[COMMITTEE PRINT]

108TH CONGRESS } HOUSE OF REPRESENTATIVES {
1st Session }

VIEWS AND ESTIMATES OF THE COMMITTEE ON FINANCIAL SERVICES ON MATTERS TO BE SET FORTH IN THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2004

FEBRUARY 13, 2003.—Approved by the Committee on Financial Services.

Mr. OXLEY, from the Committee on Financial Services, submitted to the Committee on the Budget the following

REPORT

together with

MINORITY, ADDITIONAL, AND DISSENTING VIEWS

Pursuant to clause 4(f) of rule X of the Rules of the House of Representatives for the 108th Congress and section 301(d) of the Congressional Budget Act of 1974, the Committee on Financial Services is transmitting herewith (1) its views and estimates on all matters within its jurisdiction or functions to be set forth in the concurrent resolution on the budget for fiscal year 2004 and (2) an estimate of the budgetary impact of all legislation which the Committee expects to consider during the coming session.

OVERVIEW

Just as last year, the Committee finds a strikingly different atmosphere in which the Congress and the President must establish budgetary priorities. Along with an economic slowdown resulting in reduced revenue to the Federal government and the States, the Nation is faced with continuing threats from terrorists, the looming prospect of war, and lingering questions about the integrity of our financial markets.

During both sessions of the 107th Congress, the Committee responded as required to the crises facing the Nation. Providing new tools to law enforcement to cut off the flow of terrorist funding through enactment of the USA PATRIOT Act, the Committee played a major role in improving homeland security. By responding quickly and decisively to the revelations that some on Wall Street and in the Nation's board rooms were undermining the capital markets by withholding and manipulating information to the detriment of investors, the Committee provided a firm foundation upon which investors can feel confident about their continued participation in the market through enactment of the Sarbanes-Oxley Act. And the Committee also acted to ensure that building and construction—one of the major sources of continued growth in the economy—could continue unimpeded by uncertainty in the insurance market about how to provide and price terrorist insurance coverage.

It is against this backdrop that the Committee makes its recommendations regarding the concurrent resolution on the budget for fiscal year 2004. The Committee believes that the budget should provide for improved economic growth, both through the reinforcement of existing sources of economic strength—such as the housing market—and the promotion of measures which grow the economy both here and abroad.

The Committee's legislative and oversight agenda for the coming year will look to those goals, while recognizing the Nation's current fiscal situation and the limited availability of Federal budgetary resources. However, by improving investor confidence in our markets, reducing transaction costs for consumers and businesses, fostering new trade relationships, and leveraging Federal investments in key sectors, such as housing, the Committee believes that it can make an important contribution to the Nation's economic recovery.

Details of the Committee's views and estimates on the fiscal year 2004 concurrent resolution on the budget follow.

Interest on Sterile Reserves

The Committee again intends to consider legislation authorizing the Federal Reserve to pay interest on so-called sterile reserves, which depository institutions are required to hold at Federal Reserve Banks against their customers' transaction accounts. For the reasons outlined below, the Committee expects the legislation to have little effect on the FY 2004 Federal budget.

Under the Federal Reserve Act, banks, thrifts and credit unions are required to maintain reserves at Federal Reserve banks based on the volume of transaction accounts that they hold. Because the Federal Reserve pays no interest on such reserves, they have come to be known as "sterile reserves," and depository institutions have developed techniques for minimizing their reserve requirements, chiefly through "sweep" programs that permit funds to be transferred out of reservable transaction accounts into non-reservable instruments, such as money market deposit accounts, at the end of each business day. As a result, reserve balances at the Federal Reserve banks have declined dramatically in recent years, falling from approximately $28 billion in 1993 to approximately $6 billion in 2000.

According to the Federal Reserve, the precipitous decline in reserves has potentially adverse consequences for its ability to conduct effective monetary policy, and the Fed has therefore strongly supported legislation to permit it to pay interest on reserves. Such legislation passed the House twice in the 107th Congress, but was never taken up in the Senate. In its analysis of that legislation—which is substantially similar to the bill that the Committee intends to consider in this Congress—the Congressional Budget Office (CBO) estimated that the payment of interest on reserves would cost approximately $570 million over five years (FY 2002-2006). However, because the legislation offset the five-year cost by mandating the transfer of an equal amount of Federal Reserve surplus funds to the U.S. Treasury, CBO deemed the legislation to be effectively budget-neutral.

If budget offsets are not found for subsequent years (FY 2007-2011), CBO estimated that the legislation would result in a loss of revenues for that period of approximately $1.2 billion. The Committee notes that CBO's $1.2 billion cost estimate assumed a Federal funds rate of 5 percent, and further assumed that if the legislation were enacted, the Federal Reserve would pay interest on sterile reserves at a rate 10 to 15 basis points below this 5 percent benchmark. With the Federal funds rate currently targeted at 1¼ percent, an updated analysis would presumably yield a significantly lower cost estimate in the out years.

FINANCIAL SERVICES REGULATORY RELIEF

The Committee expects to consider legislation to give banks, thrifts, and credit unions relief from outdated and unnecessary regulatory burdens, as a way of improving the productivity of the financial services sector and counter-balancing the significant new regulatory burdens imposed upon depository institutions as part of the global effort to combat terrorist financing. Although the legislation has not yet been introduced, it is likely to be substantially similar to H.R. 3951, the Financial Services Regulatory Relief Act of 2002, which the Committee approved in the 107th Congress but was never taken up by the House. The Congressional Budget Office estimated that enactment of H.R. 3951 would have reduced Federal revenues by a total of $72 million over the 2003-2012 period, and that direct spending would increase by a total of $22 million over the same period.

FINANCIAL CRIMES ENFORCEMENT NETWORK AND OFFICE OF FOREIGN ASSETS CONTROL

The Committee commends the President for increasing the budget of the Financial Crimes Enforcement Network (FinCEN) by $7.1 million over the FY 2003 request, to $57.6 million in FY 2004. The increase reflects expanded duties assigned to the Government's central clearinghouse for a broad array of information on both money laundering and terrorist financing in the anti-money laundering title of the USA PATRIOT Act (Public law 107-56), of which the Committee was the lead author.

