

NOMINATIONS OF:
JOHN E. ROBSON, PETER R. FISHER, JAMES
J. JOCHUM, ALPHONSO R. JACKSON, RICHARD
A. HAUSER, JOHN CHARLES WEICHER, AND
ROMOLO A. BERNARDI

HEARINGS
BEFORE THE
COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE
ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

ON

NOMINATIONS OF:
JOHN E. ROBSON, OF CALIFORNIA, TO BE PRESIDENT OF THE
EXPORT-IMPORT BANK
PETER R. FISHER, OF NEW JERSEY, TO BE UNDER SECRETARY FOR
DOMESTIC FINANCE, U.S. DEPARTMENT OF THE TREASURY
JAMES J. JOCHUM, OF VIRGINIA, TO BE ASSISTANT SECRETARY OF
COMMERCE FOR EXPORT ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE
ALPHONSO R. JACKSON, OF TEXAS, TO BE DEPUTY SECRETARY
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
RICHARD A. HAUSER, OF MARYLAND, TO BE GENERAL COUNSEL
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
JOHN CHARLES WEICHER, OF THE DISTRICT OF COLUMBIA, TO BE
ASSISTANT SECRETARY OF HOUSING AND FEDERAL HOUSING COMMISSIONER
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
ROMOLO A. BERNARDI, OF NEW YORK, TO BE ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

MAY 10 AND 15, 2001

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NOMINATIONS OF:
JOHN E. ROBSON, OF CALIFORNIA
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PETER R. FISHER, OF NEW JERSEY
TO BE UNDER SECRETARY FOR DOMESTIC FINANCE
U.S. DEPARTMENT OF THE TREASURY

JAMES J. JOCHUM, OF VIRGINIA
TO BE ASSISTANT SECRETARY OF
COMMERCE FOR EXPORT ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE

THURSDAY, MAY 10, 2001

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 10 a.m., in room SD-538 of the Dirksen Senate Office Building, Senator Phil Gramm (Chairman of the Committee) presiding.

OPENING STATEMENT OF CHAIRMAN PHIL GRAMM

Chairman GRAMM. Let me call the Committee to order. I want to thank our colleagues for coming.

Let me explain what we are going to do today.

We have a hearing today on three of the President's nominees: John Robson, of California, to be President of the Export-Import Bank; Peter Fisher, of New Jersey, to be Under Secretary of the Treasury for Domestic Finance; and Jim Jochum, of Virginia, to be Assistant Secretary of Commerce for Export Administration.

My intention is to hear from our three nominees, have a period of questions for them, and then we will vote on the four nominees who appeared last week: Grant Aldonas, of Virginia, to be Under Secretary of Commerce for International Trade; Ken Juster, of the District of Columbia, to be Under Secretary of Commerce for Export Administration; Maria Cino, of Virginia, to be Assistant Secretary of Commerce and Director General of the U.S. and Foreign Commercial Service; and Glenn Hubbard, of New York, to be Chairman of the Council of Economic Advisers.

We will do a rolling vote today and give Members an opportunity, until 3 p.m. to cast their vote. I hope that each of our Members will be able to do so. My intention is that we will follow this procedure now until we get all these confirmations done.

Let me welcome our nominees today. We have two distinguished Members of the Senate to introduce our nominees.

I would like to suggest to Members of the Committee that we allow them to speak first. I am going to leave for a minute to introduce a Texan who has been nominated to be Secretary for the Army. I am going to ask Senator Dodd to Chair in my absence.

But before I leave, let me recognize the distinguished Chairman of the Finance Committee, Senator Grassley, to introduce a person we all know because he worked for this Committee after he worked for Senator Grassley, and that is Jim Jochum.

Senator Grassley.

**STATEMENT OF CHARLES E. GRASSLEY
A U.S. SENATOR FROM THE STATE OF IOWA**

Senator GRASSLEY. Even though Jim lives in Virginia now, Mr. Chairman, we are still going to consider him an Iowan. And obviously, I am pleased to introduce him, or I would not be here. I am pleased to call him a friend and, most importantly, he was a very loyal staff person. He is part of the Grassley family, as far as I am concerned.

