of fire expenditures are a recurring and predictable expense and should be paid from discretionary funds. I believe, however, that when there is a specially catastrophic and expensive fire, or when costs substantially exceed those of a normal year that alternative funding arrangements need to be made.

I would urge your Committee to either provide an emergency reserve fund of \$500 million, as was done in 2004 and 2005 for extraordinary fire costs as we did those last two years, or provide an alternative mechanism for handling these costs when fires get out of hand. Funding highly variable and highly unpredictable fire

fighting costs out of core discretionary budget does not make sense. In fact, in 1991 13 percent of the budget for the Forest Service was for fire. Today it is up to somewhere close to between 45 and 47 percent of the entire Forest Service budget goes to fighting fire.

So these are important matters. I have taken over the responsibility as Chairman of the Interior and Environment Appropriations Subcommittee, and as I showed you on this first chart these cuts are not sustainable. I mean, these agencies are being hurt and we need help both from the Budget Committee and from the allocation that we get in the 302b process. Thank you.

[The prepared statement of Mr. Dicks follows:]

PREPARED STATEMENT OF HON. NORMAN D. DICKS, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF WASHINGTON

Chairman Spratt and Members of the Committee, I appreciate this opportunity to appear before you this afternoon to share my views on the fiscal year 2008 budget.

I think most of us who serve on the Budget and Appropriations Committees are aware of the constraints which have been placed on discretionary spending during the last half dozen years as tax policies and war costs have drained the treasury of funds for basic services and critical investments. There are serious shortfalls in education, health services, research and other areas which others will testify about today. I believe these are all critical challenges which we need to address and I hope they will be recognized in the budget which you will present to the House next month.

But, Mr. Chairman, there are other needs which also need to be addressed in the 2008 Budget. My request today is that shortfalls in environmental and conservation programs—which have reached critical proportions—will also be more adequately funded in your budget.

The numbers regarding funding for environmental and natural resource programs under budget function 300 tell a discouraging story. As the Budget Committee's own analysis released last week shows, the 2008 request for function 300 programs of \$28.7 billion is \$2.8 billion or 8.3 percent less than the amount required to maintain current services. Funding for the Environmental Protection Agency is reduced by \$508 million. The budget for the Forest Service, not counting firefighting costs, is down \$343 million. Excluding the welcome increase for our National Parks, funding for the Interior Department is reduced by \$237 million.

These 2008 proposed cuts come on top of seven years of steady decline. As the chart included in my written testimony shows, after adjusting for inflation, funding for the Interior Department has declined by 16 percent since 2001; for EPA by 29 percent; and for the non-fire portion of the Forest Service by a whopping 35 percent. These cuts have inevitably led to declines in services for visitors to our parks, refuges and forests and to dramatic reductions in assistance to states and local communities for environmental and conservation activities.

Mr. Chairman, I know that your Committee understands the impact which these reductions mean in a broad sense. But I want to impress on you today what this means in terms of direct services to the public we all serve.

- Under the president's 2008 budget, funding to help our local communities repair and upgrade the water and sewer systems would decline by \$662 million or approximately 50 percent since 2004. This is despite EPA's own estimate under Governor Christine Todd Whitman of a shortfall of at least \$388 billion. Mr. Chairman there is not a community in this country that doesn't need help with its water infrastructure and without these investments drinking water-related health problems will increase and economic growth will be curtailed.

- Air quality grants are reduced by \$35 million at a time when EPA has designated 208 American counties with a population of 88 million as failing to meet air quality standards under the Clean Air Act. Areas designated by EPA as not meeting air quality standards include Colombia and Spartanburg in your State of South Carolina, and Milwaukee-Racine and Sheboygan in Mr. Ryan's state of Wisconsin. These areas need our help.

- The annual level of clean-ups of Superfund sites contaminated with PCB's and other highly toxic substances has declined from 80 sites per year in the late 1990's to 24 sites estimated for this year and next under the president's proposal.

- Funding from the Land and Water Conservation Fund to acquire precious land for recreation and for species habitat has declined from \$444 million in 2002 to \$85 million under the president's 2008 request. I am not proposing money to acquire large new tracts of land or to establish new parks and wildlife refuges. If funds are restored, they will go mostly to acquire remaining private properties in places like Valley Forge, Grand Teton National Park and the Flight 93 Memorial site. All purchases are from willing sellers.

- Since 2001, staffing in the Forest Service has declined by 5900 positions making it more difficult to provide services either to recreational visitors or to commercial timber projects. Hundreds of Forest Service campgrounds are being closed for lack of funding and our forests are overrun with drug traffickers for lack of law enforcement personnel.

- Staffing at the Fish and Wildlife Service has declined by 400 positions over the last two years.

Mr. Chairman, my basic request—my urgent plea—is that your Committee recognizes in its Budget Resolution for 2008 that the environmental and conservation needs of this country have been neglected too long. I urge this Committee to reverse this trend and provide a significant increase for discretionary spending so that all of these deficits can begin to be addressed.

Mr. Chairman, in addition to my testimony regarding environmental and conservation needs broadly, I want to make a special request regarding the way that firefighting costs are being dealt with under the budget. Frankly, the fire budget is exploding as fires become more common, more severe and more expensive. These increased costs are causing havoc for other Forest Service and Interior programs. As Members know, funding from other programs has been reduced by hundreds of millions of dollars as funds are “borrowed” at the last minute to finance the cost of fire suppression activities. In many cases these funds are never repaid and critical maintenance and hazardous fuels work does not get done.

Mr. Chairman, these fire events are natural disasters every bit as much as hurricanes, tornadoes and floods. The costs, however, are not treated like other emergencies whose costs are covered either by the Federal Emergency Management Administration or by emergency funds outside of the discretionary caps. Mr. Chairman, we recognize that a certain amount of fire expenditures are a recurring and predictable expense and should be paid from discretionary funds. I believe, however, that when there is an especially catastrophic and expensive fire or when costs substantially exceed those of a normal year that alternative funding arrangements need to be made. I would urge your Committee to either provide an emergency reserve fund of \$500 million for extraordinary fire costs as we did two years ago, or provide an alternative mechanism for handling these costs when fires get out of hand. Funding highly variable and highly unpredictable fire fighting costs out of our core discretionary budget just does not make sense.

Thank you for your consideration to this request.

Chairman SPRATT. Mr. Dicks, thank you for excellent testimony and great presentation of what is obviously an area that needs our attention, your attention, the whole House's attention. Can you give us some idea of how we could pay for these increments, these additional needs? For example, fees or transfer of funds from elsewhere, other allocations?

Mr. DICKS. One thing we do already, we have visitors' fees for the Park Service and for the Forest Service. In some places they are controversial but overall they have been accepted by the public. The money comes in, is used for maintenance, used for other activities at these facilities. You know, we have the Land and Water Conservation Fund, here is another problem. Mr. Secretary Watt, do you remember James Watt in the Reagan administration? He said that the money coming in, this was not a mandatory money to expend the money. So we have collected about \$15 billion that has just gone into the Treasury under Land and Water Conservation and it has not gone out for the conservation needs of the country.

So, you know, a few years ago we had a bill in the House called CARA. I, as an appropriator, was not supposed to vote for it. I

voted for it because that was I figured the only way we are going to get the kind of money to deal with some of these problems. Now, there is an opportunity right there under Land and Water Conservation to do \$900 million if we as a Congress made that program mandatory and that money would go out and be used to acquire lands and do other environmental things at the state and federal level.

So, we have go to do something. I mean, these things, I mean, what has happened here is with the priorities of the administration being the War and tax cuts they have shortchanged these programs. And we are pleased about the increase in the money for the Park Service. But it is coming at the expense of cuts in every other area of the environmental budget. So we need help. We need relief.

Chairman SPRATT. What about the allocation of funds from off shore drilling?

Mr. DICKS. That is what I am talking about. That is the Land and Water Conservation funding.

Chairman SPRATT. Right.

Mr. DICKS. And we gave some of that money to the oil producing states. I am saying we now should give some of the money to the rest of the country for environmental needs across the country. That is one place we could go to get some extra money.

We also, by the way, the President's budget calls for \$100 million increase, actually \$3 billion over ten years, for the Park Centennial. \$100 million of that is mandatory spending, so the Natural Resources Committee has got to come up with a PAYGO to get \$100 million. And then the administration is committed to going out and raising \$100 million each year from the private sector. So that is another way to pick up \$2 billion if we can find a way to come up with a program to deal with that. But that is the Resources Committee that would have to do that.

Chairman SPRATT. Do other members have questions? Yes, sir.

Mr. PORTER. Thank you, Mr. Chairman, not really a question but a comment. Congressman Dicks, we appreciate your comments. As a member from the great State of Nevada I represent the Lake Mead National Recreation Area, one of the most visited national recreation areas in the country with millions of visitors every year. I appreciate you making this a priority because it is a serious challenge for us, also, you know, adjacent to the Las Vegas area where we have 42 million visitors. Many of our National Park Service employees are expected to be law enforcement, expected to be environmentalists, and expected to be tour guides. And there is a serious shortfall and I appreciate you bringing this before the Committee today.

Mr. DICKS. Well, one good thing about the President's proposal on the Parks is he is going add 1000 full time FTEs for the National Parks and 3000 temporary workers for the National Parks. So there is some relief for that one area. But that does not affect the Forest Service and the other areas that are cut back in order to put money into the Park Service.

Mr. PORTER. Well said. Thank you, Mr. Chairman.

Mr. MOORE OF KANSAS [presiding]. Other members have questions? Mr. Blumenauer?



Mr. BLUMENAUER. Thank you. Congressman Dicks, eloquent and forceful. I really appreciate your testimony and the work that you have been doing to try to pull us back from the brink. Following up on the Chairman's question to you about things we can do, would you support, does it seem reasonable for us to go back, you mentioned in your testimony we are only going to have a couple dozen Super Fund sites despite the problems across the country?

Mr. DICKS. You mean to go back to the tax?

Mr. BLUMENAUER. Yes, to reinstitute the Super Fund tax?

Mr. DICKS. Yes, I do think we need to do that. I mean, so we have more money to clean up these Super Fund sites quicker. I mean, that will help all of our environmental needs. So I am for that. It is not, you know, the tax issues of course are with the Ways and Means Committee.

Mr. BLUMENAUER. I also appreciate your clarifying the explosion of, probably the wrong choice of terms, but fire fighting costs. I am wondering if there is a way to couple, the emergency reserve I am sensitive to.

Mr. DICKS. Right.

Mr. BLUMENAUER. That makes some sense to me.

Mr. DICKS. If we do not do that they have to take the money out of other important accounts dealing with the environment and running the Forest Service.

Mr. BLUMENAUER. Agreed. But at the same token, we have federal policies that are driving up the costs of forest fighting.

Mr. DICKS. That is right.

Mr. BLUMENAUER. The next twenty years there is going to be another million people who are going to live in metropolitan Denver, for instance, and that is what is driving up the costs of forest, if it is out in remote areas the costs of forest fighting, fighting forest fires, are a hundredth of what they are when you have got people, recreational homes, and development involved. Is there a way that we could couple your very reasonable request of a reserve, a contingency, something that would be truly emergency funding, with policies that will stop restraining stupid activities on the part of the federal government that are putting more property and lives at risk and driving that cost up?

Mr. DICKS. Well, is it the federal government or is it the local governments that are allowing this development to occur near urban areas? That to me is more of a zoning issue that has to be dealt with at the state and local level. But they are allowing people to do it, and you are right. It is those areas that are the most expensive. It is hugely more expensive.

What we are also trying to do, remember, is also under health forests is to go in and do the cleaning out of the under storage so that the fires are not as intense. And to me, that makes sense. That is underfunded in this budget as well.

Mr. BLUMENAUER. Well, I would like to explore with you if we could in the capacity of what we do on the Budget Committee, I am also interested in things that we can do on the Ways and Means Committee to make it hard to do stupid things. Like we have done with flood insurance where repetitive flood losses we have made some adjustments. And maybe there is a way we could

structure something that would be win-win, make your job easier, reduce prices, and would be a cooperative effort.

Mr. DICKS. Yes, I would be glad to work with you on that, as we always have over the years.

Mr. BLUMENAUER. Thank you very much. Thank you.

Mr. MOORE OF KANSAS. And we are out of time. I thank the gentleman.

Mr. BLUMENAUER. I completely understand.

Mr. MOORE OF KANSAS. Thank you, sir.

Mr. BLUMENAUER. And thank you.

Mr. MOORE OF KANSAS. The next person to testify is Julia Carson. Ms. Carson, if you would come forward please we are pleased to welcome you to the Committee and to accept your testimony. And you are recognized, Ms. Carson, for ten minutes.

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

Ms. CARSON. Thank you very much, Mr. Chairman, for allowing me to testify before this powerful committee, the Budget Committee.

The President's budget cuts funding for programs that are vital to the senior citizens of this country. It does not include funding that would ensure homeless veterans a safe and affordable place to live. This year, the President's budget again eliminates funding for the Commodity Supplemental Food Program. The CSFP provides monthly nutritious food packages, including fresh produce, meats and other items to 553,000 seniors, women and children. In fiscal year 2006, 90 percent of the program recipients were elderly or with income levels at or below approximately \$12,500 annually.

As in the fiscal year 2007 proposal, this year's proposal would have current recipients enrolled in a traditional food stamp program once the CSFP is eliminated. For this indigent senior population food stamp vouchers are not an acceptable replacement to this program. Food stamp vouchers do not offer the same flexibility and would drastically reduce the already meager dollar value benefit provided by CSFP.

It is incomprehensible, Mr. Chairman, members of the Committee, that this cherished generation, many of which rely on the program, could be treated with such disregard. In Indiana, 4,350 seniors are currently enrolled in the program. On average, these individuals in my home state earn only \$700 to \$800 a month, leaving little if any to sustain a healthy diet. In Indianapolis, Gleaners Food Bank implements CSFP Program. Volunteers deliver food boxes to personal homes and senior housing projects for those immobilized by ill health, physical infirmities, or lack of transportation. The program is not a luxury, Mr. Chairman and members of the Committee, it is a necessity to prevent hundreds of thousands of seniors as well as thousands of women and children from going hungry throughout the country. I urge you to consider these individuals and would appreciate your support of this invaluable program.

And as you prepare the budget, in addition to making cuts in a program that would ensure food security for seniors, the President has made no attempt to fund the Veterans Affairs Supportive

Housing Program. The President has signed this program into law on two occasions, from 2001 and then reauthorized the program in 2006. The administration has failed to request funding now for this valuable program. The FASP Program provides permanent subsidies and case management services to homeless veterans with mental and addictive disorders. The Department of Veterans Affairs screens homeless veterans for program eligibility and provides case management while HUD allocates rental subsidies from the Housing Choice Voucher Program. In the first year the program was authorized, had it been funded, it would have provided 500 HUD vouchers and in the subsequent years an additional 500 would have been added. This is the only program that HUD targets veterans and at the same time provides supportive services.

The report entitled "Ending Homelessness Among Veterans Through Permanent Supportive Housing" by the Supportive Housing National Coalition for Homeless Veterans and Volunteers of America shows that permanent housing combined with supportive services helps prevent and end homelessness among our precious veterans. As more and more troops come home from Iraq and Afghanistan the VA will be facing a major crisis. The VA estimates that approximately 400,000 veterans would experience homelessness and at some point during the year they can only provide assistance for a quarter of them.

I appreciate your time and encourage you to consider the vulnerable seniors and veterans who desperately need our support through these times through initiatives when crafting the fiscal year 2008 budget. I appreciate members of the Committee for your attention and would encourage you to give these requests your serious consideration.

[The prepared statement of Ms. Carson follows:]

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

Thank you Mr. Chairman for allowing me to testify before the Committee on the FY08 budget. The President's budget cuts funding for programs that are vital to the senior citizens of this country and does not include funding that will ensure homeless veterans a safe and affordable place to live.

This year, the President's budget again eliminates funding for the Commodity Supplemental Food Program. The CSFP provides monthly nutritious food packages including fresh produce, meats and other items to 553,000 seniors, women and children. In FY06, 90 percent of the program recipients were elderly individuals, all with income levels at or below approximately \$12,740 per year.

As in the FY07 budget proposal, this year's proposal would have current recipients enroll in a transitional food stamp program once the CSFP is eliminated. For this indigent senior population, food stamp vouchers are not an acceptable replacement to the program. Food stamp vouchers do not offer the same flexibility and would drastically reduce the already meager dollar value benefit provided by the CSFP. It is incomprehensible that this cherished generation, many of which rely on the program, could be treated with such disregard.

In Indiana, 4,350 seniors are currently enrolled in the program. On average these individuals in my home state earn only \$700-\$800 a month, leaving little, if any, to sustain a healthy diet. In Indianapolis, Gleaners Food Bank administers the CSFP program. Volunteers deliver food boxes to personal homes and senior housing sites for those immobilized by ill health, physical infirmities, or lack of transportation.

This program is not a luxury, rather it is a necessity to prevent hundreds of thousands seniors as well as thousands of women and children from going hungry throughout the country. I urge you to consider these individuals and would appreciate your support of this invaluable program and as you prepare the budget.

In addition to making cuts to a program that will ensure food security for seniors, the President has made no attempt to fund the Veterans Affairs Supportive Housing (VASH) program. The President has signed this program into law on two occasions, first in 2001 and then reauthorized the program in 2006. The Administration has failed to request funding for this valuable program.

The VASH program provides permanent subsidies and case management services to homeless veterans with mental and addictive disorders. The Department of Veterans Affairs screens homeless veterans for program eligibility and provides case management while HUD allocates rental subsidies from the Housing Choice Voucher program. In the first year the program was authorized, had it been funded, it would have provided 500 HUD-VASH vouchers and in the subsequent years, an additional 500 would have been added. This is the only program in HUD that targets veterans and at the same time provides supportive services.

The report titled, "Ending Homelessness Among Veterans through Permanent Supportive Housing," by Corporation for Supportive Housing, National Coalition for Homeless Veterans and Volunteers of America, shows that permanent housing combined with supportive services helps prevent and end homelessness among veterans. As more and more troops come home from Iraq and Afghanistan, the VA will be facing a major crisis. The VA estimates that approximately 400,000 veterans will experience homelessness at some point during the year, yet they can only provide assistance for a quarter of them. Already veterans from Iraq and Afghanistan are showing up in shelters and according to the VA, one in five have been diagnosed with a mental disorder. We are obligated to these veterans, who have selflessly given of themselves for our country to provide them with the tools necessary to acquire a dignified standard of living.

I appreciate your time and I encourage you to consider the vulnerable seniors and veterans who desperately need our support through these two initiatives when crafting the FY08 budget.

Mr. MOORE OF KANSAS. Thank you, Ms. Carson, for your compelling testimony. And we will take questions at this time from members if you have questions. And I am going to turn the Chair's duties over to Ms. Sutton and she will be the Chair from here. Thank you.

Ms. SUTTON [presiding]. Do any members have questions? Mr. Porter?

Mr. PORTER. Thank you, Madam Chair. Actually not a questions, just appreciate your being here, Congresswoman. I appreciate your comments, and very well said. Thank you very much.

Ms. CARSON. Thank you very much for allowing me to be here.

Ms. SUTTON. Are there any other questions for the witness? Ms. Carson, if I could just also add my appreciation for you coming in and testifying and giving a voice to people who are sometimes not heard. Thank you.

Ms. CARSON. Thank you very much. You know, the crime rate among homeless veterans skyrockets. A lot of it is attributed to the fact that they are homeless, they are hungry, and they do not have supportive services. Thank you very much.

Ms. SUTTON. Thank you. The next member to testify is Mr. Ehlers. Mr. Ehlers, welcome. We are pleased to receive your testimony.

Mr. EHLERS. Well, congratulations on your new position.

Ms. SUTTON. Thank you, it feels good.

Mr. EHLERS. That is wonderful.

Ms. SUTTON. You are recognized for ten minutes.

Mr. EHLERS. Thank you, and I just want to comment, this is totally outside my testimony. It is so refreshing to come in here and hear discussions of national parks and how to improve them, the problems related to them, and then about veterans. It is kind of encouraging after all the debating I have heard in the last few days

about an issue we have very little control over. So I just wanted to make that comment. I appreciate the work of this Committee.

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

Mr. EHLERS. I am pleased to testify with Mr. Holt, who I believe will probably testify about the same issues I am and probably better and more persuasively. I certainly appreciate the opportunity to testify as you are considering the new Budget Resolution. And in all the many difficult budget choices you must make you must not overlook the fact that the scientific research and development buttresses our economic and national security. And we constantly argue about national security issues, but not very often do we recognize how important our scientific research and development is because that provides the basis for our defense of the future.

On a bipartisan basis Congress has recognized that innovation is critical to our national competitiveness, and it took us a good ten years to recognize that after it became apparent to folks like Mr. Holt and myself who are in this business. But I am pleased that the national has recognized this. And I hope as you begin the budget process, I certainly strongly urge you to give high priority to scientific research and development, as well as math and science education, and the general space, science and technology function of the budget, Section 250.

In my testimony today I will briefly highlight three important agencies: the National Science Foundation, the Department of Energy's Office of Science, and though it is not funded under Function 250, the National Institute of Standards and Technology.

The National Science Foundation is the envy of the world. It is a fantastic organization. It is the only federal agency dedicated solely to supporting basic scientific research. It has generated more Nobel Prizes than any other research institution in the world. Of all the awards they make for basic research, nearly 90 percent of these awards are made through a competitive merit review process that ensures that excellent and innovative research is being supported. Furthermore, it is a very efficient organization and it consistently receives the highest rating from OMB for the efficiency and excellence of its programs. So, money that you appropriate for the National Science Foundation not only is extremely important, but it also is used more efficiently than any other government agency does.

We also have the Department of Energy's Office of Science, which is extremely important in a number of areas, important to our nation. It is the premier physical science research agency of the federal government. In order to maintain our economic, technical and military preeminence, we must continue to support research in alternative energy sources, nanotechnology, supercomputing, and a number of other issues which are under the aegis of the Department of Energy's Office of Science. Unfortunately, they have been so poorly funded recently that they had to lay off people and cut back the time in which we allow usage of the major instruments, experimental instruments they use.

The National Institute of Standards and Technology, they deal with the nation's standards, and that may seem mundane but the

back up for that is important. And I do not think any other standards institute in the world has received three Nobel Prizes within the past decade, but our National Institute of Standards and Technology has done that. They also play a major role in other things ranging from fire protection, which you were just talking about for the National Parks, onto a great deal of scientific and technical research. And just a simple example of how it affects our daily lives. Everyone, you are probably too young to remember the days when color television first came out and people were constantly hopping out of their chairs to adjust the hue, and the tint, and the color was awful. And now we do not have that problem. Interestingly enough, the development of accurate time standards in the Bureau of Standards made that possible because the frequencies that are used to automatically adjust these colors require very, very precise standards and the federal government through NIST provides those.

NASA, very important agency, I am very concerned that they are not getting enough money for their research programs. They are getting money for space, but we must not forget their research function. The rovers on Mars have taught us far more than we have learned from any manned expeditions in space in the recent past.

I realize that the fate of many of the programs I have highlighted in this testimony lies not with you but with the Appropriations Committee. While the budget does not spell out exactly funding for these programs, I believe that you can send a strong signal about the importance of fundamental science and education to the Appropriations Committee by making Function 250 a top priority in the fiscal year 2008 budget. I respectfully request that the Committee provide these agencies with a budget that reflects the critical role they play in maintaining our economic and military strength. I certainly hope that you will help us in this effort.

[The prepared statement of Mr. Ehlers follows:]

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

Thank you, Mr. Chairman, for the opportunity to testify as the Committee considers a FY 2008 Budget Resolution. I know the Committee must weigh many pressing national priorities, including securing the homeland, providing for our aging population, and maintaining a vibrant national economy.

In making these difficult budget choices, we must not overlook the fact that scientific research and development buttresses our economic and national security. On a bipartisan basis, Congress has recognized that innovation is critical to our national competitiveness and that scientific research and development is the key to increased innovation, economic vitality and national security. As you begin the budget process, I strongly urge you to give high priority to scientific research and development and math and science education in the General Space, Science and Technology function (250) of the budget.

For the past several years, research and development funding for defense, weapons development and national security has increased while other areas of federal research and development, especially basic research in the physical sciences, has remained flat or declined in real terms. Last year's FY 2007 request sought to reverse this trend, and House appropriators supported the increases requested by the Administration for three important agencies: the National Science Foundation, the Department of Energy's Office of Science, and the National Institute of Standards and Technology. I am pleased that the 2008 request of \$143 billion for research and development continues the doubling path set out at these agencies for targeted research in the physical sciences and engineering.

## NATIONAL SCIENCE FOUNDATION

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

The NSF's FY 2008 budget request of \$6.4 billion is a 7 percent increase over FY 2006 appropriations, the first year in a ten-year commitment to double its budget. This marks a shift from previous budget requests, as the NSF budget has been stagnant in recent years, and even cut in FY 2005. This significant infusion of research funds is extremely necessary for FY 2008 and I ask you to enhance the science allocation accordingly. The request is still well below the funding level necessary to double NSF funding as authorized in 2002, but I am confident that this request is the start of a doubling path that we can truly follow.

While I am heartened by the requested funds for NSF, I am concerned about the status of the Education and Human Resources (EHR) budget at the Foundation, including the Math and Science Partnership program. There is a continuing, but distressing, trend for NSF to move away from its K-12 educational mission and to focus solely on graduate education and activities to broaden participation in science, technology, engineering and math (STEM) fields. For the first time in years the Math and Science Partnership program will potentially be able to make some new grants this year instead of being eliminated as in recent budgets. With more than 50 years of experience, decreasing the role of NSF in education seems shortsighted when we are currently facing the challenge of adequately preparing our students to enter science and technology fields.

## DEPARTMENT OF ENERGY'S OFFICE OF SCIENCE

The Department of Energy's Office of Science funds 40 percent of our nation's physical science research. Research in these areas has led to many new economic and medical advancements including, among others, new energy sources, the Internet, cell phones and laser surgery. To maintain our economic, technical, and military pre-eminence, the federal government must continue to support research in alternative energy sources, nanotechnology and supercomputing. I respectfully request that the Committee provide the Office of Science with a budget that reflects the critical role that it plays in maintaining our economic and military pre-eminence. To continue on the doubling path, the 2008 request for the Office of Science is \$4.4 billion. In recent years it has endured significant cuts that, in part, led to layoffs and the delay of many important instruments. The Office of Science is not only important to the future of U.S. science, but also our competitiveness and energy security.

## NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

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

The budget request includes \$501 million for the core NIST laboratory programs and facilities in FY08, a nine percent increase over FY06 enacted. This increase includes \$59 million for new research initiatives and enhancements to NIST's user facilities. I believe it is very important to support this request. It represents a significant yet sensible investment in programs that give the U.S. a significant head start in several fields of emerging technology in quantum physics and nanotechnology that will ultimately have great economic impacts. Work at NIST's labs also supports our nation's efforts to improve cybersecurity, building safety, and voting technology. In addition, NIST has a proven track record in research and development on standards and measurement techniques that help U.S. manufacturers become more globally competitive and retain leadership in cutting-edge technologies.

NIST also manages two programs directed at small manufacturers: the Manufacturing Extension Partnership (MEP) program and the Advanced Technology Program (ATP). Both of these programs are consistently supported by Congress, though they have fallen on hard times in recent budget requests. Flat funding for MEP will devastate small and medium-sized manufacturers and in the long run severely hurt our competitive edge in the manufacturing sector. ATP is NIST's only extramural

research grant program, funding high-risk, high-return technology research and development on a cost-shared basis with U.S. industry.

I have worked very hard over the years to help my colleagues in Congress understand that MEP is vital to retaining American competitiveness and American jobs, and I believe they appreciate the value of this program. I appreciate support in your budget for strong programs at NIST.

#### NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Finally, I would like to address the National Aeronautics and Space Administration (NASA) and its share of function 250. In order to align the agency with the President's challenge to travel to the moon and Mars, NASA has been forced to streamline its mission again this year. The proposed missions will be very costly and will pose significant technical obstacles that will only be solved through basic research. Despite a 3.1 percent requested increase in FY 2008, the rigorous flight schedule and impending Shuttle retirement has forced the science directorates at NASA to temporarily foot the bill for exploration.

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

#### CONCLUSION

I realize that the fate of many of the programs I have highlighted in this testimony lies not with you, but with the appropriations committee. While the budget does not spell out exact funding for these programs, I believe that you can send a strong signal about the importance of fundamental science and education to the appropriations committee by making function 250 a top priority in the FY 2008 budget. Behind your lead, I, along with many colleagues who also support science funding, will fight for these programs throughout the budget and appropriations process.

Thank you again for allowing me to testify.

Mr. EHLERS. If it is all right with the Chair, may I just ask if Dr. Holt could give his testimony now and then we could interact on any questions that might be answered, if that is acceptable to you?

Ms. SUTTON. No objection.

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

Mr. HOLT. Madam Chair, I am pleased to join my colleague the other half of the bipartisan physics caucus to second his remarks and try to underscore the importance of funding Function 250 programs.

Economists will argue about whether the return on investment and research is 20, 40 or 60 percent. But whatever it is, it is huge. Now, for when a private company invests, MIT professor Lester Thoreau says it can expect an average return of about 24 percent. However, the economic benefits of a private R and D investment are felt by society as a whole and often do not return to the company that makes the investment. But the return to society on R and D investments is huge. Often unpredictable about where it will fall, which is why companies tend to spend less on research that will benefit society as a whole.

One role of our government is to do things which benefit society as a whole, particularly when market and other forces will not do so. And the government has an important role to play in the fund-



ing of research and history shows that in fact federal funding of research stimulates private investment in research.

So I will state it as forcefully as I can. We are underinvesting in research in the United States by a very large margin. This Committee would do well to increase the funding for Function 250 by 50, 75 perhaps 100 percent and not come close to saturating the need for investment in research in the United States. The return will be huge as you go to balance the income and the outgo in the out years, the situation will be greatly improved by this investment. And we have, Mr. Ehlers and I and others, I am sorry to say, been unsuccessful up until now in convincing the predecessor Budget Committees to make that kind of investment.

Now, let me just highlight a few of the specific points that Mr. Ehlers already addressed. The President's budget does honor the promise for the American Competitiveness Initiative, which calls for long term increases in the National Science Foundation, the Department of Energy Office of Science, and the National Institute of Standards and Technology. They are by recent history attractive increases. They fall far short of what could and should be done. But the President has been good to his promise in those areas.

But aside from the ACI increases to NSF, DOE and NIST, the other areas of the budget target increases for weapons development and manned space flight and tend to greatly underfund, in fact even cut, research in other agencies. The 2008 budget request for Function 250, Basic and Applied Research, actually falls by 2 percent to \$55 billion relative to the continuing resolution, and down by 7 percent relative to the 2004 peak. Energy R and D falls by 9.2 percent, or more than \$1 billion in the President's proposal relative to the continuing resolution. NOAA R and D falls by about 9 percent. The Department of Homeland Security R and D falls by more than a percent and a half, I guess. We certainly should not let that happen. If the Committee cannot see their way to make the kind of bold investment that would benefit the country that I was talking about, at least do not let these agencies lose ground in research.

I would also like to underscore the importance of maintaining the educational pipeline. Prospective undergraduates need better access to the promise of scientific and technical college education. Graduate programs must be made more appealing by improved quantity and quality of fellowship support. Post-doctoral fellowships are a disgrace. It constitutes an increasingly long phase of a scientist's career that they are not competitive with salaries even made by the average college graduate. Now remember, these are post-docs and while they require an extreme degree of individual geographic flexibility the salaries are not even competitive with students right out of college. And with wildly fluctuating federal support of competitive grants and funding from some of the national labs, even the mid-career and final phase of a government or academic scientific career is unstable and much less appealing.

To achieve the best of our national potential, we have got to do a far better job in overcoming the social and financial barriers for people to enter the sciences. So it is not only in elementary and secondary education, but it is in all of these federally funded research efforts under Function 250 that we have a desperate need

to make a strong investment. Otherwise, our economic future and society well-being are literally in jeopardy.

[The prepared statement of Mr. Holt follows:]

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

Thank you Chairman Spratt, Ranking Member Ryan, and distinguished Members of the Committee on the Budget. I appreciate the opportunity to provide testimony on funding levels for Function 250 programs in the FY 2008 Budget.

According to MIT Economics Professor Lester Thurow, when a private company invests in research and development, it receives an average 24 percent return. However, the economic benefits of a private R&D investment are felt by society as a whole. The return to society on R&D investments averages 66 percent, so two thirds of the reward is felt by others besides the company making the research investment. Therefore, companies tend to spend less on research than would benefit society as a whole.

It is the business of government to do things which benefit society as a whole, particularly when market and other forces will not do so. Government therefore has an important role to play in the funding of research and development. However, only 30 percent of total American R&D is federally funded. With a 66 percent rate of return, 30 percent is not enough. In fact, things are even worse than these numbers suggest, as private companies have incentives to focus mostly on development to the exclusion of research, and even then, mostly on short-term development. We must compensate for this by insuring heavy investment in the research portion of research and development, avoiding the temptation to focus on short-term development rewards. We have not done enough to keep the research in research and development in the past, and this budget proposal is particularly dangerous in that regard.

Because R&D gives such strong economic returns, we must see it as an investment, not an expense, and invest far more in Function 250 across the board. President Bush's budget request calls for increases in several important areas, but in real terms it means the federal research investment would fall for the fourth sequential year after peaking in 2004.

IMPORTANT INCREASES

President Bush's budget request honors the promise of the American Competitiveness Initiative (ACI), which calls for long-term increases in the National Science Foundation, the Department of Energy Office of Science, and the National Institute of Standards and Technology laboratories. Support of these programs has stagnated for far too long, and our current ten-year path towards doubling them is essential to American quality of life and global competitiveness.

MISPLACED PRIORITIES

In the President's budget, aside from the ACI increases to NSF, DOE-Science and NIST, the other areas that the budget targets for increases are weapons development and manned space flight. I am concerned that massive increases in these development programs are coming at the expense of a broad-based, balanced research portfolio.

- Large increases for DOD weapons and NASA spacecraft mean an all-time high of \$82.8 billion for development, a three percent or \$2.4 billion increase from last year.

- In NASA, the \$12.6 billion, 7.7 percent increase to the R&D budget is entirely devoted to the International Space Station and the Crew Launch Vehicle and Crew Exploration Vehicle combination.

Proponents of President Bush's Function 250 request may laud the 1.4 percent increase in research and development overall from the FY 2007 Continuing Resolution. However, this number is deceiving. Although the dollar amount has increased to \$143 billion, the increases are concentrated in development for items like weapons systems and manned space flight. Although defense and aeronautic development are not insignificant priorities, the role of Function 250 is to support a broad range of R&D, priorities that lay the groundwork for a globally competitive workforce and groundbreaking advances in health, telecommunications, energy, applied sciences, and many other areas.

## CUTS IN RESEARCH

In President Bush's FY 2008 budget request for Function 250, basic and applied research programs actually fall by 2.0 percent to \$55.4 billion relative to the Continuing Resolution, and down by 7.4 percent relative to the 2004 peak. The cut in basic and applied research is a combination of a rare cut in NIH research along with steep cuts in research at DOD (20.3%), NASA, USDA, and other agencies. At NASA, despite manned space flight increases, cuts are imposed on research on the physical sciences, environment, aeronautics, and other fields. Relative to the Continuing Resolution, research at the National Institutes of Health declines by \$325 million, or 1.1 percent.

Energy R&D falls by 9.2 percent, or \$1.3 billion, in the President's proposal relative to the Continuing Resolution. The Department of Commerce's National Oceanic and Atmospheric Administration (NOAA) R&D budget falls by 9.5 percent. This is shocking in the context of an unprecedented level of scientific and political consensus on global warming and the importance of sustainable energy practices.

Department of Homeland Security R&D funding falls by 1.5 percent. This is similarly surprising in the context of the varied R&D-relevant threats which the administration regularly reminds us we face at home. This is not limited to protecting American citizens from terrorist attacks. We must remember that the charge of the Department of Homeland Security includes preparedness and response to natural disasters, as well as items like immigration and customs control. The breadth of the department and the importance of its charge make R&D pivotal in areas under its jurisdiction.

## EDUCATION

Nearly fifty years ago, Americans were shocked when the Soviets launched the first man-made satellite into space. President Kennedy responded by challenging the Congress—and the country—to put the first man on the moon by the end of the 1960s. What followed was an unprecedented federal investment in education, with a focus on math and science, investments in research and development, and the establishment of NASA. And just over a decade later, America landed the first man on the moon, a feat not yet achieved by the Russians or anyone else.

Mr. Chairman, the evidence is plentiful that since this "Sputnik moment," our commitment to supporting scientific and technological research and development has waned. Our economy faces new challenges from emerging powers whose students outperform our own, and who produce vastly more graduates in the science, technology, engineering, and mathematics (STEM) fields. We must do more through Function 250 to support the education of prospective undergraduates and graduate students who are seeking to enter the STEM fields.

Prospective undergraduates need better access to the promise of a technical college education. Graduate programs must be made more appealing by improved quantity and quality of fellowship support. Postdoctoral fellowships, which constitute an increasingly long phase of a scientist's career, are not competitive with salaries made by the average college graduate, while requiring an extreme degree of individual geographic flexibility. With wildly fluctuating federal support of competitive grants and national labs, even the final phase of a government or academic scientific career is unstable and therefore much less appealing than we need to be the case. To achieve the best of our national potential, we must do a far better job of overcoming individuals' social and financial barriers to entry to the sciences, and must provide far more stability and reward at every phase in the process.

## R&amp;D LAYS THE GROUNDWORK FOR THE FUTURE

Better investment in research and development are crucial to our safety, sustainability, quality of life, and competitiveness. None of these objectives are independent, and virtually all agencies are relevant to all these objectives. It is critically important that we support R&D more thoroughly and more consistently, and we have the opportunity to do that as we review the President's proposal. Congress can and must meet the challenge presented by the ill-advised cutbacks hiding behind the largely commendable flagship projects of the proposed FY 2008 budget.

Ms. SUTTON. I thank the gentleman for his testimony. Do any members have any questions? Mr. Berry.

Mr. BERRY. Thank you, Madam Chair. I certainly share with you the concern that we are underfunding research and development as a nation, and some of this work has to be done by the government. It is not going to be done by the private sector. And return on in-

vestment is obvious. I would pose this question to you, to both of you. Do you think this is important enough to the future well-being of this country to be willing to forego some of the tax cuts that are proposed in the President's budget and the extension of some of those tax cuts to fund these particular matters?

Mr. HOLT. Well, I will jump in there and say absolutely. Individuals, not just society as a whole, individuals will benefit sufficiently that most of them will actually come out ahead. Historically, when you look back in the days of, and I am talking three and four decades ago, of large federal investment in research and development, the economy benefitted and many individuals benefitted from that.

Mr. EHLERS. If I may answer that, I cannot say without knowing the specific taxes that you might be discussing. But I would not averse to that for certain taxes and I would be happy to discuss this later as to which ones. The important point, as Dr. Holt mentioned, is the investment. And just to give you, several years ago I was asked by Newt Gingrich, who was Speaker then, to write a new Science Policy document. This government had not even written a science policy statement since 1945. And so I proceeded to do that. And in the process I tried to find out what the actual return on investment was. It is very difficult to calculate, and economists are all over the map, but I could not find anyone who said it was less than 20 percent and the highest I found was 4000 percent.

Now, that was probably something like the laser which I think cost the government, I would guess less than \$10 million in research at the time it was founded. Today it is a multi, multi-billion dollar industry in lasers. And the clothes you are wearing was cut out by a laser, and medical uses, and many other uses of it. And we take it for granted. But it did not come out of thin air. It came out of the laboratory of a scientist who found a unique way of making it work. And at fairly low cost.

And that is what most scientists do. They are pursuing the basic fundamental knowledge of the universe, but almost invariably that turns out to be very useful with a huge rate of return on the cost of the investment. So this is probably one of the few areas that you can rationalize the government going into debt because the return on investment is so high. But I am sure you are concerned about making sure we pay for it.

Mr. HOLT. But you need not go into debt in order to do this. A bold investment is something that would not only be socially exciting, it would be the kind of thing we are supposed to be doing here in Congress.

Mr. BERRY. It would be the equivalent of building the trans-continental railroad in the nineteenth century. You have already alluded to the debt, and that was going to be my next question. Do you think it is worth putting our children and grandchildren in debt for it?

Mr. EHLERS. I gave that answer already. Not that I advocate it, but it is the one thing that you can be pretty certain that will not add to their debt. If we spend the investment wisely, they in fact will benefit and receive the benefits from it. And I say that fearlessly. I am not speculating. This is a historical record. And other countries have caught onto this, China, India, some of the European countries. If you look at the charts, and I did not take any

along, but I have spent a lot of time on that. If you look on the charts of what countries are putting in their investment and how much they are spending on this, we used to be at the top. We have now been passed by a couple of countries and believe it or not, South Korea is very close to passing us up on a per capita or on a gross domestic product basis. So they are not sitting still. They are racing to catch up or beat us. And we are just plodding along with as my companion said very, very slow increases. The other countries know what they are doing, and they are beating us.

Ms. SUTTON. Mr. Ehlers, Mr. Holt, if I could just ask you a question. You make a compelling case about the investment and the return. What has been the obstacle to getting Congress to move?

Mr. HOLT. Part of the reason is that the typical lobbying effort, if I may use that shorthand for the people who bring their cases before Congress, is that research has a non-specific pay back. No interest group can be sure that it personally, that they personally, will benefit from this. And there are not many people who come and lobby Congress for the common good. We are supposed to deduce that on our own, and we have not been very good at that when it comes to investment in scientific research. I cannot explain better, and I wish I could understand, why we have been so blind to this when, as Mr. Ehlers says, there is ample historical evidence. The economics are difficult to work through but, as I say, and as Mr. Ehlers says, it is to try to come up with a distinction between whether it is 20 percent, 40 percent, or 60 percent return. It is not whether it is 2 or 3 percent return.