The increase continues efforts begun in the FY 2003 budget cycle in response to the PATRIOT Act's elevation of FinCEN to bureau status in the Department of Treasury, reflecting the Committee's longstanding view of the importance of its efforts. The Committee applauds the proposed budget increase for FinCEN, an increasingly important tool to help Federal, State and local enforcement agencies combat money laundering and terrorist financing. Appropriately, the FY 2004 budget request emphasizes FinCEN's intent to continue upgrading the "Gateway" program through which State and local law enforcement contacts the Bureau, with a goal that eventually the program would be the single contact portal for all law enforcement with respect to financial crimes.

The Committee also notes that the scope of FinCEN activities is so broad, and the success of FinCEN so central to the success of efforts to stop terrorism and money laundering, that the need for resources—and the wise use of those resources—continues to be paramount. The Committee thus views the addition of 10 new full-time staff and the reprogramming of 13 other full-time equivalent (FTE) personnel slots as appropriate to accomplish new oversight tasks, but will examine whether FinCEN will require additional budgetary resources to fulfill its enhanced mandates once the new positions have been integrated.

The Committee further notes that the transfer of much of Treasury's enforcement function to the new Department of Homeland Security has made the future organizational position of FinCEN and its sister bureau, the Office of Foreign Assets Control, somewhat murky and hopes that their management will be undertaken by the Deputy Secretary with adequate assets to ensure appropriate management and responsibility for and attention to these important assets.

Finally, the Committee notes with dismay the rescission from interagency-agreed compacts of Plan Colombia funding that would have funded important anti-money laundering and anti-terrorist financing efforts in that country by FinCEN and the Customs Service, and believes efforts should be made to restore that funding in the appropriate part of the FY 2004 budget. In the case of the Customs Service, the funding was to be used for port security that could stop money laundering, the shipment of counterfeit U.S. currency or the transportation of weapons of mass destruction. In the case of FinCEN, the Bureau was to design, erect, and train staff for a Financial Intelligence Unit, similar to FinCEN, in Colombia. With the obvious benefits of an FIU, and with the planning of the system complete, the $2-3 million needed to complete the effort would be, in the Committee's view, a bargain.

The Committee notes the near-level funding of the Office of Foreign Assets Control and will continue to monitor it for any extra needs as well in its important mission.

TREASURY INSPECTOR GENERAL

The Committee notes that within the next two months, the Treasury Inspector General's staff will be reduced from 282 FTEs to 87 FTEs, with 155 FTEs moving to the Department of Homeland Security (DHS) as the Customs Service, Secret Service, and other entities move to the new department. Another 40 FTEs will move to DOJ as the Bureau of Alcohol, Tobacco and Firearms moves to DHS. The Committee notes that the Treasury IG will remain responsible for auditing the financial statements for the departing entities for FY 2003, meaning that many of the auditors remaining at Treasury will be unable to conduct program reviews on such important topics as PATRIOT Act compliance. The Committee recommends that the departing IG employees audit the financial statements of the departing entities. The Committee further recommends that close oversight be kept of the reconstituted Treasury IG to ensure that proper programmatic as well as financial audits can be conducted on Treasury Department functions, particularly those associated with the PATRIOT Act. Further, the Committee recommends that consideration be given to combining the Treasury IG program with the IG office at the Internal Revenue Service, and that in any event proper funding be given for the office, or offices, to conduct their duties effectively.

UNITED STATES SECRET SERVICE

The Committee notes and supports the budget increase for the United States Secret Service as it moves to the Department of Homeland Security to carry out its important missions. However, the Committee is dismayed by omissions from the budget request for funding that would allow expansion of the Service's foreign field offices and for expansion of its cyber crime task force concept. The foreign field offices are a vital part of the Service's effort, and expansion—particularly in South America where the Service has been extraordinarily successful in combating the counterfeiting of U.S. currency, and in Beijing—is a priority. The cyber crime task forces, which aid in combating a wide swath of criminal acts—from child abuse to identity theft—are models of public-private cooperation, and highly successful. Modest funding for task force equipment and training is, in the Committee's view, a worthy investment. The Committee's support for both efforts is longstanding. The Committee further believes that the move to the Homeland Security Department should in no way be allowed to diminish the Service's investigative interest, role, or responsibilities in the area of either electronic crimes or counterfeit currency investigations, and believes that any well-intentioned reorganization should leave individually identifiable divisions at the Service to handle those missions, in part to send a strong National and international message of the U.S. interest in these areas. Finally, as the Service moves to the Homeland Security Department, the Committee reiterates its long-held view that the Service—in part because of its protective work, which require seamless interfaces with law enforcement at all levels all over the world—is the only logical place in the executive branch to perform the important national security mission of protecting the Nation's currency and coinage against counterfeiting.

SECURITIES AND EXCHANGE COMMISSION

The Committee commends the President for his commitment to adequately fund the Securities and Exchange Commission (SEC). The SEC's mission to protect investors and promote competition, efficiency, and capital formation is critical to restoring investor confidence and promoting the Nation's economic interests. The Committee has long supported increased funding for the SEC, and lauds the President's proposed budget of $842 million for the agency, nearly double the 2002 level.

The Committee believes it is vitally important that the Commission use this funding to hire not only more attorneys, but also more accountants, economists, and examiners to implement the important changes effectuated by the Sarbanes-Oxley Act of 2002, root out fraud, instill corporate responsibility, and foster the economic benefits to investors that stem from healthy competition in our capital markets. The Committee intends to take up legislation designed to facilitate the Commission's hiring of such professionals so that accountants, economists, and examiners can be added to the Commission staff as quickly as attorneys can now be hired by the Commission.

This funding is also important to the Commission's work to ensure the integrity and improve the regulation of the Nation's mutual funds, so that the over 95 million Americans who invest in these vehicles can better benefit from competition, transparency, and rigorous oversight by regulators and independent fund directors.

EXPORT-IMPORT BANK

In the 107th Congress, the Committee reauthorized the Export-Import Bank for 4 years (Public Law 107-189) and views this agency as an important tool in facilitating the export of U.S. goods to foreign markets. The authorization mandated, among other things, that Ex-Im increase its level of small business transactions and invest in technology improvements in order to facilitate access to the Bank's products. The Committee supports the Administration's proposed increase in the Bank's administrative budget, and believes that the Bank should continue fulfilling its commitment to upgrade its technological capabilities and improve outreach to small businesses. Additionally, the authorization created an office of Inspector General within the Ex-Im Bank in order to comply with its legislative and regulatory mandates. The Administration has requested $1.18 million to fund the Inspector General and the Committee strongly approves of this funding decision.