Jim Jochum is a distinguished Iowan. He has character, educational background and management skills and professional experience, both in the public, as well as the private sectors, that make him a really ideal candidate for the position of Assistant Secretary for Export Administration in the U.S. Department of Commerce.

It was a short 7 years ago that I was able to have Jim come and join my staff here in Washington, as a counsel in charge of agriculture. And then later, he did all of our trade legislation.

It is quite obvious for a legislator who represents a State that is number one in hog and grain production, that the staff person in charge of farm and trade policy in my office has big shoes and high expectations to fill.

At the time, I may have raised a few eyebrows by hiring a Jochum who hailed from Dubuque because, in that part of our State, there is a couple of prominent State house Democrats with the name of Jochum. But then, again, family partisan squabbles would make him feel right at home here in the Nation's Capitol. Since that time, Jim has proven his mettle in the legislative, legal and lobbying briarpatch here in Washington, DC.

Jim is also an Iowan through and through. He brought with him grit, most importantly, a work ethic that is really going to be challenged in this new job where international trade is so important for our prosperity. But he also brought smarts and he brought leadership skills.

These are necessary to build a consensus among commodity and business groups inside the Beltway and at the grassroots, and to forge critical alliances with Congressional staff and Members from both sides of the aisle.

As an example, during his tenure on my staff, Jim played a pivotal role in drafting the 1996 farm bill. He organized a bipartisan farm policy caucus comprised of more than half of the Members of the U.S. Senate.

Later on, he joined me in my first experience with international trade endeavors on the worldwide scene by going with me to the first ministerial WTO Singapore.

His expertise and sincere interest in international trade serve my home State constituents well, where one out of five jobs on the assembly line at the John Deere plant can be attributed to international trade, not to mention the fact that, fully, one-third of an Iowan farmer's income comes from export sales.

Jim has an ability both to see the big picture and to break down complex situations into smart legislative and political strategies. After spending even a short time with Jim, I think everybody who works with him and gets to know him will see why people gravitate to him. With that, I will close my introduction and express my best wishes to all, including Jim. But I want to assure everybody that not only for myself, but also people in Congress who consider themselves stewards of the taxpayers' dollars, that I would say that I have a great deal of confidence that Jim Jochum will be an asset to the bureaucracy and a dogged advocate of U.S. interests.

Thank you, Mr. Chairman.

Chairman GRAMM. Thank you, Senator Grassley. I know you have to get on about your business and we are very honored that you came here today. I am sure that Jim is very appreciative of your support.

Let me recognize Senator Feinstein to introduce Mr. Robson. Dianne, we are happy to have you here. Thank you for coming.

STATEMENT OF DIANNE FEINSTEIN A U.S. SENATOR FROM THE STATE OF CALIFORNIA

Senator FEINSTEIN. Thank you very much, Mr. Chairman. I am here to indicate my strong support for John Robson, who has been nominated by the President to serve as Chairman and President of the Ex-Im Bank.

Frankly, Mr. Chairman, I did not know Mr. Robson. And I began to get telephone calls, believe it or not, from Democrats, including a former Secretary of Commerce in the Clinton Administration. And the request was, would I sit down and meet with him?

He comes from my home territory—San Francisco, CA. I am actually surprised that I had not met him before. I did sit down with him. I did have a chance to talk with him. He is currently a Senior Advisor to the firm of Robertson Stephens. He resides in my home city in San Francisco.

He has a very distinguished past governmental service. He has been Chairman of the Civil Aeronautics Board and was actually the one who initiated deregulation of airlines, Under Secretary of Transportation, and Deputy Secretary of the Treasury.

One of those was even in a Democratic Administration. He has also served as Dean of the Goizueta School of Business Administration at Emory University and he was an attorney at the firm of Sidley and Austin.

He holds appointments as a Distinguished Fellow at Stanford University's Hoover Institution and as a Visiting Fellow at The Heritage Foundation.

What was interesting to me is that the prominent Democrats that called said, meet him. He is really a good guy. He really knows his stuff.

