

Opening Statement

Chairman Michael G. Oxley

Committee on Financial Services

Strengthening America's Communities: A Review of the President's FY2006 Budget Initiative

Wednesday, April 6, 2005

Today, the Financial Services Committee welcomes the Secretary of the Department of Commerce, Carlos M. Gutierrez, and the Secretary of the Housing and Urban Development, Alphonso Jackson, to discuss the details of the President's initiative to overhaul the way the Federal government funds and administers community and economic development.

Strengthening America's Communities, proposed in the President's FY2006 budget proposal, is a new \$3.7 billion program which seeks to reorganize and consolidate this nation's community and economic development initiatives into a new program under the direction of the Department of Commerce. In addition to consolidating these programs under the Department of Commerce, the President's proposal establishes strong accountability standards and a more flexible use of funds so that the communities most in need will be assisted.

Currently, there are more than 35 Federal programs in seven agencies that provide \$16 billion in grants, loans and tax incentives to encourage community development and economic revitalization. The Administration maintains that some of these 35 programs duplicate and overlap one another, have few accountability standards and have inconsistent criteria for eligibility. By streamlining the process and consolidating these programs, the Administration believes that federal funds marked for community development efforts can be more accurately targeted and used.

I applaud the Administration stated goal of creating a more targeted unified program with stronger accountability standards and more flexibility. In addition, I support targeting funding to high poverty areas in an effort to make a concrete difference in distressed areas. Yet, there are still many unanswered questions regarding the President's new initiative and we have scheduled this hearing today in an effort to learn more of the specifics regarding the President's new proposal and in hopes of gaining a clearer picture of just how this new proposal will continue the goals of community development for our distressed communities.

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On March 2, this Committee held a hearing on the President's FY2006 Budget proposal. As Secretary Jackson will remember, much of the discussion at that hearing centered on the President's new "Strengthening America's Communities" initiative. Questions were raised on how this new program would be structured; whether the Department of Commerce has the infrastructure and tools necessary to adequately assess the community development and housing affordability needs in communities across the country; and how the thirty-five programs will collapse into grant programs that will continue to meet the community development needs across this country.

I know that many here today are anxious to learn more about the President's bold new initiative. Many of us on this Committee and in this Congress are hearing daily from constituents back home that have first-hand knowledge of how important programs such as the Community Development Block Grant (CDBG) program are to their communities. They are asking questions and raising concerns about this new program initiative and whether it can continue to meet the critical economic and developmental needs of our communities.

We trust that you will address many of those questions here today and that we will be able to work together in the months ahead to address your concerns for Federal initiatives that not only meet strong accountability standards and allow for greater flexibility but also continue to promote homeownership, community development, and economic opportunity in our communities across this country.

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