The Committee is concerned that the Administration has not funded Ex-Im's loan subsidy for FY 2004, but has requested an appropriation of over $541 million in FY 2003 for this account. Ex-Im is statutorily permitted to carry over excess loan subsidies and funds from cancelled transactions for four years; however this is the first time that the utilization of this carryover authority has resulted in no budget request for Ex-Im's loan subsidy account in a future fiscal year. According to the Bank, it is projected to have more than $800 million in the loan subsidy account for FY 2004 from carried over funds and cancelled transactions. The Committee wishes to promote the most prudent use of taxpayer funds, while at the same time ensuring a consistent appropriation request for Ex-Im. The Committee questions whether it might better serve the interests of taxpayers to request a lower appropriation for FY 2003, which would result in a lower carryover and require some level of FY 2004 appropriation.

MILLENNIUM CHALLENGE ACCOUNT

President Bush has committed to change the way the United States provides development assistance to poor countries by seeking to assure accountability and measurable results. The FY 2004 budget requests $1.3 billion for the creation of a Millennium Challenge Account to be administered by a new government corporation. This corporation will be headed by a Cabinet-level board of directors chaired by the Secretary of State and will include the Secretary of the Treasury. The Committee strongly supports the President's efforts to ensure that development assistance is steered to nations that govern justly, invest in their people, and encourage economic freedom. As the primary Committee of jurisdiction for multilateral development assistance, the Financial Services Committee has a significant interest in innovations in U.S. development assistance policies and looks forward to working with the Administration in the implementation of the Millennium Challenge Account.

DEBT RELIEF

The Committee commends the President's intention to provide $75 million for the Trust Fund for the Highly Indebted Poor Countries (HIPC). These funds would fulfill the President's commitment made at the G-8 Summit in Kananaskis, Canada to contribute to the U.S. share of the projected HIPC Trust Fund financing gap. The Committee views multilateral debt relief as necessary to promote the long-term debt sustainability of developing countries.

The Committee notes that there may be some debate about the exact amount of the HIPC financing gap. The Committee looks forward to the Administration's explanation of how the United States' proposed $75 million share in the HIPC financing gap was calculated.

WORLD BANK TRUSTEE ROLE IN THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA

The Global AIDS and Tuberculosis Relief Act of 2000 was signed into law (Public Law 106-264) in August 2000. This legislation included provisions supporting the creation of a World Bank AIDS Trust Fund.

These initial steps by Congress were instrumental in establishing the Global Fund to Fight AIDS, Tuberculosis, and Malaria. The United States was the first country to contribute to the Fund and leads the world in having committed $500 million, 23 percent of total fund pledges to date.

Section 10 of the Framework Document for the Global Fund establishes the World Bank, an agency within the jurisdiction of the Committee on Financial Services, as the trustee for the Fund.

In his 2003 State of the Union address to Congress, President Bush announced his Emergency Plan for AIDS Relief, asking for $15 billion over five years for the fight against HIV/AIDS. The $15 billion includes nearly $10 billion in new money, which roughly triples outlays over projected levels. Of the new money, $1 billion is proposed for the Global Fund over five years. The Administration is requesting $200 million for the Global Fund in FY 2004.

The Committee looks forward to working with the Administration to maintain the effectiveness and accountability of the Global Fund.

HOUSING AND COMMUNITY OPPORTUNITY

The Administration proposes $31.3 billion in FY 2004 budget authority for the Department of Housing and Urban Development (HUD). The Committee is cognizant that HUD faces many budget and management challenges. The Section 8 rental housing assistance program now accounts for more than one-half of the HUD budget. Over the past few years, this Committee has considerd issues having to do with underused vouchers, the allocation of vouchers for public housing authorities (PHAs) and the general management of the program. In addition, there are about 1.25 million units of public housing with a backlog of about $20 billion in capital repairs. The Committee, therefore, appreciates that the Administration has proposed several new initiatives and reforms designed to address these critical issues that are important to needy families.

The Committee is pleased that the proposed budget offers new opportunities for low and moderate-income families and individuals seeking to achieve the dream of homeownership. Clearly, the benefits of homeownership for families, communities and the Nation as a whole are profound. When our citizens own homes, they establish roots and therefore have a greater stake in their communities' growth, safety, and development.

While the national homeownership rate has steadily risen and is at an all-time high of 68 percent, there are sectors of the population for whom homeownership remains unattainable. In fact, the homeownership rate for African-Americans and Hispanics is less than 50 percent. Clearly, more can and should be done to help all of the Nation's citizens realize the dream of owning a home. In June 2002, President Bush announced an aggressive homeownership agenda to increase the number of minority homeowners by at least 5.5 million by the end of this decade. The Committee looks forward to working with the Administration to achieve this aggressive agenda and is pleased to see that the FY 2004 HUD budget includes several proposals designed to remove the barriers to homeownership by providing downpayment assistance, and increasing the availability and production of affordable homes for many Americans.

Downpayment Assistance Initiative. The Committee is pleased that the Administration is again proposing $200 million to fund the "Down Payment Assistance Initiative" to help approximately 40,000 low-income families with the downpayment on their first home.

Housing Counseling. Counseling is an important component of a successful homeownership process. The Committee applauds the Administration's increase for counseling services from $35 million in the last year's proposal to $45 million in FY 2004. This increase will provide 550,000 families with home purchase and homeownership counseling and approximately 250,000 families with rental counseling.

Self-Help Homeownership Opportunity Program. The Committee fully supports the Self-Help Homeownership Opportunity Program (SHOP) program and believes it is an important component to achieving the goal of producing new homes for very low-income families. The Committee supports the $65 million request included in the President's budget and will work to see that this level of funding is achieved.

New FHA Mortgage Product. The Committee looks forward to receiving legislation from HUD for a new sub-prime loan product that will provide FHA insurance to families that, due to poor credit histories, may either be eligible for credit only at higher rates or not at all. Under this new initiative, borrowers will be offered FHA loan insurance that will allow them to maintain their home or to purchase a new home.

RESPA Reform and Predatory Lending. The Committee applauds the Administration's efforts to simplify the home buying process and to make it less expensive to consumers. We look forward to working with the Secretary of HUD to craft a final rule that will be both fair and provide consumers with better opportunities to shop for low-cost mortgages. In addition, the Committee believes that the financial regulators and HUD can do a better job in tracking down unscrupulous lenders and stopping predatory practices. The Committee appreciates HUD's emphasis on this issue and looks forward to working with them to assure that HUD has the tools necessary to fight abusive lending practices.