Well, Mr. Chairman, that is enough for me. I am very proud to be here and very proud to support your nomination as President of the Ex-Im Bank, John Robson. Thank you very much.

Senator DODD [presiding]. Thank you very much, Senator. It is an honor to have you here before this Committee.

Senator FEINSTEIN. Thank you. I appreciate that.

Senator DODD. And your remarks are very meaningful and important. And I know Mr. Robson appreciates them immensely. So we thank you for coming by. We know you are busy as well, so we will excuse you.

Senator FEINSTEIN. I appreciate it. Thank you.

Senator DODD. I am going to ask our colleague from New Jersey, Jon Corzine, to introduce his constituent, Mr. Fisher.

Senator Corzine.

STATEMENT OF SENATOR JON S. CORZINE

Senator CORZINE. Thank you, Senator Dodd.

It is a real honor for me to introduce one of my constituents. It is great to have a New Jerseyan come before the Committee. I have been waiting for that for a long time.

It is with great pleasure that I do introduce Peter Fisher, the nominee to become Under Secretary for Domestic Finance at the Department of the Treasury, with his wife, Mary Sue, who I believe is here, and his mother, Ms. Caroline Fisher, who we are pleased to have joining us.

Peter comes before us as the Executive Vice President of the New York Federal Reserve Bank. He serves as the head of the bank's markets group.

At the New York Fed, Peter manages the open market account for the FOMC and, as such, oversees domestic open market foreign exchange trading operations and provisions of account services to the foreign central banks.

He served the Federal Reserve Bank for 15 years, worked his way up, beginning in the bank's legal department, and then to the bank's foreign exchange function, where, in 1993, he was promoted to Senior Vice President in charge of the Foreign Exchange Department. It is clear from his biographical profile that he is enormously qualified for the position for which he has been nominated. But, frankly, the profile does not tell the story.

Having had the experience of working with Peter in my previous career, I can attest firsthand to his intellect, his wit, and quality of character. He is a gentleman who I consider to be one of the most intellectually honest people I have ever worked with, gifted in the world of finance and gifted in his relationships and ability to work with people.

I can say without hesitancy, Senator Dodd, that he will make an outstanding Treasury Under Secretary. I am very, very proud to introduce him to the Committee and look forward to his speedy confirmation. Nice to have you here, Peter.

Senator DODD. Thank you very much, Senator.

Let me ask, if I can, for all three of you to rise and raise your right hands, if you will, for the purpose of taking the oath.

Do you swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ROBSON. I do.

Mr. FISHER. I do.

Mr. JOCHUM. I do.

Senator DODD. And do you agree to appear and testify before any duly-constituted committee of the U.S. Senate?

Mr. ROBSON. I do.

Mr. FISHER. I do.

Mr. JOCHUM. I do.

Senator DODD. Thank you. Before we begin, as normal proceedings here, I am going to congratulate all three of you, and congratulate the President on choosing three very fine individuals to serve in the capacities in which you have been selected. And to thank you for agreeing to serve as well.

I had a chance to see Mr. Robson yesterday because I know Mr. Jochum and have heard of Mr. Fisher. I am just very impressed you are willing to do this.

In the case of John, I think this is your fourth time you have been confirmed by the Senate for positions.

Mr. ROBSON. Five.

Senator DODD. Five. Excuse me. We do not cherish enough and celebrate enough public service, in my view. And people who could easily choose a different path and I am sure would be more financially attractive and less troublesome and time-consuming for families and friends alike.

I am deeply appreciative as I know all Members of the Committee are, for your willingness to serve your country. It is deeply, deeply appreciated. So we thank you.

Why don't I begin just briefly with you, John, if you want to introduce any family or people who are here, for the purposes of the record. Do you have any family members present at all?

Mr. ROBSON. I do not.

Senator DODD. All right.

Mr. ROBSON. We are a long way from California.

Senator DODD. I know.

Mr. Fisher.

Mr. FISHER. Thank you. Senator Corzine has already introduced my mother, Mary Sue Fisher—excuse me—my mother, Caroline Fisher, and my wife, Mary Sue Fisher.

[Laughter.]