Mr. EHLERS. Let me add a bit, and I can give you two reasons why there is a problem. Number one, there are not enough nerds in the Congress. There are just two of us, and in spite of the fact that we are right it is hard to persuade the rest. That is number one. The other is, it is very difficult when you are funding research to point out specific applications that this might lead to. The laser I mentioned, I was in graduate school when the laser was developed. I was delighted, I thought, "Boy, this is great. What a fantastic research instrument I will have to make all kinds of new discoveries." It never once dawned on me that there would be this huge commercial market. And in fact, General Electric, which was doing research, which could have made millions or billions on it, decided they would not do it. Westinghouse decided they would not do it. It was the scientist who developed it who saw the market, and they went out and they made the billions of dollars, not the old, stodgy corporations.

So, all I can say is just look at the field of medicine for an example. We do not expect that physics research is going to contribute much to medicine. I mean, what can physics do that can help our health? Well, just as an example, x-rays developed by physicists. The MRI, developed by physicists. CT Scan, developed by physicists. I happen to have not very good ears at this point, I am wearing hearing aids. I remember when I was a child the hearing aids were boxes like that you carried in your breast, the batteries had to be changed everyday. With the development of the transistor, which pure physics research, they had no idea what would come of it, I now and most of the world wears hearing aids which have integrated circuits, that digitizes the signal, just like your CD player

operates. It chops the signal up in different parts, amplifies it to match your ears, and they are not cheap but boy it is wonderful. And all because someone developed the transistor at one point and Texas Instruments developed the integrated circuit.

Mr. HOLT. And for almost all of those inventions that Mr. Ehlers spoke about, it is hard to separate the public and the private sector contributions to their development. It appears to be the case that public investment in research leads the private investment in research. And historically, again going back to some of the golden era of research thirty and forty years ago, the public sector and the private sector were approximately equal. The public sector has fallen dramatically and we are living economically off of the advances that were made decades ago. We are not replenishing those advances at the present time.

Ms. SUTTON. Well, I thank you both for your testimony on behalf of the greater good. It is eloquent and appreciated. Thank you.

Mr. HOLT. Thank you.

Mr. EHLERS. Thank you.

Ms. SUTTON. The next member to testify is Ms. Boyda. Welcome, Ms. Boyda, and we are pleased to have you here to testify. You are recognized for ten minutes.

#### **STATEMENT OF HON. NANCY BOYDA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KANSAS**

Ms. BOYDA. Thank you, Madam Chair, and thank you for inviting me to testify about the 2008 federal budget, a subject that is truly on the hearts and minds of Kansans. The House Committee on the Budget has the power and responsibility to set Americans' financial priorities. You direct the disbursement of nearly \$3 trillion, that is \$3 million million dollars every year. Armed with this enormous wealth we can secure our nation and build a more just, free, and sustainable society. Yet, this tremendous opportunity is balanced by an equal duty to act wisely, not work for political benefit but work for the common good.

As you prepare the 2008 budget, you must consider innumerable priorities. All are important, many are critical. The budget must expand access to affordable healthcare. It must relieve taxes on the independent businesses that are struggling to survive. It must revitalize the rural economy through targeted developmental farm assistance. It must fund alternative fuel resource to free us from the chains of oil dependence. And your budget absolutely must fulfill America's promise to our veterans and military personnel who have risked their lives to secure our peace.

All of these goals are vital, but I have not yet mentioned our nation's highest priority. Today America faces threats from a nuclear armed North Korea, from a belligerent Iran, and from Al Qaeda terrorists who have already struck such a devastating blow against us. In this age of unprecedented dangers, we must devote our great nation's resources to improving our military readiness.

I am deeply concerned that our strategic readiness was placed at risk by the 109th Congress. Congress had a legal obligation to fund out military by passing a 2007 budget before October 1, 2006. Not only did they fail to meet this deadline, but they left office without ever passing a budget. The implications of their failure were far

reaching and devastating, especially to my congressional district's three military bases. Consider the example of Fort Riley, a dominant force in the American military that has demonstrated outstanding leadership in the War on Terror. Recently, through the Base Realignment and Closure Process, Fort Riley won the return of the 1st Infantry Division of the United States Army, the legendary big red one. Fort Riley and all Kansans were heartened by this news and we quickly developed plans for a barracks to house the big red one. Funding for this barracks should have been included in the 2007 budget, but of course Congress never passed a 2007 budget. As I testify before you today, the big red one's barracks is five months behind schedule and it is unlikely to be completed before their return from Iraq.

Other construction projects at Fort Riley, Fort Leavenworth, and America's many other military bases have been similarly delayed. Responsibility for this sorry state of affairs rests squarely on the shoulders of the 109th Congress. The new democratic majority has already begun to recover from the last Congress' failures. We passed a continuing resolution that increased BRAC funding by \$1 billion over the levels approved by the 109th Congress, and we are working on a supplemental bill to further support BRAC through 2007.

Now your Committee must continue the critical work. You must prepare a budget that fully funds the Base Realignment and Closure process for 2008. Please note that I consider this to be the most single important issue of our day, both for my constituents in Kansas and also for America's security. Once your Committee has ensured America's safety I hope you will consider many further opportunities to brighten our country's future.

Your ambitions for 2008 should begin with helping millions of Americans who now struggle at the bottom of our economic ladder. I am heartbroken that in today's America, the richest nation in the history of mankind, nearly 47 million of our fellow citizens lack health insurance. These hardworking families face an uncertain future. An accident, severe illness could spell financial ruin. The United States Congress as a whole, and this Committee in particular, must seek fiscally responsible, market driving solutions that strengthen America's systems of employer provided coverage.

Of course, the employer care system will collapse if our employers themselves falter, and so I believe the fiscal year 2008 budget must strongly support America's businesses, especially our independent employers. When small businesses flourish our communities and our national economy will flourish. Congress is currently considering legislation that would ease the burden of taxation on small businesses by over \$1 billion, and I consider these cuts to be wise and a prudent investment in our future.

In order to further strengthen our economy we must end the drain on the wealth in our communities, in our rural communities especially. This means supporting our farmers and our ranchers whose hard work provides America with the safest and the most abundant food supply in the world. Congress has long boosted the agriculture industry through rural development funds and the 2008 federal budget must continue this commitment. By investing in American agriculture this Committee can energize the rural econ-

omy and open new opportunities to hard working farmers and ranchers.

As you support the industries that have guided America through its past, you must also consider our future. One day soon, oil and gas and coal will end their centuries long reign as the planet's primary source of energy, replaced by fuels now under development in laboratories across the world. Our nation must prepare for this historic transition, and I urge you to pass a 2008 budget that invests in new energy sources such as cellulosic ethanol. And I especially encourage Congress to invest in wind energy. With your support, my State Kansas, which is the third windiest in America, can and will lead the world in developing clean, efficient wind-based power.

Finally, this Committee must fulfill America's promises to our veterans. The men and women who served in World War II, Korea, Vietnam and Iraq never hesitated when their nation called them to duty, and America owes our veterans the same unflinching support. Yet lawmakers have consistently cut corners on veterans programs, ignoring the promises made when our soldiers were on the line of fire. I am the daughter of one veteran and the wife of another, so I speak from deep in my heart when I say that these failures are unacceptable. Your Committee must fully fund the VA. We owe our veterans nothing less.

I have mentioned many goals in my testimony today and I could have mentioned a hundred more without scratching the surface of the 2008 budget. I realize faced with so many complex and sometimes conflicting priorities this Committee will have to make compromises. You cannot fund every worthy project. Yet by investing our limited resources very wisely, by setting aside partisan politics for the public good, I am confident that you will strengthen and secure our great nation. Thank you for your time.

[The prepared statement of Mrs. Boyda follows:]

PREPARED STATEMENT OF HON. NANCY E. BOYDA, A REPRESENTATIVE IN CONGRESS  
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2007 budget before October 1st, 2006. Not only did they fail to meet this deadline, but they left office without ever passing a budget.

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Fort Riley and all Kansans were heartened by this news, and we quickly developed plans for a barracks to house the Big Red One. Funding for this barracks should have been included in the 2007 budget \* \* \* but of course, Congress never passed a 2007 budget. As I testify before you today, the Big Red One's barracks is five months behind schedule, and it is unlikely to be completed before their return from Iraq. Other construction projects at Fort Riley, Fort Leavenworth, and America's many other military bases have been similarly delayed. Responsibility for this sorry state of affairs rests squarely on the shoulders of the 109th Congress.

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Once your committee has ensured America's safety, I hope you will consider your many further opportunities to brighten our country's future. Your ambitions for 2008 should begin with helping the millions of Americans who now struggle at the bottom of our economic ladder. I am heartbroken that in today's America, the richest nation in the history of mankind, nearly 47 million of our fellow citizens lack health insurance. These hardworking families face an uncertain future; an accident or severe illness could spell financial ruin. The United States Congress as a whole, and this committee in particular, must seek fiscally responsible, market-driven solutions that strengthen America's system of employer-provided coverage.

Of course, the employer care system will collapse if our employers themselves falter, and so I believe the fiscal year 2008 budget must strongly support America's businesses—especially our independent employers. When small businesses flourish, our communities and our national economy will flourish. Congress is currently considering legislation that would ease the burden of taxation on small businesses by over a billion dollars, and I consider these cuts to be a wise and prudent investment in our future.

In order to further strengthen our economy, we must end the drain of wealth from our rural communities. This means supporting our farmers and ranchers, whose hard work provides America with the safest, most plentiful food supply in the world. Congress has long boosted the agricultural industry through rural development funds, and the 2008 federal budget must continue this commitment. By investing in American agriculture, this committee can energize the rural economy and open new opportunities to hardworking farmers and ranchers.

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our limited resources very wisely, by setting aside partisan politics for the public good, I am confident that you will strengthen and secure our great nation.

Thank you for your time.

Ms. SUTTON. I thank the gentle lady for her testimony. Are there any questions? Any members who would like to be recognized in the remaining time? Mr. Porter?

Mr. PORTER. Madam Chair, I am sure that the three of us could vote unanimously today, but thank you very much for your testimony.

Ms. BOYDA. Thank you so much.

Ms. SUTTON. If there are no questions, thank you very much Ms. Boyda.

Ms. BOYDA. All right, thank you. Good luck with your budget process.

Ms. SUTTON. Thank you. I am going to turn the Chair over to Mr. Baird.

Mr. BAIRD [presiding]. The next member to testify is Mr. Buchanan. Welcome, and we are prepared to receive your testimony. You will be recognized for ten minutes. If you cut it a little shorter than that we might have time for questions. Thanks, Mr. Buchanan, we will look forward to what you have to say.

#### **STATEMENT OF HON. VERN BUCHANAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA**

Mr. BUCHANAN. Thank you, Mr. Chairman. I thank you for the opportunity to testify before you today. I hope to convey my thoughts about our current budget, and talk about my legislation, H.J. RES. 21, which would add a balanced budget amendment to the U.S. Constitution. My bill would balance the budget by 2012. It requires a three-fifth vote for any increases in debt, that the President submit a balanced budget to Congress, and that any legislation to increase revenues must be passed by a true majority of each chamber not just a majority of those present and voting. Exceptions to these provisions are provided in a time of military conflict, or natural disasters. I have secured numerous co-sponsors.

As you know, and especially people on this Committee know, the national debt today is \$8.6 trillion. Each taxpayer shares over \$28,000. I know in the last year, year and a half in my congressional district many of the constituents are very, very concerned about the debt. In fiscal year 2006, \$405 billion of taxpayer money was spent on interest payments to holders of national debt. Last year the interest paid on the national debt was the third largest expense in the federal budget. Meanwhile, the debt is increasing by over \$1 billion every day and yet the federal revenues increased 11.8 percent in 2006.

Forty-nine out of fifty states, including Florida, have a balanced budget requirement. Cities, counties in our area all have to pay their bills as they go. Florida has continued for the last eight or nine years to have one tax cut after another but our revenues have continued to grow. It has been the number one job growth state in the country. But yet when 9/11 hit and we did not have the revenues we made the tough choices. Here in this institution you do not have to. In 1994, Contract with America had a balanced budget requirement, constitutional balanced budget requirement. We did not

have quite enough votes. The time is now. The last twenty-seven years as I have watched politics, and I was a big fan of Ronald Reagan, one of the things that a lot of us cannot stand is intolerable as we continue to run up these massive debts. There is absolutely no confidence that this institution can balance and pay its bills as it goes.

The balanced budget requirement that the President has proposed is in alignment with mine in a period of five years. We can at that point have a balanced budget requirement. It is not a Republican or a Democratic issue. The fact is, I looked at the thing and the PAYGO, it just does not go far enough. Our children and grandchildren are counting on us to deal with this today. The other thing, one thing I read that a politician runs from election to election, a statesman runs for the next generation.

Again, I want to thank you for the opportunity to speak here today. I look forward to working with you and your colleagues on this very important issue. Thank you, Mr. Chairman.

Mr. BAIRD. I thank the gentleman for his remarks and for being brief. If I may ask just a couple of quick questions. First of all, I share your commitment to a balanced budget. But I have to ask, as a member of this Committee, do you consider that the President's plan which asserts that we will have balanced budget within five years, but at the same time borrows \$1.1 trillion from social security including about \$180 billion or more during the year that we are supposedly in balance, is that a balanced budget if we are borrowing \$180 billion from social security?

Mr. BUCHANAN. I do not agree with that, but my feeling is is that the thought is that if we are growing our revenues at 8 or 10 percent a year we do not have to stop spending completely. We can maybe add 2 or 3 percent a year. But I think we could work together on a bipartisan basis to put something in place over five years, get a constitutional balanced budget amendment with the exception of war or natural, Katrina or something like that. But I think if we do not do it, I am convinced, being a student of politics and watching over the last twenty-five, thirty years, and this is not about Democrats and Republicans this is about doing what is right. If we do not do it, the \$400 billion we are paying in interest this year someday might be \$1 trillion for our kids. I am concerned about it.

Mr. BAIRD. I share the concern. I would just ask, if we are going to have a balanced budget amendment, to the Constitution no less, it is important to me we be clear on what defines a balanced budget. And the President of the United States has said he will have the budget in balance and yet clearly he will be borrowing \$100 billion plus from social security that at some point we have to pay back. So definitionally, would your amendment to the Constitution address that matter? In other words, how would you define a balance? Does the President, under your amendment, declare that it is in balance? Or do we have on budget versus off budget balance? Or how do we deal with that?

Mr. BUCHANAN. I think that there are a lot of issues like that that we would have to work through. But I think if we did it on a bipartisan basis, the Democrats put out a PAYGO, I just think we need to take it to the next step. And if we need additional reve-

nues and people want to raise taxes, I am against that, but if that is where they want to go at least we are not borrowing from our kids in the future.

Mr. BAIRD. Well, amen to the latter. We are passing unconscionable debt onto our kids and I share that concern. But I think we also, if we do not, if we are not going to pass that debt, David Walker, who is the Comptroller of the Government Accountability Office has testified before this Committee, and he quite clearly has said that we are going to need a combination of spending constraints and revenue increases. He does not think we can get there. And when you look at the long term budget, particularly the growth of entitlements, I do not think we can either. I mean, just mathematically, and I wish I could just say one or the other.

And I will just, I guess for the record in your testimony you suggest that since the Bush tax cuts were enacted our revenues have grown to record levels. You were not here, this is your first year in Congress I know, we had a hearing before this very Committee when your party was in charge. And it was a good hearing, it was a hearing about whether or not tax cuts paid for themselves. Two of the three witnesses were called by the then majority party and included Doug Holtz-Eakin, the former head of the Congressional Budget Office, I have slipped the other gentlemen's names. But all three of those individuals were asked, top flight economists, do tax cuts pay for themselves? And have the President's cuts lead to a revenue increase then the revenue that would have been generated has there not been cuts? All of them said no.

Mr. BUCHANAN. Well, the only thing I can tell you, take a look at Florida's history. We have had substantial cuts year after year and our revenues continue to grown. Look at last year to this year, we are up 11.8 percent. First quarter of last year, fiscal quarter this year we are up 8 percent. Those are the numbers. Our budget this year has grown from \$2.7 trillion I guess to \$2.9 trillion. Maybe there are numerous reasons for that. But I think at the end of the day, we make the hard choices. It might be a tax increase. Again, I think we can get it done the other way but if we cannot get it done let us make the hard choices. Let us pay like every American family and business, pay as you go. It is your term. But the only way I think this ever gets done, in watching this for thirty years, is to have a constitutional budget requirement.

Mr. BAIRD. Well, I commend the gentleman for his commitment to balance and a bipartisan approach in joining in that. I may not join you on the amendment but I think you are absolutely right that we are going to have to put everything on that table. And the reason we are going to have to is otherwise we pass unconscionable debt levels onto our kids. David Walker has testified before this Committee that in 2000 the long term seventy-five year horizon commitment and current value was \$20 trillion. By 2006 it had grown to \$50 trillion, 93 percent of the net worth of all American households. You are absolutely right, Mr. Buchanan, we have got to work together on this and whether we agree or not on the details of the amendment I applaud you for your commitment to the issue. I know it is sincere, and I am glad you took the time to come before this Committee.

Mr. BUCHANAN. Well, the only thing I would say is I think there is going to be, there would ideally be give and take on both sides. But I think at the end of the day we have got to do what is right for the next generation.

Mr. BAIRD. Amen to that.

Mr. BUCHANAN. Thank you, Mr. Chairman.

Mr. BAIRD. Thank you. Any other members wishing to have questions? Thank you, Mr. Buchanan, I very much appreciate your commitment and sincerity in taking the time to be here.

Mr. BUCHANAN. Thank you.

Mr. BAIRD. The next member to testify is Mr. Larsen, the gentleman from Washington. Welcome, Mr. Larsen, my good friend and neighbor to the north. We are pleased to receive your testimony and you are recognized for ten minutes. And as I mentioned before, if you speak for ten minutes I cannot ask you any questions so that might be a good strategy as well. But if you are shorter than that we can have a little dialogue if necessary.

Mr. LARSEN. I am sure we can finish all of this in under ten.

Mr. BAIRD. Okay.

Mr. LARSEN. And I will give you a minute back.

**STATEMENT OF HON. RICK LARSEN, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF WASHINGTON**

Mr. LARSEN. I want to thank the Budget Committee for the chance to speak today and I want to focus on one issue in particular. And that is the opportunity to speak to you today in favor of funding for programs that aid in the fight against methamphetamine.

As you know, methamphetamine is an insidious drug. It is literally a chemical cocktail made from hazardous, caustic substances and it affects every aspect of our communities. Meth labs pollute the environment, endanger children, and wreak havoc in our neighborhoods. Meth users steal innocent victims identities and will commit any crime in the search of their next fix. The toll on our businesses, families, the environment, schools, and communities is extreme.

The fight against meth has thus far been largely a fight fought at the state and local level, with assistance from the federal government. Our states have done a tremendous job reducing the number of home grown meth labs, but while meth labs are decreasing meth use is still on the rise fueled by cheap, pure crystal meth from countries such as Mexico. It is time that we bring the same level of urgency and commitment to the federal government's efforts to combat meth as we have seen from state and local communities bringing that fight to the issue of meth for years.

Our state and local law enforcement officers, treatment providers, and prevention experts have proven effective in beating back meth. But they cannot do it alone. There are many successful federal programs that can provide them with desperately needed resources to do their jobs. Unfortunately, many of these programs have taken severe budget cuts in recent years.

One such program is the Edward Byrne Memorial Justice Assistance Grant, or the Byrne/JAG Program. This important program supports multi-jurisdictional and regional drug task forces and aids

our local and state law enforcement in busting drug trafficking rings. It is the only formula grant program available to local law enforcement agencies. Through Byrne/JAG state, county, and city law enforcement officers are able to work together with federal law enforcement agents to stem the flow of meth and save communities from crime. Unfortunately, the President has continually proposed to eliminate Byrne/JAG Program dollars despite its many successes.

The President's fiscal year 2008 budget request again eliminates the Byrne/JAG Program but keeps the name "Byrne" as part of the new Byrne Public Safety and Protection Program. This new Byrne Program consolidates eleven different justice programs and underfunds them. These eleven programs were funded at almost \$800 million individually in fiscal year 2006 but the President's request proposes to fund all eleven under this new Byrne Program at only \$350 million for fiscal year 2008.

This Committee graciously included \$900 million for the Byrne/JAG Program in the fiscal year 2007 budget resolution. For fiscal year 2008, I would encourage the Committee to not only reject the President's new Byrne Public Safety and Protection Program, as he proposes to structure it, but also to again provide \$900 million in budget authority for Byrne/JAG as it stands today.

Another important law enforcement program within DOJ's budget is the Community Oriented Policing Services, or COPS, Program. The President proposes to cut COPS by over \$500 million in fiscal year 2008. For fiscal year 2007 he asked for \$117 million for COPS but Congress disregarded that request and funded it at \$542 million. So I ask the Committee to again disregard the President's budget request and to provide full funding for COPS in your budget resolution.

This week I visited the Drug Enforcement Administration's training facilities at Quantico and took part in some of the training that DEA provides for state and local law enforcement. I got a small taste of the dangers faced by the men and women on the front lines of the meth epidemic. Our DEA agents do great work and the training they provide is useful preparation for local law enforcement. Unfortunately, the President's fiscal year 2008 request of \$1.8 billion is not enough to hire new agents, and the DEA faces a hiring freeze for the next two years. So I would encourage the Committee to include enough money in its budget resolution to fully fund the DEA.

In conclusion I would just like to mention a handful of programs that aid both in the fight against meth and drug abuse in general. While law enforcement is important, preventing drug abuse in the first place is key. Both the Safe and Drug Free Schools and Communities Program and Drug Free Communities Program are critical to ensuring safe, healthy, and drug free schools. And for those who missed the prevention message and choose to abuse alcohol and drugs access to treatment is vital. The Substance Abuse Prevention and Treatment Block Grant is the backbone of our nation's publicly funded treatment and prevention system, and serves our most vulnerable citizens.

Again, I want to thank the Committee today again for the opportunity to testify. And I have additional comments that I have submitted for the record, and I am happy to answer any questions. [The prepared statement of Mr. Larsen follows:]

PREPARED STATEMENT OF HON. RICK LARSEN, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF WASHINGTON

Thank you, Chairman Spratt. I appreciate the opportunity to speak today in favor of funding for programs that aid in the fight against methamphetamine.

As you know, methamphetamine is an insidious drug. It is literally a chemical cocktail, made from hazardous, caustic substances, and it affects every aspect of our communities. Meth labs pollute the environment, endanger children, and wreak havoc on our neighborhoods. Meth users steal innocent victims' identities and will commit any crime in search of their next fix. The toll on our businesses, families, environment, schools, and communities is extreme.

What started out as a regional west coast drug has quickly enveloped the entire country. All you have to do is look at a map to see the spread of meth use. In 2005, 49 states reported meth lab incidents.

The fight against methamphetamine has thus far been fought mainly at the state and local level, with some assistance from the federal government. Our states have done a tremendous job reducing the number of homegrown meth labs.

Thanks to state laws restricting access to meth precursors, and also to the Combat Meth Epidemic Act, the number of domestic meth labs has significantly decreased in recent years, from over 17,000 labs busted in 2003 down to 6,435 in 2006.

But while meth labs are decreasing, meth use is still on the rise, fueled by cheap, pure crystal meth from countries like Mexico. It is time that we bring the same level of urgency and commitment to the federal government's efforts to combat meth as states and local communities have been bringing to the issue for years.

Our state and local law enforcement officers, treatment providers and prevention experts have proven effective in beating back meth. But they can't do it alone. There are many successful federal programs that provide them with desperately needed resources to do their jobs. Unfortunately, many of these programs have taken severe budget cuts in recent years.

One such program is the Edward Byrne Memorial Justice Assistance Grant program. This important program supports multi-jurisdictional regional drug task forces and aids our local and state law enforcement in busting drug trafficking rings. It is the only formula grant program available to local law enforcement agencies. Through Byrne-JAG dollars, state, county, and city law enforcement are able to work together with federal law enforcement agents to stem the flow of meth and save communities from crime.

One success story of Byrne-JAG can be found in my district. In June of 2005, the ATF, along with the Northwest Regional Drug Task Force, made close to 40 arrests as part of a three-state effort to dismantle a drug and gun-selling operation based in Bellingham, Washington. The arrests were the culmination of a two-year investigation. Operation Roadhouse, as it was called, would not have been possible without Byrne-JAG. Those federal dollars allowed the drug task force to do its part in busting the bad guys.

Unfortunately, the President has continuously proposed to eliminate the Byrne-JAG program despite success stories like the one in my district.

The President's FY08 Budget request again eliminates the Byrne-JAG program but keeps the name "Byrne" as part of the new Byrne Public Safety and Protection program. This new Byrne program consolidates eleven different justice programs and under funds them. These eleven programs were funded at almost 800 million dollars individually in FY2006, but the President's request proposes to fund all eleven at only 350 million dollars for FY2008.

The Committee graciously included 900 million for the Byrne-JAG program in your fiscal year 2007 budget resolution. For fiscal year 2008, I encourage you to reject the President's new Byrne Public Safety and Protection program and to again provide 900 million dollars in budget authority for Byrne-JAG as it stands today.

Since FY2002, justice assistance program funding in the Department of Justice budget has been cut by more than 63 percent.

Crime isn't just a local issue and we owe it to our constituents to help protect them.

Another important law enforcement program within DOJ's budget is the Community Oriented Policing Services, or COPS, program. The President proposes to cut COPS by over 500 million dollars in fiscal year 2008. For fiscal year 2007 he asked

for 117 million for COPS, but Congress disregarded that request and funded it at 542 million. I ask the Committee to again disregard the President's budget request and to provide full funding for COPS in your budget resolution.

This week I visited the Drug Enforcement Administration's training facilities at Quantico and took part in some of the training DEA provides for state and local law enforcement. I got a small taste of the dangers faced by the men and women on the front lines of the meth epidemic. They confront dangerous criminals, hazardous chemicals and life-threatening explosives every time they bust a meth lab. Our DEA agents do great work and the training they provide is useful preparation for local law enforcement. Unfortunately, the President's FY2008 request of 1.8 billion is not enough to hire new agents and the DEA faces a hiring freeze for the next two years. I encourage this Committee to include enough funding in its budget resolution to fully fund the DEA.

In conclusion, I'd like to mention a handful of programs that aid both in the fight against meth and drug abuse in general.

While law enforcement is important, preventing drug abuse in the first place is key. Both the Safe and Drug-Free Schools and Communities and the Drug-Free Communities programs are critical to ensuring safe, healthy, and drug-free schools. For those who miss the prevention message and choose to abuse alcohol and drugs, access to treatment is vital. The Substance Abuse Prevention and Treatment Block Grant is the backbone of our nation's publicly funded treatment and prevention system and serves our most vulnerable citizens.

I again thank you for the opportunity to address the Committee today. I have additional comments that I will submit for the record.

Thank you and I'm happy to answer any questions.

#### ADDITIONAL TESTIMONY FOR THE RECORD

##### *Impact Aid*

Impact Aid is a critical program for school districts in my district and across the country that are adversely impacted by tax-exempt federally owned land. The Second Congressional District of Washington has two Navy bases and eight federally recognized tribes. The funding impacted schools in these areas receive through the program provides students with the resources they need to learn and teachers with the tools they need to teach.

The President's FY08 budget request would again woefully under fund IMPACT AID. Under the President's budget, funding would stay stagnant at \$1.092 billion, where it has been the last few years. With an increased student base, the impact of level funding means that school districts across the country that receive IMPACT Aid funding will receive less money per student throughout the year. School and school districts in impacted areas are squeezed tighter than ever. I urge the committee to reject the President's request and increase funding for IMPACT AID to a level of \$1.35 billion and help us keep our commitment to schools and school districts throughout the country. Students in these impacted schools should not have to suffer.

Along with Congressman Mark Kirk of Illinois, I have again introduced the "Government Reservation Accelerated Development for Education Act (GRADE-A)," to ensure the prompt payment and efficient delivery of IMPACT AID to our schools. Our legislation would make Section 8002 (Federal Property) and Section 8003 (Basic Payments for Federally Connected Children) an entitlement and no longer subject to a yearly appropriation. Under this legislation, teachers and their students would have the secured resources they need to have a productive and effective learning environment.

In the absence of this legislation, I respectfully request the Budget Committee to fully fund basic support payments for IMPACT AID at a level of \$1.35 billion.

##### *Small Business Development Centers*

The President's Fiscal Year 2008 budget is once again a direct assault on the Small Business Administration and the many vital programs the SBA administers. The President's budget again proposes eliminating of a number of key programs and represents a 45% decrease in total funding for the SBA since the President first took office in 2001.

One critical program proposed to receive level funding for the 7th year in a row is the Small Business Administration's Small Business Development Center (SBDC) program. The President's FY08 Budget Request would keep funding for SBDC's level at \$87.12 million which represents a cut from FY06 and presumably FY07 funding levels, while costs and inflation continue to rise.



The SBDC program helps small businesses get started and grow, and create and save jobs in the process. In Washington state, SBDCs have provided management and technical training to more than 27,000 small business owners, managers and employees, and provided business counseling to more than 19,000 small businesses, since 2001. In the process, Washington state SBDCs have helped local businesses create and save more than 10,000 jobs, acquire more than \$113 million in additional funding, and make more than \$288 million in sales. Further, Washington state SBDCs not only pay for themselves but have a net increase for the federal treasury. Washington state SBDC's business counseling clients generate \$3.84 million in additional federal revenues in 2005 (as a result of increased economic activity), which well over twice the federal government's investment of approximately \$1.62 million in Washington state SBDC's in 2004.

However, federal funding for SBDCs has been in decline since 2004. This decline in funding has limited and will continue to limit Washington SBDCs' ability to serve local small businesses and create new jobs.

Therefore, I urge the committee to reject the President's proposal and include funding for the SBDC program at a level of \$110 million. This level would still fall below the Fiscal Year 2001 level, while adjusting for inflation. Restoring this funding would provide SBDC's across the country with the resources they need to help our small businesses.

Mr. BAIRD. Well, thank you. I want to thank the gentleman for his leadership on the Methamphetamine Caucus. You have done great work, and someone who has been very active myself in that I am grateful for you being here, and calling the Committee's attention to this. As you talk to your local law enforcement officers and they look at these cuts, what is their reaction to, if the federal government under the Bush administration were to cut these programs to the levels that are proposed? What are the local, guys on the street saying?

Mr. LARSEN. It is usually disbelief, followed by frustration. In Snohomish County alone, which is the largest county in my district, the Snohomish County Regional Drug Task Force would have to shut down within two years if there was zero funding through the Byrne/JAG Program. They could get through one year by shifting dollars, but the second year would require them to just totally shut down thereby obviously decreasing the effectiveness and the coordination that is important to conduct interdiction against drugs and methamphetamine in particular. So, disbelief followed by continued frustration to have to fight this battle year after year in Congress. It is tough enough to fight the battle against drugs and interdiction and, you know, prevention and treatment at home at the grassroots. But to have to fight a battle out in Washington, D.C. to make sure that there are dollars there to help them fight that battle is more work than they need to be doing.

Mr. BAIRD. One last question. Some would argue that, well, we do not need this federal support. Law enforcement is a local responsibility. But as my awareness of, particularly the methamphetamine problem, is we have a very good job over the last number of years locally and with federal help of cutting the local clandestine labs and their local domestic supply of meth. But increasingly it is international superlabs bringing finished product in, which makes it a federal issue in my judgment. Are your law enforcement people dealing more, especially on the drug front which some of these programs address, more increasingly with international suppliers? Or is it still the local clan labs?

Mr. LARSEN. It is increasingly an international supply. In fact, in the last several years nationally we have seen a decrease of meth lab busts from a round number of 12,000 down to about 6,000

per year. That is great news. But busting what some call these Beavis and Butthead labs, or Mom and Pop labs, is one thing, but that supply is being replaced by a higher form of methamphetamine that is coming in through international distribution channels. That is why in the Combat Meth Epidemic Act, which Congress passed last year and you worked on as well as many other members in a bipartisan way worked on, there is this very important international element for international interdiction. We expect within the next couple weeks for the State Department to come out with their list of top five exporters and importers of ephedrine and pseudoephedrine, the precursor chemical for not just great products like Sudafed but bad products like methamphetamine, to help develop a baseline for further action on international interdiction. So the international element is a critical component and the federal government is the only dog big enough to fight that battle. I cannot rely on my local sheriff, or your local sheriff in Cowlitz County, to deal with international drug trafficking. That is a federal responsibility.

Mr. BAIRD. I think you could not have said it better. It was very articulately put and I am glad it is in the record for this Committee and I know we will be very cognizant of that as we craft the budget. I thank the gentleman. If you have any further remarks or anyone else has questions? If not, thanks for your testimony.

Mr. LARSEN. Thank you, Mr. Chairman.

Mr. BAIRD. And our next witness, I think, is Mr. Wolf. Welcome, Mr. Wolf. We are pleased to receive your testimony and as I mentioned to our friend Mr. Larsen we have ten minutes, and feel free to use it as you so choose.

**STATEMENT OF HON. FRANK WOLF, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF VIRGINIA**

Mr. WOLF. Thank you, Mr. Chairman. The Committee has a formidable challenge before it in crafting the nation's budget. I do not know, I am not an economist, but as everyone knows this nation is facing a financial crisis like none other in our history as the baby boom generation starts moving into retirement.

The retirement of the first baby boomer will begin as a trickle in less than a year, a few years later the trickle becomes a flood, and within five more years a tsunami which will wreak havoc on our nation. Our national priorities like finding a cure for cancer or fighting meth or keeping America competitive in education are already being crowded out by mandatory spending in the areas of social security, Medicare, and Medicaid. The retirement of the baby boomers will only exacerbate an already strained budget.

We need to take action now in addressing these issues are critical to ensure that countries that hold our debt do not control our future. Borrowing hundreds of millions of dollars from countries like China puts not only our future economy at risk but also our national security.

There is never a convenient time to make hard decisions, but the longer we wait the more dramatic the remedy will need to be. Abraham Lincoln, one of our nation's greatest presidents, said, "You cannot escape the responsibility tomorrow by evading it today."

It is encouraging that many members of Congress are discussing how to address the issue. I believe the Congress understands the crisis we are facing and I believe the President does, too. I also believe there is a desire by the Democrats and Republicans, as well as the administration, to address this crisis. Unfortunately, there may not be the political will to make the tough choices to keep the nation from falling off a financial precipice. Therefore, I believe we need to do something dramatic and something bold that can move the nation to understand where the financial future of America is headed.

It is with the hope of building a consensus on this issue that Senator Voinovich and I reintroduced the Secure in America's Future Economy Commission Legislation, also known as the SAFE Commission. I believe the SAFE Commission can provide an opportunity to thoughtfully address the nation's budget challenges, reflect on national priorities, and move us to take responsible actions that will avoid wholesale arbitrary cuts or caps. One of the most critical responsibilities of the Commission will be explaining the crisis we face and listening to the American people about how to get the country back on track. To help determine national priorities, the Commission would hold series of public hearings across the country to engage the American people. I hope and expect that the American people would participate and share their thoughts. The key to the nation's financial future is a debate that puts everything, entitlements and tax policies, on the table. It then would require that Congress for an up or down vote on its recommendations in their entirety, similar to the BRAC process. I believe and fully expect the Commission's legislative recommendation to accurately reflect our national priorities, but it is important to remember the Commission proposal will not become law without a vote on behalf of the Congress, including an opportunity for amendments and the President's signature. This has the support of the Heritage Foundation, the Concord Coalition, former members of Congress including one who chaired this Committee, former CBO directors.

I have heard criticism that such weighty decisions on the nation's financial future are the responsibility of Congress. That is accurate, but there are two provisions to protect congressional prerogative. First, four of the fourteen congressionally appointed Commission members must be sitting members of Congress. Obviously, the Chairman of this Committee and the Ranking Member would almost certainly be two. There could be more. Second, if Congress acts significant legislation aimed at addressing this looming crisis, the SAFE Commission would terminate and cease to exist. But if Congress does not act no later than seventeen months from the organization of the Commission, it will be required to vote up or down on legislative proposals.

I think with that, Mr. Chairman, I will just sort of end it, and just say that, you know, we have a history of your mother and father, my mother and father, and parents sacrificed for us and I think as a father of five children, as a grandfather of twelve, it is time for us to face this very, very critical issue. I believe, again, there is a strong desire, just listening to members on both sides speak. The question is, is there the will?

[The prepared statement of Mr. Wolf follows:]

PREPARED STATEMENT OF HON. FRANK R. WOLF, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF VIRGINIA

Chairman Spratt, Ranking Member Ryan, thank you for the opportunity to testify today.

This committee has a formidable challenge before it in crafting the nation's budget. While I am not an economist, I do know that this nation is facing a financial crisis like none other in our history as the baby boom generation starts moving into retirement.

The retirement of the first baby boomer will begin with a trickle in less than one year. A few years later, that trickle will become a flood that within five more years will become a tsunami that will begin to wreak havoc on federal programs and the economy.

Our national priorities like finding a cure for cancer or keeping America competitive in the world economy are already being crowded out by mandatory spending in the areas of Social Security, Medicare and Medicaid. The retirement of the baby boomers will only exacerbate an already strained budget.

We need to take action now to ensure that we have the necessary resources available for programs such as education, health care and transportation, among others, that the American people expect.

Addressing these issues is also critical to ensure countries that hold our debt do not control our future. Borrowing hundreds of billions of dollars from countries like China puts not only our future economy but also our national security at risk.

There is never a convenient time to make hard decisions, but the longer we wait, the more dramatic the remedy will need to be.

Abraham Lincoln, one of our nation's greatest presidents, once said: "You cannot escape the responsibility of tomorrow by evading it today."

It's encouraging that many Members are discussing how to address this issue. I believe the Congress understands the crisis we are facing and I believe the president understands it. I also believe there is a desire by Democrats and Republicans as well as the president to address this crisis.

Unfortunately, I believe neither the Congress nor the president has the political will to make the tough choices to keep our nation's from falling off the financial precipice.

Therefore, I believe we need to do something dramatic, something bold, that can move our nation to understand where the financial future of America is headed.

It is with the hope of building consensus on this very difficult issue that last month Senator Voinovich and I reintroduced the Securing America's Future Economy Commission legislation (H.R. 473), also known as the SAFE Commission.

I believe the SAFE Commission can provide an opportunity to thoughtfully address the nation's budget challenges, reflect on national priorities and move us to take responsible action that will avoid wholesale, arbitrary cuts or caps. If we continue to wait and go along like the realities of tomorrow will never come, Congress will find itself in crisis mode.

One of the most critical responsibilities of the commission will be explaining the crisis we face and listening to the American people about how to get the country back on track. To help determine national priorities, the SAFE Commission would hold a series of public hearings across the country to engage the American people in a national conversation about our country's financial future. I hope and expect that the American people would participate and share their thoughts on how best to respond to the challenges facing our nation.

The key to our nation's financial future is a debate that puts everything on the table: entitlements, other federal programs, and tax policies.

The SAFE Commission does that and requires Congress to vote up or down on its recommendations in their entirety, similar to the BRAC process.

I believe and fully expect the commission's legislative recommendations to accurately reflect our nation's priorities, but it is important to remember that the commission's proposal will not become law without a vote in Congress—including an opportunity for amendments—and the president's signature.

Since we first introduced the idea of the SAFE Commission last summer, the proposal has received strong support from across the political spectrum. Supporters include: the Heritage Foundation; the Concord Coalition; former members of Congress including those who chaired this very committee, and former CBO directors.

It has been embraced by major newspapers across the country, and syndicated columnist David Broder.

I have heard criticism that such weighty decisions on the nation's financial future are the responsibility of Congress.

I couldn't agree more.

There are two provisions to protect congressional prerogatives.

First, four of the 14 congressionally appointed commission members must be sitting Members of Congress.

Second, if Congress enacts significant legislation aimed at addressing this looming crisis, the SAFE Commission would terminate and cease to exist.

But if Congress doesn't act, no later than 17 months from the organization of the commission, it would be required to vote—up or down—on legislative proposals.

I am including for the record a summary of the composition and operation of the SAFE Commission to help answer questions you may have.

As a father of five and grandfather of 12, the challenge posed by the pending retirement of baby boomers strikes me as much more than a routine policy discussion. Without action, just what kind of future are we leaving to our children and grandchildren?

I also deeply believe there is a moral component to this issue that goes to the heart of who we are as Americans. By that I mean, I wonder if we have lost the national will to make tough decisions that may require sacrifice?

Moreover, have we lost the political courage to reject the partisan and special interest demands and do what is best for our country?

If we remember the legacy we have inherited—the sacrifices of Washington's crossing the Delaware and the battle at Antietam and so many other examples from the over two centuries of our nation's history—and the debt we owe to previous generations—our grandparents and our parents and the sacrifices they made to make our country what it is today—I believe we all will be moved to do our duty.

The SAFE Commission should be embraced by both sides of the aisle. This is a national issue; not a Republican issue or a Democratic issue. I am open to suggestions about the legislation from members of both parties. I believe most Americans will welcome it as well, especially considering we all want what is best for our children and grandchildren.

We must heed the cautionary words of George Washington's 1796 farewell address:

"We should avoid ungenerously throwing upon posterity the burden of which we ourselves ought to bear."

I ask that you take the time to review this legislation and look forward to working with you to take the necessary action to secure America's future economy.

Thank you, again, Chairman Spratt and Mr. Ryan, for this chance to testify today.

Mr. BAIRD. I thank the gentleman first of all for his many years of service and his initiative in bringing this up. And I think you raise a number of interesting points. I share the absolute passion to try to resolve this. And is not, as you said very eloquently, it is not a Democratic issue, it is not a Republican issue. Our attack ads would probably say, "Congressman Wolf wants to cut benefits for retirees," and your attack ads would say, "Congressman Baird wants to raise taxes." We are not going to solve the problem with attack ads. We are going to solve the problem when we both do the kind of things that this Commission would probably recommend.