Section 8 Rental Assistance Programs. The Committee commends the Administration for proposing a different approach to address long-standing concerns with the Section 8 tenant-based voucher program that is operated by over 2600 PHAs. "Housing Assistance for Needy Families" (HANF) would move this program to a State-run block grant model over a two year period while requiring each state to provide vouchers to at least the same number of families as currently receiving support. The Committee is aware of the importance of the Section 8 program and intends to be active in continuing the dialogue on issues that need to be addressed to ensure that the ultimate cost-effective solution will improve the services provided, increase the number of families participating in the program, and improve the management of the program. The other Section 8 rental assistance program is project-based.

For FY 2002, the total budget authority was $18.146 billion with a $1.738 billion unobligated balance carried into the next year; for FY 2004 the HANF is $12.535 billion and the project-based is $4.823 billion for a total of $17.378 billion with no unused balance anticipated to be carried into the next year. The Committee plans to hold hearings on this proposal. In addition, the Committee intends to work with HUD to develop legislative changes that could enhance the operation of existing government housing programs so that more families can be served.

Public Housing Other than Rental Assisted under Section 8. Over 3,000 PHAs receive funds from the Public Housing Operating Fund (operating subsidies) and the Public Housing Capital Fund (for modernization and repairs). Each fund uses a formula to allocate money to both the Operating and Capital Funds. These formulas are key to making funding estimates, which means it is imperative that appropriate factors and the best available data are used. However, in the most recent years, it appears that the data and the formula, at least in the Operating Fund, caused many disruptions throughout the 3,000 PHAs. The Committee is very concerned that no consensus has yet been reached to provide a new Operating Fund formula that meets fair and accurate assessments of the needs of the PHAs. Moreover, the Committee is concerned that the formula should address the needs of PHAs that may not have been a factor in the old system. The Committee will not only hold hearings to assess the progress in this area, but will also scrutinize the investments in information technology to determine where HUD could and should be doing better.

At the same time, the Committee is concerned that both HUD and the PHAs have failed to develop a system that could provide the best and most reliable information to alleviate the current problems and practices where future appropriations were committed or used to cover-up deficiencies in past funding.

HOPE VI. The Administration is committed to encouraging public-private partnerships. In that regard, it is proposing a new program, the "Public Housing Reinvestment Initiative" (PHRI). This new program would allow PHAs to use Operating Fund and Capital Fund grants to facilitate the private financing of capital improvements while encouraging development-based financial management and accountability. This is accomplished by guaranteeing up to 80 percent of the principal of loans made to provide capital to the PHRI (estimating $1.715 billion loan cap). In addition it will permit case-by-case conversion of public housing developments into the project-based voucher program.

At the same time, the Administration proposes to discontinue the HOPE VI program. The success of the original ten-year program is laudable, but concerns have been expressed about management challenges, displacement of original public housing tenants in some areas and concerns that only a small group of PHAs received HOPE VI grants. The Committee agrees that changes are warranted in the HOPE VI program. Last year, the Committee approved H.R. 3995, which included significant reforms to the HOPE VI program designed to allow eligibility for small PHAs along with accountability and management improvements. H.R. 5499 passed the House by unanimous consent, including the changes to HOPE VI incorporated in H.R. 3995. According to HUD's own findings, since its inception HOPE VI has relocated approximately 41,000 families to better housing, demolished 51,000 distressed and obsolete units, and built and/or rehabilitated approximately 19,000 public and non-public housing units. Abolishing this program would contradict the action taken by this Committee and the House, which included section 522 re-authorizing HOPE VI through FY 2004. And, the proposal contradicts the Oversight Plan, adopted two weeks ago by this Committee (after the Administration budget release), a plan which promised "a comprehensive review of the HOPE VI program to facilitate a meaningful re-authorization process".

The Committee agrees that improvements to the program are in order. The bill the House passed last year (H.R. 5499) would have made these improvements, including giving priority to grant proposals that protect tenants during and after the revitalization period, that sustain or create more low-income housing units where there is demand for such units, and that demonstrate the ability to complete a project expeditiously. These reforms directly address the changes that HUD recommended in their June 2002 report on HOPE VI. The Committee will hold hearings on HOPE VI reauthorization and on how best to serve distressed communities.

Minimum Rent Proposal. The Committee is very strongly concerned with the adoption of the Administration's legislative proposal (section 201) to amend current minimum rent laws for low-income families receiving rental assistance under the public housing and section 8 programs.

Current law gives housing authorities the option of setting a minimum rent of up to $50 a month for public housing tenants, section 8 voucher holders, and families in section 8 housing. Housing authorities that set a minimum rent have the option of establishing hardship exemptions. These provisions were crafted in a bipartisan manner as part of the 1998 public housing bill.

Section 201 of the HUD budget would require all those in public housing or receiving section 8 rental assistance to pay a minimum rent of at least $50, but sets no limit on how much the minimum rent could be. Thus, $50 would no longer be a ceiling, but a floor. The proposal also abolishes the authority of housing authorities to establish hardship exemptions, instead giving the Secretary of HUD the authority to do so on a case-by-case basis.

The effect of these changes could be to require our nation's most destitute families to pay at least $600 a year, to permit housing authorities to raise rents without limits on the millions of families receiving public housing or section 8 assistance, and to take away flexibility housing authorities now have to create hardship exemptions to a minimum rent requirement. These changes are of strong concern to the Committee.

Empowerment Zones. The Committee recognizes the contributions made by Empowerment Zone initiatives that help revitalize neighborhoods by attracting business development and providing jobs. The Committee is pleased to see that Round II urban Empowerment Zones were funded through 2002 at $330 million. No additional funds were requested in 2003 because sufficient carryover balances were available and no funds are requested for 2004.

Section 108 and Brownfields. The Committee notes with concern the elimination of funding for the Brownfields Economic Development Initiative (BEDI) and would like funding restored for the program. While the Environmental Protection Agency (EPA) administers programs to revitalize brownfields, HUD should not vacate its own role in cleaning up these blighted sites. HUD should follow through on its proposal in the FY 2003 budget to decouple the BEDI program from the Section 108 loan program to attract more participants. The BEDI program can be a powerful tool for communities interested in brownfields redevelopment. Fostering a partnership with the EPA will be helpful for both agencies and for the Nation's urban areas.