I got the sequence wrong, last name right.

Senator DODD. Mr. Jochum.

Mr. JOCHUM. My wife Rita, who is behind me.

Senator DODD. Nice to have you with us. Very good. The way I am going to do this is we are going to start with you, Mr. Robson, with your testimony, and then we will go down to each of you. And any prepared remarks or information you would like to share with the Committee, we are happy to receive it.

**STATEMENT OF JOHN E. ROBSON, OF CALIFORNIA
TO BE PRESIDENT AND CHAIRMAN OF THE
EXPORT-IMPORT BANK OF THE UNITED STATES**

Mr. ROBSON. Thank you, Mr. Chairman. I have a brief statement.

Mr. Chairman, Members of the Committee, I am very pleased to come before you as you consider my nomination to be President and Chairman of the Export-Import Bank of the United States.

With your indulgence, I shall omit reciting my biographical background, which is submitted with this statement. If the Senate acts favorably on my nomination, it will be, as Senator Dodd just observed, my fifth confirmation.

Some might say, it is about time this old warrior hung 'em up. But I relish this new challenge because I have never found a canvas as big to paint on as public service offers, and I am particularly excited about the prospect of leading the Export-Import Bank.

The Export-Import Bank is a venerable independent agency with a reputation for professionalism and objectivity. It has enjoyed strong bipartisan Congressional support since its establishment under President Roosevelt, and it performs important roles in fostering American exports and thereby stimulating economic activity and job creation here at home.

It accomplishes this by helping to level the playing field for U.S. exporters in an increasingly challenging and complex global marketplace, where they contend with foreign competitors who may be very generously assisted by their sovereigns and by assuming the financiers responsibility and risk where commercial institutions fear to tread.

Over the years, Ex-Im has handled the taxpayers' money quite responsibly. So Ex-Im has carried out its mission very well.

But I would be disappointed if this Committee and, indeed, the entire Senate, did not expect of me and every nominee it approved, that the person would go to the job alert to opportunities to do things better and maybe differently.

Without, at this point, having specific knowledge of what those opportunities might be at the Export-Import Bank, I welcome ideas from Congress, the exporting community, and anyone else. A couple of concluding points.

First, in deference to the Senate confirmation process, I have always maintained a respectful distance from agencies for which I have been nominated until I am confirmed.

Thus, you may find me deficient in specific knowledge or opinion on events and policies in which you are interested, a deficiency I expect to remedy with sufficient time at the Bank.

And second, you have my commitment to deal openly and straightforwardly with this Committee and Congress. I solicit your interest, your questions, and your informed comments. And I will try my best to ensure that, even where we disagree, we maintain a civil and constructive relationship.

Mr. Chairman, Members of the Committee, I respectfully ask for your favorable consideration of my nomination and will be pleased to respond to your questions. Thank you.

Senator DODD. Thank you. As Tip O'Neill said, it is always good to ask for the votes. So we appreciate your doing that as well.

Mr. Fisher, welcome.

**STATEMENT OF PETER R. FISHER, OF NEW JERSEY
TO BE UNDER SECRETARY FOR DOMESTIC FINANCE
U.S. DEPARTMENT OF THE TREASURY**

Mr. FISHER. Thank you, Mr. Chairman. Thank you, Members of the Committee, for the opportunity to appear before you today. I have submitted a brief written statement for the record. Let me be even briefer.

I am honored that President Bush has nominated me to serve as Under Secretary of the Treasury of Domestic Finance and, if confirmed, to have the opportunity to work with Secretary O'Neill, the Treasury staff, others in the Administration, and with this Committee, to advance the President's economic agenda.

The strength and resilience of our Nation's system of financial intermediation is a precious asset. In addition to serving as an adviser to Secretary O'Neill, I especially hope to have the opportunity to work with this Committee to improve upon the efficiency with which our financial system converts the savings of the American people into productive investment.

My work at the Federal Reserve Bank of New York I think has given me some understanding of the forces shaping our increasingly global banking and capital markets and, with the Senate's concurrence, I hope to bring that experience to Secretary O'Neill's team at the Treasury.