If I could ask just a couple questions about the Commission itself? As I read it, Mr. Wolf, you are saying that we would have to have an up or down vote, but in your testimony I think you talked about opportunities for amendments.

Mr. WOLF. Yes. Each party could have an amendment. The House could have its own package, the Senate could have its own package, and the administration could have his and it would be king of the hill.

Mr. BAIRD. Okay. So no amendments to the—

Mr. WOLF. Correct.

Mr. BAIRD. Straight up or down vote on the package itself?

Mr. WOLF. Correct.

Mr. BAIRD. Walk us through the rationale for that, if you would.

Mr. WOLF. We would never have closed a base in this country if we did not have the Base Closing Commission. Dick Arme put

that idea together. There is not the will. And sometimes strangely enough in this place, the bigger the issue the easier it is to get done. Sometimes an amendment will come out on the floor for a \$1 million. They will take the whole afternoon debating it. Then the next day, perhaps defense appropriations come out, and they spend an hour debating the whole bill. So, I just do not believe there is, and plus this place, unfortunately, is very, very partisan, just what you said at the outset. So I think everyone who had that opportunity, I think you could certainly, and I changed the bill based on Mr. Spratt's comments that there were not enough congressional on it. So we did put members on, and he would certainly be on and Mr. Ryan would be too, but that number could even go up. But we also have Portman from OMB, and we have the Secretary of Treasury, and some outside people. They would hold public hearings in every federal reserve district. Short of that, I just do not think it is going to happen.

Mr. BAIRD. Your comment about our kids, you know, I often say at town halls, I had a series, as you know, the Concord Coalition, and David Walker, the Comptroller of the Currency, are doing this fiscal wake up.

Mr. WOLF. Yes, they support this bill.

Mr. BAIRD. Yes, I know. And I had a town hall on that very topic two weeks ago and I said any responsible adult between themselves experiencing physical pain or illness and suffering or passing it on to their kids would immediately say, "Put the pain on me, spare my kids." When it comes to fiscal pain, this Congress and frankly the constituents and citizens themselves are complicit in passing it on to our kids and I applaud you for looking for a way to address that. And I call on the Ranking Member Mr. Smith to see if he has any questions or comments.

Mr. SMITH. I do not yet. I appreciate the opportunity to review your testimony and I will probably speak later. Thank you.

Mr. WOLF. Good, thank you. I might say, I am going to look for opportunities to offer this in this session. I may offer it in full Appropriations Committee, offer it wherever. But I know it is somewhat controversial but without this, Mr. Chairman, I am not sure we will act. Thank you very, very much.

Mr. BAIRD. If I could ask one last question, and this will sound like I am trying to be cute and I am seriously not.

Mr. WOLF. Well, that is okay. No.

Mr. BAIRD. I think you are very cognizant of this in the structure of the Commission process. It has got to be a super majority of, what was it, two-thirds?

Mr. WOLF. Yes, we were even thinking of, I, whatever Mr. Spratt and Mr. Ryan and you all wanted I would change.

Mr. BAIRD. Yeah.

Mr. WOLF. I mean, you all are the boss.

Mr. BAIRD. The reason I ask it is because, and again this is not meant to be cute, because I have immense respect of the administration officials as individuals that you spoke of. And frankly, for that matter, for my colleagues on this Committee. The question would be, balances of power can change. You could have a Democratic president next time. Presumably you would be comfortable, partly because of the super majority requirement, and I do not read

this as you are trying to stack the deck. You are trying to get responsible people.

Mr. WOLF. Yes, it is eight and eight.

Mr. BAIRD. Yeah.

Mr. WOLF. So it is eight and eight, and hopefully we would pass this before the next president. So, no, this is eight Republicans and eight Democrats. It is exactly split, eight and eight.

Mr. BAIRD. Is that coincidental to the majority make up of the House right now?

Mr. WOLF. No, it is where we are based on we have a Republican administration and we have a Democratic Congress.

Mr. BAIRD. Yes, my question Mr. Wolfe would be if we had next round a large switch in the other direction, one way or the other so that it was Democratic administration, Democratic Congress or Republican administration, Republican Congress, does the balance get skewed at that point?

Mr. WOLF. Well, I really had not thought about that. That is a good question. I am hopeful, well I am really not hopeful that it is going to pass. I am going to try that it would be done in this Congress. And I think we are at a, we are at a point, and there is a sincere, I read everything Mr. Spratt puts out. I will stipulate, he is very sincere about this.

Mr. BAIRD. He actually is.

Mr. WOLF. And when you listen to Mr. Conrad over in the Senate side I believe he is, too. Our members are, too. So I think we are at a point now, where we have a Republican administration, a Democratic House and Senate in Congress, you almost have a stalemate, each can check point. And by having a super majority, we require it not only be Democrats for it but some Democrats and Republicans. Or, not only just Republicans but some Democrats. So it can truly be bipartisan.

Mr. BAIRD. I appreciate it. I know you to be sincerely and passionately committed to this, and that is why I wanted to, I was not trying to get you on the record.

Mr. WOLF. That is okay.

Mr. BAIRD. I was trying to give you a chance to be on the record as manifesting that, is what was the goal of that. Because I know that what you are trying to do is come up with a Commission that can get the job done without one side or the other having so much power over the other side. That is not something we can agree with. Because in the end, then, we would not vote it right.

Mr. WOLF. That is right. And everything, again, I heard you talking, everything, everything has to be on the table.

Mr. BAIRD. Amen to that. I thank the gentleman very much for his service and contribution.

Mr. WOLF. Thank you, Mr. Chairman.

Mr. BAIRD. The next member is the gentle lady from the Virgin Islands, Ms. Christensen. Welcome, and we are pleased to receive your testimony. You are recognized for ten minutes. Thank you for being here.

Dr. CHRISTENSEN. Thank you, Mr. Chairman.

Mr. BAIRD. Pardon me, I should have said Dr. Christensen.

Dr. CHRISTENSEN. Thank you. I will make reference to that, and in order to shorten my presentation it is a little different from what you have in the complete testimony.

**STATEMENT OF HON. DONNA M. CHRISTENSEN, A DELEGATE  
IN CONGRESS FROM THE U.S. VIRGIN ISLANDS**

Dr. CHRISTENSEN. I want to thank you, Chairman, and members of the Committee for the opportunity to give testimony into what I know will be a very difficult budget process. And I come to you today wearing many congressional hats. First, as the Delegate from one of the offshore possessions of the United States and as Chair of the Subcommittee on Insular Affairs. As such, I would be remiss if I did not point out that the economic conditions of the U.S. Territories under the jurisdiction of the Department of Interior have languished over the past ten years. Each of them, the Virgin Islands, Guam, America Samoa, and the Commonwealth of the Northern Marianas, continue to suffer from high unemployment and unstable economies.

While our well being is depending on programs and every department of our government being applied in the most appropriate way to our islands, in large measure it does fall to the Technical Assistance Account of the Office of Insular Affairs as the only program which provides assistance specifically to the U.S. Territories to meet and tailor the programs to our needs or respond to some of the unique challenges that we face. At a time when the economic trend in all of these U.S. Territories is downward, that one account, which can be useful to help improve our condition, should not also be decreased as it is in the President's budget. Accordingly, I believe more resources should be devoted to the Office of Insular Affairs Technical Assistance Account to better respond to the needs of our territories. And to further support our economies I would also encourage the Committee to work with the Virgin Islands and Puerto Rico to provide for the full cover over of excise taxes that are due to the territories.

But, Madam Chairwoman and colleagues, I also come to this Committee as the only female physician ever to have served and the only physician of color in this body. Also, as Chair of the Health Braintrust of the Congressional Black Caucus and as one of the three Health Co-Chairs of the Tri-Caucus, which is made up of the Congressional Black, Hispanic, and Asian-Pacific Caucuses. In that capacity we represent nearly one-third of the U.S. population, which is growing. Unfortunately this is also the segment of our population that makes up more than one-half of the uninsured, that has the least access to quality care, and that therefore bears the greatest burden of disease in this country. These circumstances have created longstanding and shameful disparities in health between our populations and the rest of the country and this results in close to 100,000 premature, preventable deaths every year.

The time has come for ethnic and racial minority Americans and for our entire country to make that up front investment in the healthcare of people of color to end these disparities; to bring fairness, justice and equal opportunity to our national healthcare system; and to prevent the healthcare crisis that now exists from becoming a catastrophe.



But we have to be willing to set the new direction and to provide the bold leadership we promised this country last year which, though doubtful, they elected us to provide. I have to say up front, and I know this is going to be a bit of heresy to many people, that it will take either ending the tax cuts for the wealthiest among us and cutting the excess fat out of a defense budget that pays for billions in waste, or it will take increasing our debt or slowing our achievement of a surplus. But it is an investment that we cannot afford not to make. Our country's strength, continuing moral leadership, and national security depend on it. Even if it increases debt, the economists define good debt and bad debt. What we are asking will not be the bad debt that has left the middle class as well as the poor and people of color waiting and left behind while the big corporations and wealthy Americans have gotten more at their expense and the expense of our country. It would be good debt, which through investing in our people improves well being and preparedness and so increases productivity, and the strength, competitiveness and prosperity of our nation.

We have all asked to lead and now it is up to us to do so. And doing so will require a change in the healthcare and health spending paradigm we have followed for far too long in this country. Whether we get additional funding, as I am requesting, or not, it is critical that we redirect how we spend the limited healthcare dollars we will have. We can no longer continue to increase funding just to NIH at the expense of prevention and quality healthcare. We cannot just fund health centers without ensuring their survival through adequate reimbursement through full funding of public health programs and increased training of a diverse health workforce to take care of our increasingly diverse population. Our failure to do this is at the heart of our failure to close the disparity gap and reach our health people goals.

The adage an ounce of prevention is worth a pound of cure has not survived this long without good reason. It was true when first uttered, it is true today, and it applies to how we can most effectively spend our healthcare dollars which are considerable. Without a doubt, the \$2 trillion we now spending annually has not raised our health status ranking in the world; has not enabled the poor, the rural or those Americans of color to be healthier; nor has it prepared us to protect our communities from the threat of terrorism by biologic, chemical, or even nuclear agents. To spend the dollars we do budget more effectively and to reduce and eventually reverse the skyrocketing cost of healthcare, we have to set a new direction, to change course, to alter the old tried and failed approach and instead focus on expanding coverage, increasing access, improving quality, providing cultural and linguistic competence in healthcare, and improving the social determinants of health in poor, rural and communities of color.

I have listed a number of programs in my submitted testimony which are important to this goal, programs which have been cut, eliminated or level funded and which need to be at least restored and at best increased which is what we urge you to do. Medicare, Medicaid, and SCHIP for the states and the territories and the rebuilding of a better, stronger healthcare in New Orleans and the rest of the Gulf region affected by Katrina and Rita are among the

top priorities because they are the foundation upon which the new direction of healthcare must be started. But there are also the programs that give our children a healthy start in life. Many of these and more are listed in the testimony: those that target aid dollars to the hardest hit communities, especially the African American community; that provide increased access and equity to mental health and substance abuse treatments; that fund programs to American Indians living in urban areas; that empower communities to develop systems that better meet their healthcare needs and support wellness; those that reach out and bring under represented minorities into the health professions at all levels; or that keep the facilities and institutions that serve the under served open; that reimburse providers for the largely high quality healthcare they provide despite being nicked and dined to death; or those programs that improve the social and economic factors that underpin our health and that above all focus on health promotion and disease prevention, which is the key to reducing our nation's health costs and to reliably and sustainably reducing the deficit.

In none of the projections I have seen has there been any reference to the impact of healthcare cost to the debt, if those healthcare costs continue their rapid, uphill spiral unchecked. To rein in these costs the options are only two. One, to provide the quality and comprehensive care, to reduce or prevent catastrophic, high cost disease, and create healthy, productive citizens and communities. Or, to use a class containment strategy that creates a multi-tiered system of healthcare delivery and simply leaves the poor and very often the middle income to fend for themselves, which bluntly put is to write them off. The second is not only abhorrent to our democracy and the ideals of this country, it is not an option.

Finally, Madam Chairwoman and colleagues, and this is where I am asking you to step up and out even further beyond our comfort zone and the political limitations we have placed on the 2008 budget and on ourselves. For this nation's health to improve, for the cost of healthcare to begin to go down, for us to once again be the most productive and competitive nation we have always been, we must do what is necessary to ensure equal opportunity for all and that includes equal opportunity for healthcare and to good health. To do that we must first eliminate health disparities. And so in addition to repairing a budget that is in need of intensive care I am asking for a Health Equity Fund to be created at the level of somewhere around \$2.5 billion over the next five years, with the possibility of renewal.

The disparities, which are sometimes called the slave health deficit because of its origins, have been with us for 400 years. It would be reasonable to expect that it would take more than five years to close it. While I and many of our partners and supporters would have no problem if we were to incur good debt for this noble purpose, it is also possible to find an offset for this fund which is so vital for our future in other areas of the Health, Budget, or other sections of our national budget. Our bottom line is we cannot afford to do it, Madam Chair and other colleagues. Advances in technology and the over \$6,000 per capita we spend in this country on

health, at least one person of color whose death should not have happened, whose death was premature and preventable, died in the time it took me to make this presentation. It adds up to over 200 people per day, and close to 100,000 people annually. Not just because they failed to act responsively, in most cases they try, but because the institutions that serve them and create the programs and the policies that direct that work themselves fail to act responsively.

This is the kind of terrorism that African Americans, other people of color, and the poor live with every day. The President's budget is woefully out of sync with the American public as are his policies and priorities. Americans want equal opportunity to good healthcare and to good health for all. They want an America that lives up to its promise, a promise that includes investing in the most precious resource we have, our people. The Democratic party, and all of us who have come here, have always stood for those same things. This would be a bold step. But bold leadership is also what we promised and I want us to deliver on that promise.

[The prepared statement of Mrs. Christensen follows:]

PREPARED STATEMENT OF HON. DONNA CHRISTENSEN, A DELEGATE IN CONGRESS  
FROM THE U.S. VIRGIN ISLANDS

Thank you, Chairman Spratt and members of the committee for the opportunity to give testimony and input into what I know will be a very difficult budget process.

I come before you today, not only as a fellow colleague, but as the only female physician ever to have served in this body, as the only physician of color in this body, as Chair of the Health Braintrust of the Congressional Black Caucus and as one of the three health co-chairs of the Tri Caucus—made up of the Congressional Black, Hispanic and Asian Pacific Caucuses.

In that capacity, we represent nearly one third of the US population and are growing. Unfortunately, this is also the segment of our population that makes up more than one half of the uninsured; that has the least access to quality care; and that therefore bears the greatest burden of disease in this country.

We refer to the health gap between this population and other Americans as Health Disparities. They are great, they cause about 100,000 premature preventable deaths each year, and they lower the quality of care and drive up the costs for everyone.

And so while what I am about to request may seem irresponsible on its face, given our growing indebtedness, I submit to you that it is an investment that must be made to improve the overall health and strength of our nation.

And Mr. Chairman and Colleagues, this investment can come from but a small portion of savings realized from rescinding or not renewing the tax cuts for the wealthiest category of individuals. Or it can cause a small but productive increase in our debt. But it would be worth it in terms of the returns for the health and health care savings of all Americans.

As you know better than I, economists make the distinction between bad debt and good debt, and agree that "good" debt is investment debt that creates or improves value and "bad" debt accomplishes the very opposite. Mr. Chairman, my request is one that falls under the "good" debt category because it would be increasing value that is evident not only in the health and well being of individuals and communities, but also in the strength of the workforce, our defense and ultimately our nation.

To be effective, it would be critical that we adopt a new approach to healthcare funding that goes beyond our current focus of research at the expense of prevention and care, and community health centers, which while they have the potential to be the cornerstone of healthcare, cannot do so without adequate reimbursements, well funded public health programs and staff that reflects and is sensitive to our diversifying communities.

So to not just eliminate disparities, but to slow down and begin the reversal of the skyrocketing health care costs, beginning with this new budget which sets a new direction for our country, we must change our focus and expand coverage, increase

access, improve quality, as well as cultural and linguistic competence, and change the social determinants of health in communities of color.

To begin with, we have to restore cuts and fill in gaps in the president's budget.

As the Congresswoman from the United States Virgin Islands, who practiced medicine there for more than two decades before coming to Congress, I am very concerned that under the President's budget, the Virgin Islands and other U.S. territories will continue to NOT receive state-like treatment under Medicaid and Medicare, despite having state-size health and health care needs and challenges. Compounding and further exacerbating this problem is the inability of territorial governments to afford to fully meet the health care needs of their citizens, whose incomes are less than double the U.S. poverty level. The time has come for us to invest in the health and life opportunities of ALL Americans, from Maryland to California, from Alaska to the U.S. Virgin Islands and from Oregon to Guam.

Mr. Chairman and Colleagues, we owe it to all citizens to address this problem, that is why my fellow territorial Delegates and I have each year introduced legislation to lift the federal Medicaid Cap and provide it with a match equal to that of the poorest state. We were fortunate in the last Congress to receive an increase in Medicaid funds for the first time since the balance Budget act of 1997. It is my hope that this the first budget put forth by Democrats in over twelve will at the very least begin the process of addressing this need.

Additionally, as the Chair of the Subcommittee on Insular Affairs, I would be remiss if I didn't point out that the economic conditions in the U.S. territories, under the jurisdiction of the Department of Interior, have not improved over the past ten years. Each of them, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands continue to suffer from high unemployment and unstable economies. In large measure, the Technical Assistance account of the Office of Insular Affairs is the only program which can be used to respond to the circumstances in these U.S. territories.

At a time when the economic trend in all these U.S. territories is downward, the one account which can be useful to help improve their condition should not follow. Accordingly, I believe that more resources should be devoted to the Office of Insular Affairs Technical Assistance account to better respond to the needs of our U.S. territories.

Mr. Chairman and Colleagues, as someone who remembers the images of the aftermath of Hurricane Katrina, I am disheartened that the President's budget fails to include any funding for rebuilding the healthcare infrastructure in the Gulf Coast. Mr. Chairman, thanks to 24-hour news coverage, the nation; no, the world saw, heard stories of and saw images of the negative impact that social determinants of health have on our most vulnerable and marginalized communities.

Enough time has passed from August 29, 2005—the day that Hurricane Katrina slammed into the Gulf Coast—and now for us to have seen a redesigning and rebuilding of the healthcare infrastructure in the Gulf Coast.

It has been well-documented that three states bore the brunt of the hurricane's impact—Louisiana, Mississippi and Alabama. And, not only did these states have some of the highest poverty rates in the nation before the hurricane hit, but also had noted health disparities that left a disproportionate number of African Americans, other people of color and the poor un- and under-insured, in poorer health, suffering worse health outcomes and more likely to die prematurely, and often during their most productive life years, from preventable causes.

While some steps have been taken, myriad challenges in redesigning and rebuilding the healthcare infrastructure in the Gulf Coast continue to exist, and without adequate funding, these challenges will not fix themselves; they will not solve themselves; they will not disappear; and the Americans most affected by the storm will never be made whole.

Mr. Chairman and Colleagues, as the Chair of the Congressional Black Caucus Health Braintrust, I am especially struck by the fact that the President's budget literally eliminates or cuts—and at best, level-funds—every single health and health care program that is critically important to our nation's most vulnerable and marginalized residents' health, well being and life opportunities. And, a disproportionate number of the residents who stand to lose the most are not only African Americans, other Americans of color and rural Americans; they are the very who stand to lose the absolute very most to pay for a war that no one supports and for extensive tax breaks for the nations few super-billionaires. Mr. Chairman and Colleagues, that is not the America that I know, champion or support!

The list of programs on the fiscal chopping block reads like an honor roll—or, perhaps I should call it a DIS-honor roll, because it lists programs that are essential and necessary, and thus should not be level funded, cut or eliminated.

When the President introduced his FY 08 budget, I—like so many of my colleagues—was struck by one disappointing, yet indisputable fact: the President's health and health care priorities are not in sync with those of most residents of this nation. Mr. Chairman, they are not only NOT in sync with Americas' priorities; they completely contradict them!

Rather than address the root causes of uninsurance, poor health outcomes and escalating health care costs, the President's budget instead shifts the burden onto individuals, health care providers and states.

I'll start with some of the programs that are slated for level funding:

- The president's budget freezes funding for Minority AIDS Initiative, even though the HIV/AIDS epidemic often hits racial and ethnic minority communities in a manner that rivals the trends in sub-Saharan Africa;
- The Substance Abuse Block Grant, the Child Mental Health Block Grant, and the Protection and Advocacy grant program in the Substance Abuse and Mental Health Services Administration also are flat funded;
- The budget level funds the Indian Health Service Diabetes grants; and
- The budget level funds Health Resource and Service Administration's Sickle Cell grants;

The following programs slated for elimination need to be restored and increased:

- The Health Care Facilities/Other Improvement Projects grants;
- The Community Health State planning grants;
- The Healthy Community Healthcare Access Program;
- The Health Professions Training Activities;
- The Emergency Medical Services for Children program;
- The Universal Newborn Hearing/Trauma Screening, an effort that in FY2006 was allocated \$10 million by Congress;
- Indian Health Service Urban Health grants;
- The Commodity Supplemental Food Program, which—funded at \$107 million in FY 02007—provides food packages designed to address specific nutrient deficiencies for about 500,000 low-income elderly persons, women, and children each month; and
- The food stamp program, which disproportionately affects 11 states—South Carolina, Delaware, Maine, Maryland, Massachusetts, Michigan, North Dakota, Oregon, Texas, Washington, and Wisconsin—that operate simplified food stamp programs.

And, at the very least, the cuts to these programs that follow need to be restored and increased to meet the increased demands after years of cuts and neglect:

- The budget cuts funding to the Substance Abuse and Mental Health Services Administration (SAMHSA) by \$159 million dollars and cuts drug treatment programs by \$47 million dollars. The services offered under SAMHSA are critically important to Americans with serious mental health issues and to those who need substance abuse prevention and treatment services;
- The budget slashes Health Resource and Service Administration's Rural Health programs by \$143 million dollars;
- The budget cuts the Administration for Children and Families by \$1.868 billion dollars;
- The budget cuts Medicare spending by \$252 billion over ten years (\$65.6 billion over five years);
- The Budget fails to provide sufficient funding for the State Children's Health Insurance Program (SCHIP). In fact, the funding level in the President's budget is woefully less than the amount needed to maintain benefits for those now receiving SCHIP and for those millions of uninsured children who are eligible for SCHIP, but who have not been enrolled;
- The budget cuts Medicaid by \$28 Billion over five years. Medicaid is critically important to millions of Americans, not only because it keeps them from joining the ranks of the uninsured, but because it allows beneficiaries with very real, very urgent health needs to have access to care that literally sustains their lives;
- The budget cuts the Health Resource and Service Administration's National Health Service Corps by \$10 million dollars. This program is critically important to closing the gap between high health care needs and a dearth of health care providers;
- The budget cuts the Health Resources and Services Administration's Nurse Training Program by \$44 million dollars and cuts the Advanced Education Nursing Program by \$57 million dollars. These cuts are problematic because the nation's shortage is very real. In fact, the Bureau of Labor Statistics estimates that by 2014, the national health care system will need 1.2 million registered nurses to replace retired nurses, accommodate aging baby boomers, and growing patient needs;
- The budget slashes the Indian Health Service Health Facilities construction grants from \$38 million dollars to \$13 million, the Indian Health Service Health Fa-

cilities sanitation construction grants from \$92 million dollars to \$89 million, and the Indian Health Service Health Facilities construction grants from \$38 million dollars to \$13 million. Historically, we—as a nation—have done far too little to ensure the health and well being of our American Indian residents, and these cuts do not put us on the right path;

- The Budget cuts the Healthy Start infant mortality initiative—an initiative which boasts results in reducing racial and ethnic disparities in infant mortality—by \$1 million. That may not seem like a lot of money, but to this program, that cut will be catastrophic;

- The President's budget cuts funding for the Office of Minority Health by \$3 million, the Office of Women's Health by \$1 million, and the National Center for Minority Health and Health Disparities at National Institutes of Health by \$1 million dollars.

Finally, Mr. Chairman and Colleagues, the forgoing requests are important and while restoring them will have an impact on the eliminations of health care disparities, they do not go far enough to close the huge chasm in this country between the poor and the rich; the rural and urban and the suburban; and the white American and those of color. And so I further propose a “health equity fund” of at least \$2.5 Billion over 5 years to fund the expansion of proven models of prevention and care that demonstrate clear efficacy in closing health gaps. This investment could come from new or existing monies in all related programs across several agencies and offices in way that has a specific focus and mandate. And, it could be placed in any number of agencies, such as the Bureau of Primary Care or the Office of Minority Health, as long as the purpose and use of the fund is clearly delineated, monitored and reported on.

Mr. Chairman and colleagues, this country—the richest and most powerful in the world—ranks below most industrialized countries in maternal and infant mortality. We are ranked 39th by the World Health Organization in health status. And yet we spend at least twice as much as any other country in the world on health care; just about \$2 trillion in 2005 and roughly 16% of GDP. And that expenditure is increasing.

Clearly we are doing something wrong and continuing the same course will only give us the same result. And the continuing ill health and consequent overuse of expensive care will only undermine what can be the world's best healthcare system for everyone. That is unacceptable.

Mr. Chairman and Colleagues, in this country of great wealth, more than 200 people of color will die prematurely from preventable causes, who ought not to have died, by the end of the day today. And, that trend will continue until we do what is necessary to stop it.

Many would blame the people themselves, and definitely each of us has a responsibility for our individual health. But just think of the very responsible person who has no way to pay for care; who is discriminated against by the system and many of its providers; or who live in circumstances such as substandard housing or polluted communities, or neighborhoods where common medication and other health care services are unavailable, or for whom the closest provider is someone they cannot understand or does not understand them. This is the circumstance that far too many Americans find themselves in and which I am asking you to change.

I know that if we meet them half way, they would do their part. So, I am here before you arguing, as I will continue to do, for a new investment and a new direction in health budgeting and spending.

We ran on a new direction platform. We won because that is what the American people want and need.

The president's budget is woefully out of sync with the American public, as are his policies and priorities. They want equal opportunity for good health care and good health for all. They want an America that lives up to its promise; a promise that includes investing in its most precious resource: our people.

This would be a bold step, but bold leadership is also what we promised. I want us to deliver on that promise.

Ms. HOOLEY [presiding]. Thank you for your testimony and for really pointing out all of the inequities that we have in our healthcare system, the amount of money that we spend and yet we do not really have a healthcare system. I appreciate your testimony and this will be put in the record and certainly passed on to our Chair of this Committee. So, thank you very much.

Dr. CHRISTENSEN. Could I just read a quote that comes from Dr. Stephen Wolf at Virginia Commonwealth University? It is very short.

Ms. HOOLEY. Okay.

Dr. CHRISTENSEN. From some studies that he has done, and it sums it up, "In the end, however, it all comes down to priorities." And this is the quote, "In the end, however, it all comes down to priorities. Perhaps we have reached the point when progress in providing good care when needed with compassion and skill and without errors would impress the public as a more meaningful medical advance than the roll out of the latest device or pill. Failing to establish systems to ensure that everyone receives recommended care is causing greater disease and deaths at levels that can rarely be offset by medical advances." I thank you for allowing me to include that quote.

Ms. HOOLEY. Thank you. We have Representative Higgins next, and then right after him I believe it is Representative Hayes. Welcome, and we are pleased to receive your testimony. You are recognized for ten minutes.

**STATEMENT OF HON. BRIAN HIGGINS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK**

Mr. HIGGINS. Thank you, Madam Chair and distinguished members of the Committee. I am here to ask the Committee for consideration of two priorities that I would like to see reflected in fiscal year 2008 budget resolution. One is the federal courthouse proposed for the City of Buffalo. The judiciary has identified this project as a top project, top priority in the nation. Although this project has not received funding over the last couple of years, in the proposed 2008 budget the President has included as the only funded courthouse \$46.7 million. The continuing resolution that the House passed a couple of weeks ago included \$280 million to the government service agency specific to new courthouse construction. I believe that GSA will provide \$83.5 million of that \$280 million. The \$46.7 million in the President's proposed budget for 2008 would completely fund that project.

While it is a courthouse project, generally speaking, to Buffalo it is an economic development project. The GSA has already started to clear the site. It has relocated businesses. The property is currently off the tax rolls. So it is a very, very important project and I respectfully ask for the Committee's consideration for keeping that \$46.7 million for the Buffalo courthouse in the 2008 budget.

The second issue is something very different, but something I think very important to the nation and that is funding to the National Cancer Institute. Madam Chair, over the past five years this administration has cut approximately \$250 million to the National Cancer Institute and the National Institutes of Health. This funding is vitally important for cancer research and prevention.

We have made great strides as a nation in treating and effectively dealing with the issue of cancer. Thirty years ago if you were diagnosed with cancer fewer than 50 percent lived beyond five years of their diagnosis. Today, it is 65 percent for adults, 85 percent for kids. More people are living with cancer today than are dying from it. But we still face extraordinary challenges. Men have

a one in two likelihood of developing invasive cancer in their lifetime, women a one in three likelihood. Cancer research is very, very important at the research level because it sustains funding for clinical trials which if successful will provide treatments for tomorrow's cancer therapies. But it also undermines the start of new cancer research.

So I would respectfully ask the Committee to restore the cut, again, that the administration has made to the National Cancer Institute and the National Institute of Health, that being \$11.4 million.

[The prepared statement of Mr. Higgins follows:]

PREPARED STATEMENT OF HON. BRIAN HIGGINS, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF NEW YORK

I thank the Committee for this opportunity to testify today on some of the priorities I would like to see reflected in the Fiscal Year 2008 Budget Resolution.

Briefly, I would like to state my support for a number of programs that are important to Western New York including LIHEAP, the Weatherization Assistance Program, COPS, and the Clean Water State Revolving Loan Fund. I urge the Committee to reject dangerous cuts to these effective programs as proposed in the President's budget.

I would like to focus my remarks today on two issues of particular interest to me. The first is the construction of a new federal courthouse in Buffalo, New York. The Buffalo Courthouse is the top project on the Judicial Conference's priority list, and was the only federal courthouse construction project requested in the FY 2008 budget request. The Administration has requested \$46.7 million for this project which, coupled with funds we made available for courthouse construction in the FY 2007 Continuing Resolution, will enable the General Services Administration (GSA) to undertake this critical construction project in Buffalo's downtown core.

The existing Michael Dillon U.S. Courthouse is no longer adequate and has major security concerns. The judges' chambers are directly across the street from a parking garage with a clear view into the chambers, making them vulnerable to attack. Prisoners are unloaded on the street and are brought to courtrooms by the same elevators used by the public, judges and court personnel. These elevators are antiquated and accidents have happened when they failed to align properly with the floors. Several of the courtrooms had to be fashioned from office space and are therefore undersized, with view-obstructing columns. It is time that the court has a facility that will function efficiently and provide the necessary security for all who use and work in the courthouse.

GSA received \$14.2 million for acquisition of land and design of the Buffalo Courthouse from 2000 through 2002. It has acquired property on Niagara Square, an important commercial area in downtown Buffalo. The design has won award and acclaim, and demolition will commence this year. But unless Congress provides the funding necessary to allow construction to proceed, the net impact of the federal government's actions on this project will be to displace small businesses from the site, to remove this real estate from the local tax rolls, and to leave a vacant lot on an important piece of real estate in a vital section of our struggling downtown core.

These are economic and tax impacts which our region, with a struggling economy and local governments mired in fiscal straits, can not and should not be made to bear. Buffalo simply can not afford to delay this opportunity to turn a vacant lot into a tower of jobs that will complement the nascent investment and revitalization we are experiencing in other parts of the city.

Because the Judicial Conference has ranked the Buffalo Courthouse as its top construction priority nationwide, and because allowing this federally-acquired land to remain fallow would be destructive to our community, I strongly encourage the Budget Committee to include the \$46.7 million that will allow GSA to complete this important project.

The second issue I would like to focus on is one of national concern. You are in a unique position to put us on the path towards meeting the National Cancer Institute's (NCI) goal of eliminating death and suffering due to cancer by the year 2015. Recent statistics have shown declining cancer deaths in the United States for the second year. This drop is largely due to increased awareness, better treatment, and larger numbers of people being screened; but these advances are also due to the



past investments that Congress made to the National Cancer Institute and the National Health Institutes (NIH) in general. Unfortunately, we are at serious risk of losing the momentum towards meeting the 2015 as research dollars are cut and cannot keep pace with medical inflation.

The 110th Congress should lead the way with the objective of eradicating cancer death and suffering in this decade by restoring deep cuts to federal cancer research and prevention programs. The President's \$2.7 trillion budget for 2007 reduced funding for virtually every cancer research and prevention program totaling \$40 million this year, \$70 million last year and \$250 million over the past five years. His proposed budget for 2008 includes more cuts to cancer funding, down to \$4.782 billion, or an \$11.4 million cut below the 2007 Continuing Resolution. In 1998 25% of research applications to NCI were being funded, now only 10% are being funded and many researchers are being forced to cut clinical trials because they cannot afford the expense. These cuts will further slow existing research and delay the start of promising new research. In my district alone, these cuts represent \$5 to 6 million in losses to the Roswell Park Cancer Institute, an NCI designated center and one of the leading research institutes in the country.

Less than 10 percent of cancer deaths today are caused by the primary tumor. It is when cancer metastasizes that it becomes deadly. Early detection saves lives and money, an estimated \$300 billion last year alone in health care costs and lost productivity. Cancer researchers are making impressive progress toward unraveling cancer's dark mysteries and using this knowledge to prevent cancer from becoming life threatening. Today's research will produce tomorrow's treatments and cures. Thirty years ago, fewer than 50 percent of those with cancer lived five years beyond their diagnosis date. The survival rate today is 65 percent for adults and 80 percent for children. In America more people are living with cancer than dying from it. Today we have 10 million cancer survivors; tomorrow we could have more.

Despite this impressive progress, big challenges remain. Men today have a 1 in 2 likelihood of developing invasive cancer in their lifetime; women have a 1 in 3 chance. Last year more than 1 million new cancer cases were diagnosed and 500,000 people died from cancer. Funding cancer research not only saves lives and money, but it expands economic growth. Roswell, in my district, pioneered studies that gave us chemotherapy, the prostate specific antigen (PSA) test and research linking smoking and lung cancer. With more than 2,700 employees, Roswell Park is a major employer and contributor to the regional economy, drawing patients and researchers to Buffalo from throughout the world.

NCI and the American Cancer Society set an ambitious goal of eliminating all human suffering and death from cancer by the year 2015. We can do more than simply supporting a resolution towards this goal; we can give the medical community the tools it needs to achieve it. This should be a fully funded national imperative; you have the power to make it America's goal.

Thank you for allowing me to testify before you today. I know you face many competing demands as you craft the budget, but I hope you will look favorably on these two essential issues.

Ms. HOOLEY. Thank you for your testimony. Any questions? Again, thank you very much for coming.

Mr. HIGGINS. Thank you very much.

Ms. HOOLEY. The next member to testify is Representative Hayes.

Mr. HAYES. Thank you, Madam Chair. I remember that last time that you and I and Mr. Higgins were together. I'm sure this will be an equally pleasant experience.

Ms. HOOLEY. Welcome, and we are pleased to have your testimony, and you are recognized for ten minutes.

#### **STATEMENT OF HON. ROBIN HAYES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA**

Mr. HAYES. Thank you. Madam Chair, thank you for allowing me the opportunity to testify before the Committee today. Several topics I would like to highlight: funding for veterans healthcare, Impact Aid, vocational and technical job training programs, and Department of Agriculture programs.

Madam Chair, the service of our country's veterans ensures that all Americans can live in freedom. They answered the call without question and that is why it is so vitally important that we honor their service by making certain that they receive the quality healthcare they have more than earned. The President's request in the 2008 budget proposal for Veterans Affairs totals \$86.75 billion, including \$44.9 in mandatory funding to support benefit programs for our nation's veterans and \$36 billion for medical care.

Though levels of healthcare funding continue to grow, as we continue the Global War Against Terrorists so do the number of veterans increase. With exponential healthcare cost increases it is important that we provide the maximum possible level of funding for their care. As you and your Committee begin assembling the budget resolution for 2008 I ask that you fund programs for our nation's veterans. I would also ask that you include necessary funding for PTSD and mental health, traumatic brain injury, and blast related injuries in order to fulfill the growing needs in those areas within VA.

In my district in North Carolina I fought for a new Community Based Outpatient Clinic, CBOC, so that local veterans would have improved VA healthcare access. I am very pleased that the Department of Veterans Affairs in the process of establishing a CBOC in the eighth district, and I look forward to working with them and my fellow members of Congress on providing the necessary funding for VA healthcare facilities across the country.

I would also ask that you consider reducing the funding for foreign operations. We have so many needs here at home, sending American tax dollars to fund programs in other countries and international organizations should not be a top priority. We must take care of our own first before sending aid overseas.

Another critical area of concern is that of military construction funding. The continuing resolution drastically reduced funding for essential construction projects, global rebasing and implementation of the Base Realignment and Closure process. This has a negative effect on both our military readiness and our nation's servicemembers. In my home district at Fort Bragg alone, up to \$220 million in construction projects have been put in jeopardy. These projects include everything from barracks to training ranges to child development centers. I urge you to do all that you can to fund military construction at the highest possible level to help lessen the blow to our bases, safety and quality of life for our men and women in uniform, and our national security.

Madam Chair, another issue important to our military families is Impact Aid. Funded in both the Department of Defense and Education, this critical program acts as Uncle Sam's tax payment on land owned by the federal government. These funds are vital to sustaining local school districts that derive little or not property tax revenue because they are situated on federal or Indian land. The importance of the Impact Aid Program is illustrated by my own district in North Carolina which is typical of many places around the country with military bases as the largest employers and land owners. The eighth district is home to Fort Bragg and Pope Air Force Base. The counties of Cumberland and Hoke are affiliated with these local military installations. The President's 2008

budget calls for a third consecutive year of a freeze in funding. I am increasingly concerned about how BRAC and global rebasing is affecting our local schools.

Currently over one million federally connected children with a potential increase of 35,000 to 40,000 in 1400 public school districts and Congress must step up to meet the needs of these children and our schools. We cannot leave our school districts lacking funding and facilities to support these children. With this in mind, I urge my colleagues to include at least \$50 million in Department of Defense funding for Impact Aid and to send a clear message to our military families. We are going to take care of their children whether they are educated at overseas posts or here stateside.

Madam Chair, we must do more this year to recognize this burden on our local school districts and increase funding for Impact Aid. As Co-Chair of the 116-member House Impact Aid Coalition I want to work with you to provide a modest increase in Department of Education funding to cover the federal government's obligation to these school districts.

Madam Chair, community colleges in my district are concerned about funding for vocational and technical education such as Perkins Loan and Community Based Job Training Programs. Workforce training programs are vital in my district for teaching workers who have experienced job losses in the textile and manufacturing industries, teaching them the skills they will need to succeed in the high growth and high demand industries of the twenty-first century. I feel that by eliminating these programs we may leave behind students and programs that provide hands on workforce education in the growing trades of our economy.

I am very concerned that the administration's 2008 budget proposal for the Forest Service once again includes an initiative for the sale of certain National Forest System lands to provide funding for an extension of the Secure Rural Schools Act. The proposal calls for the sale of more than 270,000 acres of forest lands nationwide and 5600-plus acres in North Carolina. Uwharrie National Forest is one of Montgomery County's largest attractions and is a vital component for economic development in the region. Towns and communities located in this area depend on tourism from those visiting these pristine forest lands. This initiative could threaten a critical source of economic revenue for my constituents, therefore I strongly oppose this proposal and hope you will share my concerns.

As you know, eighth district farmers continue to express to me their strong concern over proposals seeking to decrease the agriculture budget in Congress. The budget reductions in agriculture continue to bring a disproportionate burden of deficit reduction on America's farmers and rural communities. Appropriations bills have increasingly reduced mandatory funding for conservation, rural development research, and renewable energy. For 2006 the reduction was \$1.7 billion. In addition, the budget reconciliation bill passed last year is projected to reduce the Agriculture Committee's spending during 2006 to fiscal year 2010 reconciliation period, four years, by \$3.7 billion. CBO also released their agriculture baseline. It is clear that the amount of money for agriculture is shrinking.

Since the 2002 Farm Bill expires in September of this year, we are under even more pressure to ensure that we have the necessary resources to develop a new Farm Bill which will bring certainty to producers who make their planning decisions and business plans based upon these agricultural programs. However, it is imperative that we do this without removing important safety nets that truly protect farmers from low prices and poor yields.

In regard to the administration's Farm Bill proposal, I appreciate the aggressive position they took in many areas such as renewable energy and conservation programs. Focus on ethanol produced from these biomass sources will allow our farmers to play a vital role to help increase our nation's energy independence from foreign sources of energy. As for conservation, my producers are very supportive of incentive based conservation initiatives such as EQIP and CRP. These important programs have been a major success in rehabilitating wildlife and improving the environment. I have some concerns with the administration's proposal to significantly reduce the adjusted gross income eligibility cap. This could be very damaging to many farmers in the eighth district. I look forward to working with the administration to learn the details of these proposals in the near future. I also look forward to working with my colleagues on the upcoming Farm Bill and I am hopeful that you will continue to support agriculture programs that are important to eighth district farmers.

Madam Chair, thank you for the opportunity to testify before your Committee about these important programs. I appreciate your consideration, look forward to working with you on the fiscal year 2008 budget, and I thank you my friend.

[The prepared statement of Mr. Hayes follows:]

PREPARED STATEMENT OF HON. ROBIN HAYES, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF NORTH CAROLINA

Mr. Chairman, thank you for allowing me the opportunity to testify before the Committee today. There are several topics I would like to highlight: funding for Veteran's health care, Impact Aid, vocational and technical job training programs, and Department of Agriculture programs.

