

Representative Jeb Hensarling
Opening Statement for Financial Services Committee Markup
“FY06 Reconciliation - FHA Asset Disposition”
Thursday, October 27, 2005

The Financial Services Committee was tasked with saving \$470 million over five years to fulfill its responsibility for reconciliation. I am pleased that this day has finally come for our committee to do its part.

Today, to meet its target the committee will consider the FHA Asset Disposition Act, which will save \$270 million, and Deposit Insurance Reform, which will save \$200 million.

With regard to the FHA reforms, the Financial Services Committee proposes to turn several housing authorities, which sell loans at discounts rates, from mandatory spending to discretionary, thus making them subject to the appropriations process.

Make no mistake about it. Any time that we take federal funds out of the mandatory spending pot and shift them to the discretionary spending pot, we are helping to protect American taxpayers. Already, entitlements consume nearly 60% of all federal spending. And that figure is set to grow dramatically in the future.

However, while the Financial Services Committee has lived up to the letter of the law with respect to its recommendations, I believe that it has not gone far enough to find real savings.

This reform of FHA does not actually save a dime. It merely makes certain types of FHA spending compete each year with other discretionary spending priorities, putting further pressure on us to hold the line on that side of the budget. While that is work that we are glad to do, we ought to be looking at reforms that actually reduce spending or even completely de-authorize some of these programs.

My concern with the committee's recommendations is that in reality we are only meeting some of our reconciliation target. In terms of actual dollar-for-dollar savings, we are only banking \$200 million in hard savings for the taxpayer and hoping that the other \$270 million will materialize over the years through the discretionary process. I think we could do better.

Again, I thank Chairman Oxley for working to bring these reconciliation recommendations to the committee today. I look forward to working with him and other members of this committee to ensure that this process signifies the beginning of reforming the spending habits of the federal government, not the end.