Thank you again for the opportunity to appear before the Committee today. I hope very much that this will be the beginning of a strong working relationship. And I would be pleased to answer any questions.

Senator DODD. Thank you very much, Mr. Fisher.

Mr. Jochum, welcome home.

Mr. JOCHUM. Thank you.

Senator DODD. Back to this Committee. You have been highly regarded and well respected by Members of both political parties here. We are deeply appreciative of your service to this Committee over the years. And so it is exciting to have you back sitting on that other side of the table, if you will, and we are looking forward to working with you.

Mr. JOCHUM. I think it is more comfortable on the other side of the table, actually.

[Laughter.]

Senator DODD. Wait and see.

[Laughter.]

**STATEMENT OF JAMES J. JOCHUM, OF VIRGINIA, TO BE
ASSISTANT SECRETARY FOR EXPORT ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE**

Mr. JOCHUM. Mr. Chairman, Senator Sarbanes, and Members of the Committee, I am honored to appear before you today as the nominee for Assistant Secretary of Commerce for Export Administration. I thank President Bush and Secretary Evans for placing their confidence in me with this nomination. I am humbled when I reflect on the distance traveled between a modest upbringing in Iowa that Senator Grassley alluded to, and being asked by the President of the United States to serve the American people in this position.

I am especially proud to appear before the Committee for which I served as a staff member. I have very fond memories and good friendships as a result of my time spent here. And I appreciate the support of my many friends on the Committee and in the audience today. I thank Senator Chuck Grassley for his very kind introduction and for supporting my nomination. I would also note, I think he has better speech writers since I left.

[Laughter.]

I know that the Finance Committee is busy working on a tax bill and his willingness to take the time to introduce a former staff member shows the kind of person he is. Senator Grassley brought me to Washington in 1987 as an intern. And over the years, I learned from him the value of hard work and perseverance.

He often refers to this as a “constancy of purpose.” I will take this constancy of purpose with me to the Commerce Department if confirmed by the Senate.

I must also express my deep gratitude to the Chairman, Senator Phil Gramm. When you work for Senator Gramm, you learn something new every day, since he is still a college professor at heart. But the most important lesson I learned is that as a public servant, you have a responsibility to stand on your principles, even if it makes people mad at you or your own friends uncomfortable. I will continue to stand on my principles as a public servant and trust that Senator Gramm will gently remind me when I fail to do so.

On a final personal note, I want to thank my family in Iowa, who could not be here today, and my wife Rita, who is sitting behind me. Rita gives me more love and support than any one person deserves. She is responsible for any success I achieve in my career and I thank her for being my closest adviser and best friend.

Mr. Chairman, as this Committee well knows, the Bureau of Export Administration has a critical mission—protecting and, indeed, enhancing, national security, while preserving the right of American businesses to export their products.

I take this responsibility very seriously, as do the civil servants I have met at BXA. They are very conscientious, hard-working people, who place the interests of their country above their own. It would be a privilege to work alongside them as we carry out this important mission.

Finally, I commend the Committee on its efforts to reauthorize the Export Administration Act. A sound legal basis for controlling the export of dual-use items is critical to protecting national security. A new Export Administration Act will send a signal to the rest of the world that American leadership to reinvigorate the multilateral export control process is forthcoming.

I look forward to working closely with this Committee on this important endeavor. Thank you again for holding this hearing and considering my nomination.

Chairman GRAMM. Thank you very much, Jim.

Since we have a good number of Members here, let me ask unanimous consent that the four nominees I previously mentioned be considered en bloc, and that we do a roll call vote, begin that now, so that we can get the maximum number of people here to save everyone’s time in coming back and forth. We will keep the vote open until 3 p.m., to give people an opportunity to vote.

And so, I would like to ask unanimous consent that we consider: Grant Aldonas, Ken Juster, Maria Cino, and Glenn Hubbard, and their confirmation en bloc. Without objection, so ordered.

I would like to ask the Clerk to call the roll.

The CLERK. Chairman Gramm.

Chairman GRAMM. Aye.

The CLERK. Mr. Enzi.

Senator ENZI. Aye.