Mr. Chairman, the service of our country's veterans ensures that all Americans can live in freedom. They answered the call without question and that is why it is so vitally important that we honor their service by making certain that they receive the quality health care they have more than earned.

The President's requested FY 2008 budget proposal for the Department of Veterans' Affairs totals \$86.75 billion, including \$44.97 billion in mandatory funding to support benefits programs for our nation's veterans and \$36.6 billion for Medical Care. Though the level of health care funding continues to grow, as we continue the Global War on Terror so do the number of veterans. With exponential health care cost increases, it is important that we provide the maximum possible of level of funding for their care. As you and your committee begin assembling the budget resolution for Fiscal Year 2008, I ask that you fund programs for our nation's veterans. I also ask that you include necessary funding for Post Traumatic Stress Disorder (PTSD) and mental health, Traumatic Brain Injury, and blast related injuries in order to fulfill the growing needs in those areas within the VA.

In my District in North Carolina, I fought for a new Community Based Outpatient Clinic (CBOC) so that local veterans would have improved VA health care access. I am very pleased that the Department of Veterans' Affairs is in the process of establishing a CBOC in the 8th District of North Carolina and look forward to working with them, and my fellow Members of Congress, on providing the necessary funding for VA health care facilities across the country.

I also ask that you consider reducing the funding for foreign operations. When we have so many needs here at home, sending American tax payer dollars to fund pro-

grams in other countries and international organizations should not be a top priority—we must “take care of our own first” before sending aid overseas.

Another critical area of concern is that of Military Construction funding. The Continuing Resolution drastically reduced funding for essential construction projects, global rebasing, and implementation of the Base Realignment and Closure process and this has a negative impact on both our military readiness and our nation's service members. In my home district at Fort Bragg alone, up to \$220 million in construction projects have been put in jeopardy. These projects include everything from barracks to a training range to a child development center. I urge you to do all that you can to fund Military Construction at the highest possible level to help lessen the blow to our bases, the safety and Quality of Life of our men and women in uniform, and our national security.

Mr. Chairman, another issue important to our military families is Impact Aid. Funded in both the Departments of Defense and Education, this critical program acts as Uncle Sam's tax payment on land owned by the federal government. These funds are vital to sustaining local school districts that derive little or no property tax revenue because they are situated on federal or Indian land.

The importance of the Impact Aid program is illustrated by my own District in North Carolina, which is typical of many places across the country with military bases as the largest employers and land owners. The 8th District is home to Fort Bragg and Pope Air Force Base, and the counties of Cumberland and Hoke that are affiliated with these local military installations.

The President's FY'08 budget calls for a third consecutive year of a freeze in funding. I am increasingly concerned about how BRAC and global rebasing is affecting our local schools. Currently, there are over 1 million federally connected children with a potential increase of 35,000 to 40,000 in 1400 affected public school districts, and Congress must step up to meet the needs of these children and our schools. We cannot leave our school districts lacking funding and facilities to support these children. With this in mind, I urge my colleagues to include at least 50 million in Department of Defense funding for Impact Aid and to send a clear message to our military families—we are going to take care of their children whether they are educated at overseas posts or here stateside.

Mr. Chairman, we must do more this year to recognize this burden on our local school districts and increase funding for Impact Aid. As Co-Chair of the 116 member House Impact Aid Coalition, I want to work with you, Mr. Chairman, to provide a modest increase in Department of Education funding to cover the federal government's obligation to these school districts.

Mr. Chairman, Community Colleges in my District are concerned about funding for vocational and technical education such as Perkins loans and community-based job training programs. These workforce training programs are vital to my District for teaching workers who have experienced job losses in the textile and manufacturing industries the skills they will need to succeed in the high growth and high demand industries of the 21st Century. I fear that by eliminating these programs, we may leave behind students and programs that provide hands on workforce education in the growing trades of our economy.

I am very concerned that the Administration's FY 2008 budget proposal for the Forest Service once again includes an initiative to sale certain National Forest System Lands to provide funding for an extension of the Secure Rural Schools Act. This proposal calls for the sale of more than 270,000 acres of forest land nationwide, including 5,685 acres in North Carolina.

The Uwharrie National Forest is one of Montgomery County's largest attractions, and is a vital component for economic development in the region. The towns and communities located in this area depend on tourism from those visiting these pristine forest lands. This initiative could threaten that critical source of economic revenue for my constituents; therefore I strongly oppose this proposal and hope you share my concerns.

As you know, 8th District farmers continue to express to me their strong concern over proposals seeking to decrease the agriculture budget in Congress. Budget reductions in agriculture continue to bring a disproportionate burden of deficit reduction on America's farmers and rural communities. Appropriations bills have increasingly reduced mandatory funding for conservation, rural development, research and renewable energy. For FY 06, the reduction was \$1.7 billion. In addition, the budget reconciliation bill passed last year is projected by CBO to reduce agriculture committee spending during the FY 06 to FY 10 reconciliation period by \$3.7 billion. CBO also released their agriculture baseline and it is clear, the amount of funding for agriculture is shrinking.

Since the 2002 Farm Bill expires in September of this year, we are under even more pressure to ensure that we have the necessary resources to develop a new

farm bill, which will bring certainty to producers who make their planting decisions and business plans based upon these agriculture programs. However, it is imperative that we do this without removing important safety nets that truly protect farmers from low prices and poor yields.

In regards to the Administration's Farm Bill proposal, I appreciate the aggressive position they took in many areas, such as renewable energy and conservation programs. The focus on ethanol produced from new biomass sources will allow our farmers to play a vital role to help increase our nation's energy independence from foreign sources of energy. As for conservation, my producers are very supportive of incentive based conservation initiatives, such as EQIP and CRP. These important programs have been a major success in rehabilitating wildlife and improving the environment.

However, I have some concerns with the Administration's proposal to significantly reduce the adjusted gross income eligibility cap. This provision could be very damaging to many farmers in the 8th District. I look forward to working with the Administration to learn the details of these proposals in the near future. I also look forward to working with my colleagues on the upcoming Farm Bill, and I am hopeful that you will continue to support agriculture programs that are important to 8th District farmers.

Mr. Chairman, thank you for the opportunity to testify before your Committee about these important programs. I appreciate your consideration and look forward to working with you on the Fiscal Year 2008 budget.

Ms. HOOLEY. Thank you, any questions? Yes, Representative Blumenauer?

Mr. BLUMENAUER. Thank you, Madam Chair. I appreciate Congressman Hayes, your point about, even though Congresswoman Hooley and I deeply care about the extension of the rural schools funding that it not come at the expense of selling off our precious natural resources, and I appreciate your reference to that and I certainly agree.

I have two questions about your testimony in terms of understanding. You reference concerns about the adjusted gross income eligibility cap that the President has come forward with. My understanding is that is \$200,000?

Mr. HAYES. Correct.

Mr. BLUMENAUER. And a requirement that it actually be \$200,000, that it could not be multiple members of a family so that it is 200, 200, 200.

Mr. HAYES. Right.

Mr. BLUMENAUER. Or spouse and kids. You say, what level do you think it should be at?

Mr. HAYES. Oh, I wish I knew. It is a very good question. In checking the figures over two million folks who have adjusted gross incomes of over \$200,000 so it is not an insignificant number of folks. Of the 85,000 who filed Form F Farm Request, 25,000 actually received payment. So it is a larger number. I do not know what the number should be. My concern is going from \$2.5 million down to \$200,000 is a huge jump and I have asked the Secretary just to take a look, as you have asked me, to make sure that we are not missing something in our attempt to solve what may or may not be a problem.

Mr. BLUMENAUER. You reference your concern about reducing funding for foreign operations. I guess that is the 150 accounts? Do you have a sense of what programs you want reduced or deleted? Health? Water? Military? Where do you think the cuts should be made?

Mr. HAYES. That is a tough one. Just in general, folks at home think foreign aid is not nearly as important as water, food pro-

grams, schools, and other issues that are domestically important to them. I sort of share, I would be happy to look up and give you some specific recommendations. That is a tough question to answer. Basically, it is the difference between domestic and foreign and that is what the folks back home care about.

Mr. BLUMENAUER. Well, I would be interesting to hear it.

Mr. HAYES. I would be happy to.

Mr. BLUMENAUER. And your reaction. It is true, people say that. Of course, you are also aware of the public opinion polls that people think we spend ten times as much as what we do.

Mr. HAYES. Oh, absolutely.

Mr. BLUMENAUER. And we are having testimony here about the fact that the United States does less with foreign aid than any of the other major countries. We made a commitment, as you know, to do .7 percent of our GDP. We are down to .25 percent and we are not keeping our commitments on things like water. And some of the things that you are talking about, they use money to buy things from us. Some of our agriculture is used overseas, actually posing problems for poor people overseas.

Mr. HAYES. Sure.

Mr. BLUMENAUER. Because we get food and we are not buying it from the local areas. So this is an area of great interest to me and one that is going to be of contention on the Committee. Because things like international water and sanitation saves lives and protects the health of Americans and we are going to be, I think, struggling with this in a way that we could use guidance in terms of the specifics. In terms of areas that you think are worthy of cuts so that if we come forward with something that it would actually be supported.

Mr. HAYES. I appreciate the depth and nature of your question, and I will be happy to come back to you with some more specifics. I suspect that a lot of these countries in that percentage do not give credit to the United States for the security measures that we provide for them, but that is neither here nor there. Yours is a very good question. It is an issue that we all have to examine very closely, what we want to do. And I thank you for the question and I will get you some specifics.

Mr. BLUMENAUER. I appreciate that very much.

Mr. HAYES. Thank you.

Mr. BLUMENAUER. Madam Chair, this is one area that is going to be very contentious for us.

Ms. HOOLEY. Right.

Mr. BLUMENAUER. And we want to do it right.

Ms. HOOLEY. And I thank the gentleman for his testimony, and I, too, am very pleased that you brought up not only veterans healthcare but particularly the mental health piece. I think that is going to be critical for every one of our returning soldiers. And I wholeheartedly agree with you for the Secure Rural Schools Act, that we should not be selling off our wonderful natural resources. So thank you very much for your testimony.

Mr. HAYES. You are welcome. And just a quick comment on that, it is interesting, and I am sure that you have looked at it with the resources forest-wise you have in Oregon, there are some very isolated pieces. I wish we would sort of reshape the program so that

these isolated pieces could be used to increase and enhance the main bodies of land that are the real, I mean it is all a treasure. But if you have got the forest here, and a small piece of acreage, the Forest Service is kind of slow talking about, "Well, how do we trade this private piece over here which might be valuable to enhance the main part of the holding?" So to the extent we can, that would be something I hope the Committee can, you know, help facilitate. Thank you.

Ms. HOOLEY. And I am going to be turning this over, as Representative Turner comes up, to Ms. Kaptur.

Ms. KAPTUR [presiding]. I would like to welcome our colleague, especially because you are from the State of Ohio. We look forward to your testimony today, and I thank Congresswoman Hooley for the great job she has done. Welcome to the Budget Committee. We look forward to hearing your formal testimony.

**STATEMENT OF HON. MICHAEL TURNER, A REPRESENTATIVE  
IN CONGRESS FROM THE STATE OF OHIO**

Mr. TURNER. Madam Chair, let me state my appreciation for having a fellow Ohioan sitting in the Chair seat and Mr. Blumenauer thank you for being here and for the opportunity to testify before the Budget Committee.

I am here to testify in support of the \$8.2 billion request for the Base Realignment and Closure Account. This account was created to implement the recommendation of the 2005 Base Realignment and Closure Commission. The last round of BRAC was included in the 2002 National Defense Authorization Act. In 2003, the Defense Department published a draft of the BRAC review criteria, and in March, 2004 DOD submitted the four structure plan and infrastructure inventory to Congress. Congress approved the final review process or criteria in April, 2004. In May, 2005 the Defense Department provided its closure and realignment Recommendations to the Base Realignment and Closure Commission. The Commission delivered its report to the President in September, 2005 and he delivered it to Congress the same month. The BRAC recommendations came before Congress on October 27, 2005 as H.J. Res. 65 in an attempt to disapprove the recommendations of the Base Realignment and Closure Commission. The House overwhelmingly defeated the joint resolution by a vote of 85 to 324 to 1. By defeating the resolution the House had the effect of supporting the BRAC recommendations. On November 9, 2005 the BRAC recommendations officially took effect, marking the end of a three-year process and the beginning of another six-year process of realignment and closure.

Congress designed BRAC as a deliberate, slow process outside the political process. It is very hypocritical of Congress to create a process, support it, clamor for its funding, and then reduce its funding and authorization. The BRAC recommendations have the force and effect of law and it is the responsibility of Congress to see that the process is completed. The administration's fiscal year 2008 budget calls for the authorization of nearly \$8.2 billion for BRAC implementation. This funding request is based upon the schedule created by the Department of Defense to meet the military construction needs as a result of BRAC. The full authorization



of this account in the budget resolution is necessary to meet the statutory deadline imposed by Congress of 2011. A failure to meet the budget request level will jeopardize the implementation time line and degrade the readiness of our military facilities.

The military services in many communities throughout the country have begun making specific plans to prepare for missions either lost or gained under BRAC. In the case of my community, Dayton, Ohio, partnerships between academia, industry, and research institutions formed to ensure that during the BRAC transition a minimal human capital impact occurs in the science and technology fields. A substantial funding cut to implement the BRAC recommendations risks the plans that my and other communities have spent months creating. A reduced authorization increases the risk that nationally the BRAC savings will be reduced, raises the chances of delaying or postponing scheduled redeployments of military personnel and their families, and undermines the BRAC process that Congress established.

In fiscal year 2007 the House budget resolution supported the administration's \$5.6 billion budget request for BRAC. The House Armed Services Committee fully authorized the funding for BRAC and the Military Construction Appropriations Subcommittee supported the funding of BRAC. However, the other body was not able to finish its work requiring the creation of continuing resolutions to fund government operations. The CR written by the new House majority cut BRAC implementation in fiscal year 2007 by \$3.1 billion, raising serious questions on whether the Department of Defense could meet the statutory deadline of 2011. Representative Obey, Chairman of the House Appropriations Committee said last week that he is planning to add the missing BRAC funding to the war supplemental request that the administration submitted to Congress. If the Appropriations Committee does not provide additional funds for BRAC in fiscal year 2007 the House Budget Committee would need to increase fiscal year 2008 requests for BRAC by the \$3 billion from \$8.2 billion to \$11.2 billion in order to put the implementation time line back on track.

Supporting \$8.2 billion in fiscal year 2008 for BRAC is a necessary step toward realizing the savings from BRAC and protecting the integrity of the BRAC process. A majority of Congress supported BRAC and it was Congress that created the BRAC process. Including the requested \$8.2 billion in the House budget resolution enables the military services and the civilian personnel to continue their planning for possible relocation.

I encourage the Budget Committee to support the request for \$8.2 billion for BRAC in the budget resolution, and I thank you Madam Chair.

Ms. KAPTUR. Thank you very much, Congressman Turner, and I would like to give my colleagues a chance to ask questions. I happen to be one of the designees from the Appropriations Committee to the Budget Committee, so I followed very carefully what you are saying. And my question is, let us just say the worst happened and neither the supplemental, though Congressman Obey has promised it, nor the budget mark would provide the funding that you seek to fully implement BRAC. What impact would that have, let us say in your district or Ohio? Could you verify for the record?

Mr. TURNER. Well, and my district is an excellent example because it is a domino effect. There are 1800 jobs that are being relocation to Wright-Patterson Air Force Base. Wright-Patterson Air Force Base, as you know, is a research and development base predominantly. It is not planes and flying missions, it is research and development. From the early Wright Brothers plane all the way to Stealth, our advantage on the battlefields on tomorrow is developed, designed, and implemented at Wright-Patterson Air Force Base.

When BRAC decided to send more jobs and missions to Wright-Pat it did so with an analysis based upon savings that would occur by consolidating those missions at Wright-Pat. The monies that are sought in construction allow those missions to be sent to Wright-Pat, but are deemed to be savings that we later find in the budget as a result of those missions coming. There are not only individuals that are represented by those 1800 jobs, there families, there are businesses, there is planning, there are missions that could be lost, and future opportunities for ingenuity and work once the synergy of these missions being co-located occurs. So the domino effect of what we miss is cost savings, opportunities to take advantage of the ingenuity of employees, and of course the impact on their lives.

Ms. KAPTUR. Thank you for clarifying that. For the record, I would like to ask our colleague Mr. Blumenauer if he has any questions or comments he would like to make at this point?

Mr. BLUMENAUER. I appreciate your reference to BRAC, Madam Chair, Congressman Turner. This is an area of great concern to me as well, and I hope it is something the Budget committee will have a chance to focus on. I do not know quite how we put all the pieces together, but we have vast areas of formally used military sites, including some actually that are continuing to be used, that have not been appropriately cleaned up and transitioned. So there is a huge opportunity lost and because we do not adequately fund it it actually means that the unit cost to clean up and transition increases. And I would be interested, Congressman, in perhaps your reflections on ways that we might all work together to squeeze a little more value out of this process. Because I think we are leaving a lot of money on the table.

I am concerned about you, but I had an amendment on the floor last year because Sacramento, which had a base closed in the first round of base closing, anticipates that it will be fully cleaned up in 2079. I do not think that is fair to you. It is not fair to people in prior round. And it is not fair to the public to have these important resources chewing up money and potentially being economically dangerous or environmentally dangerous. And I would really appreciate thoughts that you may have at some point that we might be able to work either through this Committee or some of our other mechanisms that we cooperate on to make progress on that.

Mr. TURNER. I appreciate Mr. Blumenauer raising that issue. I know he is a great advocate for urban areas and I have enjoyed our conversations about what we can do for economic development for communities. In my community, in addition to Wright-Patterson Air Force Base we also had a Department of Energy Mound Facility that was active in the deep space nuclear energy components.

And it was decommissioned and is in the clean up process. And there, luckily DOE has worked in partnership with the community so that as land becomes available there is a master plan for its transition for economic readiness. But the biggest impediment is the time line of funding and completion of clean up in order for that land to be available. The community is having a great deal of difficulty in planning when the land as part of the partnership might be clean and available in order to attract additional economic capital. And I know that is a big concern of yours, so I would love to work with you on it.

Ms. KAPTUR. Thank you very much, Congressman Blumenauer. I might just say, Congressman Turner, you stayed within the time limit so well you have given me a chance to ring in as part of this triumvirate here on clean up. Because one of the most perplexing sites in the country is one that I represent. I think there are two sites in the country where there is ordinance that is buried under water. And it happens to be, one of those is in North Carolina, the other is in Lake Erie. And last year we were able for the first time to get mapping, because of new technology the Department of Defense has brought on line, to actually identify where this buried ordinance is. It is massive. And you have got 150mm shells, you have got who knows what under there. They do not shoot out into Lake Erie anymore, but the issue for us is how do we clean it up? There is no real, you would say, "Well, the Army Corps of Engineers should clean it up." Guess what? They do not do water. That is the Army, they do land. And there really is not any naval facility up there on Lake Erie. But we have got all this stuff, and when I asked the DOD personnel who came out to survey the site when they did their preliminary work—by the way, the helicopter crashed. It crashed into Lake Erie. We lost the copter, but the people in it were okay because the boom caught the edge of a wave, I guess. They were too close to the water. But when they showed us the preliminary mapping it showed that on a scale of one to ten, it was a 7.5 to eight degree of damage. It is quite significant. But the question becomes, how do you clean it up? It is the same challenges that each of us face as we struggle with this.

So I want to thank you, Congressman Turner and Congressman Blumenauer, for paying attention to these environmentally damaged sites and what we can possibly do to move toward cleaning them up. And you mentioned 2079, I mean my goodness. I doubt that the timetable for ours is much better than that, if at all. And so we look forward to working with you. Did you wish to state anything else for the record?

Mr. TURNER. Thank you, Madam Chair. I appreciate your interest and your time.

Ms. KAPTUR. Thank you so very much. Thank you for appearing today.

Mr. HAYES. Madam Chair, if I might?

Ms. KAPTUR. I would be pleased to recognize the gentleman.

Mr. HAYES. Thank you.

Ms. KAPTUR. Yes, Mr. Hayes.

Mr. HAYES. Mr. Blumenauer, one thing I forgot when you asked a great question about adjusted gross income. In my district it goes from very urban in the west in Charlotte, very urban in the east

in Fayetteville, in between very agricultural. A lot of our farmers, a couple of really big ones, are in that area next to the urban area. And what I do not want to have happen is a disincentive for them and their family members to keep farming and turn around that sell that land for development land. That was another piece of that concern that I had there. So thank you, Madam Chair.

Ms. KAPTUR. Thank you, and I am sorry I missed your full testimony, Congressman Hayes. But, believe me, I heard the questioning.

Mr. HAYES. Thank you.

Ms. KAPTUR. We thank you for coming today. Thank you, gentlemen. I would now call our next witness, Congressman Jason Altmire from the great Keystone State of Pennsylvania. Welcome, Congressman Altmire. We welcome you to the Budget Committee and look forward to your testimony.

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

Mr. ALTMIRE. Thank you, Madam Chair, and thank you Mr. Blumenauer for being here as well. And thank you to Chairman Spratt for allowing us to come before the Committee.

I appreciate the opportunity to testify today on the importance of the fiscal year 2008 budget resolution and its impact on western Pennsylvania. Before I begin, I ask unanimous consent to advise and extend my remarks.

Ms. KAPTUR. Without objection, your full statement and attachment will be placed in the record.

Mr. ALTMIRE. Thanks. In the President's State of the Union he outlined his budget priorities for the year: the need for fiscal responsibility, reducing the number of uninsured, investing in renewable energy, and protecting America's homeland security. But unfortunately, the President proposed a fiscal year 2008 budget that does not represent any of the rhetoric that we heard and instead continues the same failed policies of the past six years. If enacted, the President's fiscal year 2008 budget would not, as it claims, balance the budget within five years. The President ignores out year costs and uses overly optimistic economic forecasts in the name of fiscal responsibility to achieve balance in 2012. But an honest assessment of the President's budget shows that it never reaches balance and instead would increase the deficit by over \$3 trillion over the next ten years.

I believe we must begin the fiscal year 2008 budget process with a true accounting of where we are, and what we will be required to pay for over the next five to ten years. No more gimmicks in order to make a political statement. No more omissions of costs that we all know we are going to have to face. We cannot continue to deficit spend in the trillions of dollars and pretend it does not matter. It only delays the inevitable and passes the tough decisions of today on to future generations.

I would strongly encourage the Budget Committee and leadership in both chambers to adopt the fiscally responsible budget resolution. While we will not be able to dig ourselves out of the deep hole created over the last six years in just one year or perhaps even the next five, we can stop the bleeding and put us on the toward

a balanced budget. Many of my colleagues have spoken here today about the need to invest in essential programs and priorities and I agree with many of them. But I will again emphasize to the Committee that the decisions about which programs to support and increase funding for must be made within the constraints imposed by adopting a fiscally responsible budget. And within that responsible framework I believe the fiscal year 2008 budget should focus on a core set of priorities: healthcare for veterans and seniors, educating our children, and assisting first responders to properly defend the homeland.

We owe no greater debt than to our veterans and I urge the Committee to make sure that we fully fund their medical coverage and hospital services. The Veterans Affairs healthcare system is chronically underfunded, and even in the President's budget he shortchanges our nation's veterans' medical care by requesting insufficient funding. Over the next five years funding for the VA health system would be short \$3.4 billion if the President's budget were enacted. In addition, the President asks veterans to pay a new enrollment fee and increased pharmacy copayments at a total cost of over \$2 billion. Our veterans should be at the top of our priority list when it comes to making decisions about the federal budget. As our veterans have honorably served this country, we should honor our commitment to them by adequately funding their healthcare coverage.

Approximately 124,000 Medicare beneficiaries reside in my district, so any changes to the Medicare Program are of deep concern to me and my constituents. After the President's call to address the healthcare crisis in this country, I was amazed to see his subsequent budget request reduce spending for Medicare beneficiaries by over \$250 billion over the next ten years. I find this misguided at a time when the number of Medicare beneficiaries is growing every year, and the baby boomers are for the first time now starting to qualify for Medicare.

The proposed budget also continues to demonstrate the President's failure to live up to his commitment to fully fund education programs for our children. K-12 spending is still \$15 billion below authorized levels. As a member of the House Education and Labor Committee, I believe it is critical to the future of this country for us to increase funding for No Child Left Behind and our K-12 schools. The new global economy requires a highly educated and trained workforce and we must meet our commitment to properly invest in the future of this country by increasing that funding.

We must also address the mounting concerns of students and parents who are finding it harder to afford a college education. I believe we took an important first step during the first 100 hours by slashing student loan rates by 50 percent. But as a father of two, I share the concerns of millions of parents in this country who wonder how they are going to afford sending their children to college. The President's budget again takes us in the wrong direction, and I hope this Committee will reject many of his education proposals. Nine higher education programs are completely eliminated, leading to a cut of \$1.4 billion in financial assistance to students. The proposed increase in the maximum Pell Grant award is nothing more than robbing Peter to pay Paul.

Most alarming to me are the proposed cuts to homeland security. Under the President's budget funding for first responders will be reduced by 42 percent. State homeland security preparedness grants are cut by 64 percent. And grants to firefighters are cut by 55 percent. Further, state and local law enforcement grants through the Department of Justice, the COPS Program, are nearly eliminated, which consequently deprives our local communities of the critical support they need to operate in this post-9/11 world.

It is my hope that Congress can work in a bipartisan manner to move this country in a new direction with the adoption of a new fiscal year 2008 budget resolution. A new direction that properly accounts for every dollar of the federal government's spending and moves us towards great fiscal responsibility. A new direction that adequately provides for the health services of our veterans and our seniors. A new direction that invests in our children to ensure that they receive a proper education and the opportunity to attend college, and are sufficiently prepared to enter the workforce and compete in our global economy. A new direction that provides our local firefighters, law enforcement officers, and other first responders with the training and equipment required to defend our homeland.

Again, I appreciate the opportunity to address the Committee today and outline my priorities in the fiscal year 2008 budget. I yield back the balance of my time.

[The prepared statement of Mr. Altmire follows:]

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

Thank you, Mr. Chairman and members of the committee. I appreciate the opportunity to testify today on the importance of the fiscal year 2008 budget resolution and its impact on western Pennsylvania. Before I begin, I ask unanimous consent to advise and extend my remarks.

In the President's State of the Union, he outlined his budget priorities for the year: the need for fiscal responsibility, reducing the number of uninsured, investing in renewable energy, and protecting America's homeland security. Unfortunately, the President's proposed fiscal year 2008 budget does not represent any of the rhetoric that we heard and instead continues the same failed policies and misguided priorities of the last six years.

If enacted, the President's fiscal year 2008 budget would not, as it claims, balance the budget within five years. The President ignores out-year costs and uses overly optimistic economic forecasts in the name of fiscal responsibility to achieve balance in 2012. An honest assessment of the President's budget shows that it never reaches balance and instead increases the deficit by \$3.2 trillion over the next 10 years.

We must begin the fiscal year 2008 budget resolution with a true accounting of where we are and what we will be required to pay for over the next five years. No more gimmicks in order to make a political statement. No more omissions of costs we all know that we are going to have to face. We cannot continue to deficit spend in the trillions of dollars and pretend it does not matter. It only delays the inevitable and passes the tough decisions of today onto future generations.

I strongly encourage the House Budget Committee and leadership in both chambers of Congress to adopt a fiscally responsible budget resolution. While we will not be able to dig ourselves out of the deep hole created over the last six years in just one year or even the next five, we can stop the bleeding and put us on a path toward a balanced budget.

Many of my colleagues have spoken passionately here today about the need to invest in essential programs and priorities, and I agree with many of them. But I will again emphasize to the Committee that the decisions about which programs to support and increase funding for must be made within the constraints imposed by adopting a fiscally responsible budget.

Within a fiscally responsible framework, I believe the fiscal year 2008 budget resolution should focus on a core set of priorities: health care for veterans and seniors,

educating our children, and assisting first responders to properly defend the homeland.

We owe no greater debt than to our veterans and I urge the Committee to make sure we fully fund their medical care coverage and hospital services. The Veterans Affairs health care system is chronically underfunded. In the President's budget, he has again shortchanged our veterans' medical care by requesting insufficient funding. Over the next five years, funding for veterans would be short \$3.4 billion if the President's budget were enacted. In addition, the President asks veterans to pay a new enrollment fee and increases pharmacy co-payments at a total cost of \$2.3 billion.

Our veterans should be at the top of the priority list when it comes to making decisions in the federal budget. As our veterans have honorably served this country, we should honor our commitment to them by adequately funding their health care coverage.

Approximately 124,000 Medicare beneficiaries reside in my district, so any changes to the Medicare program are of deep concern to me. After the President's call to address the health care crisis in this country, I was amazed to see his subsequent budget request reduce spending for Medicare beneficiaries by \$252 billion over 10 years. I find this misguided at a time when the number of Medicare beneficiaries is growing every year and the baby boomers are for the first time now starting to qualify for Medicare.

The proposed budget also continues to demonstrate the President's failure to live up to his commitment to fully fund education programs for our children. K-12 spending is still \$15 billion below authorized levels. As a member of the House Education and Labor Committee, I believe it is critical to the future of this country for us to increase funding for No Child Left Behind and our K-12 schools. The new global economy requires a highly educated and trained workforce and we must meet our commitment to properly invest in the future of this country by increasing funding for K-12 schools.

We must also address the mounting concerns of student and parents who are finding it harder and harder to afford a college education. I believe we took an important first step during the first 100 hours in slashing student loan rates by 50 percent. But as a father of two, I share the concerns of millions of parents who wonder how they are going to afford sending their children to college. The President's budget again takes us in the wrong direction and I hope the Committee will reject many of his proposals. Nine higher education programs are eliminated, leading to a cut of \$1.4 billion in financial assistance to students. The proposed increase in the maximum Pell Grant award is nothing more than robbing Peter to pay Paul.

Most alarming to me are the proposed cuts to homeland security: Under the President's budget, funding for first responders will be reduced by 42 percent, state homeland security preparedness grants are reduced by 64 percent, and grants to fire fighters are cut by 55 percent. Further, state and local law enforcement grants through the Department of Justice—the COPS program—are nearly eliminated, which consequently deprives our local communities of the critical support they need to operate in a post-9/11 world.

It is my hope that Congress can work in a bipartisan manner to move this country in a new direction with the adoption of the fiscal year 2008 budget resolution. A new direction that properly accounts for every dollar the federal government spends and moves us toward fiscal responsibility. A new direction that adequately provides for the health care services of our veterans and seniors. A new direction that invests in our children to ensure they receive a proper education and the opportunity to attend college, and are sufficiently prepared to enter the workforce and compete in the global economy. A new direction that provides our local firefighters and law enforcement officers with the training and equipment required to defend our homeland.

Again, I appreciate the opportunity to address the committee today and outline my priorities for the fiscal year 2008 budget resolution. Thank you, Mr. Chairman and members of the committee. I yield back the balance of my time.

Ms. KAPTUR. Thank you, Congressman Altmire, very, very much for your time today. I note that in your excellent testimony that you have prioritized veterans healthcare at the top of your list, and I think it is propitious that the Chair of the Veterans Affairs Committee here in the House, Congressman Filner just happens to be awaiting testimony himself and what a find job he has done in attempting to increase funding for our veterans.

I am going to ask my colleagues, Mr. Bishop and Mr. Blumenauer, if they have any questions or comments they wish to make at this point regarding your testimony?

Mr. ALTMIRE. Thank you.

Ms. KAPTUR. All right, very good. Thank you. The Committee will place into the record your testimony as well as any additional attachments that you wish to provide, and we will note your priorities as we struggle to make the different budget marks across the various categories for which we have responsibility. So we thank you so very much for coming today.

Mr. ALTMIRE. Thank you, Madam Chair.

Ms. KAPTUR. The very best to you in your first term. I am now going to call Congressman Jim Matheson of Utah. And Congressman Bishop will take the Chair at this point.

Mr. BISHOP OF NEW YORK [presiding]. Congressman Matheson, welcome to the Budget Committee.

Mr. MATHESON. Thank you.

Mr. BISHOP OF NEW YORK. You are now recognized for ten minutes.

#### **STATEMENT OF HON. JIM MATHESON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH**

Mr. MATHESON. Well, thank you. I will tell you up front I do not think I am going to take all ten minutes. There have probably been a series of members come through all day on Member Day for the Budget Committee, and I suspect every member who came here asked for more money for something. That is the challenge you face as the Budget Committee, is when you set a budget you have got to prioritize among a number of great ideas and you cannot do everything for everyone.

I am very concerned about the lack of fiscal responsibility that this country has undergone in the last few years, and so what I wanted to talk to you about today is if we could make some effort to return to the fiscally responsible policies we had in the past decade. This Congress, this House of Representatives at least, made an important first step when in establishing the rules at the start of this Congress it included PAYGO. And that is a good thing. But as I said, that is a good first step. If we want to recreate the dynamic that existed, that started in the early nineties, we need to have statutory PAYGO and we need to have spending caps as well on discretionary spending. It is going to force tough decisions, I get it. It is always tough when you have to live within a budget. But for the fiscal health of this country I would suggest that as this Committee undertakes the process of creating a budget resolution for the next fiscal year, I would say that looking at budget enforcement mechanisms that were successful, and we have the model that shows how they were successful, I would submit that those ought to be on the table as well. And so I want to come and make a pitch for that, recognizing that if we have to live under those restrictions we as members of Congress all have to face some real tough choices for how to live within those restrictions. But I think that is what we were elected to you and I suggest that that ought to be part of what we are looking at in the budget process today.



And just to show I am doing my part, I am going to offer you three quick items where I would suggest we probably ought to cut.

First of all, there is a program called the Reliable Replacement Warhead Program for replacing our current nuclear weapons warheads in our arsenal. It is projected in the President's budget to spend another \$120 million this year. One of the chief justifications for moving ahead with replacing all these warheads is there was concern that the plutonium in the existing warheads was deteriorating and so we had to have new warheads. But the JASON Study, which just came out in December of last year, said it turns out the plutonium pits are not deteriorating, that they are good for a couple of hundred years. And so it is not clear to me what the need is to jump ahead with this new program, which I suspect is going to be a new effort at developing new types of nuclear weapons quite frankly. And I would submit that in the currently difficult and challenging fiscal times we live in right now, perhaps not moving ahead with the Reliable Replacement Warhead at this time would be a more prudent cause to take.

Secondly, a broader effort in terms of changing our nuclear weapons arsenal is the program called Complex Twenty Thirty. Now, there is not cost estimate for this effort that has been released. It is estimated to be in the billions of dollars. Again, I would submit that we, instead, as a measure that would be more fiscally responsible and I think adequate for our nation's security needs, to continue with the existing Stockpile Stewardship Program, that is what it is called. And I think that would be another area where we could experience savings in our budget in the next few years.

And finally, a third item, the proposed storage facility at Yucca Mountain for spent nuclear fuel. There a lot of issues about this facility that I think are fair questions to be raising. I have concerns about the transportation risks of bringing this material to Yucca. There are concerns about the scientific data that has been used to justify using this, and you are probably familiar with reports over the years where scientific data has been called into question and the project has been delayed, and delayed, and federal money keeps getting poured into this project. The problem often for people who say they oppose this project is they do not really offer a solution or an alternative. And I would submit to you that there is an alternative. It is reflected in legislation introduced in the past Congress by Senator Reid in the Senate, and I introduced it in the House. It calls for interim onsite storage, where waste each site would be converted into dry cask storage units. The federal government would take title, and it would stay on site.

Now, when the Nuclear Waste Policy Act in 1982 was passed, which was the precursor to the Yucca Mountain discussion we are having here twenty years later, no one had heard of dry cask storage because that was a technology that did not exist. The point is is that technology does advance and things change. And when I say "interim onsite storage," dry cask storage is a 200-year solution. It is not a permanent solution, but it is a 200-year solution. It gives us a couple of hundred years for technology to maybe take us to a new place for what we could do. And that would be a third item where I would submit that we could save money in this budget.

So, just for fun I thought I would, the real reason I came here was PAYGO spending caps, statutory, let us show fiscal responsibility. But just to throw in my two cents I thought I would offer three areas where I think we could save some money in the budget and with that I yield back the balance of my time.

Mr. BISHOP OF NEW YORK. Mr. Matheson, thank you very much. Mr. Blumenauer, any questions? Ms. Kaptur?

Ms. KAPTUR. I just want to thank the gentleman for his testimony, particularly he is a member of the Defense Appropriations Subcommittee. I will take very close note of the programs that you have mentioned, and unfortunately did not receive a copy of your testimony at my place here but I am going to take it to our Defense Appropriations hearings and we will well consider what you have recommended. Thank you so much.

Mr. MATHESON. Great, I look forward to working with you on that. Thank you so much.

Mr. BISHOP OF NEW YORK. Thank you very much for your testimony. The next member we will hear from is the Chairman of the Veterans Committee, Mr. Filner of California.

#### **STATEMENT OF HON. BOB FILNER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. FILNER. Thank you, Mr. Bishop, and colleagues. I appreciate the work you are going through. Ms. Kaptur, I heard your plea for help to clean up the ordinance. I am sending the Navy from San Diego directly to Lake Erie. We will figure that out.

I have a prepared testimony that you have, but I am just going to talk briefly on the high points. Although the current administration will boast that it has improved the funding for veterans, and especially veterans healthcare, an incredible figure, I think they say 80 percent, 70 percent dollar amount, we have gone backwards during this administration. Because of inflation and the increasing needs of veterans, the absolute dollars have not met the real needs and we have great amount of neglect to make up with the new Congress. I think we have, as you know more than any other Committee, pent up demands in lots of areas. We make campaign promises in lots of areas. And we are not going to be able to meet all these needs overnight. But we can have a plan over time to meet them. We have to meet these needs, I think, in installments.

The first installment for veterans you have already made. You and the Appropriations Committee by increasing the continuing resolution for 2007 by \$3.6 billion, sending an incredible signal across the country that this Congress was going to take care of veterans. You cannot believe the powerful and optimistic feedback we have had because of the C.R. that was passed with that money. So we have done our first step as a Democratic Congress, I think, in showing that veterans are going to be met.

I think in the second installment, that is in fiscal year 2008, we have to take care in a visible way of those young men and women, and brave young men and women coming back from Iraq and Afghanistan. Tremendous physical injuries, loss of limbs, brain injuries, equally traumatic injuries of the mind that we have to take care of. I do not care how we are going to vote on this resolution on the floor right now about the War, but we are going to be com-

mitted as a part and as a Congress to taking care of every young man and woman who comes back from that War. And we are going to take them and give them the care and love that they deserve and have earned. If we can pay for the War, we can pay for the warriors.

So our next installment of meeting the needs, in this 2008 budget we have to take care of the healthcare of those returning veterans. The President's budget was a shell game. He upped the absolute dollar amount for the first year of 6 percent for healthcare, but over the five-year period actually cut dollars for healthcare. We cannot do the same thing. And I think our Committee is going to recommend a 12 percent increase for healthcare in this first year.

And of course, we want to show that we are taking care not only of the incredible physical damage but the mental health needs. PTSD, Post Traumatic Stress Disorder, which has become the catch all phrase. We know when we did not treat the mental needs of those coming back from Vietnam we have tremendous problems today. Half of the homeless on the street tonight are Vietnam vets. We see the same thing happening already with our Iraqi vets. They are going through the same thing, and we know how to prevent it. We have to have the outreach and the resources available to meet the needs and we are going to do that with your help in this Congress.

And of course, we have to make up more money than the President's budget assumed, an enrollment fee for certain veterans and a double co-payment on pharmacy items which this Congress is not going to approve. So we are going to have to find that money in additional areas. So we have to take care of those health needs.

I would like you to keep in mind one further need for 2008. We have tremendous obligations to past veterans. World War II, sixty years ago, we still have veterans alive. They are in their eighties, some already in their nineties. There are several injustices which we must correct because they are going to die in the next budget cycles. We have veterans, we call them atomic vets, who were not told about the dangers of being in the test zones, have cancers and they are being forced to prove that there is a relationship between their service in the armed forces and their cancer. This should be a presumptive thing, and we have to take care of these men.

In addition, sixty years ago the Filipino veterans, Filipino soldiers fought in the Pacific, helped us when that War. We took away as a Congress their benefits in 1946. They are not interested in money in return, but they would like to have the honor and dignity of being American veterans. I think we can do that. It is accomplishable within our budget.

Lastly, the merchant mariners of World War II took tremendous losses. They helped us when the battle in the Atlantic. There is less than 10,000 alive. They were never given the advantages of the Bill of Rights that was so important to other veterans. They never got the education or the housing benefits. We have legislation which we will recommend to you that, again, is not a lot of money but says thank you to these merchant mariners of World War II.

Our job will not be finished with this budget. But we have to see it, I think, hopefully that with Democrats in the majority we will continue our installment of paying down the debt that we need to

our nation's veterans. We promised in the campaign a 21st century GI Bill. That means updating the education benefits, the housing kinds of allowances that are in there. But in addition, are Guard and Reserve units, who are taking half of the fighting burden in Iraq, do not have the same access to the GI Bill. We have to give that to them. They have deserved it, they have earned it.

We have, as I said, over 200,000 homeless vets on the streets of America tonight. That is a tremendous moral blot on our nation. We can still do something about that if we so choose. There are lots of things to do. There are greater demands than we have the money for. But I think, as we showed in the C.R., that when they put that money in and if we adequately care for the items that I mentioned in 2008 we will have the veterans on our side. They will see that we are committed to them and we will continue to address their needs until we have met them all in the coming budgets of America.

I thank you for your Committee's work. It is a tough job, especially when they have given us this incredible debt to dig ourselves out of. We not only have to make up for past problems but we have to try to balance the budget also. That is a tremendous job. We are going to have to work together as a team to do it.

