

Opening Statement

Congressman Paul E. Gillmor (R-OH)

Committee on Financial Services

April 6, 2005

Hearing entitled: "Strengthening America's Communities: A Review of the President's FY2006 Budget Initiative."

I want to thank Chairman Oxley for calling this important hearing to discuss the President's proposal to consolidate our nation's community development efforts. This proposal represents an ambitious plan to reorganize 18 Federal community and economic development programs spanning 5 agencies, into a new Strengthening America's Communities Initiative housed at the Department of Commerce. President Bush has often referred to the need to streamline government, eliminate wasteful programs, and increase efficiency and accountability across the board. There is no doubt that this goal has driven the SAC proposal.

While some may question the method by which the President has chosen to streamline our community development efforts, I believe that now is a good time for this debate. Studies have shown that increasingly, communities with the most need of Federal community development assistance are receiving less and less funding. The centerpiece of any discussion of community development and indeed, the centerpiece of the President's proposal is HUD's Community Development Block Grant Program, or CDBG.

The mission of the CDBG program, created more than 30 years ago, is to provide for the development of viable urban communities for low- and moderate-income people. There is no doubt that the CDBG program has done quite a bit of good in the past 30 years, but with an antiquated eligibility formula, those communities most in need are those left behind. In HUD's recent study on the CDBG formula, several alternatives are offered that would redistribute CDBG dollars and allow deep-funding of severely distressed communities and towns like those in Northwest Ohio which have experienced tough economic times and job loss.

I look forward to hearing the Administration discuss past successes and failures of CDBG and other community and economic development programs as Congress debates the President's proposal.

Thank you for calling this hearing, Mr. Chairman.