The CLERK. Mr. Hagel.

Senator HAGEL. Aye.

The CLERK. Mr. Bunning.

Senator BUNNING. Aye.

The CLERK. Mr. Sarbanes.

Senator SARBANES. Aye.

The CLERK. Mr. Dodd.

Senator DODD. Aye.

The CLERK. Mr. Bayh.

Senator BAYH. Aye.

The CLERK. Mr. Miller.

Senator MILLER. Aye.

The CLERK. Mr. Corzine.

Senator CORZINE. Aye.

The CLERK. Mr. Chairman, for the time being, the ayes are nine.

Chairman GRAMM. And we will leave the vote open until 3 p.m.

Let me first, Jim, congratulate you. I want to thank you for your kind comments about me, I would like to simply say that I think you are a perfect example of the excellent staff that we have here in Congress and the remarkable work they do.

It is an amazing thing to me when I am walking out the door to my building, and I am standing there waiting for my ride to pick me up, I watch all these people walk out and notice how young they are. Then I realize that the country is being run by children.

[Laughter.]

But they do a remarkable job. I do not think people understand the important role that our staffs play in making it possible for us to do the job we do. It is people like you who really make American Government work. We are very proud of you in your new position.

I would like to ask you one question. You have taken a good look at our bill that we reported, Reauthorizing the Export Administration Act. Are you confident that you can use that law to strengthen export administration and to protect national security?

Mr. JOCHUM. Senator, I am very confident in that regard.

I think that the bill that you are debating in the Senate currently actually provides additional safeguards from current law. For instance, it involves the other agencies, to a larger extent. It requires, the first time in statute, license applications to be referred to DoD. It requires commodity classifications for the first time to be referred to DoD.

It creates a statutory process by which, if agencies do not agree on a licensing decision, it can be elevated all the way up, even to the President, to make that determination. So there are several things in the statute itself that provide safeguards beyond what we have today.

And I think a critical point is also that national security depends on having an underlying law in place. And inaction is probably the worst-case scenario.

Again, I commend you on moving that along and look forward to getting in place to help you do that.

Chairman GRAMM. Thank you.

Mr. Robson, let me congratulate you on your appointment. Some have complained that the President's budget actually proposes a lower dollar expenditure for the Export-Import Bank.

Could you give us your reaction to that and your response to the conclusion that that means a reduction in the amount of export financing that Ex-Im can do?

Mr. ROBSON. Let me say first, I was not present at the creation of the budget that was sent up. So I had no participation in its manufacture.

As I said earlier in my opening statement, Senator, I have kept my arm's length from the agency until the Senate has decided to confirm me. But I do not know the answer to the question of whether every percentage reduction in the amount of funding proposed for the agency is equivalent to an equal percentage reduction in the amount of business that can be done. I simply have not had the opportunity or learned enough to answer that.

One might presume that a 25 percent cut in the agency's budget is going to have a burden on the amount of export transactions it can finance. And at this point, I cannot tell you how much that might be.

I can tell you, that by the time I have been at the agency a while and appropriations are before the Congress, that I will be educated on that subject and will give you my honest opinion as to what I think the impact will be and what I think we ought to do.

Chairman GRAMM. Many people would view the Ex-Im Bank as an export subsidy device. Would you give me your defense as to why the American taxpayer should be subsidizing exports?

Mr. ROBSON. Well, let me start with an assumption with which I hope the Members of this Committee and the Senate would agree. And that is that exports are a good thing, that they create economic activity and they create jobs here in the United States.

If you look at the world today, where some 50 to 70 countries have export support mechanisms, you have three alternatives.

First, you can unilaterally disarm and withdraw from any kind of export support that is taxpayer-funded. Second, you can get into an export subsidy arm's race, if you will, and match yen for yen, franc for franc, pound for pound, Deutschmark for Deutschmark, with American dollars every subsidy that is offered by our foreign competitors. And the third is that you can do something somewhere in between, which is, on the one hand, to try to moderate the dimension of export subsidies that are conferred by our industrial competitors, as is done under the OECD rules of engagement. And, on the other hand, to provide armament here at home to be able to enable our businesses to compete.