National Flood Insurance Program. Despite its move to the Department of Homeland Security, the Committee maintains jurisdiction over the Federal Emergency Management Agency's National

Flood Insurance Program (NFIP). During the last Congress, the Committee held a hearing on the problem of repetitive loss properties (buildings that flood regularly because of their location) and the threat those properties pose to the ability of the NFIP to meet obligations to policy holders without drawing on taxpayer funds. Repetitive loss properties cost the NFIP approximately $250 million each year. The Committee commends the Administration's efforts to address this issue in the FY 2004 budget by proposing $200 million for the significant revisions necessary for the Nation's out-of-date flood insurance rate maps.

Rural Housing Service. The Administration proposes to increase program spending levels in the agency specifically designated to meet the housing needs of rural areas, typically at or below populations of 20,000. In 2004, the Rural Housing Service budget will increase program levels by $1.3 billion. Notably important, the Administration increases the Section 502 single family direct loan program by over $400 million from FY 2003 levels. This initiative will increase homeownership estimated up to 49,000 for very-low income families, most notably minorities. The Committee supports that initiative as well as the efforts to leverage private sector investments with an increase in single family loan guarantee program levels to $2.5 billion.

The Committee continues to be concerned that the Rural Housing Service has not met the multifamily housing needs of rural America. Since 1994, successive Administrations have continued to propose reductions in funding the Section 515 multifamily direct loan program. At the same time, in an effort to develop public and private partnerships to leverage private capital, the Committee spearheaded an effort to create the Section 538 multifamily loan guarantee program. In FY 2001 it was unclear how successful the agency had been in providing new housing in desperately low-income rural communities, with as few as one development guaranteed and no new construction direct loans. The Committee does not yet have data available to assess whether the agency made improvements in FY 2002. However, the Committee will hold hearings and make recommendations to ensure that multifamily rural housing needs are considered and receive attention.

Homelessness. The Committee supports the Administration's efforts to eliminate chronic homelessness within the next 10 years. The Administration's first step in that effort was to reactivate the U.S. Interagency Council on Homelessness, which had been dormant since at least 1996. While this is an extremely difficult area because of the confluence of physical (housing) and medical (health, drug and alcohol dependencies) needs, the Committee applauds the Administration's attempt to propose new ideas. For example, the Samaritan Initiative would provide $50 million to assist Americans living on the streets with combined outreach and services between the Departments of HUD, Health and Human Services and the Veterans Administration. The Administration also proposes to transfer the Emergency Food and Shelter Program from FEMA (Federal Emergency Management Agency) to HUD. The Committee has been pleased with the level of efficiency in distributing emergency funds when natural disaster and other events warranted Federal assistance to families who needed emergency food and shelter. In light of HUD's track record in taking as long as one year to disperse homeless assistance grants, the Committee is concerned that the level of efficiency in the Emergency Food and Shelter program would be compromised.

Finally, the Administration proposes to consolidate all homeless assistance programs. While the proposal has few legislative details, the Committee generally supports efforts to streamline and consolidate programs that will improve efficiency, reduce administrative costs, and provide assistance to individuals and families with housing needs. The Committee will hold hearings on this initiative, upon receipt of the proposal, and will ensure the participation of state and local governments, non-profit organizations and faith-based groups to ensure that all perspectives are considered.

MINORITY VIEWS

MILLENNIUM CHALLENGE ACCOUNT

We welcome the President's commitment to increase U.S. development assistance through the Millennium Challenge Account. We note, however, that the FY04 budget request of $1.3 billion is $350 million less than what the Administration had earlier announced for FY04 funding. Given the pressing needs in the world's poorest countries, we are troubled that the President is not meeting his own commitment to fund the MCA. We also question the President's ability to meet his multi-year commitment of $5 billion in new funding for the MCA by 2006 given the budget constraints created by rising deficits. Funding for the MCA should not come at the expense of other international development aid.

We are also concerned about the proposed eligibility standards for the MCA. These standards may have the effect of limiting MCA assistance to a very small group of countries, to the detriment of meeting development goals in many other deserving poor countries. Further, some of these standards may be at odds with sound development strategies. An emphasis on rapid deregulation and privatization of all areas of developing economies may ultimately do more harm than good, forcing ill-prepared countries to quickly deal with the volatility of the global economy. The emphasis on fiscal austerity is particularly striking in its inconsistency with the budget policies and rhetoric of the Administration and the majority party in Congress. The Administration appears willing to extol the virtues of balanced budgets for other countries through the MCA, while dismissing those virtues when it comes to our own budget.

GLOBAL AIDS INITIATIVE

We are very pleased that the President has committed $10 billion in "new money" to address the global AIDS crisis. The President's Global AIDS Initiative could mark a turning point in the effort to address the global AIDS pandemic. We question why only 5 percent (approximately $500 million) of the new money will be sought in FY04. We also question the relatively small amount of money ($200 million) devoted to the Global Fund to Fight AIDS, Tuberculosis, and Malaria. Members of this Committee worked closely with the Administration in guiding the creation of the Global Fund. The Global Fund provides a sound multilateral model for aid delivery and is already running short on funds. We hope to work with the Administration to secure more funding for the Global Fund—particularly now that HHS Secretary Tommy Thompson has been elected Chairman of the Executive Board—as well as more immediate funding for the President's Global AIDS Initiative, and a secure stream of new money that does not divert funding from other important public health and development initiatives such as malaria eradication.

We are concerned about the Administration's stated plan to extend the so-called "Mexico City policy" to the Global AIDS Initiative. This plan would undermine the Initiative's effectiveness by placing strict limitations on agencies that provide both AIDS-related services and family planning services, requiring for example, that they locate these services in separate facilities. Such requirements would likely prove too burdensome for many of these cash-strapped health organizations and for their poor clients.

DEBT RELIEF

We welcome the President's commitment to provide new funding in order to meet existing HIPC obligations. However, we believe the $75 million request falls short of what is needed to close the financing gap, which could amount to $1 billion. Further, experience with the Enhanced HIPC Initiative since its inception points to the need for broader program reforms. HIPC has achieved positive results, but it will not adequately lower debt burdens in many of its target countries. The United States should join other donor countries in negotiating reforms to the program aimed at deepening debt relief and broadening eligibility to other poor countries.

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ADDITIONAL VIEWS

FUNDING LEVELS

The Administration's FY 2004 HUD budget is inadequate, both in comparison to need and by historical standards. The budget makes deep cuts in public housing, block grants the Section 8 voucher program, abolishes important programs with bi-partisan support such as HOPE VI and Brownfields, and does not address the need for more resources for affordable housing construction.