Thank you for what you are doing.

[The prepared statement of Mr. Filner follows:]

PREPARED STATEMENT OF HON. BOB FILNER, A REPRESENTATIVE IN CONGRESS FROM  
THE STATE OF CALIFORNIA

Chairman Spratt, Ranking Member Ryan, thank you for hearing my views regarding the proposed FY 2008 budget for the Department of Veterans Affairs (VA). The Committee on Veterans' Affairs held a hearing last week on the VA's FY 2008 budget submission. Today, our Subcommittee on Health is holding a hearing on the VA's medical care budget request. We are beginning the process of working on our views and estimates, which we will submit to this Committee on March 1, 2007. Our views and estimates will contain concrete recommendations regarding the points I will be touching upon briefly today.

Caring for our veterans is an ongoing cost of war, and a continuing cost of our national defense. As a Congress, and a nation, we must fulfill our obligations to the men and women who have served.

In a paper released last month, Linda Bilmes, of the John F. Kennedy School of Government of Harvard University, estimated that the long-term costs of providing veterans' disability benefits for returning servicemembers may range from \$68 billion to \$127 billion. She also estimates that the cost of providing health care may reach \$315 billion over 40 years. These are indeed staggering numbers. As we spend hundreds of millions of dollars a day on operations in Iraq and Afghanistan, we must begin to meet the needs of our veterans. I do not believe that the Administration's budget request does this.

I am pleased that the Administration asked for an increase in appropriated dollars this year for veterans' health care. The Administration has requested a \$1.9 billion increase over the FY 2007 levels\* for the three accounts that comprise veterans' medical care. This recommended increase was a welcome departure, and stands in sharp contrast to two years ago, when the Administration requested an increase in appropriated dollars of less than one percent. The VA also estimates that the costs attributable to inflation will be \$1.4 billion for FY 2008. When these costs are subtracted from the recommended increase, the VA will have precious few resources to meet its ever-growing commitments. Indeed, if the Administration's proposal is a first step, we have a long journey ahead of us.

The Administration's request amounts to a 6 percent increase. We provided a 12 percent increase this year over FY 2006 levels. The Independent Budget and The

\*Note that the FY 2007 levels referenced throughout my testimony refer to the levels in H.J. Res. 20, the joint funding resolution that passed the House of Representatives on January 31, 2007.

American Legion, in testimony before my Committee both recommended more than a 12 percent increase for FY 2008. The Vietnam Veterans of America recommended substantially more.

Although requesting an increase for VA medical care for FY 2008, the Administration's budget also proposes cutting VA medical care by \$3.4 billion below current services levels from FY 2008-FY 2012. I believe that this Administration should stop playing budget games with the health and well-being of veterans.

In the area of mental health, the VA is requesting an additional \$56 million for a total of \$360 million for its Mental Health Initiative. The VA's budget submission also claims that the VA plans to spend \$3 billion for mental health services. The GAO has reported in November that the VA failed to fully allocate resources pledged in FY 2005 and FY 2006 for this Mental Health Initiative. Mental health and post-traumatic stress-disorders (PTSD) are a serious problem facing our returning servicemembers, and an ongoing issue facing veterans from our previous conflicts. I believe we must do more in this area, and will be recommending increased resources for mental health.

Traumatic Brain Injury (TBI) is considered by many to be the signature injury of this war. We must ensure that the VA has the resources it needs to begin tackling the issues surrounding TBI, as well as the resources it needs for VA Polytrauma centers to treat our most grievously wounded veterans. In the area of prosthetics we must make sure that veterans are provided with state-of-the-art equipment. I will be recommending increases in these areas.

Homelessness among veterans is an ongoing problem, and a major concern of the Committee on Veterans' Affairs. Over the course of the year VA estimates that 400,000 veterans will experience homelessness at some time. Through an array of programs, VA assists 25 percent of that number and the community based organizations serve 50,000. The FY 2008 budget requests \$107 million for the VA's Grant and Per Diem Program and Special Needs Grants. Last year, P.L.109 -461 authorized \$130 million for this program. I will be recommending that VA's homeless programs receive additional funding.

The VA is facing a backlog of over 600,000 claims. Over the coming months my committee plans on addressing this intolerable backlog. There are many reasons why we are facing a backlog of this magnitude, but clearly funding is needed to hire more claims processors, and I will be recommending additional funding in this area.

Once again this year, the Administration has included legislative proposals that would levy a health care enrollment fee and sharply increase pharmaceutical co-payments. In a departure from last year, the Administration deems the revenues it projects from these proposals to be "mandatory" revenues. Although these dollars are not directly subtracted from VA's discretionary accounts, they are subtracted from VA's mandatory accounts and we will need to provide funding for these once they are rejected by Congress yet again.

Finally, I am concerned that the VA's budget request does not include adequate funding to meet the health care needs of our veterans in the coming year. We are still faced with the Administration's refusal to ban enrollment of new priority 8 veterans, which has been in place since January, 2003. Although the VA was granted the authority to curtail enrollment when faced with unexpected shortfalls in revenues, this authority was never meant to be permanent. I believe that we must revisit this issue and find ways to ensure that all veterans have access to the VA health care system, including priority 8 veterans, rural veterans, and veterans with special needs. The VA's FY 2008 budget request for long-term care further reduces the Average Daily Census (ADC) level to 11,000 for nursing home care. The Veterans Millennium Health Care and Benefits Act (P.L. 106-117), which was enacted in 1999, requires the VA to maintain an ADC 13,391. The VA has not requested funding in order to comply with its long-term care obligations.

In the area of medical and prosthetic research, the Administration has recommended a cut in appropriated dollars below the FY 2007 level. In order to account for the rate of biomedical inflation, I believe that we should provide at least a \$15 million increase for this account.

Mr. Chairman, this concludes my remark. We have a lot of work ahead of us if we are to keep our promises to veterans. Working together, we can make sure that our veterans are not forgotten, and that we meet our obligations to them as a nation.

Thank you.

Mr. BISHOP OF NEW YORK. Mr. Filner, thank you very much for your testimony and thank you for your service as Chairman of the Veterans Committee. If I could just make a comment and ask a question. One of the things that the President has been saying

about his budget is that it comes to balance in five years without a tax increase. I think we all know that that is wishful thinking at best if not an outright fiction, because it does not recognize costs associated with the War in Iraq nor does it recognize the cost of fixing the AMT. But also it is shot through with increases in fees, and increases in fees are simply a tax increase by another means. Could you talk more about the increase in fees proposed for veterans for access to healthcare and for pharmaceuticals and what the impact would be on the veterans population?

Mr. FILNER. The administration has proposed this year and in past years, slightly different this year, an enrollment fee on what they call "lower priority veterans," that is veterans who do not have service connected disability or who are of "high income." High income, by the way, means over \$25,000. But their enrollment fee, which is up to \$250 a person, could lead to they say, and they say it with great glee I am afraid, that several thousand veterans would leave the system. To me, we should be expanding the system not contracting it. But they estimate that if the enrollment fee goes through, several hundred thousand veterans will not be able to afford the system. They have the same in Tricare, by the way, which is not under Veterans but under Armed Services. Their increases in Tricare, they believe, will also lead to about a quarter of a million retirees to leave the system. I think that is disgraceful, to say we set up a system and say goodbye.

In addition, the copays for medicines, pharmaceutical items, will double for many veterans, most veterans. That again is going to make life extremely difficult because that copayment is per medicine and per month. So it looks as if it is going up from eight dollars to fifteen dollars. But if you are dealing with ten medicines, ten times a year, I mean the fee is very, very great and we see what happens with our seniors when they cannot afford it. They cut the medicines, they do not take them when they should and that leads to deaths and other problems. So we should not even entertain those fees. But that leaves us money to make up in the budget.

Mr. BISHOP OF NEW YORK. Thank you very much, Mr. Filner. Ms. Kaptur?

Ms. KAPTUR. Thank you, Mr. Chairman. First of all, I just want to say Chairman Filner we are so proud of you and the work that you are doing and will do as Chairman of the Veterans Affairs Committee.

Mr. FILNER. Thank you.

Ms. KAPTUR. I know how totally dedicated you are to it, and you know such a great deal about it and you are young enough to really make a difference. So I just wanted to comment on the issue of fees. I had a veteran come up to me who was over eighty years of age and who was on something like twelve medications, a World War II veteran. I wondered after I dealt with him whether you might just advisedly take this, after a veteran reaches a certain age, especially eighty, should we not just let them have the medicine that their doctor prescribes? I mean, this poor soul had lost his wife, he did not have a telephone, life was hard enough. It just seems to me that at some point unless they are multi-billionaires they should not have to go through all that confusion of copays and

all the rest. So I just thought I would mention that while you are here before us today. You do not have to comment.

Mr. FILNER. Thank you.

Ms. KAPTUR. But I am sure you as well as I and other members have confronted this. Secondly, congratulations to you on your understanding of the needs of our homeless vets and those who will face neuropsychiatric damage as a result of deployment. I want you to know you have a total ally in that cause in this member. And when I began my service in Congress as a member of the Veterans Affairs Committee, it was very troubling to look at how many individuals in our VA Hospitals were there with chronic mental illness and substance abuse. And yet, if one looked at the peer review groups for research within the VA and the types of docs and nurses we were bringing on, how understaffed we were in terms of neuropsychiatry and psychiatric nursing, as a member of the Appropriations Committee I am there to help you. On research, on staffing, I want to do the same with DOD, to really finally grapple with this in a proper way.

I would mention that there are several members, including Congressman Moran, Congressman LaHood, who have introduced a bill dealing with mental illness. At least it is a step forward. Dealing with PTSD, other psychiatric conditions that onset, I think we have to go way beyond that in terms of dedicating research dollars, which I would like to do as a member of the DOD Appropriations Committee in this arena. Perhaps you might consider some type of convening for members who hold deep interest in this. It is quite deep in this Congress and we have never been able to meet with one another on that subject. Perhaps not as a member of the Budget Committee but to invite members on this subject before your Committee, I would certainly be one that would show up.

And then finally, in a very provincial way, I just wanted to mention that I represent one of the two VA clinics in the country that is not in the state of its mother hospital. This is unbelievable. And it causes so many problems because it is a cost center for a hospital located about an hour away for us in Michigan. We are from the State of Ohio. I would just prevail upon you, if you have staff that could work with us so we could figure out how to get an independent affiliation or an affiliation with our own medical center so our vets do not have to travel such a distance. I think this is the time to do it, especially with all these returning vets and everything that we are being faced with in our region. This particular administrative complexity is quite vexing and one that we need to fix.

Mr. BISHOP OF NEW YORK. Thank you very much, Congressman Filner.

Mr. FILNER. Thank you. But just on PTSD again, thank you for your incredible support of that. You know, if I was the President right now, when he asked for support of our troops, I would be saying every community, every family, children, must know what PTSD is so we can envelop these young kids when they come back and recognize the symptoms and help direct them. Because the major problem is, they cannot talk to anybody about it, they feel. And there needs to be an understanding and not a turning away. I would like to, I am trying to get someone to make a film, by the

way, for the children. There must be a million kids of those who are deployed now, recently deployed, will be deployed. If you had a Sesame Street thing for kids, so if Mom or Dad came home and there was some domestic violence and Johnny said, "Dad, you have got PTSD. You had better get to the clinic." That would have enormous impact. But we have got to have that outreach to families, to children.

So I hope we can do that, and as you suggest, a summit meeting as it were. We should have that. I need to ask one more thing. I am thinking about other means of financing given these tight budgets. Do you know that we do not have a way within the VA to do a rapid canvass of whether a veteran has private insurance that ought to pay? We do not have a way to do that, yet there are systems today I could do that with five seconds through a computer, have access to what the private insurance that anybody has. We have to tap into that far more.

By the way, Medicare does not pay for veterans if they go to the VA. And that is, from your perspective that is just a shift of resources. But for the VA it could be meaningful if, I don't know, if Medicare paid fifty cents on the dollar, twenty cents on the dollar, whatever, to help. Because VA does things in a very cost effective manner, it would save Medicare money to do that.

And lastly, the NIH does a lot of research through the VA but does not reimburse for what they call indirect costs. Multi-million dollars of stuff there that ought to be helping our veterans, and yet are in other parts of the budget.

So I will continue to work with this. I know we have tremendous, you guys have a tremendous difficulty. You know, we have got to meet the demands that our constituents have and they have not been met for, you know, almost a decade. And yet, we want to balance the budget too. So we will be working with you to do it.

Mr. ETHERIDGE [presiding]. Thank you. Thank you for being here, and thank you for your testimony. As someone who represents one of the largest military bases in this country, Fort Bragg, and a lot of veterans, we thank you for your service. Thank you.

Mr. FILNER. Thanks.

Mr. ETHERIDGE. Mr. Chairman, we are going to talk transportation. Mr. Oberstar, thank you for being here, sir. You are recognized for ten minutes.

#### **STATEMENT OF HON. JIM OBERSTAR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA**

Mr. OBERSTAR. Thank you, Mr. Chairman. And I appreciate the opportunity to come once again before the Budget Committee. It is a very familiar room. This once was the hearing room of the Committee on Merchant Marine and Fisheries, when I started here in the Congress in 1975. And there was only that upper tier of desks. It was not this fancy. And there was a little plywood table added to the end for me. I had the lowest seniority on the Committee at the time. Then years later, this was converted into the Budget Committee.

I thank all of you who serve on the Budget Committee for your tedious work. And it is tedious, time consuming, to pay attention



to the respective needs of committee chairs and individuals members on the effect of the budget on our respective programs.

After careful review of the administration's budget for the programs under the jurisdiction of our Committee, we have concluded on a bipartisan assessment that there are not only serious shortcomings but it greatly under funds much of the nation's critical infrastructure in aviation, public transit, Amtrak, waste water treatment. It is not a step forward but a step back. For example, in the FAA, the AIP Program is authorized at \$3.7 billion but the administration requests \$2.75 billion. So it is roughly a billion dollars low.

That is serious for the AIP. AIP is the construction of runways, taxiways, parking aprons, the hard side of the air operations of airports. It is serious because in the three years after September 11th, airports diverted their capacity construction funding from taxiways, runways and parking aprons to security needs in the terminal to accommodate stationing of and security needs of explosive detection systems and of the baggage clearing process that is hidden from passengers underneath the airport terminal itself. They spent \$3 billion of AIP funds on security projects and have not been compensated for that by the Homeland Security Department or by the general revenues of the federal government.

Now, air traffic is up, inplanements are up, air operations are up, they are reaching pre-2001 service levels. Worldwide last year a billion people traveled by air, 750 million of those traveled in the U.S. airspace. We are 70 percent of all the aviation travel in the entire world. We need now to expand runway capacity and yet this administration under funds the AIP Program. You are not going to be able to add capacity or accommodate the growth needs of airlines if we do not invest in the hard side of airport investment needs.

In the modernization of air traffic control, the F and E Account, Facilities and Equipment Account as it is called, our authorization for the next fiscal year, which would have, I mean it is for the current fiscal year but it would have been for next year, the program expires, we have to reauthorize it this year. But it would be at a level of \$3.1 billion. The administration request is \$600 million below that, \$2.5 billion.

Now, you do not just go and buy air traffic control equipment off the shelf at Radio Shack. You do not go sign up with Dell Computers and say, "Send us a standard terminal automation replacement system." These are highly sophisticated, real time computers that are almost the size of that television screen down here. They track aircraft real time. It is not data retrieval. You need highly sophisticated computer programming. For example, in going from the previous TRACON technology of 300,000 computer lines, FAA had to increase capacity 1,300,000 computer lines of code. That took years in development, and it has to be continually revised as the system evolves and more traffic moves.

But the air traffic controller is managing aircraft that are moving ten miles a minute at seven miles in the air. They have to make instantaneous judgments. They have to have instantaneous feedback. That takes huge capital investment to continue the modernization of the air traffic control, keep it current with develop-

ments in aviation. We are seeing more aircraft in the skies today than in 2001. Airlines are increasing using point to point service, using regional jet aircraft. That means more work load at air traffic control facilities, both in the end route centers, that is where aircraft are managed at altitude above 29,000 feet, and then the airport environment, forty miles out from the airport. That system needs to be connected now to satellites, so that satellite technology will relieve the air traffic controller of a great deal of the tedium of managing air traffic on a moment to moment basis. That will take huge investments in the future, not a decrease in funding as this administration is proposing.

In the surface transportation we had quite a success in the C.R. where the Appropriations Committee fully funded to the level of the authorized amount of \$39 billion. But in the administration's submission for the 2008 budget, at the very time that this administration is launching with big ballyhoo a Congestion Reduction Initiative, they propose to cut \$300 million out of the transit account of the Highway Trust Fund, \$300 million below the amount we authorized and you voted for in 2005. If you want to deal with congestion you have to invest more, not less, in transit.

In Amtrak, the administration proposes an \$800 million budget. Well, two years ago David Gunn, the President of Amtrak, said if this administration requests the \$1.2 billion budget for Amtrak we shut it down. We need more than that. This administration, now again, as they do every year, comes in with a low number for Amtrak, expect Congress to make up the difference, and then talk about, "Well, we need reforms." What they mean by reform translates to abolish. That is really what they want to do, is abolish Amtrak. I can only say that because they have been working on it for six years.

All around the world other countries are investing in high speed, inter-city passenger rail. The French, with their highly successful TGV have already committed \$6.5 billion to upgrade their system and add new lines, add more service. Italy invested \$6.8 billion. Denmark, little Denmark is about the size of three counties in my district, has invested \$9.5 billion in high speed rail systems. We ought to do, we ought to at least keep Amtrak afloat and that means a budget of at least a \$1.3 billion.

In the Environmental Protection Agency, the State Revolving Loan Funds have averaged \$1,350,000,000 over the last ten years. That is to build waster water treatment facilities, water lines, sewer lines, interceptor sewers. And this current budget is half that amount. It is \$687.5 million. We have a bill that we reported from Committee, we are ready to bring it to the House floor, to replenish the State Revolving Loan Funds at \$20 billion over the next five years. That is doubling the existing amounts. States are falling behind. Sewage treatment plant capacity is inadequate to meet current demand. Most of these plants are thirty-plus years old. They need to be upgraded. We are discharging waste in combined sewer overflows, combined sanitary and storm sewer overflows, polluting creeks and rivers and streams and lakes, and this administration at that very moment proposes to cut the funding for the State Revolving Loan Fund. I urge you not to do that.

Finally, in the Corps of Engineers the administration proposes a 45 percent cut in what we call the Investigations Account. That is authorizations and directions Congress has given to the Corps of Engineers to go and study this levy, study that dam, study this water retention facility. And they are proposing to make nearly a 45 percent cut. And in the Construction Account they propose a 35 percent cut. Well, what that means is, I will say it to the gentleman from Ohio, on the Great Lakes as we come to the opening of shipping season this end of March, early April on the Great Lakes, Lake Superior will be down ten inches because of drought over the last three years in the watershed of Lake Superior. The Great Lakes watershed is similarly in drought. Lower lakes will be down as much as seventeen inches. Lake Superior is equal to the volume of all the other four Great Lakes combined. So if its flow is down the flow in the other, the volume in the other lakes will be down substantially more. Harbors in the lower lakes are down as much as fifty-four inches. Our taconite ships, that is iron ore carrying vessels, in the seventies, eighties, and early nineties were going out with 73,000 tons are now going out 6500 tons light. That means, in the course of a season, two or three more voyages per vessel. That means higher cost to the steel mills, higher transportation costs. We need accelerate the dredging in the interconnecting channels in the Great Lakes and on the harbors in the lower lakes to accommodate those vessels that were built for twenty-seven foot draft and we do not have it now. The Corps has avoided the dredging costs on that Great Lakes over the last five years because we have had high water levels. Now we have to come back and do that dredging.

So those are just a few of the highlights of what we need to do in this budget that is under your direction. I would be glad to respond to any questions you might have.

[The prepared statement of Mr. Oberstar follows:]

PREPARED STATEMENT OF HON. JAMES L. OBERSTAR, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF MINNESOTA

Thank you Chairman Spratt and Ranking Member Ryan for this opportunity to testify before you on the Fiscal Year 2008 budget resolution as it relates to programs within the jurisdiction of the Transportation and Infrastructure Committee.

After reviewing the Administration's budget proposal, I have concluded that it contains serious shortcomings with regard to our nation's critical infrastructure needs, particularly in the areas of aviation, public transit, Amtrak, and wastewater treatment. In these important areas, the Administration's proposed budget is not a way forward, but a step backwards.

Funding for the capital needs of the Federal Aviation Administration is still headed in the wrong direction. In 2003, the FAA requested and received from Congress an authorization of approximately \$3 billion per year for its Facilities and Equipment program. Yet for the past three years the Administration has requested roughly \$2.5 billion per year for this program. For FY 2008, the Administration is once again requesting \$2.46 billion to meet FAA's capital investment needs.

The Department of Transportation Inspector General has stated that FAA cannot achieve its goal of technologically transforming the National Airspace System with a \$2.5 billion (or less) capital budget, since a \$2.5 billion funding level goes primarily toward sustaining the existing system, not new initiatives. The FAA's own preliminary Next Generation Air Transportation System cost estimate supports the IG's finding.

I am concerned that by starving the FAA's capital programs, the Administration is slowly setting its Next Generation Air Transportation System effort—and ultimately the aviation system as a whole—up to fail.

Similarly, the Administration is proposing a significant cut in funding for the Airport Improvement Program. The Administration's budget request provides \$2.75 billion for the Airport Improvement Program (AIP) in FY 2008—\$950 million less than the level authorized for FY 2007, and \$765 million less than the House-passed FY 2007 Continuing Resolution, H.J. Res. 20.

The \$2.75 billion proposed funding level would significantly reduce entitlement funds for virtually every airport currently receiving such funds. Small airports could be particularly hard hit by the proposed funding cut because AIP grants are a larger source of funding for smaller airports.

Although we are just beginning the process of reauthorizing the FAA's programs for fiscal year 2008 and, therefore, do not have exact figures to recommend to you today, the fiscal year 2007 authorized levels provide a useful benchmark. To ensure that our aviation system remains safe, reliable, efficient, and able to accommodate the increased number of passengers anticipated in the near future, fiscal year 2008 funding for aviation capital programs should be no less than the fiscal year 2007 authorized levels of \$3.7 billion for AIP and \$3.11 billion for Facilities and Equipment.

In the area of surface transportation, achieving full funding of the amounts guaranteed by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) has been, and will remain, one of the Committee's highest priorities. I am disappointed that the Administration has chosen not to honor the transit funding levels that it agreed to in negotiations on SAFETEA-LU less than two years ago. With congestion as the number one crisis facing our transportation system, the Administration's proposal to cut transit funding by more than \$300 million below the level agreed to in SAFETEA-LU defies logic.

Regarding Amtrak, the \$800 million proposed by the Administration is a shut-down figure, and the fact that the budget proposes to have Amtrak develop a plan to sell-off portions of its business is tantamount to forcing Amtrak to bankrupt itself.

Railroads throughout the world receive substantial government support to supplement the revenues paid by passengers. The U.S. has refused to do that, which is why we lag behind the rest of the world when it comes to passenger rail. According to the European Commission, in 2001 alone, France invested \$6.5 billion in its rail system. Italy invested \$6.8 billion. Denmark invested \$9.5 billion. Even Great Britain invested \$3 billion in its rail network in 2001.

We need to stop nickel-and-diming Amtrak to death, and provide Amtrak with an adequate level of funding to address its needs. The Amtrak Board will be sending its fiscal year 2008 budget request to Congress shortly. In the meantime, it is safe to say that Amtrak will need at least the fiscal year 2007 funding level of \$1.3 billion.

The Administration's budget request for the Environmental Protection Agency also falls far short of what is needed.

In 1972, only one-third of the nation's assessed waters met water quality goals. At present, two-thirds of those waters meet these goals. Although these achievements show incredible progress in the protection of our environment and public health, it is important to remember that one-third of the nation's waters still fail to meet these water quality goals that were first established more than 30 years ago. Without a strong commitment from both the Administration and the Congress to continued water quality protections, we run the risk of losing all the gains that we have made in recent decades.

Despite a recognized need for increased federal investment to address an aging wastewater infrastructure, the Administration's budget request significantly undermines the federal commitment to the Clean Water State Revolving Fund. The budget requests \$687.5 million in capitalization grants for State Clean Water programs—the lowest level requested by any administration since the creation of the program. This amount of funding is down from the likely fiscal year 2007 appropriation of \$1.084 billion and is close to a 50 percent cut from the long-term average of \$1.35 billion for the program.

Finally, under-funding of the Army Corps of Engineers has been a chronic problem that has resulted in an outdated and aging infrastructure. The Administration's budget significantly reduces the overall budget for the Corps' investigation and construction accounts (by 45 percent and 35 percent respectively) compared to the House-passed fiscal year 2007 Continuing Resolution. The transportation benefits that could be achieved through greater investments in Corps navigation projects would help American products compete on the world market. Greater investments in flood control infrastructure today will reduce the risk that larger sums for disaster relief will be needed in the future.

More comprehensive information on the Committee's recommendations will be provided once the Committee's Views and Estimates are formally adopted. These Views and Estimates will demonstrate that we are significantly under-funding many of our transportation and infrastructure investments. This underinvestment puts our economy, global competitiveness, and quality of life at risk.

I urge your support for the Transportation and Infrastructure Committee's recommendations as you develop the FY 2008 budget resolution.

Mr. ETHERIDGE. I thank the gentleman for his testimony and his full written statement. Does any member have questions?

Ms. KAPTUR. Mr. Chairman, I just wanted to thank the distinguished Chairman of the Transportation and Infrastructure Committee for coming before us today. And I have said to many audiences we could not have a better American in place today for what we face in terms of these investments than yourself. You are so ready for this. I am just happy. I am just happy you are in place. And I can tell you as a member of the Appropriations Subcommittee on Transportation and Housing, we look forward to your recommendations. And as a designee to this Committee from the Appropriations Committee, to try to do the best that we can in view of the war costs that we are amassing, and straining all of the other accounts. So, Chairman Oberstar, you will be highly regarded in terms of your recommendations and we thank you very much for coming today.

Mr. OBERSTAR. Thank you.

Mr. ETHERIDGE. I thank the gentle lady, and we thank the gentleman from Minnesota for all his hard work and his great leadership. Thank you.

Mr. OBERSTAR. Thank you, Mr. Chairman.

Mr. ETHERIDGE. Thank you, sir. The next member to testify is the gentleman from California, Mr. Honda. Welcome. And we are pleased to receive your testimony, Mr. Honda, and you are now recognized for ten minutes.

**STATEMENT OF HON. MICHAEL M. HONDA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. HONDA. Thank you, Mr. Chairman, and it is a pleasure to be back in the room that I spent two years in. Mr. Chairman, thank you for this opportunity to express the budget priorities for my Silicon Valley district. As a former member of this distinguished Committee it is a great pleasure to speak before you.

I would like to spend a few minutes today to discuss the important priorities on education that you know very well, justice, healthcare, and innovation and competitiveness which is a hallmark of Silicon Valley.

Mr. Chairman, as a former teacher and principal promoting quality education continues to be a top priority for me. I supported the No Child Left Behind with great trepidation. While I support setting higher standards for our nation's schools, I feared that without the necessary resources the legislation would impose unfunded mandates on our schools, our teachers and our students and unfortunately that fear has become a reality. And today I hear from countless educators who are struggling with the mandates set out by NCLB while facing severe budgetary cuts. In Santa Clara County there are teachers who have been given one box of paper for their students for the entire year, and there are teachers who do

not have access to even copy machines anymore because the schools have shut them down. So we must increase our investment in education to fund vital programs and services.

For the last four budget cycles we have seen very little increase in education spending. The President's budget proposes \$1.5 billion below the fiscal year 2007 request for the Department of Education. Yet the demands on our students and schools have increased due to the increased costs of providing services and the difficulty of meeting the requirements of NCLB. The President's budget request for fiscal year 2008 eliminates forty-four education programs and makes drastic cuts to others. The rationale for eliminating many of these programs is that they are "ineffective." But the programs never received the funding necessary to allow them to succeed.

Four of these programs are designed to specifically target and assist some of our neediest students, Hawaiian and Alaskan natives. Other cuts include education and education technology. The reauthorization of Elementary and Secondary Education Act, the so-called No Child Left Behind Act, has already left many students behind. We have a long ways to go to fix this law to give schools the help they need.

If nothing else, the data from No Child Left Behind has clearly demonstrated that America's education system is fundamentally inequitable. We have set high standards for students but we have not matched those goals with the resources they need. The achievement gap remains and the funding gap remains also. Without increased funding, we will not be able to provide the teacher training, instructional services, and materials that schools need to improve student learning.

Significantly, the President's budget fails to fully fund the Individuals with Disabilities Education Act, or IDEA. In 1975 the federal government made a commitment to provide 40 percent of the cost of educating children with disabilities. Congress has failed to meet these commitments for over twenty-eight years. This is simply, as you understand, simply unacceptable. Federal programs such as IDEA, Title I, and Pell Grants exist to level the playing field for disadvantaged students. But we have failed to provide the funding to allow them to have their full effect. Public education should be the great equalizer, providing the opportunity for a better life for all Americans.

Today I urge the Committee to make education a top priority by fully funding IDEA and increasing funding for the No Child Left Behind Act. Just a sidebar, the State Superintendent of Education for the State of California, Mr. O'Connell, has asked that in your wisdom that when the bill comes through that there will be flexibility allowed by each state so that they can have the flexibility and the ability to adjust the evaluation criteria.

Mr. Chairman I am also here today to oppose the President's attempt once again to eliminate the State Criminal Alien Assistance Program in this budget. SCAAP reimburses state and local governments for the cost of incarcerating criminal aliens and is vital to border states such as California which incarcerate a disproportionate high share of undocumented criminal aliens. Securing our nation's border is the exclusive jurisdiction of the federal govern-

ment. Congress has consistently legislated that the federal government must either take criminal aliens into federal custody or reach an agreement to compensate state and local jurisdictions for their incarceration. The President's budget request, which provides no funding for SCAAP, would abandon state and local jurisdictions and devastate my home state of California, which receives 40 percent of SCAAP funding.

In addition, the President's budget would eliminate several crucial programs that will affect the health and well-being of my constituents as well as our nation. The President proposes to eliminate the Urban Indian Health Program, which provides unique services for those Native Americans living outside of reservations as a result of federal relocation policies and the unfortunate socio-economic realities that persist on reservations. The President claims that urban Native Americans can access healthcare services through other providers, but UIHP participants offer needed holistic care as well as culturally and linguistically competent care, including diabetes treatment and cultural activities. They estimate they will lose ten staff members and that about 1550 clients will be terminated from the services under the President's budget and this is not acceptable.

The President's budget also nearly completely cuts funding for Title VII Health Professions Programs, proposing just \$9.7 million, a 94.7 percent cut from 2007. These programs aim to increase the diversity of our healthcare workforce, as well as improve the quality of healthcare in low income and racial and ethnic minority populations. The Centers of Excellence Program enables Health and Professionals Training Programs to enlarge their applicant pools, enhance the academic performance of under represented minority students, improve the recruitment and retention of under represented minority faculty, and in other ways enhance the capacity of their graduates to provide healthcare services to people who are medically under served. In 2005 there was only one Center of Excellence dedicated to studying the unique needs of the Asian Pacific Islander community. As a result of a 67 percent cut to the Centers of Excellence Program in 2006, that one center lost its funding. Other Centers of Excellence for Latinos, Native Americans and African Americans also lost their funding. The President's budget not only continues to radically underfund the Centers Program, but makes drastic cuts to Title VII as a whole.

I am also troubled by the President's proposal to eliminate other programs that serve our most frail and vulnerable populations, such as the Community Service Block Grants and Preventative Health and Health Services Block Grants. In 2005 California received nearly \$56.5 million in CSBG funding and used it to serve almost half of the state's residents identified as low income.

Now, I am encouraged by some aspects of the President's budget request. He proposes an increase in funding for expansion of treatment capacity for drug courts, which have been chronically underfunded in his prior requests and by the Congress. Drug courts are an effective and popular method for the judicial system, mental health and social service, and treatment communities to intervene and break the cycle of substance abuse, addiction and crime. The President's budget requests \$31.8 million for this program, a \$21.7

million increase over the funding level for 2007. I am also glad to see that the President has included some important funding increases for scientific research that will help our nation maintain its competitive position in the global marketplace. Unfortunately, he has once again chosen to rob Peter to pay Paul by proposing to eliminate programs that have a proven track record of aiding small businesses and creating new jobs, the Manufacturing Extension Partnership and the Advanced Technology Program. And he has not provided the funding NASA will need to achieve the Challenge in Exploration goals he has set for the agency while performing its core science and aeronautics activities.

I understand that the Budget Committee is being asked to make these funding decisions in the context of a deficit environment. However, the federal government has an obligation to invest in future growth. Our nation's historical commitment to education, healthcare, and innovation and competitiveness has served us well and we must reaffirm that commitment in the 2008 budget resolution.

And I would respectfully ask that the Committee fully fund IDEA and provide substantial increases for the No Child Left Behind Act, allocate sufficient funding for vital health programs, and ensure that we can maintain our international competitiveness in science and innovation. And I yield back the remainder of my time and I appreciate the Committee's indulgence in allowing me to put on record that which is important not only Silicon Valley but also this nation.

Mr. ETHERIDGE. I thank the gentleman for his testimony and for his commitment in making sure that his message is placed on the record for his people. Thank you, sir.

Mr. HONDA. Thank you, Mr. Chairman.

[The prepared statement of Mr. Honda follows:]

PREPARED STATEMENT OF HON. MICHAEL M. HONDA, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF CALIFORNIA

Chairman Spratt, Ranking Member Ryan, and Members of the House Budget Committee, thank you for this opportunity to express the budget priorities for my Silicon Valley district. As a former Member of this distinguished committee, it is a great pleasure to speak before you.

Mr. Chairman, as a former teacher and principal, promoting quality education continues to be a top priority for me. I supported the No Child Left Behind Act with great trepidation. While I support setting higher standards for our nation's schools, I feared that without the necessary resources, the legislation would impose unfunded mandates on our schools, our teachers, and our students. Unfortunately, that fear has become a reality.

Today, I hear from countless educators who are struggling with the mandates set out by the No Child Left Behind Act while facing severe budgetary cuts. In Santa Clara County, there are teachers who have only been given one box of paper for their students for the entire year. There are teachers who do not have access to copy machines anymore because the schools have shut them down.

We must increase our investment in education to fund vital programs and services. For the last 4 budget cycles, we have seen very little increase in education spending. The President's budget proposes \$1.5 billion below the Fiscal Year 2007 request level for the Department of Education. Yet the demands on our students and schools have increased, due to the increased cost of providing services, and the difficulty of meeting the requirements of No Child Left Behind.

The President's budget request for Fiscal Year 2008 eliminates 44 education programs, and makes drastic cuts to others. The rationale for eliminating many of these programs is that they are "ineffective," but the programs never received the funding necessary to allow them to succeed. Four of these programs are designed



to specifically target and assist some of our neediest students, Hawaiian and Alaska Natives. Other cuts include family literacy, physical education, and education technology.

If nothing else, the data from No Child Left Behind has clearly demonstrated that America's education system is fundamentally inequitable. We have set high standards for students, but we have not matched these goals with the resources they need. The achievement gap remains, and the funding gap remains. Without increased funding, we will not be able to provide the teacher training, instructional services, and materials that schools need to improve student learning.

Significantly, the President's budget once again fails to fully fund the Individuals with Disabilities Education Act, or IDEA. In 1975, the Federal government made a commitment to provide 40% of the cost of educating children with disabilities. Congress has failed to meet that commitment for over 28 years. This is simply unacceptable.

Federal programs such as IDEA, Title I, and Pell Grants exist to level the playing field for disadvantaged students, but we have failed to provide the funding to allow them to have their full effect. Public education should be the great equalizer, providing the opportunity for a better life for all Americans. Today, I urge the committee to make education a top priority by fully funding IDEA and increasing funding for the No Child Left Behind Act.

Mr. Chairman, I am also here today to oppose the President's attempt, once again, to eliminate the State Criminal Alien Assistance Program in this budget. SCAAP reimburses state and local governments for the costs of incarcerating criminal aliens, and is vital to border states such as California which incarcerate a disproportionately high share of undocumented criminal aliens.

Securing our nation's borders is the exclusive jurisdiction of the federal government. Congress has consistently legislated that the federal government must either take criminal aliens into federal custody or reach an agreement to compensate state and local jurisdictions for their incarceration. The President's budget request, which provides no funding for SCAAP, would abandon states and local jurisdictions and devastate my home state of California, which receives 40 percent of SCAAP funding.

In addition, the President's budget would eliminate several crucial programs that will affect the health and well being of my constituents, as well as our nation. He proposes to eliminate the Urban Indian Health Program, which provides unique services for those Native Americans living outside of reservations as a result of federal relocation policies and the unfortunate socio-economic realities that persist on reservations. The President claims that urban Native Americans can access health care services through other providers, but UIHP participants offer needed holistic care, as well as culturally and linguistically competent care unavailable through other providers.

In my district, the San Jose Indian Health Center will face significant decreases in medical and dental services, case management, substance abuse treatment, diabetes treatment, and cultural activities. They estimate they will lose 10 staff members and that about 1,550 clients will be terminated from services under the President's budget.

The President's budget also nearly completely cuts funding for the Title VII Health Professions Programs, proposing just \$9.7 million, an 94.7 percent cut from FY 2007. These programs aim to increase the diversity of our healthcare workforce as well as improve the quality of health care in low-income and racial and ethnic minority populations. The Centers of Excellence program enables health professions training programs to enlarge their applicant pools, enhance the academic performance of under-represented minority students, improve the recruitment and retention of under-represented minority faculty, and in other ways enhance the capacity of their graduates to provide health care services to people who are medically underserved.

In 2005 there was only one Center of Excellence dedicated to studying the unique needs of the AAPI community. As a result of a 67% cut to the Centers of Excellence program in FY 2006, that one center lost its funding. Other Centers of Excellence for Latinos, Native Americans, and African-Americans also lost their funding. The President's budget not only continues to radically underfund the Centers program, but makes dramatic cuts to Title VII as a whole.

I am also troubled by the President's proposal to eliminate other programs that serve our most frail and vulnerable populations, such as the Community Services Block Grants and Preventative Health and Health Services Block Grants. In 2005, California received nearly \$56.5 million in CSBG funding and used it to serve almost half of the state's residents identified as low-income.

I am encouraged by some aspects of the President's budget request. He proposes an increase in funding for drug courts, which have been chronically underfunded in his prior requests and by the Congress. Drug courts are an effective and popular method for the judicial system, mental health, social service, and treatment communities to intervene and break the cycle of substance abuse, addiction, and crime. The President's Budget requests \$31.8 million for this program, a \$21.7 M increase over the funding level for FY 2007. While the drug courts program would benefit from even greater funding of \$40 million, I am pleased to see the increased budget request for this important program.

I am also glad to see that the President has included some important funding increases for scientific research that will help our nation to maintain its competitive position in the global marketplace. Unfortunately, he has once again chosen to "rob Peter to pay Paul" by proposing to eliminate programs that have a proven track record of aiding small businesses and creating new jobs, the Manufacturing Extension Partnership and the Advanced Technology Program, and he has not provided the funding NASA will need to achieve the challenging exploration goals he has set for the agency while still performing its core science and aeronautics activities.

I understand that the Budget Committee is being asked to make these funding decisions in the context of a deficit environment. However, the federal government has an obligation to invest in future growth. Our nation's historical commitment to education, health care, and innovation and competitiveness has served us well, and we must reaffirm that commitment in the FY 2008 budget resolution. I respectfully ask the committee to fully fund IDEA and provide substantial increases for the No Child Left Behind Act, allocate sufficient funding for vital health programs, and ensure that we can maintain our international competitiveness in science and innovation.

Thank you.

Mr. ETHERIDGE. Without objection, I would ask that my statement be entered into the record at this point.

[The prepared statement of Mr. Etheridge follows:]

PREPARED STATEMENT OF HON. BOB ETHERIDGE, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF NORTH CAROLINA

Thank you, Chairman Spratt, for the opportunity to address the U.S. House Budget Committee about the budget for the federal government of the United States. I commend you for your leadership on this vitally important issue, and I look forward to serving with you on the Budget Committee.

I sought appointment to this committee assignment because with Democrats in the new Majority, I understand how important the job of this committee is to draw up a budget that is consistent with America's priorities. After a career in business, service as a county commissioner and chairman, ten years in the state legislature, including four as chairman of the appropriations committee, eight years as the elected schools superintendent for the nation's tenth largest state, and ten years in the minority of this body, I bring a unique perspective to the table.

In my first few weeks on this committee, I have already learned some important lessons. The first lesson I learned was this: there isn't any money. None. The former Majority blew up the budget and then blew town. Chairman Obey did the best he could in cobbling together an appropriations continuing resolution to get us through the year, but we've all had to go through the painful process of informing our constituents that they cannot expect a lot of federal largess any time soon.

Unfortunately, the President chose to continue the political gamesmanship when submitting the Administration's budget proposal earlier this month. The Administration had the temerity to claim that the budget proposal would reach balance by 2012 while maintaining the President's tax cuts. Let me be perfectly clear: that claim is untrue. It is a falsehood. It is a lie. I usually avoid using such strong language, but this widespread claim is so outlandish, it must be thoroughly discredited.