So that is kind of where we are. Where it ought to be level-wise, I think is a matter of legitimate debate. But I think that, as long as the world is as it is, it strikes me as a respectable place for taxpayer money to go.

Chairman GRAMM. Let me ask just one question of Mr. Fisher. One of the things that we debate, at least in the abstract, is what we are going to do with the surplus—from Social Security and Medicare—the degree that we do not use Medicare money to pay for plus the potential of the on-budget surplus. If the projections we are looking at continue, at some point in 6 or 7 years, we will have a situation where we literally will be buying debt back quicker than it is maturing.

I understand that about a third of our debt is owned by foreign central banks and foreign governments.

At that point, we obviously would face an important decision, and that is, should we pay a premium to buy that debt back, or should we try to deal with that problem, or that blessing, depending on your perspective, in another way?

Have you given that any thought? What would be your initial thinking be?

Mr. FISHER. Thank you, Senator.

I have given that topic some thought, but from the perspective of the Federal Reserve. As I believe you have heard from Chairman Greenspan, the Federal Reserve has begun consideration of the challenge that the Federal Reserve will face in the need to accumulate private assets if the stock of Treasury securities is insufficient for managing the balance sheet of the Federal Reserve.

I thought about that problem a great deal, but from the relatively narrow perspective of managing the central bank's balance sheet and its monetary operations. I have some thoughts on that. It is a very broad topic and I want to be clear, I have not thought about all the aspects of it.

Chairman GRAMM. Well, now, your duty is to manage the public debt, right?

Mr. FISHER. Absolutely, sir.

Chairman GRAMM. You are not going to turn that over to the Federal Reserve.

Mr. FISHER. No, we are not.

Chairman GRAMM. All right.

Mr. FISHER. Not at all. The challenge will be to focus on maintaining the cheapest cost of financing in the long run of the Federal Government.

Clearly, there will come a point, in all likelihood, where purchasing debt out of the market will be more expensive, maybe more expensive than our financing costs—that is, of new issues—there are various ways of measuring that, continued purchases would not make economic sense. You would be paying a premium over your cost of borrowing, however, the general fund will be accumulating cash. And at present, there is no mechanism other than the cash management vehicles that the Treasury has in the TT&L system to invest that cash.

I have worked on the Federal Reserve's views on this and have worked cooperatively with the Treasury in the last Administration on the challenge of how and when the Government might accumulate assets.

I share the perspective that Chairman Greenspan has expressed here of a reluctance for the Government to be involved directly in accumulation of assets.

I think that this issue over the next 5 years is going to be looked at. I think it is the President's priority. I know Secretary O'Neill has said it is his priority to look at the Social Security system.

And I believe the principles that President Bush has announced for the reform of the Social Security system that will guide the commission that was just formed are exactly the right ones.

That still leaves a lot of work to do, to figure out how to fund politically and financially an acceptable way the Social Security system and Medicare system, as well as manage the Government's debt. I have not thought through all of the attributes of that, but the objective will be the cheapest financing for the Federal Government over the long run, while trying to maintain liquid markets in the Government's debt as long as those exist.

Chairman GRAMM. Thank you.

Senator Sarbanes.

STATEMENT OF SENATOR PAUL S. SARBANES

Senator SARBANES. Well, thank you very much, Mr. Chairman.

First of all, Mr. Chairman, I want to commend you for expeditiously scheduling this confirmation hearing today, as well as the mark-up that we are currently engaged in with respect to the four nominees on whom we held a hearing last week. And we have also scheduled now the four HUD nominees for a hearing on Tuesday.

I understand, with the exception of Roger Ferguson, that, in effect, takes care of everyone who is now appropriately before the Committee in terms of the completion of their papers.

As I indicated to you at the outset, and I think on behalf of my colleagues as well, we want to be helpful and cooperative in trying to help the new Administration get its people into place.

Chairman GRAMM. We appreciate that.

Senator SARBANES. We are moving right along here. In fact, I do not know when you hope to take the four we are reporting out right now up on the floor, but, presumably, that could be done in the very near future.