The FY04 HUD budget request of $31.3 billion is $97 million below the level enacted in the FY03 spending bill (not counting the FY03 .65 percent across-the-board cut). Moreover, this simple comparison masks deeper cuts in core HUD programs. HUD's request for Section 8 includes a $1.4 billion increase in budget authority which merely serves to renew Section 8 assistance for the current level of assisted families. After factoring out this increase and changes in offsetting FHA and GNMA receipts (and including the FY03 .65 percent across-the-board cut), the FY04 budget is $600 million below the FY03 level.

PUBLIC HOUSING

Public housing provides monthly rental assistance for 3 million low-income persons, including 1.1 million children, 415,000 senior citizens, and 170,000 disabled families.

Funding. We oppose the Administration's proposal to cut public housing by $681 million, a 10 percent cut. Public housing funding is $919 million below the level when the Administration took office, and $1.83 billion below the level in the FY95 spending bill, the last time Democrats controlled Congress and the White House. The largest cut is the termination of the $574 million HOPE VI program. The budget also cuts the Operating Fund by $41 million and the Capital Fund by $66 million.

HOPE VI. We oppose the Administration's proposal to abolish the HOPE VI program, which is used to revitalize the nation's most distressed public housing units. According to HUD's own findings, since its inception HOPE VI has relocated approximately 41,000 families to better housing, demolished 51,000 distressed and obsolete units, and built and/or re-built 19,000 public and non-public housing units. We believe there is still an ongoing need for this program. We also urge the House to enact again the bill it passed last year (H.R. 5499) to improve the program, by giving greater priority to proposals that protect tenants during revitalization, sustain or create low-income units, and complete projects expeditiously.

The proposal to abolish HOPE VI continues an Administration pattern of dismantling public housing programs. Two years ago the Administration abolished the $310 million a year Drug Elimination program, a program that housing authorities used to reduce crime and drugs in public housing.

Funding Gap in Operating Assistance. We are dismayed by HUD's announcement on January 6th that it would fund public housing authorities with a fiscal year starting January 1st at only 70 percent of their operating expenses for the indefinite future. The major public housing associations have issued a joint statement warning that the immediate impact of this action would likely be staff layoffs, cuts in services to families living in public housing, and delays in preparing units for re-lease.

In imposing this reduction, HUD cited a $250 million FY02 Operating Fund shortfall, which it admitted was caused by its own inadequate information systems. Instead of asking for supplemental funding to make up the gap, the Administration proposed and Congress approved taking money from FY03 to cover the shortfall, which leaves FY03 underfunded. HUD has acknowledged this by announcing it will only fund operating assistance at or near 90 percent under this approach. There are two problems with this. First, a 90 percent reimbursement level is inadequate. Second, HUD has not yet lived up to its announcement that it would raise the interim 70 percent level to 90 percent now that Congress has passed its FY03 spending bill.

Privatization of Public Housing Units. We continue to oppose the proposal, first offered last year and rejected by the Financial Services Committee, to let housing authorities privatize public housing units, by converting the federal assistance to project-based vouchers. We could be supportive of a carefully designed program to sell some public housing units to needy tenants, provided such units would be replaced through the construction of additional low-income units. But the danger of the Administration's proposal is that it permits a reduction in the number of housing units that will be rented to low-income families, and allows termination of long-term affordability requirements in the event of foreclosure.

The proposal's goal of providing more resources to meet the backlog of repair needs for public housing units is laudable. However, this proposal is likely to benefit only the housing units in the best condition, since such units will be the easiest to finance. The result will be the removal of the best units from our nation's public housing stock. A better approach to meet the backlog of capital repair needs, targeted to units most in need of repair, is to boost funding for the Capital Fund, and continue funding for HOPE VI.

SECTION 8

The Section 8 program provides rental assistance to 5 million low-income persons, including 1.2 million families with children, 285,000 elderly families, and 245,000 disabled families.

Section 8 Utilization. The Administration and Congress have taken actions over the last few years which are likely to reduce the number of families receiving Section 8 voucher assistance. The Administration's FY02 budget proposed a 50 percent cut in the level of reserves held by housing authorities to cover unexpected per unit cost increases. This $640 million cut was compounded by a separate $388 million rescission of Section 8 funds by Congress. The FY03 spending bill largely reflects fundamental changes to the

Section 8 voucher program proposed by House Republicans that reduce the funds available to many housing authorities when they renew their annual Section 8 contracts with HUD. When the Senate proposed a funding mechanism to ensure that each housing authority would receive funding sufficient to fully serve the number of families each is authorized to serve, the Administration killed that alternative.

Block Grant. We oppose the Administration's FY04 proposal to take the Section 8 voucher program away from local housing authorities and block grant it to the states. Such a transfer would have the adverse consequence of physically moving administration of the program away from the families being served, at a transfer cost that the Administration projects of $100 million in the first year alone. The conversion of vouchers to a block grant amount is likely to reduce the number of families that housing authorities are currently authorized to offer vouchers to, and subject the program to the risk that future funding levels will not keep pace with local rent increases. The Administration's proposal to permit the waiver of Section 8 rules could undermine the targeting of Section 8 to the very poorest families, and remove existing statutory protections that families pay no more than 30 percent of their income for rent.

Section 8 Incremental vouchers. We are disappointed in the meager request of 5,500 new "incremental" vouchers. If approved, it would mean that only 23,500 new vouchers were created in the first three years of this Administration—compared to 200,000 in the last three years of the prior Administration.

Rescissions. We oppose the continued practice of Congress rescinding Section 8 funds in supplemental spending bills, for diversion to non-housing purposes. HUD budget numbers show that more than $1 billion in unobligated Section 8 reserves will become available during FY 2003. These funds should be reinvested in housing programs, not diverted for other purposes, as too often happens.

RENT INCREASE FOR THE POOREST FAMILIES

We oppose the Administration's minimum rent legislative proposal. Current minimum rent provisions, which apply to families living in public housing or receiving Section 8 assistance, were developed as a bi-partisan consensus in the 1998 public housing reform bill. Local housing authorities have the option of setting a minimum monthly rent of up to $50, with flexibility to set hardship exemptions by category for reasons such as death, illness, and job loss.