The President's budget assumes that beyond the first year, all the revenues currently projected to be collected from the Alternative Minimum Tax will still go into the U.S. Treasury. That would amount to a massive tax increase on middle class American families in the range of \$800 billion to \$1.2 trillion over ten years. The vast majority of Americans have never heard of the Alternative Minimum Tax, or AMT, and I am very disappointed that the President failed to exert the leadership necessary to educate our citizens and lay the predicate for cooperative solutions to his huge challenge. In testimony before this committee, U.S. Treasury Secretary Paulson admitted the Administration has no plan to fill this gaping hole in the budget. It is fuzzy math at its worst and a continuation of the political gamesman-

ship that has characterized this White House. In fact, when Budget Director Rob Portman appeared before this committee earlier this month, he taunted Chairman Spratt with the challenge to “pull a rabbit out of your hat” in crafting a budget of our own. Such political gamesmanship must end.

I am concerned that the Administration’s budget proposal assumes an unrealistic level of incoming revenues to the extent that it really is the rosy scenario. I would like to think that economic growth will remain robust and tax receipts would continue to pour in, but even as we hope for the best, it is our responsibility to plan for the worst. Any carpenter can tell you it’s best to fix the roof while the sun’s still shining.

Not only does this budget proposal not fix the fundamental imbalance in the federal books, it makes drastic cuts to important domestic priorities like Medicare and Medicaid, children’s health, veterans, first responders, education and the environment. As a former North Carolina small businessman, I learned long ago to be tight with a buck, and I have always worked to be a watchful steward of the taxpayers’ money. But I strongly believe we will cease to be a great country if we continue to neglect the many unmet needs our citizens have for critical services only the federal government can provide. For example, the budget request cuts education funding by \$1.5 Billion and eliminates 44 education initiatives entirely. A society that cuts education is like a farmer who eats his seed corn; neither one is going to have much of a future. I strongly believe we must invest in the future, and I will work to reverse these misguided budget cuts.

Finally, I am very concerned about the record national debt and the interest that must be paid to service that debt. In fact, interest is the fastest growing segment of the federal budget. Nearly all the new debt is held by foreign creditors, and many of them in regimes such as China, Japan, Saudi Arabia and Libya. When I asked Secretary Paulson about this problem, he responded by stating that it is not near the top of the things that worry him. Let me state that it is near the top of the list of things that worry me, and I think it should be near the top of the list of the things that this committee and this Congress aim to tackle. Anyone who has ever gotten behind on a credit card account knows that paying interest gets you nothing. It is time for this Congress to reverse the budget priorities of the federal government, pay off the national debt and lift that burden from our children and grandchildren.

In conclusion, it will take bipartisan cooperation and leadership to reverse the reckless policies that have gotten us into this mess. I am willing to get to work to help provide that leadership, and I am hopeful we can obtain bipartisan cooperation in doing so. The American people deserve no less.

Mr. ETHERIDGE. Thank you. The gentleman from Minnesota is recognized. Mr. Walz, welcome and we are pleased to receive your testimony. You are recognized for ten minutes.

**STATEMENT OF HON. TIMOTHY J. WALZ, A REPRESENTATIVE  
IN CONGRESS FROM THE STATE OF MINNESOTA**

Mr. WALZ. Well thank you so much, Mr. Chairman. I truly appreciate the opportunity to come here and speak to you. And even in absentee, a thank you to all the members of this Committee. I know that this may be one of the most thankless but the most important job that is being done this year and your work is truly appreciated by all of us. And I say that, not just members but my constituents.

I am here today, Mr. Chairman, to talk to you about this budget as it affects our veterans. And I do not think in the environment that we are in right now, in the discussion that we are having on the floor of the House of Representatives anything could be more important. I come to you, Mr. Chairman, to discuss these as a twenty-four year veterans of the Army National Guard and the son of a Korean War era veteran.

Last week the President’s proposal showed some promise but in many cases fell far short of the expectations that we need to fill. During his 2002 State of the Union the President spoke of the need

to care for our nation's veterans, and he asked for a statement that had me heartened at the time, to approve a historic increase in spending for veterans healthcare. Unfortunately, over the last five years we have seen just the opposite. Without taking you through all the details and using your precious time, Mr. Chairman, I would just pass along to you a couple of things that I think are critical for me.

In looking at the independent budget created by veterans for veterans, there are some critical issues being addressed. And one of the things that the President's budget does is in trying to make the budget balance they give us a choice of cutting off access of services to our veterans, especially of previous wars, in the name of balancing the budget, at the same time underestimating the need of our veterans that are returning. We as a nation have an obligation to make sure that we are honest with the public, honest with our veterans. If the need is there, the need needs to be fulfilled.

And I spent the afternoon with some of my soldiers from my old unit, the 34th Division out at Walter Reed this afternoon. And both of these soldiers lost limbs in this War in Iraq. These are good soldiers. They believe in their mission and they are doing everything they can to accomplish what they have been sent to Iraq to do. But one of the interesting things was, is one of these young men is still in the process of preparing to get his prosthetics fit and another one has had his prosthetics fit. When we look at the President's budget we see that the money spent for, or allocated for, prosthetic limb research has been cut in half. And I would challenge and ask Mr. Chairman, and I do not know if it is possible, for each of the members of this Committee to get out there and get a chance to talk to these young men. To talk to Tony Larson and ask him, and tell him what a quality of life issue it is. His prosthetic leg, he calls it the cheetah foot, is bouncer on and he has taken up running now. And this is a brand new thing that is happening and it is coming from the research dollars that this Congress puts into that. So I would encourage that, for people to think about the impact that these make.

Fulfilling the budget request as the President would have us will leave us far short, Mr. Chairman. We have got an opportunity, we understand that there are tight budget restraints, but we have an opportunity to do right by these people. I ask for you to consider the testimony that is coming in from the veterans group. I ask for you and the rest of the group to look closely at this, and I ask for us to keep our commitments to our veterans and to ensure that future generations know that that commitment will be there. So I would entertain any questions, Mr. Chairman. If not, I'll give back the balance of my time.

Mr. ETHERIDGE. I thank the gentleman, and without objection your full statement will be entered into the record.

[The prepared statement of Mr. Walz follows:]

PREPARED STATEMENT OF HON. TIMOTHY J. WALZ, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF MINNESOTA

Chairman Spratt, Ranking Member Ryan, and members of the committee, thank you for the opportunity to testify on some of the budgetary matters facing America's veterans today. Your willingness to hear testimony from me, as well as so many of my colleagues and other concerned citizens demonstrates your strong commitment

to writing a fiscally sound budget that fulfills the needs of our veterans. I hope that my testimony today can aid you in your work.

Mr. Chairman, I am here today to discuss veterans' priorities within this budget from my perspective as a 24 year veteran of the Army National Guard and the son of a Korean War veteran. Last week, the President released his FY2008 budget request for the Department of Veterans Affairs, and while I am pleased to see at least slight increases in some important areas, the majority of his budget request leaves me deeply concerned. During his 2002 State of the Union speech, this President spoke of the need to care for our nation's veterans. He went so far as to ask Congress to "approve an historic increase in spending for veterans' health."

Since then, Mr. Chairman, the President has not followed through on his promises to America's veterans. In fact, President Bush has not mentioned veterans' issues in his last four State of the Union addresses. And in 2005, only a few short years after his 2002 promise to fund an historic increase in veterans' health care, the Department of Veterans Affairs was left so dangerously underfunded that Congress had to appropriate an emergency fund of \$1 billion to keep the doors of our VA clinics and hospitals open.

This year, in his FY2008 budget request, the President has again placed veterans far too low on his list of priorities, underfunding VA medical care by \$3.5 billion over five years. The President has requested a 6 percent increase in funding for VA medical care which is wholly inadequate. While certainly an improvement over his .4 percent increase request in FY2006, the FY2008 request does not meet the needs of a rapidly growing number of new veterans needing VA medical care, coupled with rapidly escalating health care costs. As a practical matter, that means that the VA will not be able to provide the care that our nation's former servicemen and women are entitled to. You don't have to take my word for it: this request is a full 6.7 percent below the recommendation of the Independent Budget, a report put out by a group of veterans' service organizations.

Mr. Chairman, you don't need me to read you the statistics. What I need to express to this committee is the human impact of these budgetary decisions. It is not acceptable for us to exclude entire classes of veterans from the VA system. The men and women we call Priority 8 veterans served this country in the same ways other veterans did. The lack of a combat injury is no excuse for excluding them from the health care system they were promised access to. Barring 1.6 million veterans from their own health care system is unfair and unacceptable.

Mr. Chairman, the President's budget request proposes increased co-payments on prescription drugs and new enrollment fees for priority 7 and 8 veterans. These fees will drive out the veterans who need the system most, adding to the 47 million Americans who now lack health insurance.

If fees don't drive our veterans out, access to care just might. In my district, there are less than a half dozen primary care veterans clinics in operation. Mr. Chairman, my district is 300 miles wide—it stretches from the border of South Dakota to the border of Wisconsin. Veterans from my district who need more than a regular physical must charter vans through their Veterans Service Officers in order to make the drive to the VA Hospital in Minneapolis. A three hour ride is an excessive hardship, only made worse by the fact that this President is asking our veterans to pay more for those services when they finally arrive at the hospital. We can do better.

Mr. Chairman, the President's FY2008 budget request for the Department of Veterans Affairs represents the wrong priorities for our nation's veterans. However, the responsibility to do right by veterans does not lie with the President alone. We, the United States Congress, have the solemn responsibility and duty to create a budget that fulfills the promises we made to those who served.

We are responsible for caring for those who gave of themselves in years past and to care for those who are returning from Iraq and Afghanistan in the future. The President's budget asks for only minimal increases in mental health services for Iraqi veterans despite recent studies that show 1 in 6 soldiers in Iraq report symptoms of depression, serious anxiety, or post-traumatic stress disorder. At a time when the VA expects to treat 5.8 million patients, including 263,000 veterans from Iraq and Afghanistan in the coming year, it is Congress' duty to increase funding for the Department of Veterans Affairs and specifically to increase funding for both research into and treatment of the mental health conditions that plague many of our veterans.

At a time when Harvard University and the American Customer Satisfaction Index are recognizing the VA for its quality medical care, it is Congress' duty to ensure the VA does not veer from this upward trend and that it continues to improve not only quality of care but access to care.

At a time when our VA system is straining under the weight of both an aging veterans population and an entirely new group of veterans returning from the War

on Terrorism, we must ensure funding matches not just monetary inflation but also the inflation in the number of veterans eligible for service.

Mr. Chairman, I am here today to ask you to help fulfill this duty by increasing the President's request for veterans' programs. The President's \$86.75 billion request is simply not enough. As a veteran and the descendent of a long line of men who served this country, I can say with authority that properly funding our VA system does more than just provide veterans with the health care they were promised. Properly funding our VA ensures a new generation of soldiers will enlist and it helps to keep our communities both physically and economically healthy.

Thank you.

Mr. ETHERIDGE. Let me thank you. I visited both Walter Reed and Bethesda. And a number of my friends from my district are there. I happen to represent Fort Bragg and Pope, and so a lot of young men and women from that area have been there and they wind up here. But let me thank you for your commitment, for keeping the focus as it should on the men and women who are on the front line and their families who are coming back now. And they are going to need care, not just when they get back, for years to come. We thank you for your testimony, your time, and your commitment.

Mr. WALZ. Thank you, Mr. Chairman.

Mr. ETHERIDGE. Thank you. The next member to testify is the gentleman from Indiana, Representative Brad Ellsworth. Welcome, we are pleased to receive your testimony. And you are now recognized for ten minutes.

#### **STATEMENT OF HON. BRAD ELLSWORTH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA**

Mr. ELLSWORTH. Thank you, Mr. Chairman, for allowing me this opportunity to address the Committee on issues that are of special interest to me and the voters of Indiana's eighth district.

My career in law enforcement, my time listening to constituents back home, and my limited experience in Congress so far have given me some unique insights into the importance of promoting our nation's priorities while maintaining our dedication to fiscal responsibility.

Mr. ETHERIDGE. Excuse me, let me interrupt just a minute. Without objection, your full statement will be entered into the record.

Mr. ELLSWORTH. Thank you, Mr. Chairman. To continue, during my twenty-four year career as a law enforcement officer with the local sheriff's office, I saw first hand the bravery and sacrifice of our community's police officers and firefighters. Even before the terrorist attack became a concern, these public servants had their hands full keeping the peace and protecting America's families at the local level. Our law enforcement deals with domestic violence, theft, suicide threats, drug crimes, and a host of other challenges as they step into their patrol cars each and every day. The efforts of these men and women allow the rest of us to feel secure in our cities, our neighborhoods, and in our homes.

In the early 1990's the federal government provided local law enforcement with the ability to fulfill their duties in the midst of growing crime rates and drug use. The COPS Program lowered the cost to local governments of hiring new officers and put more than 120,000 additional policemen on the streets. This year, the President's budget contains a funding cut for the COPS Program from

\$558 million in fiscal year 2007 to \$32 million in fiscal year 2008. This would amount to a 94 percent in the program in a single year.

There is no doubt communities across the nation will suffer from such cuts. Fewer cops on the streets result in more crime and more insecurity for American communities. After 9/11 it became quite clear that the foreign terrorists had the ability to attack us on our own soil, not only on the coast but also in the heartland. Overnight, our nation's community police and firefighters, our first responders, and were suddenly thrust into the battle lines in this War on Terror. Now I can attest that these brave men and women did not expect this latest responsibility, but they proudly accepted it.

As these new challenges strained an already overwhelmed local budget, the federal government stepped up to help the municipalities and these agencies face this new threat. Federal programs provided grants, training, and other assistance to the community agencies charged with responding in these local terrorist attacks. Without such programs, local officials would be unable to confront this new threat.

Once again, the President's budget proposal, the massive cuts in funding to homeland security initiatives target the equipping of America's first responders. Law Enforcement Terrorism Prevention Grants, cut by 30 percent. Firefighter Assistance Grants, cut by 55 percent. State Homeland Security Grants, cut 64 percent. Federal assistance to community policing and security has already been cut in half in the last decade. This 42 percent cut in overall Homeland Security assistance combined with the virtual elimination of the COPS Program would hinder the ability of the American community police officers and firefighters to respond daily to the catastrophic emergencies that hit us every once in a while.

The President of the International Association of Firefighters may have put it best, and I quote, "Make no mistake, this budget proposal puts the safety and security of the American people at risk." In our efforts toward a common goal of a balanced budget we must not forget our duty to protect America's communities. It is a priority and our budget must reflect its importance.

Constituents throughout the eighteen counties in my district share another common concern, the skyrocketing cost of healthcare in America. The cost of healthcare is forcing the elderly to choose between groceries and prescription drugs that they need to survive. It is squeezing the bottom lines from Hoosier small businesses. It is depriving many of our children the opportunity to fulfill their potentials in the classroom. Of course, it is no secret to Hoosiers that the federal government is not here to solve every one of our problems and they do not expect us to. But they do understand that government has a responsibility to help the neediest among us, those who cannot help themselves.

Few programs have been as successful in providing for those in need more than States Children's Health Insurance Program, referred to SCHIP. When a Democratic president and a Republican Congress came together in 1997 to write SCHIP into law they were united with one purpose: to provide access to healthcare to those children who had fallen through the cracks. Their parents had jobs, but like many Americans they did not get health insurance while they worked. They made just enough to disqualify from the Med-

icaid Program and not enough for them to purchase private insurance. Ten years later, over six million children across this country have access to quality healthcare through the SCHIP Program. These children enjoy a level playing field at school and have a better chance to succeed.

Yet despite the successes of this program we are still faced with many challenges. In my state alone, 161,000 are without health insurance. Nationwide, the number is closer to nine million. And while these numbers increase, the President's budget proposed to shrink SCHIP. In fact, the President's request to Congress underfunds SCHIP by about \$10 billion as it reauthorizes the program this year. His proposal would plunge many of these children back into the ranks of the uninsured.

Fiscal responsibility, a balanced budget in particular, is a goal that we share on both sides of the aisle. But we can all agree that our nation's budget should illustrate our nation's values and priorities. As we consider our options and make the difficult choices that lead to fiscal responsibility, we need to address one of the most unnecessary obstacles to reaching a balanced budget: taxpayer dollars lost to waste, fraud, and abuse.

There are too many instances to list in such a short time, but I have been here long enough to see the instructive examples. In my seat on the House Armed Services Committee I have seen multiple reports already of waste and abuse that are robbing our troops in Iraq of the support of Congress and provided them in previous budgets. A recent Defense Department Inspector General's report showed that 15 percent of the American taxpayer dollars devoted to Iraq reconstruction projects, nearly \$3 billion, has been wasted. That same report indicated that the State Department may have spent over \$36 million on weapons and equipment that cannot be accounted for. Another audit discovered that 14,000 weapons supplied to Iraqi security forces have now shown up missing. Not only do errors like this waste taxpayer dollars meant to be for U.S. troops in harm's way, they may further endanger our fighting men and women by arming violent militias.

The funds and weapons unaccounted for in Iraq are not the only examples of waste and fraud that I have seen. In my seat on the Small Business Committee I have heard the numerous budget problems faced by government agencies, such as the Small Business Administration where resources are so scarce that oversight is halted altogether, opening the door for fraud and abuse. This past weekend, a local nightly news report from Houston, Texas illustrated the waste that results from improper oversight. After the 9/11 attacks by terrorists the federal government authorized the Small Business Administration to provide loans to small businesses suffering an economic toll from the attacks in New York and Washington, D.C. This news report found nearly \$100 million in 9/11 loans had been awarded in the Houston area, businesses such as a car wash, a dry cleaner, a preschool, and a yogurt shop.

To prevent such waste, fraud and abuse Congress and the President must work together. It is unacceptable for billions of taxpayer dollars to be thrown away due to improper accounting and scant oversight. As we work together to balance our nation's budget, our priority must be reducing waste. Not only will efforts stem the tide



of waste and move us closer to our goal of balancing the budget, but they will also demonstrate to the American people that their elected representatives are spending their money wisely.

In closing, Mr. Chairman, the people back home in Indiana sent me here and expect us to work together every day to achieve a balanced budget that reflects our values and our priorities. Fiscal responsibility is not a Democratic goal, it is not a Republican goal, it is what our constituents expect of both parties. As their representatives it is our responsibility to put in the long hours, make the tough decisions, and get our country back on the right track.

I would like to thank you, Mr. Chairman, for your time and I yield back any balance I might have.

[The prepared statement of Mr. Ellsworth follows:]

PREPARED STATEMENT OF HON. BRAD ELLSWORTH, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF INDIANA

Thank you, Mr. Chairman, for allowing me the opportunity to address this committee on issues of special importance to the people in Indiana's 8th District. My career in law enforcement, my time listening to constituents, and my experience here in Congress have given me some unique insights into the importance of promoting our nation's priorities while maintaining our dedication to fiscal responsibility.

During my 24-year career as a law enforcement officer with the local Sheriff's Office, I saw firsthand the bravery and sacrifice of our community police and firefighters. Even before terrorist attacks became a concern, these public servants had their hands full keeping the peace and protecting America's families at the local level.

Our community police deal with domestic violence, theft, suicide threats, drug crime, and a host of other challenges as they step into their patrol cars each day. The efforts of these men and women allow the rest of us to feel secure in our cities, our neighborhoods, and our homes.

In the early 1990s, the federal government provided local law enforcement with the ability to fulfill their duties in the midst of growing crime rates and drug use. The COPS program lowered the cost to local governments of hiring a new officer and put more than 120,000 additional cops on our streets.

This year, the President's budget contains a funding cut for the COPS program—from \$558 million in fiscal year 2007 to \$32 million in fiscal year 2008. This would amount to a 94% cut in the program in a single year. There is no doubt communities across the nation will suffer from such cuts. Fewer cops on the street results in more crime and more insecurity for America's communities.

After 9/11, it became clear that foreign terrorists had the ability to attack us on our own soil—not only on the coasts, but also in the heartland. Overnight, our nation's community police and firefighters became our "first-responders," and were suddenly thrust onto the battle lines of the new War on Terror. I can attest that these brave men and women did not expect this latest responsibility, but they proudly accepted it.

As these new challenges strained already overwhelmed local budgets, the federal government stepped in to help municipal agencies face this new threat. Federal programs provided grants, training, and other assistance to community agencies charged with responding to a local terrorist attack. Without such programs, local officials would be unable to confront this new threat.

Once again, the President's budget proposes massive cuts in funding to homeland security initiatives targeted at equipping America's first-responders

- Law Enforcement Terrorism Prevention grants are cut by 30 percent.
- Firefighter assistance grants are cut by 55 percent.
- State Homeland Security Grants are cut by 64 percent.

Federal assistance to community policing and security has already been cut in half in the last decade. This 42 percent cut in overall homeland security assistance, combined with the virtual elimination of the COPS program, would cripple the ability of America's community police and firefighters to respond both to daily challenges and to catastrophic emergencies.

The President of the International Association of Fire Fighters may have put it best. And I quote: "Make no mistake, this budget proposal puts the safety and security of the American people at risk." Un-quote. In our efforts toward our common

goal of a balanced budget, we must not forget our duty to protect America's communities. It is a priority, and our budget must reflect its importance.

Constituents throughout the 18 counties of my district share another common concern: the skyrocketing healthcare costs in America. The cost of health care is forcing the elderly to choose between their groceries and the prescriptions they need to survive. It's squeezing the bottom line of Hoosier small businesses. It's depriving many of our children the opportunity to fulfill their potential in the classroom.

Of course, it's no secret to Hoosiers that the federal government can't solve all of their problems, and they don't expect us to. But, they also understand that government has a responsibility to help the neediest among us—those who can't help themselves.

Few programs have been as successful in providing for those in need more than State Children's Health Insurance Program, or S-CHIP. When a Democratic President and a Republican Congress came together in 1997 to write S-CHIP into law, they were united with one purpose: to provide access to healthcare to those children who had fallen through the cracks. Their parents had jobs, but, like many Americans, they didn't get health insurance at work. They made just enough to disqualify them from Medicaid and not enough for them to buy private insurance.

10 years later, over 6 million children across the country have access to quality healthcare through the S-CHIP program. These children enjoy a level playing field at school and have a better chance to succeed.

Yet, despite the successes of this program, we are still faced with many challenges. In my state alone, 161,000 children are without health insurance. Nationwide, the number is closer to 9 million. And, while these numbers increase, the President's budget proposes to shrink S-CHIP. In fact, the President requests that Congress under-fund S-CHIP by about \$10 billion as it reauthorizes the program this year. His proposal would plunge many of these children back to the ranks of the uninsured.

Fiscal responsibility—and a balanced budget in particular—is a goal that we share on both sides of the aisle. But, we can all agree that our nation's budget should illustrate our nation's values and priorities.

As we consider our options and make the difficult choices that lead to fiscal responsibility, we need to address one of the most unnecessary obstacles to reaching a balanced budget: taxpayer dollars lost to waste, fraud, and abuse. There are too many instances to list in such a short time, but I have been here long enough to see some instructive examples.

In my seat on the House Armed Services Committee, I have seen multiple reports of waste and abuse that are robbing our troops in Iraq of the support Congress provided them in previous budgets. A recent Defense Department Inspector General report showed that 15 percent of American taxpayer dollars devoted to Iraq reconstruction projects—nearly \$3 billion—has been wasted.

The same report indicated that the State Department may have spent over \$36 million on weapons and equipment that cannot be accounted for. Another audit discovered that 14,000 weapons supplied to Iraqi Security Forces have gone missing. Not only do errors like this waste taxpayer dollars meant to support US troops in harms way, they may further endanger our fighting men and women by arming violent militias. The funds and weapons unaccounted for in Iraq are not the only examples of waste and fraud I've seen.

In my seat on the Small Business Committee, I have heard the numerous budget problems faced by government agencies, such as the Small Business Administration—where resources are so scarce that oversight is halted altogether, opening the door to fraud and abuse.

This past weekend, a local nightly news report from Houston, Texas illustrated the waste that results from improper oversight. After the terrorist attacks on 9/11, the federal government authorized the Small Business Administration to provide loans to small businesses suffering from the economic toll of the attacks in New York and Washington, DC. This news report found nearly \$100 million in 9/11-loans had been awarded to Houston area businesses, such as a carwash, a dry cleaner, a pre-school, and a yogurt shop.

To prevent such waste, fraud, and abuse, Congress and the President must work together. It is unacceptable for billions of taxpayer dollars to be thrown away due to improper accounting and scant oversight.

As we work together to balance our nation's budget, our priority must be reducing waste. Not only will efforts to stem the tide of waste move us closer to our goal of a balanced budget, but they will also demonstrate to the American people that their elected representatives are spending their money wisely.

In closing, Mr. Chairman, the people back home who sent us here expect each and every one of us to work together to achieve a balanced budget that reflects our values and priorities.

Fiscal responsibility is not a Democratic goal, and it's not a Republican goal. It's what our constituents expect. As their representatives, it's our responsibility to put in the long hours, make the tough decisions, and get our country back on the right path.

Thank you, Mr. Chairman.

Mr. BECERRA [presiding]. We thank the gentleman for his testimony. And before, Congressman Ellsworth, you leave perhaps I could ask you a question. Having served in law enforcement, I am wondering if you could tell us whether or not your former colleagues in law enforcement back home are familiar with the President's budget and its impact on a number of law enforcement programs that you mentioned? COPS Program, for example, and are they getting back to you on any comments they may have?

Mr. ELLSWORTH. They are very aware of it, Mr. Chairman. I have been called and visited by both law enforcement and firefighters, and they have been telling me every trip home the impact. And sometimes the larger agencies can absorb this. It is the smaller agencies that are really being hit. When we are talking about four and five men departments who rely on that just to run a third shift of patrol, that they rely on these type of programs. And they are going to have to cut that altogether. So having no police officer, no fire protection on a second and/or third shift. We are hearing that, and it is disturbing.

Mr. BECERRA. Well, we appreciate your testimony and the work that you are doing for the folks back home in Indiana. And we look forward to hearing from you again on the issues of the budget. So thank you very much for your testimony.

Mr. ELLSWORTH. Thank you, Mr. Chairman.

Mr. BECERRA. At this time the Committee will recess until further members are present.

[Recess.]

Mr. BECERRA. The Committee will resume hearing, and we will be back in order. We would like to now invite our next member to testify. We have Mr. John Boozman from Arizona.

Mr. BOOZMAN. Arkansas.

Mr. BECERRA. Arkansas, excuse me.

Mr. BOOZMAN. That is a very familiar mistake.

Mr. BECERRA. I apologize for that, Mr. Boozman. And we are allotting ten minutes for members to address the Committee and to respond to any questions if there is any time remaining. So with that, Mr. Boozman please move forward.

#### **STATEMENT OF HON. JOHN BOOZMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS**

Mr. BOOZMAN. Thank you, Mr. Chairman, for listening to my testimony. And do not worry, it will not take ten minutes. I know you all have had a tough day and I really do appreciate the opportunity myself and the other members who have come up here and actually testified concerning things that they had concerns about. And this is really, you know, this is my third term in Congress and this is the first time that I have really, actually I guess a little bit longer than that. But actually, I won a special election so it is confusing.

But anyway, this is the first time I have really afforded myself the opportunity to come and talk about something when I thought it was really important.

But what I would like to visit with you about is a project, the Ozark-Jeta Taylor Powerhouse which happens to be located in the third district of Arkansas. The project is of fundamental importance to the citizens of my district, the State of Arkansas, and indeed the surrounding states of Oklahoma, Missouri, Texas, Kansas, and Louisiana. In all, over six million people will directly benefit from the clean, renewable, and efficient hydropower generated at Ozark Powerhouse once it is fully rehabilitated.

Recognizing the importance of this project, the President's administration allocated \$17.3 million to this project in its current budget proposal under its priority projects for the Corps of Engineers. I sincerely hope that the Committee will give the Ozark Powerhouse Project the same consideration and authorize at least the President's recommended amount in the budget proposal.

There are five turbine generator units at Ozark, three at its counterpart facility the Webber Falls Powerhouse in Oklahoma. From 1999 through 2004, 2.4 generating units on average were unavailable at the Ozark Powerhouse from Webber Falls due to major failures resulting from significant design flaws. The damage sustained by one of the units at Ozark is so extensive that it will remain unavailable for service until it is rebuilt. And another unit is currently in imminent danger of failure.

The benefits of completing this project continue to increase with the rising cost of energy and the increasing cost of repairing units which remain repairable. Every year these units remain out of service the government loses nearly \$1 million in energy sales revenues that otherwise would be returned to the U.S. Treasury. Furthermore, it costs Southwestern Power Administration's wholesale power customers an estimated \$9 million to replace this lost energy with more expensive, less environmentally friendly sources. If we fail to act, we can expect higher life cycle maintenance costs at a higher rate than has been experienced in the past.

In the past Congress has shown a major commitment to the project. In fiscal year 2003 Congress appropriated \$2.5 million to begin the rehabilitation of Ozark. In 2005 the administration requested and Congress appropriated another \$5 million to begin the turbine acquisition contract for Ozark. Additionally, the power customers have shown a major commitment by providing more than \$24 million to continue these rehabilitation projects. So it is a great public/private enterprise. However, this non-traditional funding method is merely a stop gap measure and diverts money from other maintenance and replacement projects at the Corps of Engineers hydropower plants that are funded by customers.

Finally, it should be noted that every dollar spent on rehab of the Ozark Powerhouse will be returned to the Treasury with interest, meaning that the long term budgetary impact of complete rehabilitation is zero. Appropriating the administration's recommended \$17.3 million will allow the Ozark Powerhouse to complete rehabilitation, allowing the facility to run more efficiently and reliably. While the Corps of Engineers expects its hydroplants to be available 96 percent of the time, during the past twenty years Ozark

Powerhouse has only been available 90 percent of the time at best, dropping as low as 31 percent availability in 2001.

The Ozark-Jeta Taylor Powerhouse Rehab Project is a highly beneficial, revenue producing, self-sustaining, environmentally friendly, job creating project that will reduce our dependence on foreign energy. Failure to complete this project in a timely manner will result in the expansion of less environmentally friendly alternatives. Furthermore, this project will provide a positive return on the taxpayers' dollars. Funding this project will provide tremendous benefits for our nation's environment and economy. Our local communities will be thankful when the Corps of Engineers completes its work on this project.

I again urge the Committee to conclude the Ozark Powerhouse Rehab in the House of Representatives fiscal year 2008 budget, and I certainly thank you, Mr. Chairman, for allowing, again, members like myself to come and testify.

I was talking to the other Chairman, and explained that this, you know, was the first time that I had appeared before the Budget Committee to actually really, you know, ask consideration that we really look at a project. And certainly all of us, all of the members of Congress have things that they very much believe in. But this is a situation, you know we talk about renewable energy, we talk about reducing our dependence on foreign oil, we talk about all of these things. And yet, we have a situation in Ozark where the turbines are not working. They are slack water turbines, so they can be used when the river is very low. And when they are working they are very, very efficient. They were installed many years ago and it was kind of a, they were the first of their kind in the country. And because of that, you know, they have had some problems with them. All of that has been worked out. A lot of this type of turbine now is being used in Europe. But it really does make sense. The cost/benefit ratio is very, very good. It is a unit that not only does it benefit my district in the sense of producing power there, but produces power throughout the surrounding states.

So again, you know, it is one of those things that if we do not get it done now the other thing that we run into is the projects drop down, and they do not have enough money to continue the budget in the contract. Then you wind up, you know, paying much, much more money in the future. You know, as somebody rediscovers how this really is a great project, we need to get it done. So, like I said, it is in the President's budget. It is something that I think everyone agrees is a very worthwhile project and we really would appreciate the Committee's ability to keep the project in as you make very difficult decisions concerning the budget, and I certainly understand that also.

So if you have any questions, fine. I know it has been a very, very long day for you all and I am glad you are getting done a little bit early.

[The prepared statement of Mr. Boozman follows:

PREPARED STATEMENT OF HON. JOHN BOOZMAN, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF ARKANSAS

Chairman Spratt, Ranking Member Ryan and members of the House Budget Committee, thank you for allowing me the opportunity today to express to you the

importance of authorizing funds for the Ozark-Jeta Taylor Powerhouse in the 3rd District of Arkansas.

This project is of fundamental importance to the citizens of my district, the state of Arkansas and indeed the surrounding states of Oklahoma, Missouri, Texas, Kansas and Louisiana. In all, over 6 million people will directly benefit from the clean, renewable and efficient hydropower generated at Ozark Powerhouse once it is fully rehabilitated. Recognizing the importance of this project, the President's Administration allocated \$17.3 million to this project in its current budget proposal, under its priority projects for the Corps of Engineers. I sincerely hope that this Committee will give the Ozark Powerhouse project the same consideration and authorize at least the President's recommended amount in the House Budget Proposal.

There are five turbine-generator units at Ozark and three at its counterpart facility, the Webbers Falls Powerhouse in Oklahoma. From 1999 through 2004, 2.4 generating units, on average, were unavailable at the Ozark Powerhouse and Webbers Falls, due to major failures resulting from significant design flaws. The damage sustained by one of the units at Ozark is so extensive that it will remain unavailable for service until it is rebuilt, and another unit is currently in imminent danger of failure.

The benefits of completing this project continue to increase with the rising cost of energy and the increasing cost of repairing the units which remain repairable. Every year these units remain out of service, the government loses nearly \$1 million in energy sales revenues that otherwise would be returned to the U.S. Treasury. Furthermore, it costs Southwestern Power Administration's wholesale power customers an estimated \$9 million to replace this lost energy with more expensive, less environmentally-friendly sources. If we fail to act, we can expect higher life-cycle maintenance costs and a higher failure rate than has been experienced in the past.

In the past, Congress has shown a major commitment to this project. In FY2003, Congress appropriated \$2.5 million to begin the major rehabilitation at Ozark. In FY2005, the Administration requested, and Congress appropriated, another \$5 million to begin the turbine acquisition contract for Ozark. Additionally, the power customers have shown a major commitment by providing more than \$24 million to continue these rehabilitation projects. However, this non-traditional funding method is merely a stop-gap measure, and diverts money from other maintenance and replacement projects at Corps of Engineer hydropower plants that are funded by customers. Finally, it should be noted that every dollar spent on rehabilitation of the Ozark Powerhouse will be returned to the Treasury with interest, meaning that the long-term budgetary impact of completing the rehabilitation is zero.

Appropriating the Administration's recommended \$17.3 million will allow the Ozark Powerhouse to complete rehabilitation, allowing the facility to run more efficiently and reliably. While the Corps of Engineers expects its hydroplants to be available 96% of the time, during the past twenty years, Ozark Powerhouse has only been available 90% of the time, at best—dropping as low as 31% availability in 2001.

The Ozark-Jeta Taylor Powerhouse Rehabilitation project is a highly beneficial, revenue producing, self-sustaining, environmentally friendly, job-creating project that would reduce our dependence on foreign energy. Failure to complete this project in a timely manner will result in the expansion of less environmentally-friendly alternatives. Furthermore, this project will provide a positive return on the taxpayers' dollars. Funding this project would provide tremendous benefits for our nation's environment and economy. Our local communities will be thankful when the Corps of Engineers completes its work on this project. I again urge you to include the Ozark Powerhouse Rehabilitation in the House of Representative's FY2008 Budget. I thank the Chairman, the Ranking Member and all the members of the Committee for their time and thoughtful consideration.

Chairman SPRATT. Well listen, we very much appreciate your coming, your testimony which you have offered is something that we probably would have otherwise overlooked. So I feel like it has made a difference and we will see what we can do.

Mr. BOOZMAN. Well, thank you very much. And again, thank you for the opportunity.

Chairman SPRATT. Sure, thank you for coming.

Mr. BOOZMAN. Yes, sir.

Chairman SPRATT. Ms. Watson?

Ms. WATSON. Mr. Chairman, thank you so much for this opportunity.

Chairman SPRATT. Thank you so much for coming.

**STATEMENT OF HON. DIANE WATSON, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF CALIFORNIA**

Ms. WATSON. And I am going to make it real quick for you. I saw Representative Becerra sitting in his seat, and he would recognize this problem that I am bringing to your attention. I want to talk about an urgent issue in my own hometown in Los Angeles that would be really negatively impacted with the cuts in the President's budget.

Mr. Chairman, our children are killing one another at an appalling rate. The Los Angeles Police Department recorded 7,714 gang crimes in 2006, a 14 percent jump over the previous year. The most disturbing new element in this wave of violence is that a growing number of these crimes have a racial or ethnic character as some gangs try to ethnically cleanse their neighborhoods.

I believe we need to take a comprehensive approach to combating gang violence. We need to ensure that our youth have safe, quality schools that give them an alternative to the streets. We need to make sure our kids have job opportunities once they leave school. But there is one action that we can take right now that will immediately reduce the level of violence and protect our kids and that is to put more police on the streets.

We have a program that will do just that, and I think you are familiar, Mr. Chairman, with the COPS Program, the Community Oriented Policing Program. And it has been a beacon of light in urban communities where crime is high and police presence is low. This program has been a central part of keeping our streets safe. Since its inception the COPS Program has put almost 150,000 police officers on the street. In my hometown of Los Angeles, that meant almost 250 new officers in the year 2005 alone.

Unfortunately, the President's 2008 budget would reduce essential funding for programs that assist state and local governments in combating this violent crime. The budget provides only \$32 million in new funding for the COPS Program compared with 2007 funding of more than \$542 million. The program also cuts \$87 million of the programs existing resources and this is unacceptable. Despite all the talk about supporting local police from the administration, the President's budget starves the COPS Program of its funds. Because of the administration's marriage to big tax cuts, this budget proposes cutting this program by \$87 million. And that \$87 million could pay for over 1700 new local police officers helping Los Angeles and other cities big and small across the U.S. deter and fight this street crime.

Mr. Chairman, I urge the Committee to restore full funding for COPS. Our citizens deserve to feel safe in their own neighborhoods, and cutting funds to programs that serve these purposes is not the answer. We have a responsibility with the new majority in our Congress to put our citizens first. And Mr. Chairman, the President's budget simply does not do that.

So I want to thank you, Mr. Chairman, and if you have any questions I would be happy to answer them. And I do have an article from the L.A. Times that underscores my presentation.

[The prepared statement of Ms. Watson follows:]

PREPARED STATEMENT OF HON. DIANE E. WATSON, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF CALIFORNIA

Mr. Chairman, thank you for the opportunity to address the Committee today and discuss the President's Fiscal Year 2008 budget. I hope that the Committee will work together to develop a federal budget that is fiscally smart and serves the needs of all Americans.

Mr. Chairman the President's budget for Fiscal Year 2008 imposes cuts to several mandatory and entitlement programs that are important to the domestic fabric of America. Healthcare, education, social security, the environment, transportation, and energy are issues that impact our citizens every single day. The President has made major cuts in these areas in his 2008 budget. This budget, again this year, does not meet the needs of the American people.

But today I want to talk about an urgent issue in my own hometown of Los Angeles. And that is the rising level of violence on our streets.

Mr. Chairman, our children are killing one another at an appalling rate. The Los Angeles Police Department recorded 7,714 gang crimes in 2006, a fourteen percent jump over the previous year. The most disturbing new element in this wave of violence is that a growing number of these crimes have a racial or ethnic character, as some gangs try to ethnically cleanse their neighborhoods.

I believe we need to take a comprehensive approach to combatting gang violence. We need ensure that our youth have safe, quality schools that give them an alternative to the streets. We need to make sure our kids have job opportunities once they leave school.

But there is one action we can take right now, that will immediately reduce the level of violence and protect our kids. And that is put more police on the streets. We have a program to do just that; the COPS program.

The Community Oriented Policing program known as COPS, has been a beacon of light in urban communities where crime is high and police presence is low. This program has been an essential part of keeping streets safe. Since its inception, the COPS program has put almost one hundred and fifty thousand police officers on the street. In my home town of Los Angeles, that meant almost two hundred fifty new officers in 2005 alone.

Unfortunately, the President's 2008 budget would reduce essential funding for programs that assist state and local governments in combating violent crime. The budget provides only \$32 million in new funding for the COPS program for 2008, compared with 2007 funding of more than \$542 million. The program also cuts \$87 million of the programs existing resources. This is unacceptable.

Despite all the talk about supporting local police from the Administration, the President's budget starves the COPS program of its funds. Because of the Administration's marriage to big tax cuts, this budget proposes cutting this program by \$87 million. That \$87 million dollars could pay for over seventeen hundred new local police officers helping Los Angeles and other cities, big and small, across the United States, deter and fight crime.

Mr. Chairman, I urge the committee to restore full funding for COPS. Our citizens deserve to feel safe in their own neighborhoods. Cutting funds to programs that serves these purposes is not the answer. We have a responsibility with a new majority in Congress to put our citizens first. The President's budget does not.

Thank you, Mr. Chairman.

[From the Los Angeles Times, February 13, 2007]

### **Residents Demand Action Over Gang Violence**

*About 200 meet with Councilman Garcetti and police in Glassell Park, where a teen was shot to death last week.*

By J. MICHAEL KENNEDY

Just outside, children were playing soccer. But inside a Glassell Park gym Monday evening, the mood was somber as people demanded to know why a young woman had been killed in a seemingly senseless act of violence, and what the city was doing about it.

Franklin High School student Melissa Paul, 16, was shot to death Feb. 6 as she walked with two friends near the Glassell Park Recreation Center in Los Angeles.

Police said the assailant was a passenger in a white minivan that had driven past the three youths.

A 16-year-old boy, allegedly part of a local gang, was later arrested on weapons charges and is under investigation in the shooting, said Jose Carrillo, a homicide detective with the Los Angeles Police Department.

Paul was apparently the victim of a shot aimed at a gang rival, authorities said.



Glassell Park is a largely Latino community of modest stucco homes northwest of downtown L.A., near Glendale. With fear and anger in the community rising, City Councilman Eric Garcetti called the meeting Monday, drawing a crowd of about 200.

Most of the discussion focused on general fears about gang violence.

The mood was summed up by resident David Mukogawa, who tossed an American flag onto the table in front of Garcetti and other city and police officials. The flag had flown in front of Mukogawa's house until last week, when it was spray-painted with orange gang signs.

"I want to know what's going to be done about something like that," Mukogawa said, adding that his home had been tagged three times in the same week—once on the flag, once on his fence and once on his mailbox.

