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SCHAKOWSKY CONFRONTS WASTE IN GOVERNMENT AND DISAPPEARING TAX DOLLARS

PRESIDENT BUSH'S TAX CUT HAS ENDED THE BRIEF PERIOD OF SURPLUSES, AND RETURNED US TO MASSIVE DEFICITS

WASHINGTON, D.C. - During a Congressional hearing today entitled "Disappearing Tax Dollars," U.S. Representative Jan Schakowsky (D-IL) said that "there simply is not enough money to fund the government next year."□

□ Schakowsky added that the Congressional Budget Office examined "the deterioration of the surplus since last year, and concluded that the main cause for the disappearing surplus is not September 11, and it is not the Bush recession.□ The main cause of the disappearing surplus is the Bush tax cut."

Below is Schakowsky's statement from the Government Efficiency, Financial Management, and Intergovernmental Relations Subcommittee hearing:

Thank you Mr. Chairman for holding this hearing, and I thank the witnesses for taking time out of their busy schedules to testify today.□ I have worked with the chairman throughout this Congress to highlight the lack of fiscal management in the administration.□ Most of our work has focused on the Department of Defense, and it is clear that DOD is wasting public funds at an alarming rate.

I am pleased that today we are looking beyond DOD.□ I believe it is important that we confront waste throughout the government.□ GAO has told us that the Department of Education, since its original testimony in April, had made significant progress in correcting the management failures in the purchase card program.□ HUD, however, continues to behave more like the management at DOD.

I believe these issues are important because dollars wasted by the government are dollars that are not available for the important programs within these agencies.□ However, even if we eliminate all of the purchase card problems at the Department of Education, there will not be enough money to fund Title I, and Pell Grants, and all of the other important education programs.

Mr. Chairman, we are confronted with a more fundamental problem - there simply is not enough money to fund the government next year.□ This problem exists, not because of the events of September 11, but because of President Bush's tax cut.

Given the title of this hearing□ - "Disappearing Tax Dollars" -- it seems fitting that we look at this important information as well.□ On the easel is a chart that summarizes a

study by the Congressional Budget Office. CBO looked at the deterioration of the surplus since last year, and concluded that the main cause for the disappearing surplus is not September 11, and it is not the Bush recession. The main cause of the disappearing surplus is the Bush tax cut.

The Bush tax cut has ended the brief period of surpluses, and returned us to massive deficits. The second chart shows just how dramatic the change is. If Congress does not restore the fiscal restraint that characterized the budget process during the Clinton Administration, we face massive deficits over the next 10 years. As most economists will tell you, those deficits will have a chilling effect on the economy.

When President Clinton signaled to the world that he was serious about balancing the budget it had an important effect. International investment began to flow into the U.S. economy, and was one of the engines of the expansion of the 1990s. These deficits will have the opposite effect, holding back the economy and taking a toll on everyone.

We have already seen that happening. Last week the Department of Commerce announced that the poverty rate was up and household income was down. The last time we saw poverty go up and income go down was during the recession in 1991.

The tax dollars that disappeared because of the Bush tax cut are already having an effect on programs designed to help the neediest of our citizens, some of which are at the agencies before us today.

The failure of this administration to follow through on its commitment to education is shameful. The President's program "No Child Left Behind" was supposed to provide our children with the resources needed to obtain the best education possible. Instead, the President's education budget for 2003 would stop six years of steady progress in federal support to local schools.

The President's education budget would reduce Pell Grants, eliminate funding for rural education and technological training for teachers, result in 16,000 fewer teachers getting trained, and 50,000 fewer children in after school programs. It is clear that in the President's budget, the children are being left behind.

This afternoon, Ms. Calbaum from GAO will testify about the waste, fraud, and abuse at the Department of Housing and Urban Development. Quite frankly, I am not surprised. I am dismayed at the insensitivity of the leadership at HUD towards the people they are supposed to serve.

Last year I introduced the Domestic Violence and Sexual Assault Victims' Housing Act which has bipartisan support and over 100 cosponsors. One of the main provisions of that bill - funding for transitional housing for domestic violence victims - was included in a bill sponsored by Chairwoman Marge Roukema of the Housing and Community Opportunity Subcommittee.

The Secretary of HUD opposes these provisions, and argues that there are sufficient programs for these victims. Why then does a HUD commissioned evaluation of transitional housing programs find that among all people served, battered women are the least likely to experience improved employment and stable housing?

If the Bush administration can turn its back on these victims, it is not surprising that it turns its back on the financial management responsibilities at the Department. If financial management is any indication of clear priorities, then I guess I should not be surprised.

Mr. Chairman, as you know, I feel strongly about waste in our government because it steals money from those programs that are already under funded. As the President leads our nation on a path toward war, financial management in his administration is actually a national security liability. I commend you on your leadership on these issues, and it has been a pleasure working with you on this Subcommittee. While this is not our last hearing, I want to take this opportunity to salute you for the many accomplishments of the subcommittee under your leadership.