The Administration proposal requires all public housing and Section 8 recipients to pay at least $50 a month. This would mean that our most destitute families would be hit with a new $600 a year rent hike. The proposal removes local flexibility to create hardship exemptions, replacing it with an unworkable system in which individual families would apply to the HUD Secretary for an exemption. Finally, by changing the $50 level from a floor to a ceiling, the proposal lets housing authorities charge unlimited rents. This would sweep away the long-standing protection that families pay no more than 30 percent of income on rent. In conjunction with HUD's squeeze on public housing operating assistance and recent reductions in Section 8 funding, local housing authorities would experience great financial pressures to dramatically boost rents for very low income families, even if they were otherwise not inclined to do so.

AFFORDABLE HOUSING STOCK—PRODUCTION AND PRESERVATION

During the economic boom of the 1990's, apartment rents skyrocketed in many areas, while wages of lower income working families stagnated. Tight rental markets create the result that in many areas even a Section 8 voucher is no guarantee that a low-income family can find a place to live. And, the stock of project-based housing is shrinking, with 54,500 affordable HUD-subsidized rental units having been lost due to "opt-outs" or "prepayments" since the Administration took office. These factors point to a need for more resources for affordable housing construction, a position that is gaining bi-partisan support. Last Congress, 200 House members cosponsored a Housing Trust Fund bill, and the Financial Services Committee approved a measure to fund state housing trust funds. Congress should act this year on such proposals.

Housing Production. The FY04 budget does nothing to address the need for housing production. It proposes no new housing construction initiatives. Funding for the two major HUD production programs (Section 202 elderly and Section 811 disabled housing) are flat or reduced; with rising construction costs, fewer units will be built. While not in the committee's jurisdiction, the Administration's proposal to eliminate taxes on dividends would have adverse consequences for the low-income housing tax credit, a major source of new affordable housing construction. This proposal could also adversely affect low interest rate single- and multi-family mortgage financing provided through tax-exempt bonds. Finally, while we support the proposal to lower FHA multi-family premiums from 57 to 50 basis points, we note that this action merely restores the level in effect before this Administration raised premiums in 2001.

Housing Preservation. The budget includes no new funding to address this growing problem. Instead, it proposes the rescission of $303 million in previously approved funds for capital repair and preservation of HUD-assisted low-income housing units ("IRP" grants). This is on top of $400 million of IRP grants rescinded by Congress in the two prior years. We are also concerned about HUD's action in 2002 to reverse a decades old legal position on prepayment rights for state-funded low-income housing units, an action that jeopardizes the long-term affordability of tens of thousands of units. More recently, HUD suspended funding for half of the non-profits nationwide that receive "OTAG" or "ITAG" technical assistance grants, which are used to assist families faced with the loss of their affordable rental units.

COMMUNITY DEVELOPMENT

We are concerned about the Administration's failure to adequately fund HUD community development programs. While the budget request includes a small boost for CDBG block grants, this amount does not even keep pace with inflation compared to three years ago. The budget also zeroes out funding for CDBG member earmarks. While the worthiness of earmarks is a legitimate matter for debate, even if the $303 million approved for this purpose in FY 2003 is to be zeroed out in FY04, the funds should be reinvested in block grants or other priority housing needs.

We oppose the Administration's proposal to abolish the Brownfields redevelopment grants. We note that the Financial Services Committee has already taken action to repudiate this proposal, by re-authorizing the program and de-linking it from Section 108 loans, in order to enhance its effectiveness. The Administration also proposes no funding for Empowerment Zones, continuing the practice of failing to meet the promises made in the second round of Empowerment Zone funding.

RURAL HOUSING

We oppose the Administration's proposal to zero out the $25 million in Rural Housing and Economic Development grants. These grants provide capacity building assistance for innovative activities for established organizations and seed support for new programs. Grants have supported microenterprise development, affordable housing construction, and small business incubators. Non-profit organizations, tribal entities, community development corporations, state housing finance agencies, and state community and/or economic development agencies are eligible for funding.

Rural Housing Service. The Committee should be concerned about providing the funding necessary to meet the multifamily housing needs of rural America. Since 1994, successive Administrations have continued to propose reductions in funding the Section 515 multifamily direct loan program. Most recently, the Administration proposed to reduce the program's funding to $71 million, down from $115.8 million appropriated by Congress in fiscal year 2003.

The Section 515 program has been successful in producing rental housing for low-income residents of rural areas. Through 2001, the program produced more than half a million units of housing that are affordable to very low-income rural residents. More than 400,000 of those units are still in the Section 515 program. Fifty-eight percent of the people they serve are elderly or disabled and the average income of the households served is $8,028. But, in recent years production has decreased commensurate with the program's funding reductions. In 1994, Section 515 funded 11,542 units of affordable rental housing, but in fiscal year 2002, the program funded only 1,757 units—an 85 percent reduction. Under the Administration's current proposal, no new units could be constructed in 2004.

New units are necessary because the majority of Section 515 units are more than 20 years old. The Rural Housing Service, it is estimated, will have to allocate almost half of its fiscal year 2003 appropriation simply to rehabilitate these units. Further, more than 100,000 units of the Rural Housing Service's rental housing—about one-quarter of the rural rental stock—are subject to prepayment and likely to be lost over the next few years. The Rural Housing Service has few resources to provide the owners of these units with incentives to stay in the program. In addition, units are necessary because many residents of rural areas cannot afford basic housing costs. Of the 23 million nonmetro households in the United States, approximately 5.5 million, or 24 percent, pay more than 30 percent of their monthly income for housing costs. In light of these circumstances, the Committee should hold hearings on current rural housing needs and possible legislative solutions to those needs.

Section 502 Single Family Loans. The Administration has requested an increase in funding for Section 502 single family direct loans to $1.366 million, the largest request since 1994. This increase is commendable, but a larger more troubling shift has been occurring over the last two decades: from direct loans to guaranteed loans. In 1994 the direct loan portion of the Section 502 program received approximately $1.6 billion in funding. By 2003, that level had fallen to $1 billion. In contrast, the guaranteed loan portion of the Section 502 program received approximately $725 million in funding in 1994 and, in 2003, received $4.5 billion in funding. This shift is troubling because it signifies a shift away from helping very low-income families secure homes. For instance, the average income of the households served by the direct loan program in Ohio was $21,905 while the average income of the households served by the guaranteed loan program was almost $40,000. In Alabama, the direct loan program assists households with an average income of just over $17,000 while the guaranteed program assists, on average, families with more than double that income, or $36,547. As a result of moving funding from the direct loan to the guaranteed loan program, there is a backlog of approximately $5 billion in applications for direct single family loans for low income home ownership. Although it is important to fund programs that assist moderate income households in meeting their housing needs, we cannot do so at the expense of very low-income households. By definition, these households have the fewest resources to assist themselves and thus rely most heavily on the government for assistance in acquiring homes. The Committee should hold hearings on the impact of redirecting the Section 502 program's focus from direct to guaranteed loans on homeownership in rural areas.