In response, Garcetti urged people to come forward and report such signs of gang activity. "If we are silent, then we become numb," he said.

Echoing that plea was Felix Hernandez, an official with the Anahuak Youth Soccer Assn., who called for more frequent community meetings and greater involvement to give police the information they need.

"If we don't report incidents, they won't put a dot on their map, and next month there won't be as many cops in the area," he said.

Chairman SPRATT. Well, you were the beneficiary of 250 new officers in the year 2005. In the five or six-year period when this program was at its highest level we were able to add 125 policemen all over the fifth district of South Carolina where I live. So I can bear testimony to the same results that you have just talked about. I have seen it throughout my neighborhoods. And furthermore, we have sold the idea of community policing by example, by putting the money out to support what we were saying about community policing. It has worked. I have seen it work. I have heard people talking about it, and I have heard police officers say it is a good program. There are other programs that we have to be concerned about, too: The Byrne Grants, Law Enforcement Block Grant.

So full restoration of the COPS Program is probably not possible in this budget. We certainly want to restore some of it above the existing level, which basically is a maintenance of effort level to pay for the COPS who were originally hired under the program and have not quite yet served out that three or four-year commitment, that three or four-year funding commitment from the federal government. We definitely want to do something in this area of the budget if we at all can.

But having you to back us up from L.A. to a very different perspective than I have got, but it is working in both places. Something that works in York, South Carolina and Los Angeles, California has got to be a good program.

Ms. WATSON. Well, I appreciate your sensitivity and your experience with the program. I would like to leave this article with your staff. It just describes a recent killing of a very young girl, sixteen years old, because of out of control gang violence. And we are so understaffed in our police department in Los Angeles, the need is desperate. And you understand it. And if we can just address it in any way we can I think that will be a step in the right direction.

So thank you so much, Mr. Chairman.

Chairman SPRATT. Thank you for coming, and thank you for your excellent testimony. We will take it to heart. Mr. Bishop?

Mr. BISHOP OF UTAH. Mr. Chairman, I do not know if you have one of these with you?

Chairman SPRATT. I do not believe I do, Rob. Welcome to the Committee. We look forward to your testimony, the floor is yours.

**STATEMENT OF HON. ROB BISHOP, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF UTAH**

Mr. BISHOP OF UTAH. Well, I apologize for making you stay here but you wanted to be Chairman. And I understand I am the last one you have to go through so I will try to be as brutally brief as I possibly can. I appreciate having Members' Day here. We have submitted our testimony to you. I think there is a typo on work number twenty-two but I hope you will overlook that one.

I am here as the Communication Chairman for the Western State Caucus as well as the Ranking Member on the Parks, Public Lands and Forest Subcommittee of Resources so land issues obviously are extremely important. I recognize also that this is the time of year when everyone and their third cousin comes to Washington. They all come into our office and say, "You know, the budget is terrible. You need to control things. But my program is special." In some respects I am doing the same thing to you here today. Except I do think I can make a case that there is something different. There are about three programs in the President's budget that I would like to talk to you about.

Very quickly, the first and the most important is Payment in Lieu of Taxes. This program has been around since 1976. We are in the fourth decade and it seems like every year we play the same game where the OMB cuts the funding for it, this Committee recommends that it should be looked at by the Appropriators and increased in some way. The Appropriators increase it on the House side, and the Senate cuts it down in conference. And then we repeat the same game the next year. Which I have to admit I am very tired of the game and where it starts, and I am not blaming you for that one. Because actually this Committee has been very favorable to this program and very helpful in years past. But there is that political waltz we play of two steps forward, one step back, and then you side step a bit. And we seem to be in that.

PILT is difficult, I realize, especially on the administration level because it has no Washington officers. There is no executive branch to push for it. The only people that get this are the people on the local levels where the money goes directly, and they are using it very wisely. Every state but one has federal land that benefits from PILT. But it obviously has a greater impact in the mountain west than in other areas. And sometimes what we take for granted in the west in understanding this issue is difficult for those unless you have a public land state or county in the process.

The PILT funding is there for three basic reasons. The federal government does not pay taxes on the land it owns. It does pay royalties and fees, but the distribution process of that does not guarantee that it is equitably given to the counties where the services were mandated. Also, the public lands decreases the economic opportunities of those who have public lands. If you have 92 percent, as many of my counties in my state have, owned by the federal government, you have to build a base for your services and county government on the 8 percent that is left. Ironically, two years ago the Washington Post sent forth an editorial talking about the same problems that Washington, D.C. had when they wrote about the fact that the federal government is the largest land owner in Washington. Since this land cannot be taxed, the federal government is

a principal contributor to the District's chronic fiscal imbalance. I agree with them. Because that is the same argument that we have been making year after year dealing with federal lands, especially in the west where the definition is higher.

Also, the federal government seems to treat the west a little bit different because of that factor with only Washington, D.C. coming in there. I can do this very quickly. I am trying to walk through that again. If you look at the first page, you see the growth in PILT funding as a percentage of the spending that has been done on Interior budgets altogether. Basically, PILT was flatlined from its inception to about the year 2000. In recent years Congress has been doing a better job because they have realized the significance of this program on the counties where the impact is felt. However, the bottom line of the numbers are this year the administration suggested \$190 million. That is \$8 million less than they suggested for this program last year in their budget. Last year this Congress funded it at \$232 million, even though the House passed one that was I think—pick out the number for that last one, I do not know what it is.

The House has been very popular, has been very positive to this program. The Senate has usually cut it down, and we are significantly more than the administration. I have to admit, I feel a great deal of frustration with my administration for how they play this game, cut and expect Congress to boost up this program of significance.

If I could also have you look carefully at the second page that is there, once again the distribution of public lands is picked up in the pictures in the number of, the stuff that is blue is how much federal land is owned in each of those states.

Chairman SPRATT. It is a very effective chart.

Mr. BISHOP OF UTAH. It is frustrating for me, too.

Chairman SPRATT. I am sure.

Mr. BISHOP OF UTAH. Because I am one of those. And that is the problem and the basis that we have. I want to add one other thing to you, and then if there is any questions you have. One of the phenomena that we have also found, if you look at the last chart, PILT has absolutely nothing to do with funding of education in western states. But PILT's issue is the same thing education faces. One of the ironies we found out is the states that are in red on that last chart are the states that have the most difficult time in funding increases to their education budgets. And the phenomenon is, if you compare the two charts, the blue one with the red one, you see there is almost a one to one correlation between states with a great deal of federal lands and their inability to effectively fund the education system for their kids. Which once again, I feel a double whammy. As a schoolteacher I think my pay and retirement was retarded because of this problem. And my kids, I think their education level was diminished because of this particular problem.

This is not one to one correlation with PILT, but it is the same problems. The amount of federal lands has a negative impact on the ability of states to actually raise the money and raise the taxes and pay for their own programs by themselves. Which is why we are going to ask you very seriously on your Committee, on the assumption they are all here and listening to me, to seriously look

at this issue of PILT. That the President's budget yearly underestimates the significance of it. Someone in the administration talked of it as being welfare for the west. To be honest, we look at it as rent that is due for the land that is there because there is no other way we can survive. If you want to give us all the land back so that our blue map looks very similar to the east, we would be tickled to death and we would not talk to you about it again. But until that stage of nirvana actually hits, we definitely need programs like PILT.

Now, in our written testimony there are some other programs. And if I can just very quickly tell you about them. The ADP Processing and User Fees is one of the simple situations because you are putting a fee, if you already have a lease the fee is almost like a taking to that lease. But the difficulty is, that lease does not distinguish between ability to pay. So a small developer has a much more difficult time of paying than a large developer, which inhibits the ability of actually developing those lands. Geothermal payments are supposedly not going to the host county, which once again to me is lacking of common sense and it puts the burden once again on the counties that provide that service. Or it forces the counties to put the burden on the geothermal developers who, once again that changes their basic operation costs and their profit margin whether they can actually be successful or not. And finally, the administration zeros out the Range Improvement Fund, which is a small program but once again it is extremely important to rural, western communities to develop rangeland potential.

And once again, I feel for you having to be here this long. I am trying to get through this as quickly as possible. And I usually am cumbersome in what I say. If there is something, if you have questions I will do it.

[The prepared statement of Mr. Bishop of Utah follows:]

PREPARED STATEMENT OF HON. ROB BISHOP, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

Good evening Chairman Spratt and Ranking Member Ryan. This same hearing was also held on Valentine's Day last year. I suppose it apropos to hold budget hearings on Valentine's Day and following my testimony you should feel my love for the Administration's budget for FY07. I appreciate your opening up the microphone for "Members' Day." I come before you wearing multiple hats: I am the communications and outreach chairman for the Congressional Western Caucus, Ranking Republican on the Natural Resources Subcommittee on National Parks, Forests and Public Lands, and a member from the rural part of the United States. So I suppose I am qualified to speak on the issue I am about to address.

Each year I endure countless visits from constituents who come in and say, "I know it's a tight budget year and our organization supports the Administration's budget (and here comes the proverbial "but "), but my program is so important that you can't cut funding for it and we ask that you increase our budget by 20 percent." We've all experienced these types of visits, where advocates for various programs come in and not only want to keep their program intact but also increase their piece of the federal pie. On its face, my visit to your committee may seem no different. I assure you it is not. Can you feel the love?

Counties throughout the United States, particularly those with a high percentage of federal lands ownership, rely on Payment in Lieu of Taxes, a little known federal program first authorized in 1976 to help offset the cost of providing essential (local) government services on and for the benefit of users of our federal lands. However, local counties may neither lay nor collect taxes on federally owned lands, thus negatively impacting their ability to provide these services. The program to which I am referring is Payment in Lieu of Taxes (or PILT) and this federal program accomplishes just what its name implies. Funding for this critical program is requested

as part of the President's budget, is funded in the Interior Appropriations Act, and is managed by the Department of the Interior.

Just over four years ago, the PILT program was managed by the Bureau of Land Management (BLM) and was treated so abysmally by the BLM that the Secretary of the Department of the Interior transferred authority of the program over to her department. This was done as the Secretary noted in her press release so that: "PILT will be more fairly treated if we deal with it at the department-level." Sadly, not only did Secretary Norton fail to make this program a priority, so also has Secretary Kempthorne.

The FY08 request for PILT is 42.5 million dollars below its FY06 and FY07 funding levels. I am disappointed in the disingenuousness with which the current Administration treats this program. In a recent press release the Secretary's office noted: "[\* \* \* Funding for PILT remains at levels 50-60 percent higher than in the 1990s.]" Somehow because the current Administration has done better than the Clinton Administration that's supposed to be good enough! Well, it is not—and here's why: the federal government has become an absentee slumlord in the West, owning over 1/3 of all land in the United States and up to as much as 90 percent in some Western states. The federal government owns or controls 2/3s of the land in my home state of Utah. High federal lands ownership comes at a price to rural America. I would argue that PILT is rent due on lands controlled by the federal government.

Because the federal government is not required to pay property taxes on the millions of acres it owns, it thereby reduces the amount of tax revenue available to public lands counties. The federal government does not share proportionally with the impacted communities the higher cost now associated with providing medical services, education, search and rescue, trash removal etc. on these federally-owned lands. While ownership remains in the hands of the federal government, the responsibility to provide services to the millions of people who frequent them falls to the counties. PILT is a pittance and does not even come close to offsetting the high cost of providing essential government services on these public lands.

Although the preponderance of PILT monies goes to the West, that is because the West has the highest federal lands presence. Moreover, the federal government treats the West differently than any other section of the country. I can understand that unless you are from the West or reside in a public-lands county, it is difficult to grasp these concepts.

Frequently the Administration will cite as one of their chief reasons for underfunding PILT the fact that there is some small amount of funding that goes to the states via royalty revenue sharing, and recreational fees. Again, these payments do not begin to offset the complete lack of tax revenue from these un-taxable lands. It is because of the high amount of federal ownership of lands in the West that western states and particularly rural counties have had a hard time building a prosperous economic base. Many western communities' boundaries are constrained by PILT, causing the price of homes and land to increase dramatically. Further, because of a high amount of federal lands ownership it is difficult to build an industrial base. If jobs are available at all, they are in the service sector and are typically seasonal and low-paying. It is unfortunate that the federal government has created this artificial situation.

As it pertains to PILT funding, there is no federal governmental constituency to lobby for this funding—only local governments who use the money efficiently to help people. Unfortunately members of Congress from public lands counties annually repeat this cycle of getting low-balled in the budget and then fighting for our lives. This program needs legislative protection, for in this area there is an apparent lack of concern for or understanding about rural and Western America. Were it not for historic congressional support for this program (constant prodding of the executive by the legislative) then this essential program probably would have died years ago. It is only because of congressional action that we have been able to save the local governments in the impacted states.

There are several other issues that I find disturbing in the FY08 budget request, in particular APD processing and user fees. Existing lessees already have a right to develop their leases as defined in the bundle of their "rights" which accompanies their lease. Presently, ruinously high fees prohibit an existing lease from being developed and approximate a taking of private property. Current fees proposed by the Administration are an assault on independent and small scale operators. If the same fees are imposed on all operators without regard to their ability to pay, then that will damage small-scale operators and benefit the larger operations. Small operators are the bread and butter of many rural western communities and this assault on them by the Administration will discourage domestic investment and is bad policy.

As it pertains to Geothermal payments to counties, the Administration's proposal to redirect geothermal leasing funds away from the counties that host geothermal operations defies common sense—counties are the very folks who must face the music of any sort of development—including geothermal energy development. Counties must provide services to the geothermal operators and their employees. These services must be paid for and failure to provide law enforcement for example is not an option. Counties must provide these services with only limited ways to pay for them. If the burden is passed to the operators and employees of geothermal operations through taxes, it can change the economics of a project for the worst. By granting some of what would otherwise be a part of the federal share of royalties, we in fact encourage the development of this renewable resource.

Again this year the Administration has chosen to zero out the Range Improvement Fund. This small program allows the BLM to get dollars on the ground for range improvement. This is a vital program on a local level and another example of the political games the Administration is playing at the expense of Western Communities. Responsible development of public natural resources is good for our communities, our economy and our national security. These programs are small in the context of the budget. However the real impact these cuts will have on folks on the ground is damaging to rural western communities. This is unacceptable and I urge you to prioritize funding for these important programs.

With that, Chairman Spratt and Ranking Member Ryan, I yield back the balance of my time.

Chairman SPRATT. You still have time on the clock to start with, but I am willing to listen to it because I am to some extent affected by that. I have the Sumter National Forest in my district.

Mr. BISHOP OF UTAH. If you have a National Forest you will know exactly what I am talking about. I think the State of Rhode Island is the only state that does not qualify for any kind of funding. But the second map that shows you the amount of federal lands, clearly this is a western issue that is almost like life and death. Any questions you have, once again we would be very happy if the Budget Committee would make another recommendation.

Chairman SPRATT. You are proposing to support them for the level of funding that the House produced last year that ended up being cut in conference?

Mr. BISHOP OF UTAH. Actually, I would support, as difficult as this is going to be for anyone, to go to the full authorization, which is about \$320 million something. The House last year came up to a \$240 million figure, which I think would be a nice starting assignment. About four years ago the Interior Department took PILT funding out of the BLM and said, "We will put it under the Secretary's budget procedure so we will give it greater visibility and easier time of funding," and they would fund it at an incremental stage until they reached the level of authorization. That has, quite frankly, never happened. They have never started the incrementalization. They did move it, but they did not actually do any of the incrementalization. \$240 million which would what we did last year I think is doable and is at least appropriate for the first stage.

When PILT was originally passed it was funded at 99 percent of the authorization level. We obviously have increased the authorization. So we are funding about 60 percent of the authorization, 67 percent of the authorization level right now. Obviously, the higher you get the better off it would be because this program I think goes directly to counties and pays for stuff that is used very frugally by them.

Chairman SPRATT. Thank you very much. I appreciate your testimony.

Mr. BISHOP OF UTAH. I ran another two minutes down, if that is—

Chairman SPRATT. Keep talking.

Mr. BISHOP OF UTAH. I am done. No, I do not want to put you through, unless there is something specifically that I did not cover or was confusing in the way I presented it.

Chairman SPRATT. Okay.

Mr. BISHOP OF UTAH. Thank you, Mr. Chairman.

Chairman SPRATT. Thank you very much indeed for coming. We finally conclude. I ask for unanimous consent that all members' statements be included in the record. In addition, I ask for unanimous consent that all members unable to attend the hearing today be allowed to submit statements for the record. Without objection, so ordered. This concludes the hearing. The Committee stands adjourned.

[Additional submissions of Members follow:]

[The prepared statement of Ms. Bordallo follows:]

PREPARED STATEMENT OF HON. MADELEINE Z. BORDALLO, A DELEGATE IN CONGRESS  
FROM THE TERRITORY OF GUAM

Good afternoon Chairman Spratt and Ranking Member Ryan. Thank you for the opportunity to testify before the House Committee on the Budget on the Administration's budget proposal for Fiscal Year 2008 and Guam's budget priorities for the upcoming year. I greatly appreciate your attention to and consideration of the priorities that I identify.

First, I respectfully request and appeal to the Committee to include in its proposed budget resolution for Fiscal Year 2008 sufficient budgetary headroom to allow for the Committee on Natural Resources and the Committee on the Judiciary to be able to effectively report out and bring to the House floor during this session of the 110th Congress legislation to implement the recommendations of the Guam War Claims Review Commission. Second, I respectfully request that the budget resolution for Fiscal Year 2008 also include budgetary headroom for the Department of Labor to provide additional workforce development programs and projects on Guam.

I introduced H.R. 1595, the Guam World War II Loyalty Recognition Act, during the 109th Congress. This legislation was cosponsored by 112 Members of the House and was favorably reported out of the Committee on Resources and the Committee on the Judiciary. If enacted, the legislation would have implemented the recommendations of Guam War Claims Review Commission. Regrettably, the 109th Congress adjourned before H.R. 1595 was scheduled for a vote by the House. Despite this, the progress realized in the 109th Congress on this issue was encouraging. That H.R. 1595 was favorably reported out of two committees of jurisdiction during the 109th Congress represented the furthest point in the legislative process that this issue has ever advanced. Guam war claims legislation will be reintroduced again in this Congress. This will be the 12th Guam war claims bill introduced in the House of Representatives since the first such measure was introduced by Congressman Antonio Won Pat, Guam's first Delegate to Congress, in 1983 in the 98th Congress.

The 107th Congress enacted legislation which authorized the establishment of a federal commission. This commission was charged by Congress with determining whether there was parity of war claims paid to the residents of Guam for the experiences and losses they suffered as loyal Americans during the enemy occupation of Guam during World War II as compared with awards made to other similarly affected U.S. citizens or nationals under war claims programs authorized by Congress.

The Commission, which was appointed by the Secretary of the Interior, reported to Congress with findings and recommendations in 2004. The Commission found that:

- Congress was misinformed when it excluded Guam from coverage under Title II of the War Claims Act of 1948, further amended in 1962.
- A lack of parity in war claims for the people of Guam in both process and amounts vis-a-vis other war claims programs authorized by Congress for similarly affected U.S. citizens and U.S. nationals.
- The United States Government has a "moral obligation" to pay the people of Guam for war damages.

The Congressional Budget Office estimates that the budget should provide for a least \$180 million over three fiscal years for legislation to implement the recommendations of the Guam War Claims Review Commission, as reported out by the two committees in the immediate previous Congress, to be enacted. This estimate is based on every possible conceivable claim whose payment would be authorized by the legislation.

The Guam War Claims legislation I plan to introduce during the 110th will, like its predecessor H.R. 1595 (109th) and in accordance with the spirit of the recommendations of the Guam War Claims Review Commission, authorize the Foreign Claims Settlement Commission of the United States to serve as the adjudicating authority to redress outstanding claims for deaths and injuries suffered by the people of Guam during the occupation. This is structure for adjudicating claims that would have been authorized by H.R.1595 (109th).

To fulfill their Congressional mandate, the Guam War Claims Commission conducted hearings on Guam to receive testimony from survivors. In addition to these hearings, the Commission also received questionnaires from survivors on their occupational experiences. In total, approximately 8,000 questionnaires were received by the Commission primarily from survivors in Guam and to a smaller extent, from throughout the entire United States. Based upon these returned questionnaires, it is estimated that the amounts of actual claims would be significantly lower than the Commission's original estimates and the conservative estimate provided by CBO. Death claims may be as low as 330 based on the self-declarations in the questionnaires. While injury claims may actually number closer to 4,000 to 5,000. It should also be noted that the final report of the Guam War Claims Review Commission included estimates for the potential death and personal injury claims. The Commission estimated total funding for claims to be \$126 million based on 1,000 deaths and 8,551 survivors.

The Congress has a moral obligation to bring closure for the loyal Americans who experienced the brutality of the occupation on Guam. I respectfully request that the budget resolution for Fiscal Year 2008 take into account legislation that would help fulfill our moral obligation to our fellow Americans and to bring justice to them as has been recommended by the federal commission authorized by the 107th Congress.

Looking forward, Guam will soon begin a period marked by increased federal investment for infrastructure improvements to the island's military bases and to other areas. The majority of this increased investment is pursuant to a bi-lateral agreement the United States and the government of Japan reached last year regarding the relocation of elements of the III Marine Expeditionary Force (MEF) from Okinawa, Japan, to Guam over a period of at least ten years beginning as soon as 2008. Elements of the III MEF liberated Guam from Imperial Japanese occupation in 1944. Guam welcomes the Marines back to our island.

Department of Defense (DOD) spending in Guam is a prime economic driver for the island in addition to the visitor service and hospitality industries. The Administration's Fiscal Year 2008 budget request includes increased spending for infrastructure development on Guam and within the two military bases on the island—Naval Base Guam and Andersen Air Force Base. The planned increase in Federal spending to support the military build-up on Guam promises to create new jobs for Guam's economy and to provide opportunities to strengthen and diversify Guam's private sector. I urge the Committee to support the Administration's request for military construction spending.

In doing so, I also want to urge the Committee to include budget authority for the U.S. Department of Labor (DOL) to provide additional workforce development programs and projects on Guam. The demand for a skilled and trained workforce on Guam has never been greater, and will increase significantly in the coming years. In my opinion, it is essential for the federal government and the Government of Guam to begin preparing now to be able to meet the labor and training requirements associated with this relocation of U.S. forces to Guam. Guam's current jobs and vocational training programs are struggling to provide students with the training and skills needed to compete in the modern workforce. A well resourced jobs training program is integral to creating a skilled workforce to meet the demands associated with increased DOD investment in Guam. Full support for job training, education and assistance programs is especially important during this time of growth for Guam. I recommend that the Committee ensure that the DOL is budgeted sufficiently to allow for the extension of workforce investment programs to Guam. I am committed to working to ensure that Guam's contractors, its workforce, and the island as a whole benefits fully from this planned investment in infrastructure improvements on the island. And I look forward to the day when the Department of Labor opens a Job Corps center on Guam.



That Guam is a strategic asset to our national security of growing importance is evidenced by the planned increase in DOD investment in the island's bases. Guam is proud to serve the United States in this manner. But it is important that the federal government begin now to help the island prepare for this enhanced role. The Committee's support by means of providing budgetary headroom for the implementation of the findings of the Guam War Claims Review Commission and for increased workforce development programs and projects on Guam will go far toward achieving this goal. I appreciate the opportunity to submit this testimony for the record. Thank you for your consideration of my testimony.

[The prepared statement of Ms. Castor follows:]

PREPARED STATEMENT OF HON. KATHY CASTOR, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF FLORIDA

Mr. Chairman and Members of the Budget Committee, thank you for the opportunity to bring my concerns about the President's proposed budget before the Committee. As you proceed to consider the budget and the priorities for our nation, I want to point out the severe impacts that the President's proposed budget will have on our children, our elderly, our veterans, and on the providers who serve them.

The President's proposed budget is a predictable political statement favoring the wealthiest among us, while targeting the most vulnerable—and particularly their health. So simply put, the White House favors wealth over health. The President's actions don't match his words. He claims to have given us a fair budget and a path toward a balanced budget. Those claims of balance are false, but worse, the path he has chosen to reduce spending lies squarely on the backs of our neighbors back home who have little, and now will have less. This budget, if adopted, would hurt a lot of folks.

Yet many of the cuts in this budget directly reduce health care for children, seniors and veterans.

(1) HEALTH CARE FOR THE MOST IN NEED—MEDICAID

Medicaid, the program for our most needy families, is pregnant women, infants, and children in families earning about \$25,000 a year. It is for foster kids, for medically needy adults, and for a lot of our senior citizens in nursing homes. So when you hear there are Medicaid cuts, I would like us to really put a face on that and say they are going after the most vulnerable in this country, infants, poor kids, foster kids and seniors in nursing homes.

(2) HEALTH CARE FOR OUR SENIORS—MEDICARE

The White House proposed budget will hit another vulnerable group of our families, our seniors. The White House proposes to cut Medicare. I am from Florida, and a lot of folks retire down to Florida. They have worked hard all their lives, and this is really one of the only benefits that we can give them, in addition to Social Security. So what the White House budget is proposing to do is ask them to pay even more. They are asking our hardworking doctors to take a cut as well. The result of cutting pay for providers is that there will be fewer avenues for seniors to get good medical care. You see, I want my seniors to have the best medical care. I want them to see the best doctors, and I want those good doctors to stay in the Medicare system.

In Medicare, we must achieve savings through simplifying Medicare Part D, and requiring the Bush Administration to negotiate drug prices. In addition, we should target well documented overpayments to Medicare HMO managed care plans. The HMO profits are out of sight. CEO salaries are at skyrocketing levels.

(3) HEALTH CARE FOR OUR KIDS—SCHIP

The health care cuts would also hurt our children, our kids back home. The State Child Health Insurance Program known as SCHIP has provided a bridge for families who don't qualify for Medicaid, but still cannot afford health insurance. This program partners with States and our local communities and has done a pretty good job. Instead of building on this success, the White House says: Even though we are making progress, even though we still have such tremendous needs in this country for children to be able to go in and see a doctor, get their immunizations, get some advice on how to take care of themselves, they say we are instead, going to cut this valuable and effective program.

In the real-world, families, such as that of an old high school friend of mine, Nan Dorton, have to decide between providing food and shelter and purchasing health care for their children. Her husband has a job. They are provided with health insur-

ance through his employer. But you know how much it costs for that family to have the kids covered, \$700 a month. That comes to \$8400 per year, an amount that can wreck the budget of many working families. She said it was hard to choose whether to put food on the table or take the kids to the doctor and sign them up for health insurance. She said, you live in constant fear of your child having to go to the hospital. Forget preventive care that can keep them out of a hospital.

But then she found out about children's health insurance and Florida's KidCare program which is funded with SCHIP dollars. She said it revolutionized their lives because under these health services, they pay a \$20-per-month co-payment for all three kids, and they don't have any copays for hospital visits or prescriptions. We are saving a tremendous amount of money because they and other children covered by SCHIP are not showing up in the emergency room, where the cost is passed on to all of us in our health insurance programs or government subsidies. Because those families are healthier today, we are going to save that money and have healthier kids ready to go to school and become productive.

In sum, the priorities of the Bush budget are detached from the reality of American families—And I urge Congress not to balance the budget by cutting support for the most vulnerable, our seniors and our kids.

On SCHIP we must recognize that we save when we invest in our children. We can also achieve savings through reducing the costly bureaucracy that diverts money that could go directly to care.

#### (4) HEALTH CARE FOR OUR VETERANS—VA

There is another group hit hard in this budget. In the State of Florida, where I am from, we have the second highest number of veterans in the country, and in my district, I have the busiest VA center in the country, the James Haley Center, which saw over 1.5 million vets last year. That number is more than the population of the State of Kansas.

The Haley VA Center serves many returning Iraq war vets injured by IEDs and suffering through spinal cord injuries, brain injuries. Over the past 10 years we have gone from 2 million visits to over 5 million visits. How can we say to our veterans, put your lives and health on the line, but by the way we are cutting the amount for your care when we know the need will continue to grow. This affects not only the brave men and women who have faced harm in Iraq and Afghanistan, but it also affects those who have given great service to our country in previous conflicts. Is this a reflection of American values? Not where I come from. How can the White House send us a budget that steps back, at a time when the Bush-Cheney Administration is escalating the war in Iraq from the commitment to our veterans?

#### (5) HEALTH CARE SAFETY NET

The White House also wants to sock it to our safety net hospitals. Our hospital emergency rooms are required by law to all who come there. Have you all been to the emergency room lately, tried to get in? The long lines? I served as a County Commissioner prior to serving in Congress and the brave men and women in fire rescue who transport sick people to the emergency room told story after story about the ERs being so busy and so full, they would have to stay with the emergency patient in the EMS truck for hours because the emergency room was clogged.

Despite this ongoing crisis, the Bush administration says both by administrative rule and through its proposed budget, that we are going to cut money to those hospitals. In my district alone, in the Tampa Bay area, the impact on Tampa General Hospital, which is a level one trauma center: \$64 million. The great All Children's Hospital across the bay in Saint Petersburg: \$31 million; the great St. Joseph's Hospital: another \$20 million. Those costs will fall on those who will be denied health care, and will fall on those of us whose health care costs will have to be raised to compensate for the cuts, making it harder for many to afford health care. It is hard to imagine a more devastating approach to our health care system.

We are a better country than that. We need to set our priorities so that we do not try to balance our budget on the backs of the most vulnerable. We can move closer to a balanced budget by rejecting such cuts because the very programs that the Bush administration wants to cut are those that provide benefits now and avoid higher costs later. I urge this Committee to work with all of us in this Congress to provide support for those programs that protect our most vulnerable citizens and move us toward a healthier and more productive society.

[The prepared statement of Mr. Fossella follows:]

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

Thank you Chairman Spratt and Ranking Member Ryan for allowing me to testify before your Committee this afternoon.

My primary area of concern with the President's Fiscal Year 2008 budget centers on reductions in Medicare and Medicaid that could limit access to comprehensive medical care for seniors and low-income Americans. Let me begin by saying that my concern over these reductions does not blind me to the fact that we need to take steps to curb the spiraling costs of both Medicare and Medicaid to protect it for generations to come. However, we should not implement reforms that create undue burdens for patients or jeopardize the ability of doctors and hospitals to provide high-level care.

Earlier this month, the Medicare Payment Advisory Commission (MedPac) reported that Medicare payments are not keeping pace with the cost of providing care to beneficiaries. In fact, they are steadily and increasingly falling below cost. This is unsustainable and contrary to the goal of providing high-quality care for our seniors. The Administration's proposal seeks to reign in Medicare spending by targeting the bedrock of Medicare's care delivery—inpatient hospitals, outpatient hospitals, hospices, ambulance services, skilled nursing and inpatient rehabilitation hospitals and home health care. By either reducing the update factor or flat-funding these programs, the budget proposal has the potential to create widespread instability in the program.

In my district alone, the proposed reductions in Medicare would slash payments to our three hospitals by nearly \$110 million over the next five years alone. Clearly, these cuts would lead to a reduction in core Medicare services and leave Staten Island and Brooklyn seniors without access to the quality care they need and deserve.

Similarly, I am concerned the President's budget does not strike the right balance to address Medicaid's cost increases. The proposed cuts to Medicaid would devastate hospitals in New York City, including hospitals in my district.

For instance, the President's budget proposes to eliminate federal Medicaid dollars for graduate medical education (GME) payments to hospitals. This proposal alone would cut payments to the public hospital system in New York City by \$400 million in the first year alone.

In addition, the Administration has issued a proposed regulation that Congress previously rejected as part of the budget. The regulation would restrict how states finance their Medicaid expenditures and limit state reimbursement for only a narrow set of costs incurred by public providers. If enacted, this regulation would cut millions of dollars from virtually every public hospital in America. New York City's public hospital system would lose an estimated \$350 million in the first year alone of its implementation.

Combined, these two proposals would drastically reduce the ability of the public health system in New York to continue serving our constituents, with the greatest negative impact hitting the uninsured. In total, the public hospital system in New York City would lose an estimated \$750 million in the first year alone—and as much as \$3.6 billion over the next five years. These cuts would overwhelm and harm an already struggling hospital system.

While I have reservations about several of the health care budget proposals, I would like to commend the President for his dedication to providing high-quality health care to our nation's veterans. Since 2001, the President has increased funding for veterans medical care by 83%; overall, the President's budget recommends an almost \$11 billion increase over the estimated levels for FY07.

I'd also like to take this opportunity to highlight a specific issue included in the President's recommendations. The President's budget includes additional funding to expand the national cemetery system. The VA currently has a threshold of 170,000 veterans within a 75 mile radius to constitute the establishment of a national cemetery. The Department is conducting a study to examine the feasibility of this requirement and its applicability to urban and other unique areas. In New York City, the transportation implications of traveling as many as 75 miles prevents many veterans from accessing the cemetery within their service area. I would urge the consideration of additional funding to expand the national cemetery system so that alternative factors to mileage can be considered in determining accessibility.

9/11 HEALTH

Another crucial budget item for New York is the inclusion of a \$25 million place holder to provide health monitoring and treatment for first responders and workers suffering from 9-11-related illnesses as a result of their service at Ground Zero. This budget item represents the first time the Administration has proactively asked for

money to treat the unsung heroes of 9/11. I commend the President for such an important first step.

Many of these individuals are suffering from long-term illnesses as a result of inhaling Ground Zero's toxic plume. Some have even died from their sickness. A report released yesterday by New York City Mayor Michael Bloomberg revealed that 681,000 individuals are in need of medical monitoring, 410,000 people were "heavily exposed" to Ground Zero toxins and 30,000 responders are sick; 21,000 of them, however, do not have adequate health insurance.

Importantly, the Administration personally told me the \$25 million in the budget is a place holder. It is expected that these programs will need significantly more funding. In December 2005, Congresswoman Maloney and I successfully restored \$125 million in 9-11 funding rescinded in the FY2006 Labor-HHS Appropriations Bill. Of that money, \$75 million was made available to treat 9-11 illnesses for the first time ever. While that money was released to treatment programs last October, some estimates say it could dry up as early as this summer—putting the future of critical care for our 9-11 heroes in jeopardy. HHS is currently developing a "burn rate" for the existing funding. Assistant Secretary Dr. Agwunobi said his task force will develop a cost estimate for the program from that number within weeks.

As you develop the budget, I urge you to keep in mind the \$25 million is a starting point and any budget resolution should include a caveat for adding funding after the HHS estimate is completed in the near future. I would also like to point out that this isn't just a New York problem—it's a national problem. People from all over the country came to Ground Zero to help New York and our nation get back on their feet. Many are suffering the same illnesses as New York police and firefighters. Funding these critical programs will help those individuals as well.

#### HOMELAND SECURITY FUNDING

Despite the fact that New York is the number one target for terrorists, the City's share of homeland security funding was slashed 40% last year under the High Threat, High Density Urban Area Security Initiative (UASI).

As a priority, we need to ensure that homeland security programs are adequately funded—and that this funding is directed to the cities that face the greatest threat. Since the creation of UASI, funding levels to our highest-threat areas have continually fluctuated. This is extremely dangerous for our national security and creates needless uncertainty for police departments, first responders and others to prepare and carry out anti-terror activities. As the House continues to work with the Senate to pass a bill that overhauls the homeland security grant program to implement more comprehensive risk-based funding, I strongly encourage maximum funding for UASI.

In addition, I was pleased the President's budget proposed changing the state and territory guaranteed minimum funding level to 0.25% from 0.75% of the total amount for the State Homeland Security Grant Program (SHSGP). This percentage change effectively endorses a shift to risk-based funding, one of the principle recommendations of the 9/11 Commission. While we have made progress on this issue in recent years, Congress should send resources to fight terrorism where they are needed most, not based on arbitrary formulas. I look forward to working with all parties to achieve this important goal.

I want to thank you for this opportunity to offer my comments on the President's Fiscal Year 2008 budget. I hope you take my thoughts into consideration as the budget process moves forward. I look forward to working with you on these and other matters in the weeks ahead.

[The prepared statement of Ms. Eddie Bernice Johnson of Texas follows:]

#### PREPARED STATEMENT OF HON. EDDIE BERNICE JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

I want to thank Chairman John Spratt and Ranking Member Paul Ryan, and their respective staffs, for their work in developing the Budget Resolution for Fiscal Year 2008.

The Administration's budget fails to prioritize important social programs very much needed by the working poor. More specifically the President's budget fails to address adequately the needs of African Americans and other neglected minorities. It is deaf to the voices, concerns and needs of the poor, children and the elderly. The budget slights domestic priorities such as health care and education and it lacks progressive or visionary funding.

The shortsightedness of the Republican budget mirrors that of its drafters. The unconscionable tax cuts amount to an unprecedented \$2 trillion dollars and result in a \$400 billion deficit over the next three years. Awaiting the President when he took office in 2001 was a budget surplus of over \$236 billion dollars. At present, the President can only commit to balancing the budget by 2012. And to do this he uses unrealistic assumptions. The Administration is consistent in implementing policies that will only worsen the country's economy.

The budget lacks badly needed Alternative Minimum Tax reform and full funding for the Administration's military missions in Iraq and Afghanistan.

This budget relies on unrealistic projections for the economy and underestimates this country's growing fiscal problems.

The Republican budget proposals ignore the needs of Texans and all hard working Americans. It cuts Medicare by \$252 billion over ten years and ignores improving or funding alternative health care programs. The budget also cuts funding for the Department of Education by \$1.5 billion; and cuts funding for the Environmental Protection Agency by \$509 million. It also imposes new costs on already cash-strapped veterans' of \$4.9 billion over the next ten years.

We must implement a budget that better understands our nation's transportation system as the backbone of our economy. Instead, the President's budget cuts the general fund portion of Mass Transit programs by \$308 million. The budget also cuts funding for Airport improvements by \$765 million.

This budget is a disaster for my constituents in Texas. Two million Texans could see retirement benefits cut under the president's privatization proposal. Meanwhile, rather than help the 5.5 million uninsured Texans (the most in any state) the President's health care proposal will squeeze the Texas middle class with more costs and less coverage. This administration's budget includes \$78 billion in Medicare and Medicaid cuts and billions in new premiums that threaten to endanger Texas' 2.5 million Medicare patients' access to needed care. Shortfalls in state grants for children's health care will add to the ranks of Texas' 1.4 million uninsured children.

At a time when states like Texas are cutting back on funding needed social programs, this Administration is funding non-emergency programs and appropriating billions of dollars on a war that rightly belongs to the Iraqi people.

[The prepared statement of Mr. Kucinich follows:]

PREPARED STATEMENT OF HON. DENNIS J. KUCINICH, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF OHIO

Thank you Chairman Spratt and Ranking Member Ryan for allowing me to testify. I represent part of Cleveland and many of its suburbs. But I am not here today to advocate for local funds. I am here to offer a new approach to resolving a national problem. This issue affects Cleveland to be sure, but it also drags down the economy in every other congressional district.

The concern and solution I bring to you today is the decline and disrepair of the U.S. infrastructure system. I speak of bridges, highways, schools, wastewater treatment plants, drinking water systems, etc. Like every Member of Congress, every Member of the Committee on Budget can think of at least one major infrastructure project in their district that lacks funding. And today, I offer us all a solution. I propose a financing mechanism that taps the Federal Reserve as a financing bank to provide zero interest loans, thus greatly reducing the costs of infrastructure improvement.

We all see the current crisis in our infrastructure. It is something we see every day when we sit in traffic bound by orange barrels that line our highways. It is something that schoolchildren experience at their desks, crowded together under leaking roofs. And beachgoers experience at the sidewalk when the municipal sewer systems overflow. These incidents happen every year and happen with increasing regularity as systems age. Infrastructure problems threaten our productivity, our economy, our environment and our health.

What will it take to fix these problems? Nationally, it would take more than \$1.6 trillion to bring our country's roadways up to speed according to a report released in 2005 by the American Society for Civil Engineers. According to the American Institute of Architects, one in every three American public schools needs major repair. The Department of Education found we need \$127 billion to bring schools nationwide into adequate conditions. And in a study by the Water Infrastructure Network, it would take \$1.3 trillion over 20 years to build, operate and maintain drinking water and wastewater facilities.

Add to those staggering sums of money the necessary funding to replace and repair devastated infrastructure from the Katrina disaster. Estimates from Risk Management Solutions (RMS), a private-sector company that provides services for the

management of insurance catastrophe risk, suggest that total losses—insured and uninsured—from both hurricanes (Katrina and Rita) approach \$140 billion, the bulk of which is due to Hurricane Katrina.

The people of Katrina are returning to nothing and the first task is to rebuild the basic infrastructure. The Center for Business and Economic Research at Marshall University estimated that Hurricane Katrina has generated commercial structure damages of \$21 billion, commercial equipment damages of \$36 billion, residential structure and content damages of almost \$75 billion, electric utility damages of \$231 million, highway damages of \$3 billion, sewer system damages of \$1.2 billion and commercial revenue losses of \$4.6 billion.

With these extraordinary needs, it is no wonder that municipalities have not been able to make up the difference as the federal government has gradually decreased infrastructure support. Putting aside all partisan issues, the current deficit is real and everyone agrees it must be reduced. That reality makes massive federal investments unlikely.

My solution would create a low-cost federal financing mechanism to administer billions of dollars in zero-interest loans every year to localities for infrastructure projects. Financing costs for any project add substantially to the cost of the project, therefore zero interest loans make local dollars go significantly further. States would be totally responsible for choosing which projects to fund with the loans according to their specific needs.

This bill would create the Federal Bank for Infrastructure Modernization (FBIM). The bank, as an extension of the Federal Financing Bank under the Treasury, would administer the loans. The loans would bear a small fee of one-quarter of one percent of the loan principle to cover the administrative costs of the FBIM.

In order to provide the money for the loans, the FBIM would hold a portion of the Treasury securities that the Federal Reserve normally holds. By transferring billions of dollars annually to the FBIM, it would still allow the Fed to operate as it does now to add liquidity to the system. The Fed, instead of buying securities, would buy the mortgage loans of the states. This way, the FBIM's finances would be integrated by the Federal Open Market Committee so as not to disrupt its ability to promote economic stability.

The actual amount could be varied so these funds could be used as a tool to foster stable economic growth. During times of economic slowdown, the FBIM could make more loans available to spur investment. During times of economic boom, the FBIM could make fewer loans available.

The needs are so great that our old ideas just won't work. If we talk about the hundreds of billions of dollars needed to make infrastructure a workable, productive system, the sum overwhelms nearly every idea we've had in the past.

The President's domestic discretionary budget is \$391.7 billion. The needs are much greater than that. Even for certain needs, like school construction, we would have to spend one-third of his budget. To repair structurally deficient bridges, we would have to spend one-fourth of his budget. It is unimaginable that we will fully address even one of these areas.

We must be creative. We must think of ways of solving problems that are outside-the-box. That is exactly what this proposal is and why it needs the support of the Budget Committee. The Committee's backing of this bill reflects an understanding that our nation is asking for innovative, bipartisan solutions.

The Federal Bank for Infrastructure Modernization is a tool for leveraging the necessary funds. Cities and states would still be responsible for paying the net cost of the project, but by making the loans zero-interest, it cuts the overall cost of the project in half. This is a workable solution that goes a long way in addressing infrastructure needs.

I come here today to seek the support of the Budget Committee. With your leadership, this bill could provide the ingenuity, the essential boost that projects need.

[The prepared statement of Ms. Matsui follows:]

PREPARED STATEMENT OF HON. DORIS O. MATSUI, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF CALIFORNIA

Chairman Spratt, Ranking Member Ryan, and Members of the Budget Committee, I appreciate the opportunity to testify regarding the President's proposed budget for the 2008 fiscal year. As members of the Committee know well, the budget serves as a roadmap for the nation's priorities. I commend Chairman Spratt and Members of the Committee for their commitment to fiscal discipline and to crafting an honest and pragmatic budget resolution. Reinstating Pay-Go rules was an important first step toward putting the nation's fiscal house in order, and I am optimistic that the Committee will draft a budget resolution that will continue on the

path to fiscal discipline, while making smart investments for the future in areas including health care, education, energy research, science and the nation's infrastructure. Of course, resources are limited and the Committee will face difficult choices in the weeks ahead. Through my testimony, I hope to inform the Committee's deliberations as it begins the FY 08 budget process.

In examining the President's proposed budget for FY 08, I wanted to share with you a few key priorities for my constituents in Sacramento. My top priority in Congress is protecting my district from flooding. Statistically, Sacramento is the single American river city most likely to experience a catastrophic flood in the near future, and I am committed to working with my partners at the federal, state, and local levels to ensure that our homes and communities can withstand such an event. From a budgetary perspective, these efforts depend on full funding for authorized flood protection projects in the Army Corps of Engineers budget. The Corps, along with the Bureau of Reclamation, constructs the dams and levees that are vital to the safety of my constituents and those in other vulnerable locations around the country. The President's budget funds Army Corps projects at 8.6% below FY 07 levels. Such a cut could potentially put key flood protection projects behind schedule, further endangering our constituents across the country. I urge the Committee to consider fully funding these projects in allocating resources to the Natural Resources and Environment budget function.

Another program that ensures the safety of my constituents in Sacramento and Americans in cities across the nation is the Urban Area Security Initiative in the Department of Homeland Security's budget. The UASI grant program plays an important role in protecting our critical infrastructure from terrorist attacks. Congress must ensure that in high-risk urban areas first responders and law enforcement have the resources they need to protect our cities from foreign and domestic threats. I hope you will consider the importance of the UASI program in determining allocations for homeland security-related budget functions.

In your consideration of the Health budget function, please consider the importance of the National Institutes of Health budget, particularly the National Children's Study. The National Children's Study follows 100,000 children from birth to age 21 to provide an understanding of how environmental factors affect health and disease. It holds the potential to provide critical answers to the root causes of autism, asthma, obesity, childhood diabetes, and other illnesses. It may also be of note to this Committee that according to the NICHD, the Study's benefits will save between \$3.5-\$5.5 billion per year in avoided health care costs. This single-year savings is roughly double the Study's cost over its more than twenty-five year period of research. Clearly, the National Children's Study is a key investment in the long term health of our nation, for our children and our children's children. I am concerned that the President's budget recommends eliminating the National Children's Study and recommends an overall NIH budget \$210 million below the FY07 levels. The NIH is doing vital work in so many areas, and thorough funding for NIH will allow outstanding research to continue to be performed. I hope you will keep NIH and the National Children's Study at the top of your mind in considering the Health budget function.

I would also call attention to the Corporation for National and Community Service. Each year, the Corporation engages more than 3.8 million Americans in a wide array of service opportunities through its core programs, which include: AmeriCorps State and National, AmeriCorps National Civilian Community Corps (NCCC), AmeriCorps Volunteers in Service to America (VISTA), Learn and Serve America and Senior Corps. These programs help drive vital organizations like CityYear and Habitat for Humanity who receive grants from the Corporation every year.

The importance of having a strong network of trained volunteers has never been more evident than after the devastating hurricanes in the Gulf Coast. In fact, since September 2005, more than 35,000 national service participants have provided humanitarian assistance to the victims of Hurricanes Katrina, Rita and Wilson and have played a pivotal role in the Gulf Coast's recovery efforts, helping to recruit and manage an additional 120,000 community volunteers. Through the national service programs, volunteers established and operated shelters, cleared debris, provided meals and social service, put tarps on roofs, sanitized homes, and provided hope to those uprooted and displaced by the storms.

In particular, AmeriCorps\*NCCC members have proven to be adept intermediaries between our first responders and others in the community. Local first responders in my district of Sacramento have explained that because NCCC members are 100% disaster trained and readily deployable, they are able to come into a situation and immediately assist at any level of the operation, thereby freeing up our first responders and law enforcement. In fact, NCCC members were deployed to the

Gulf Coast within 24 hours of Katrina making landfall and continue to assist with the relief and recovery efforts.

The Corporation needs a robust appropriation that will preserve this continuum of service and engage more Americans in this critical work. I urge the Committee to consider these programs in determining the Education, Training, Employment, and Social Services budget function so we can send a positive message to those who want to build a better tomorrow for those in need.

A final priority for my constituents is moving toward a clean energy economy and fighting the looming threat of global warming. To do this, it is essential to fully fund the Department of Energy's Office of Energy Efficiency and Renewable Energy (EERE) in the Energy budget function and DOE's Office of Science in the General Science, Space and Technology budget function. Funding the research and development programs at these offices will lay the foundation for breakthrough technologies that have the potential to transform our energy economy while helping us make progress to halt global warming. While the Office of Science receives a sizable funding increase in the President's budget, the \$1.24 billion request for EERE represents essentially flat funding relative to FY 06, a request that vastly understates the urgency of investing in clean energy research and development. I hope that energy research and development will be funded in the budget resolution at a level commensurate with the energy policy challenges facing this nation.

Another important tool which helps reduce global warming is the Diesel Emissions Reduction Act (DERA). In California specifically, we face significant challenges related to our air quality, water supply, and flood vulnerability, and the initiatives authorized under DERA will help us combat the risks posed by polluted air, increased mountain runoff, and global warming. Authorized in the Energy Policy Act of 2005, DERA encompasses a broad range of programs designed to limit harmful diesel emissions through engine retrofits, idling reduction initiatives, and a variety of grants and loans at the state and local levels. As such, DERA is essential to our efforts to fight global warming, clean the air, and protect the general population. The President's FY 08 Budget request provides \$35 million for DERA programs, a sizable reduction from the FY 07 proposal of \$49.5 million. I urge the Committee to join with the bipartisan coalition that has championed DERA since its inception, and help restore funding for these essential initiatives through the FY 08 budget resolution.

I very much appreciate the Committee's consideration of these budget priorities. The deteriorating fiscal situation and the impending retirement of the baby boomers certainly places the Budget Committee in a tough position. But now is a time of opportunity when Congress can act on behalf of our children and grandchildren, and truly align this nation's priorities with those of all of the American people. I hope my testimony will help the Committee toward that important end. If I can provide further information or answer any questions, please do not hesitate to contact me. Thank you very much.

[The prepared statement of Mr. Neugebauer follows:]

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

Maintain tax relief because of benefits of tax relief to revenue, economy and deficit.

Need to support troops.

Spending is the key: Need to hold down domestic discretionary. Need for reform of mandatory programs.

We can balance this budget, and we are very close to balancing it now. If we were doing a better job on the spending side, we could balance the budget.

Savings from 2002 Farm Bill and lower baseline for programs—ag has contributed to deficit reduction and need to support 2007 Farm Bill.

Dangers of Democrat PAYGO.

[The prepared statement of Mr. Roskam follows:]

PREPARED STATEMENT OF HON. PETER J. ROSKAM, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF ILLINOIS

I applaud the Administration for making bold moves in fiscal policy to balance the federal budget by 2012 by maintaining successful pro-growth economic policies, reforming entitlements, and most importantly, doing it without raising taxes. Spending in the President's Fiscal Year 2008 budget proposes an average increase of 3.1% per year over the next 5 years, a reduction from last year's average growth projection of 3.6% over the same period.



Current entitlement spending puts the U.S. economy on a path to disaster. As Members of Congress, we must rein in wasteful spending in order to protect these important programs for those who need them most: the elderly, women and children, and the disabled. Entitlements consume more than half of the entire federal budget, and are projected to grow by nearly six percent per year—faster than the entire economy. At this rate, by 2040, the operating costs for these programs will equal the current operating costs of the entire federal government. While I do not agree with the Administration one hundred percent on how we should go about reducing the outrageously expensive cost of entitlement programs, I do believe that this budget sends a serious message on the need to reduce spending in order to sustain entitlement programs.

I also commend the President's proposals to return tax dollars to the hard-working families and small businesses of my district. I believe we need to make permanent the tax cuts enacted in 2001 and 2003. We need to extend AMT relief and the R&D tax credit, and work to keep important health care decisions in the hands of patients by supporting Health Savings Accounts and promoting new health deduction initiatives. These policies have already spurred economic growth and helped to create over 7.2 million new jobs.

The State of Illinois ranks 46th in the nation for job growth, so I can assure you that I know firsthand the disastrous consequences of an economic policy agenda based on burdensome regulations and lack of incentives for innovation, research and development. Instead of continuing these stifling economic policies, I have promised to fight to rein in out-of-control spending, reduce the cost of entitlements, and maintain the tax incentives that built sustained economic growth and job creation since their enactment in 2001.

Included in this testimony are thoughts on some other sections of the FY2008 Budget Proposal:

#### EDUCATION

A strong education system is the backbone of our economy and absolutely vital to our nation's strength and growth. However, while I support \$1 billion in additional funding for the No Child Left Behind (NCLB) program proposed in the FY2008 Budget Proposal, I harbor serious concerns that the NCLB program is not performing as well as it could be. As the 110th Congress looks to reauthorize this program, I plan to consider carefully the ways in which we can improve it. This reform must reduce unnecessary and ineffective red tape that hinders achievement in our classrooms, apply fair standards for students with disabilities, and emphasize the use of an individual student's achievement as a benchmark for improvement. As a former high school teacher, I know the challenges facing our education system. It is essential that parents, teachers, and community leaders take the lead role in promoting a quality education for all of our students. We can do our part by working to reduce bureaucratic regulation and empowering local leaders to provide all of our children a bright future.

I am also pleased to see the Administration's proposal to encourage greater access to college for low-income students by increasing the Pell Grant maximum award from \$4,050 to \$5,400. In comparison to legislation the House passed a few weeks ago, which reduced interest rates on student loans for current college students, a Pell Grant increase directly addresses the issue of inequality in access to higher education.

#### HOMELAND SECURITY

In reviewing the Administration's homeland security funding proposal I must raise some issues of concern. The reductions to the Urban Area Security Initiative (UASI), the Law Enforcement Terrorism Prevention Program (LETPP), and the State Homeland Security Grant Program (SHSGP) would negatively impact my constituents by potentially ending many terrorism prevention and coordination activities at the state and local level. DuPage and Cook Counties' first responders are working tirelessly to prevent threats to the Chicago area's many potential terrorist targets, and reducing their funding is simply unacceptable. We must provide our first responders and local law enforcement the tools they need to keep our families and communities safe.

#### HEALTH CARE

When we discuss the need to pull in the reins on the budget, health care is at the top of the list. Studies have shown the more government involvement in health care, the higher the costs within the industry. Specifically, the need to reform the out-of-control growth of Medicare and Medicaid is a must. The Administration takes

a daring move in tackling this uncontrollable growth to ensure sustainability of the health care programs which support those most in need. I am a strong advocate in reducing growth of essential health care programs. However, I would like to encourage the message of caution when the Committee is deciding where savings should be found. Some of the recommended policy cuts by the Administration, such as a reduction in the market basket update for inpatient and outpatient care, as well as a four-year phase-out of reimbursement for Medicare bad debt across service types, could cost hospitals in Illinois up to \$623 million. Specifically, Adventist GlenOaks Hospital, which is a large provider of the underserved and uninsured population in my congressional district, could potentially stand to lose almost \$3 million. Therefore, we should proceed with good sense to ensure any program reductions we enact do not have unintended consequences on our hospitals. Unfairly saddling them to pay for additional uncompensated care could threaten the access to health services for those most in need. The hospitals in my congressional district directly employ over 10,000 people, paying out over \$643 million in wages and generate approximately \$212 million in federal taxes. It is imperative to my congressional district's local economy that these hospitals remain financially secure to serve the community.

While I have concerns for my hospitals, I have found a bright spot in the President's FY 2008 budget proposal with its' funding of \$1.988 billion for community health centers. Community health centers, such as the Martin T. Russo Family Health Center in Bloomingdale, IL, are crucial to ensuring the uninsured and low-income population has access to reliable, high-quality health care. Community health centers serve everyone, regardless of their ability to pay, in a cost-effective and efficient manner; all accomplished through locally-controlled patient boards. The health center in Bloomingdale is a member of a larger Chicago-based network, the ACCESS Community Health Network. One in four patients treated by this network is uninsured. ACCESS responsibly leverages its federal dollars with state and private funds, and partners with local hospitals to strengthen the health safety net in the community by promoting preventative care and keeping patients out of costly emergency rooms. Study after study has shown that people who regularly visit a health center reduce other health care expenditures by more than thirty percent. Further funding of this program will increase the availability of health care and reduce federal Medicaid and Medicare costs and also unnecessary emergency room visits at neighboring hospitals.

#### MANUFACTURING

I am very concerned with the fifty-seven percent proposed cut to the Manufacturing Extension Partnership (MEP). With approximately 140,000 of my constituents employed by the manufacturing industry, the retention and growth of this sector is a must. The Chicago Manufacturing Center (CMC) is the MEP center that serves the seven county Chicagoland area, which includes DuPage and Cook Counties in my congressional district. In 2004, CMC clients reported increases and retentions of \$110.1 million in sales, hired 194 people for newly created jobs, and saved 527 jobs. With manufacturing contributing one-third of all corporate taxes for state and local governments, the MEP program is vital to ensuring the economic well-being of my district.

#### ENERGY

The last budget issue I would like to address is energy. I was pleased to see the President request an increase of \$73 million for the Department of Energy's Office of Energy Efficiency and Renewable Energy. It is absolutely vital that we provide additional resources and incentives for private sector investments to wean our economy off of our dangerous dependence on foreign oil and reduce emissions that destroy our natural environment, all without causing a loss of jobs in the manufacturing industry. The Gas Technology Institute in my Congressional district is leading the way in the quest for alternative and renewable energy solutions.

Mr. Chairman and Ranking Member, thank you for the opportunity you have presented me today. I am hopeful the House Budget Committee will take into consideration my constituent's priorities and will be reflected in the Fiscal Year 2008 Budget Resolution that comes to the House Floor later this Congress.

[The prepared statement of Mr. Sarbanes follows:]

PREPARED STATEMENT OF HON. JOHN P. SARBANES, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF MARYLAND

As the committee continues its budget deliberations for fiscal 2008, I am writing to ask you to reject the President's assault on working families. Instead, we must refocus our national priorities to ensure that fairness, opportunity and fiscal responsibility are at the top of the list. Although the President's budget proposal has enormous deficiencies across the board, I wanted to draw your attention to a few specific shortcomings because of their direct impact on my constituents.

My experience in the health care field has made me keenly aware of the shortcomings of our national health care system. It is a tragedy that approximately 47 million Americans have no health insurance. In the state of Maryland, the uninsured population has swelled to nearly 800,000 residents, or more than 10 percent of the population.

It is difficult to overstate the importance of federal health programs to underserved populations, or to state budgets. Maryland currently spends 18% of its general fund budget on medical assistance. Without fundamental changes, it is projected that Maryland will spend nearly one-fifth of its general fund on medical assistance by FY 2011. The following programs are critical to sustaining services to low income and uninsured populations, as well as assisting states to pay for medical assistance programs:

- Restore the President's cuts to Medicare and Medicaid and avoid reductions in benefits or increases in premiums.
- Provide sufficient funding for the SCHIP program to at least maintain benefits for those now receiving SCHIP and work to expand coverage.

For the last eight years, I also served as special liaison to the Baltimore City Public School System for Maryland's State Superintendent of Schools. In this capacity, I worked closely with educators and school administrators and saw first hand the impact of inadequate federal funding on meeting the requirements of No Child Left Behind, providing a quality education for children with special needs, closing the achievement gap, and many other areas. We need to set the federal budget on a course to meet past promises:

- Move toward full funding for NCLB.
- Move toward paying the federal government's fair share of IDEA.
- Reconsider the President's arbitrary elimination of important education programs.

Maryland is no different than many communities around America in that our state's critical infrastructure is in dire need of upgrade. During my campaign, I often talked about the need to reinvest in America as a means of strengthening our nation's infrastructure, but also as a job creator for thousands, if not millions of Americans. The result will be stronger communities and a more secure America.

Where Maryland may differ, however, is that the operation of the federal government disproportionately strains our state's transportation infrastructure, schools, housing needs, and water and sewer capacities. The 2005 BRAC round, which is a tremendous opportunity, also poses an enormous challenge as Maryland's military facilities gain tens of thousands of new positions.

In Maryland, we are very proud of the military installations across our State and we stand ready to support these facilities. There are several federal programs that will aid the state in preparing for these new incoming defense workers. This funding, to be used in coordination with significant state and local resources, is critical in order to assimilate these hard working men and women in a way that maintains the state's environmental integrity and is least disruptive to quality of life in Maryland's communities. The following programs are critical to achieving these goals:

- Fully fund the President's request for Base Realignment and Closure.
- Restore the President's cuts to the Clean Water State Revolving Fund.
- Increase funding for the EPA's Chesapeake Bay Program and other Bay cleanup efforts.
- Fully fund authorized levels for highway and mass transit programs.
- Provide adequate funding for Amtrak.
- Restore the President's cuts to the Community Development Block Grant program.
- Ensure adequate funding for the Army Corps of Engineers to execute important navigation and environmental projects.
- Increase funding for Impact Aid.

Again, thank you for the opportunity to testify today. I look forward to working with the Committee to ensure that our Nation's domestic and international priorities are met in the upcoming fiscal year. Should you need additional information, please feel free to contact me or my staff.

[The prepared statement of Ms. Solis follows:]

PREPARED STATEMENT OF HON. HILDA L. SOLIS, A REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF CALIFORNIA

Chairman Spratt and Ranking Member Ryan, thank you for allowing me to speak with you today to share with you my budget priorities for Fiscal Year 2008. I would like to start by saying that I recognize our difficult budget situation. The cost of the war in Iraq, coupled with tax cuts for the nation's wealthiest, have forced our backs against the wall when it comes to domestic spending. I cannot condone, however, a budget which continues to defer needed investment in public health care, the environment, and education. We must prioritize investments in these areas if we are to guarantee a healthy, productive future for our children and families.

HEALTH CARE

Ensuring access to quality, affordable health care is one of the most important challenges we face. As the Chair of the Congressional Hispanic Caucus Task Force on Health and the Environment, and a member of the Energy and Commerce Subcommittee on Health, I am deeply concerned about the impact of the President's proposed budget on minority populations.

More than 46 million Americans are uninsured, including more than one out three residents in the communities I represent in East Los Angeles and the San Gabriel Valley in Southern California, and 14 million Latinos nationwide. Sixteen percent of Latino children in families below 300 percent of the Federal Poverty Level in Los Angeles County lacked health insurance for at least part of 2005. Nine million children, including 202,000 in Los Angeles County are uninsured. Five million uninsured children are from communities of color, including 3.5 million (or one in five) Latino children.

According to the Kaiser Family Foundation, uninsured children are five times less likely to have visited a doctor or dentist in the past two years compared to insured children. Fewer doctor visits can lead to serious health problems as well as costly emergency room visits.

Yet, the budget submitted last week appears to leave our seniors and children with fewer choices and greater costs. First, the proposed budget fails to responsibly address the issue of insuring children. If the budget does not include additional funding to fully address the SCHIP shortfalls and account for growth in the program, many current SCHIP beneficiaries will lose their health care and the un-enrolled but eligible children will continue to lack coverage.

The budget also fails to take into account the number of eligible but un-enrolled children in SCHIP. Seven in ten uninsured children are eligible for public programs such as Medi-Cal, Healthy Families, or Healthy Kids, but obstacles such as language and cultural barriers may delay or block enrollment. Federal support is needed to enroll uninsured eligible children, with an emphasis on linguistic and cultural competence.

I urge my colleagues to consider the valuable role community health workers are playing across our country. Community health workers are bilingual, culturally competent professionals who provide a wide array of services, mostly to immigrant populations, such as health education, advocacy, and enrollment in health insurance programs. A recent report in the Journal of the American Academy of Pediatrics compared the effectiveness of community workers with traditional Medicaid and SCHIP outreach and enrollment. This authors of this study found that families who interacted with community health workers were eight times more likely to obtain health insurance for their children. Almost 96 percent of children who worked with promotoras in the study obtained health insurance and 78 percent were insured continuously!

This study proves that community health workers can reduce the number of uninsured children. The overall cost of providing grants to community health workers so they can assist in ensuring children access health care is \$24.5 million over five years—a small price given the large benefit health care has on children.

As proposed, the budget neither envisions providing coverage to un-enrolled but eligible children nor does it suggest new ways to ensure that those children who are eligible but uninsured are receiving needed care. We must ensure that our budget places a priority on children's health by including \$60 billion over five years for SCHIP reauthorization and \$24.5 million for outreach programs through community health workers.

I am also concerned about the virtual elimination of health professions training programs in the budget submitted last week. These training programs are needed tools to ensure that our workforce reflects the diversity of our nation. Communities

of color bear the brunt of the impact of the lack of health care, struggling disproportionately from diseases such as diabetes and obesity. Yet this budget fails to place a priority on culturally and linguistically competent care. Without health professions training, those communities struggling with cultural and linguistic barriers will continue to lack service and care needed. By supporting health professions training programs we are ensuring that future generations will receive appropriate health care and that health disparities will be reduced.

Perhaps some of most important resources our communities have are our Community Health Centers. Unfortunately, the proposed budget targets Community Health Centers, domestic HIV/AIDS programs, and maternal and children's health programs by \$4 billion over five years. I hope we can work together to support the health of our communities by placing making them a funding priority.

#### ENSURING A HEALTHY COMMUNITY ENVIRONMENT

Our budget must also invest in infrastructure which sustains a healthy community. Unfortunately, under the budget received last week, environmental programs such as pollution control will sustain cuts of \$5.5 billion over five years. I find these proposed cuts, particularly cuts at the Environmental Protection Agency, disingenuous given the failure of the EPA to testify about its budget under the Bush Administration. I look forward to having this discussion with the Administrator in the coming weeks.

Several of these cuts will have very real impacts on our nation's most vulnerable communities. Over the past several years the EPA has proposed cuts of approximately 30 percent to environmental justice programs and such a cut is included in the budget we received last week. The proposed budget cut comes on the heels of a report by the EPA's own Inspector General which identified the failures of the EPA to implement environmental justice programs, which stated that until the program and regional offices perform environmental justice reviews, the EPA "cannot determine whether its programs cause disproportionately high and adverse human health or environmental effects on minority and low-income populations." Each year Congress has recognized the importance of protecting minority and low-income communities, and I hope that, like years past, we can reinstate this funding.

I am also very concerned about the impact leaking underground storage tanks are having on our groundwater supplies. Underground storage tanks that leak petroleum or other hazardous substances can contaminate nearby soil and groundwater, which serves as the source of drinking water for nearly half of all Americans. Individuals coming into contact with this contamination, which can contain known carcinogens, could experience health programs ranging from nausea to kidney or liver damage. Funding for cleanup of these tanks is financed largely by a \$.001 per gallon excise tax on gasoline and other motor fuels. Unlike other funds, this Trust Fund has a surplus of \$2.67 billion which should be spent to clean up the 117,000 leaking tanks. Unfortunately, the President's budget only requests \$72.4 million for FY 2008, less than .005 percent of the amount available. I urge my colleagues to release these funds so our groundwater supplies may be protected, rather than holding them hostage to the deficit.

Critical to ensuring a healthy community is ensuring clean air. However, the Administration's budget slashes federal funding for state and local air quality programs by \$35 million, seriously undermining state and local clean air programs which are needed to protect public health. Proposed cuts could result in state and local agencies being forced to lay off staff or leave vacancies unfilled, shutting down existing monitors or otherwise curtailing monitoring programs. For communities such as the one I represent, these monitoring programs have been critical to protect the health of vulnerable communities, such as the health of the students whose elementary school playground is right next to an open gravel pit. The health of our communities is dependent upon a strong federal commitment to clean air.

Finally, we must not ignore the needs of our low-income communities to afford their heating and cooling bills. The submitted budget cuts weatherization programs by 41 percent and assistance programs for low income \$200 million. This budget also fails to address the disproportionate impact global warming will have on low-income and communities of color. I strongly recommend that the proposed cuts to weatherization programs (which are a hand up, not a hand out) and LIHEAP be rejected, and a strategy to address climate change includes tools to mitigate the impact it will have on communities of color.

#### SECURING WOMEN'S HEALTH—DOMESTIC VIOLENCE

For women throughout the United States, the foundation of their health is their safety. Congress' passage of the reauthorization of the Violence Against Women Act

was one of the most important legislative accomplishments for women in the 109th Congress. Unfortunately, violence against women is still all too common in our country. Nearly one in every four women experiences at least one physical assault by a partner during adulthood. Yet, only one in every seven (14 percent) domestic assaults comes to the attention of police. Four out of ten victims of domestic violence live in households with young children, who most likely witness the abuse.

For women of color and immigrant women, the effects of domestic violence can be exacerbated by spouses who control their immigration status and services that are not linguistically or culturally competent. I worked very hard with my colleagues throughout the long process of drafting VAWA to make sure that the unique needs of communities of color were addressed in the bill.

Two provisions that I authored to help women of color who are victims of violence were included in the final version of VAWA. One of my provisions will provide funding for programs that educate minority and immigrant communities on how to prevent domestic violence and let them know what services are available to victims. The second provision I authored will help communities establish specialized domestic violence courts in order to expedite the processing of domestic violence cases. Specialized domestic violence courts have been proven to cut the processing time of domestic violence court cases, decrease the backlog of court cases, raise the conviction rate and lower the rate of repeat offenders. My provision will also provide funding for translation and interpretation services in these courts.

We made significant improvements in VAWA 2005 for women of color and immigrant women who are victims of violence, and Congress must reinforce these provisions with increased funding. Unfortunately, the President's fiscal year 2008 budget proposal ignores the increased funding levels that Congress laid out for VAWA programs. Instead, the President is proposing to block grant the Department of Justice VAWA programs and fund them at only \$370 million, an increase of barely more than \$2 million to the overall funding for those programs. The full funding level authorized for VAWA programs in the Department of Justice for 2008 tops \$600 million.

There is also a critical need to fund VAWA programs in the Department of Health and Human Services that support direct services and prevention programs. The President's budget proposes just over \$176 million for these programs, and funding for these services has remained roughly level for several years, despite an increase in the number of victims coming forward. There are over 2,000 community-based domestic violence programs across the United States that provide emergency shelter to approximately 300,000 women and children annually, as well as crucial services such as counseling, legal assistance, and preventative education to millions of women, men, and children. These services and other prevention and intervention efforts are authorized at \$320 million in VAWA 2005. Mr. Chairman, if we are really serious about ending violence against women in our country, then we must live up to the commitments made in VAWA 2005 and significantly increase funding for these programs.

As the co-chair of the Congressional Caucus for Women's Issues in the 109th Congress, I helped lead letters to the Bush Administration and appropriators in the House asking that VAWA be fully funded based on the levels that Congress laid out in the reauthorization. At this time, I would like to submit for the record a letter that the Women's Caucus helped lead and was signed by 167 Members of Congress. This letter was sent in July to the Department of Justice and the Department of Health and Human Services asking that, in their recommendations to the Office of Management and the Budget, VAWA be funded at the full authorization levels. Unfortunately, the priorities of more than one-third of Congress are not shared by the Bush Administration, and instead they have transmitted this dead-on-arrival proposal to stagnate VAWA funds and block grants the few funds they propose.

I urge you to act in the best interest of women and children around the country who are victims of domestic violence and reject the President's ill-conceived VAWA block grants and his flat funding for VAWA programs. Women and children, including and especially immigrant women and communities of color, need Congress and the Bush Administration to fully fund the improvements made in VAWA 2005. I look forward to working with you and your colleagues, Mr. Chairman, as you craft a more sensible and balanced budget resolution that better meets the needs of women and children who are victims of violence.

#### PROTECTING OUR CHILDREN'S FUTURE—SECURING HIGHER EDUCATION

Education is the key to opportunity for all who live in America. This is particularly true for Latino and other minority and low income students. However, I am concerned that the President's budget terminates various key need-based student

aid programs, such as the low interest Perkins Loan program, the Leveraging Educational Assistance Program (LEAP), and the Supplemental Educational Opportunity Grant (SEOG) program.

As tuition fees at schools increase, the Administration's cuts in student aid will put college further out of reach for many low-income students. For many low income working class students, financial barriers are the determining factor in whether or not they will successfully complete college. Instead of helping allow our students achieve greater college access, this budget does little to close the college gap.

#### CONCLUSION

Chairman Spratt, Ranking Member Ryan and Members of the Committee, thank you again for allowing me to speak with you today about budget priorities for Fiscal Year 2008. I respect the difficult task which lies ahead and urge my colleagues to place a strong investment in public health care, the environment, and education. Simply put, we must prioritize investments in these areas in order to guarantee a healthy, productive future generation.

Thank you.

[The prepared statement of Mr. Stupak follows:]

#### PREPARED STATEMENT OF HON. BART STUPAK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Chairman Spratt, Ranking Member Ryan, thank you for allowing Members of the House to testify before the Budget Committee. I know that assembling a budget that meets the needs of working class Americans after six years of deficit spending is no simple task. I appreciate this opportunity to share with you my thoughts on the President's Fiscal Year 2008 budget request and where Congress should be investing more.

#### SOO LOCKS

First, I would like to speak to a critical infrastructure project that the President has left out of his budget the past six years. The Soo Locks divide two Great Lakes: Superior and Huron. The Locks are made up of four locks that play a vital role in moving freight through the upper Great Lakes. Each year, more than 80 million tons of freight move through the Locks.

As lake vessels have grown in carrying capacity and size, the existing large lock, the Poe, is the only one which can accommodate their massive frames. Two-thirds of the carrying capacity of the U.S. Great Lakes fleet is now limited to the Poe lock. If the Poe Lock were rendered unusable for any reason, it would disable industry in the Great Lakes, halting the shipment of ore, coal, wheat, and other commodities. The steel industry would be especially hard hit as 70 percent of all raw materials used in the steel industry travel through the Soo Locks. This would create significant economic and homeland security problems. Recognizing this, in 1986, Congress authorized the construction of a new large lock to replace the old and outmoded Davis and Sabin locks.

Despite the economic and homeland security concerns created by the current situation at the Soo Locks, the President continues to ignore the need to construct a new lock. The Administration's FY 2008 Budget does not contain any funding for this important construction project, which is estimated to cost the federal government \$250 million. I am hopeful the Budget Committee and Congress will see the wisdom in funding this project appropriately this year. Every year we delay building a new lock, the situation becomes more dire, and the cost to build a new lock only increases.

#### DREDGING POLICY

Moving to another Army Corps of Engineers issue, in 2006, the Administration began implementing new budget guidelines for maintenance dredging of commercial harbors. By using a standard based on the tonnage handled, harbors that do not move a large tonnage but are still important to the economic success of rural areas are excluded from the President's budget.

These highly inadequate guidelines are unfairly biased against rural communities and will have a detrimental effect on small-town, rural America, causing job losses, increased hardship for businesses, and endanger shipping infrastructure. In setting this policy, the Corps also disregards the fact that approximately two-thirds of all shipping in the United States either starts or finishes at small ports.

During House consideration of H.R. 2864, the U.S. House of Representatives' WRDA bill, I offered an amendment requiring the Corps to eliminate this tonnage

standard. While the amendment was included, Congress did not complete work on the WRDA bill before the end of the 109th Congress. As a result, the President's FY 2008 Budget continues to discriminate against commercial harbors in rural communities.

#### CLEAN WATER STATE REVOLVING FUND

I would like to turn to another budget item of interest to rural communities: the Clean Water State Revolving Fund. Across the country, communities are struggling to replace aging waste water infrastructure. The Clean Water State Revolving Fund plays an important role in helping communities afford updates to their aging infrastructure. Unfortunately, President Bush has repeatedly slashed funding for this program in his budgets.

The President's FY 2008 budget includes only \$688 million for the Clean Water State Revolving Fund, a \$200 million cut compared to FY2006 and nearly a \$400 million cut compared to the \$1.08 billion Democrats included in the FY2007 CR. In Michigan, the President's cuts would mean \$8.5 million less for important waste water infrastructure projects compared to FY2006. If the President's proposal is enacted, Michigan would receive \$28.4 million less in FY 2008 than the state received in FY 2001. We need to invest in our waste water infrastructure, to ensure the health of the Great Lakes, which is the source of drinking water for 30 million people.

#### PAYMENTS IN LIEU OF TAXES

Another important program the President repeatedly under funds is the Payment in Lieu of Taxes, or PILT, program. National Forests, as well as other federal lands, lead to a reduced tax base in several Northern Michigan counties. The Payment in Lieu of Taxes (PILT) program is important in helping these local communities afford schools, roads, fire fighting, police, and other vital services.

In his FY 2007 and FY 2008 budget requests, President Bush has neglected this important program, requesting significantly less than needed. In FY 2007, the President requested only \$198 million, a 15 percent decrease compared to FY 2006. In FY 2008, the President has proposed an even larger cut, requesting only \$190 million. This \$43 million cut will significantly limit the ability of local governments in Northern Michigan to provide the basic services residents depend on.

#### TAA

In addition to federal programs to help communities make infrastructure improvements, the President's budget cuts important job training and education programs helping to revitalize our economy. One very important program is Trade Adjustment Assistance. The TAA program provides workers negatively impacted by trade with job retraining, job search and relocation allowances, income support and other reemployment services.

Unfortunately, too often communities in my district have run out of TAA funding. I have repeatedly contacted the Department of Labor to assist the State of Michigan in receiving supplemental funds. Despite the shortfalls repeatedly faced by Michigan and other areas, the President has requested flat funding for the TAA training program the last three years, requesting \$260 million again for 2008. At a minimum, we owe our workers adversely affected by this country's trade policy, or lack thereof, adequate job training.

#### MEP

Similarly, we owe our small businesses who are competing globally a fair shake.

I urge the committee to adequately fund the Manufacturer Extension Partnership (MEP) program. I don't know what Congress needs to do to make the Administration understand the importance of this program to our small manufacturers. I hope this is an issue the budget committee can address in your budget hearings with the administration, and I respectfully ask you to provide a needed increase for this program.

I would now like to turn to health and education priorities that deserve Committee consideration.

#### BJ STUPAK OLYMPIC SCHOLARSHIP PROGRAM

The Olympic Scholarship Program was established by Congress in 1992. I have championed it since it was created, and offered an amendment to re-authorize it in 1998. It was subsequently re-named the BJ Stupak Olympic Scholarship Program after my late son.



The B.J. Stupak Olympic Scholarship Program is a federally-funded scholarship program designed to provide financial assistance to college athletes training at any of the four U.S. Olympic training centers: the U.S. Olympic Education Center in Marquette, Michigan; and the Olympic Training Centers at Lake Placid, New York; Colorado Springs, Colorado; and Chula Vista, California, outside of San Diego. The Program is designed to allow athletes to pursue their post-secondary education while also training for the Olympics.

Prior to 1992, too many athletes had to choose between pursuing their education and training for the Olympics. All too often, athletes chose training and then found themselves at the end of their Olympic careers with no post-secondary education and no career path.

This problem was so severe that the U.S. Olympic Alumni Association identified it as a cause of great concern. Our Olympic athletes' plight was in stark contrast with many collegiate athletes, who received college and university scholarships because of their athletic skills.

The Program was re-authorized in 1998 for five years at up to \$5 million per year, under Section 836 of the Higher Education Act of 1998. Due to the success of the program, the growth of the program has outgrown its \$1 million appropriations allocation the last six years. Without an increase for inflation, the number of athletes receiving scholarships will have to be substantially cut.

#### RURAL HEALTH

Rural hospitals and other health facilities are economic engines for rural communities as they provide hundreds of good paying jobs. Quality health care is also essential to keeping businesses and attracting new businesses to rural America.

The Rural Hospital Flexibility Grants fund quality improvement and emergency medical service projects for nearly 1,300 Critical Access Hospitals across the Country. In essence, this program provides technical assistance to the smallest hospitals in the Country who provide critical care.

This program helps hospitals improve their business operations, focus on quality improvement and help information privacy. The President's budget eliminates this vital program. The National Rural Health Association is requesting \$49.2 million, and I am hopeful Congress can see fit this program is adequately funded in 2008.

I wanted to highlight this program in particular, but I also want to express my strong support for adequately funding the other health care access programs within the Department of Health and Human Services.

#### HOMELAND SECURITY

Our job in Congress is to promote the health and welfare of our citizens. But we have no higher job than to keep our citizens safe. I'm gravely concerned about the 42 percent cut to first responder funding at the Department of Homeland Security, adding up to a \$985 million cut to first responder grants and state assistance. As a former law enforcement officer and a co-chair of the Law Enforcement Caucus, I hear every day from local police and firefighters. This budget is an insult to them!

These individuals are on the front lines in responding to natural disasters and protecting our nation from terrorism and crime. We need to support them in their efforts.

Instead, the President's budget cuts over \$1 billion from critical programs—\$338 million from State Homeland Security Grants, \$112 million from Law Enforcement Terrorism Prevention Grants, \$362 million from Assistance for Firefighters, and over \$680 million from COPS and Byrne. Congress should reject these cuts, especially in light of the recently-passed Democratic 9/11 Commission Implementation bill, which re-affirmed the critical importance of first responders in preventing terrorism.

All of these local first responder programs are success stories, and all of them are essential to the ability of local first responders to keep our communities and our nation safe. Congress needs to begin reversing this disturbing trend of cutting first responder funding, in all areas, but particularly in the area of first responder communications.

#### INTEROPERABILITY TRUST FUND

I would like to highlight one new program that many members of this committee may not be aware of. As part of the Deficit Reduction Act of 2005, Congress mandated that a section of very valuable spectrum, or public airwaves, be auctioned off at the end of 2007. This spectrum is worth billions of dollars. The CBO estimated \$10 billion. But I can assure you the industry knows that spectrum will be auctioned off for at least twice as much.

Congress had a choice then about whether to use those proceeds to fund interoperable communications for our first responders or tax cuts for millionaires. You know what past Congresses have chosen.

On a tie-vote, an amendment I offered in Committee to create a \$5.8 billion grant program, was defeated. My amendment would have made a down payment on what is estimated to be an \$18 billion problem. Ultimately, a \$1 billion grant program was created. This is a one-time \$1 billion grant program, with grants to be awarded this fall.

I have legislation to make a permanent grant program at NTIA and fund that program with a portion of spectrum proceeds. We should solve this problem once and for all. How many more September 11th and Katrinas do we have to endure before our first responders can effectively communicate and do their jobs?

Now, I know we are in a difficult fiscal situation. But, as I said this spectrum that we are auctioning this year is worth \$20 billion. The CBO estimated it was worth \$10 billion. This is the time to use those dollars to adequately equip our first responders.

#### FEDERAL COURT HOUSES

I would like to move to another security concern. I also ask that the Committee consider increasing funding for courthouse construction activities funded through the Federal Building Fund (FBF).

There are dozens of federal courthouses across the nation in urgent need of renovation or replacement. Some of these facilities have not been significantly updated in more than half a century. These outdated courthouses not only interfere with the federal judicial process; in some cases, major security problems put federal judges and employees at risk on a daily basis.

In 1997, The Judicial Conference of the United States identified and prioritized 45 courthouse construction projects to be funded by Congress. This plan aimed to clear the courthouse backlog by 2009. However, under-funding has repeatedly stalled this effort. The President's budget provides only \$47 million for FY2008—enough to fund only one of the dozens of courthouse projects currently needing attention.

I ask that the Committee fund courthouse construction efforts at the full amount requested by the Judicial Conference of the United States. The problem of outdated federal courts has been ignored for too long. Courthouse modernization is essential to the safety of federal judges and court officers, and should be a high priority of this Congress.

I have been a strong advocate for investing in courthouse construction because my district's federal courthouse in Marquette, MI, urgently needs to be replaced. The Marquette Courthouse is over 70 years old and lacks adequate security, making it unsafe for Court employees and the public.

Thank you again for this opportunity to testify before your committee today. I am happy to take questions.

[Whereupon, at 6:41 p.m., the Committee was adjourned.]