OTHER PROGRAMS

Block Grant Programs. The budget includes modest funding boosts for the three major block grant programs to states and localities—CDBG, HOME, and Housing Opportunities for Persons with AIDS (HOPWA). However, the $5 million proposed HOPWA increase does not match inflation. And, combined funding for the three programs has not even kept up with inflation compared to the spending bill (FY01) in place when the Administration took office. Thus, at a time of state and local fiscal stress, we are effectively providing fewer resources. The budget also continues to propose flat funding for Native American Housing Grants and for Indian CDBG block grants.

Homelessness. We support the $149 million increase in funding for homeless programs. The increase is slightly higher than the $115 million increase in funds needed just to renew Shelter Plus Care and SHP permanent housing grants expiring in FY04. Additional homeless prevention funds will be needed more than ever if the Administration's public housing and Section 8 funding and proposals are implemented.

Homeownership. We support the Administration's stated goal of expanding homeownership, especially minority homeownership. Unfortunately, since the Administration took office, the homeownership rate for African-Americans has declined, and the homeownership gap between whites and African-Americans has widened. Over this same period, default and foreclosure rates have risen, both for FHA loans and for all loans nationwide.

We note that the three top Administration homeownership initiatives (down payment grants to states and localities, use of Section 8 for down payments, and a homeownership tax credit) have not produced a single new homebuyer, since not one of the three is even operational. Authorization to use Section 8 for down payments was enacted into law in 2000, and the Administration still has not given housing authorities the ability to use this option. We understand that the Administration cites a "subject to appropriation" clause in the authorizing legislation as an impediment to implementation, but it is surprising that the Administration has not been able to get Congress to take the relatively simple action of deleting this clause.

The FY03 spending bill funded the down payment grants at $75 million, and the Administration proposes to boost this level to $200 million. We are pleased that such funds are in addition to the existing level of HOME funding, as opposed to the Administration's FY02 proposal to cut HOME block grants to fund them. We also support the modest funding increases proposed for Housing Counseling, Fair Housing, and Self-help Homeownership ("SHOP"). However, we continue to believe that homeownership, no matter how worthy an objective, is not a panacea for our nation's millions of low-income families for whom homeownership is out of reach.

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DISSENTING VIEWS

Supporters of limited, constitutional government and free markets will find little, if anything, to view favorably in the Financial Services Committee's "Views and Estimates for Fiscal Year 2004." Almost every policy endorsed in this document is unconstitutional and a threat to the liberty and prosperity of the American people.

For example, this document gives an unqualified endorsement to increased taxpayer support for the Financial Crimes Enforcement Network (FINCEN). According to the committee, these increased funds are justified by FINCEN's new authority under the PATRIOT Act. However, Mr. Chairman, FINCEN's powers to snoop into the private financial affairs of American citizens raise serious constitutional issues. Whether the expansion of FINCEN's power threatens civil liberties is ignored in this document; instead, the committee is concerned that the federal financial police state does not have enough power and taxpayer money to invade the privacy of United States citizens!

The committee shows complete disregard for the American taxpayer and the United Sates Constitution by embracing increases in foreign aid. Congress has neither constitutional nor moral authority to take money from the American people and send it overseas. Furthermore, foreign aid rarely helps improve the standard of living of the citizens of the "beneficiary" countries. Instead, the aid all too often enriches corrupt politicians and helps stave off pressure for real reform. Furthermore, certain proposals embraced by the committee smack of economic imperialism, suggesting that if a country's' economic and other policies please American politicians and bureaucrats, they will be rewarded with money stolen from the American taxpayer.

The committee also expresses unqualified support for programs such as the Export-Import Bank (EX-IM), which use taxpayer dollars to subsidize large, multinational corporations. Ex-Im exists to subsidize large corporations that are quite capable of paying the costs of their own export programs! Ex-Im also provides taxpayer funding for export programs that would never obtain funding in the private market. As Austrian economists Ludwig Von Mises and F.A. Hayek demonstrated, one of the purposes of the market is to determine the highest value of resources. Thus, the failure of a project to receive funding through the free market means the resources that could have gone to that project have a higher-valued use. Government programs that take funds from the private sector and use them to fund projects that cannot get market funding reduce economic efficiency and lower living standards. Yet Ex-Im actually brags about its support for projects rejected by the market!

Finally, the committee's views support expanding the domestic welfare state, particularly in the area of housing. This despite the fact that federal housing subsidies distort the housing market by taking capital that could be better used elsewhere, and applying it to housing at the direction of politicians and bureaucrats. Housing subsidies also violate the constitutional prohibitions against redistributionism. The federal government has no constitutional authority to abuse its taxing power to fund programs that reshape the housing market to the liking of politicians and bureaucrats.

Rather than embracing an agenda of expanded statism, I hope my colleagues will work to reduce government interference in the market that only benefits the politically powerful. For example, the committee could take a major step toward ending corporate welfare by holding hearings and a mark-up on my legislation to withdraw the United States from the Brenton Woods Agreement and end taxpayer support for the International Monetary Fund (IMF). The Financial Services Committee can also take a step toward restoring Congress' constitutional role in monetary policy by passing legislation requiring congressional approval before the federal government buys or sells gold.

Perhaps the most disappointing omission from the committee's views is the failure to address monetary policy. This is especially so given that many Americans have lost their jobs, while millions of others have seen severe declines in their net worth, because of the Federal Reserve's continuing boom and bust monetary policy. It is long past time for Congress to examine seriously the need for reform of the system of fiat currency which is responsible for the cycle of booms and busts that have plagued the American economy. Until this committee addresses those issues, I am afraid the American economy may suffer more rescissions or even depressions in the future.

In conclusion, the "Views and Estimates" presented by the Financial Services Committee endorse increasing the power of the federal police state, as well as increasing both international and corporate welfare, while ignoring the economic problems created by federal intervention into the economy. I therefore urge my colleagues to reject this document and instead embrace an agenda of ending federal corporate welfare, protecting financial privacy, and reforming the fiat money system that is the root cause of America's economic instability.

RON PAUL.