In any event, I would anticipate we get everybody in place before we break for the Memorial Day recess, which I know would be very helpful to the Secretaries. I also want to say that I regard these three nominees as very highly qualified for their positions and I look forward to voting to confirm them.

I want to say that I think both Secretary Evans, Secretary Martinez—of course, Mr. Robson comes outside of a departmental structure. But I am willing to give the Administration a nod on the quality of the people they have sent up as far as they have come before this Committee.

It is important to put good people in these positions. These are important positions with extensive responsibilities.

I am sure if the Administration falls off that standard, we will have something to say about it. But thus far, it has been a good standard and I have been pleased to be supportive.

I am reminded of a story.

I went to an event once and received an award. My mother was present. They asked my mother to make a few comments. And in the course of it, she says—he has been a good boy—so far.

[Laughter.]

Chairman GRAMM. Well, that is reserving judgment.

[Laughter.]

I was thinking the same thing as you were talking.

[Laughter.]

Senator SARBANES. Let me just say a word or two about the nominees.

Mr. Fisher is extraordinarily well qualified I think to take on these debt management responsibilities. It is a very complex and arcane area of responsibility. He has had this extended experience at the Federal Reserve Bank of New York. We are pleased to see him moving into the Government.

I actually had the privilege of knowing his father, who is a very distinguished professor of law at Harvard Law School. We are delighted to see the family tradition of public service continue here.

You have already talked about Jim Jochum. But I want to again express appreciation to him for the extraordinarily skillful work he did when he was here with the Committee on working on the Export Administration Act. He really helped to put together that consensus which resulted in the Committee overwhelmingly moving the bill in the last Congress and, of course, in this Congress, we worked off of the product of the last Congress in order to move it forward.

We are now out there on the floor struggling with this situation. It is somewhat frustrating because a careful analysis of the bill, I think, would show not only that it does not do some of the things its critics are saying it does, but, in fact, it meets more successfully some of these objections that are being made than the existing regime does.

Hopefully, we will be able to somehow get that across and be able to move it along. I know the Chairman is very interested in doing that.

Mr. Robson, we welcome you back to Government service. I think this is the third time, you have been before this Senate.

Mr. ROBSON. Fifth.

Senator SARBANES. Fifth, for confirmation?

Mr. ROBSON. Unfortunately.

Chairman GRAMM. The man has trouble holding a job.

[Laughter.]

Senator SARBANES. I apologize. I did not realize. Yes, I guess that is true we wish you well. This is an important responsibility.

The Ex-Im Bank, as you know, has had bipartisan support in the Congress. John McCumber, of course, who was the present Chairman of the Ex-Im Bank under former President Bush, was an extremely able and effective head of the Ex-Im Bank. I think as long as other countries engage in these practices, we have to have some counter to that.

In a perfect world, you can envision a situation in which no one provided any support and it was all left completely to the private marketplace.

But the real world does not operate that way. We have tried hard to develop rules of the road through the OECD. But I think even those limited rules that we have been able to develop came about only as a consequence of the fact that the United States was pre-

pared if we did not get the limited rules to provide strong backing to our exporters, which would put them in a competitive position.

There are now all kinds of other ways that people are trying to develop to get around those restrictions, and I think we have to be very vigilant and supportive of our industry in that regard. The Tied Aid War Chest is an important weapon in that regard.

We hear disturbing reports of people in OMB who want to curtail or limit this and, of course, we have this reduction in funding for the Ex-Im which we will have to come to grips with here in the Congress. You made a strong opening statement about the Export-Import Bank in terms of its professionalism and its objectivity and the responsible way in which it is carrying out its charge.

I really have no questions.

Mr. Robson, I would just say to you, maybe I can draw you out a bit. I think, given these pressures that I perceive from other sources within the Administration, the Ex-Im Bank will require an advocate and a leader within the Administration and that is a role I think that is necessary for you to assume. How do you warm up to that task?

Mr. ROBSON. Well, you were kind enough when we met privately, Senator Sarbanes, to describe my situation as being on the spot. This is kind of a continuation of that discussion.

Let me just say this. This will be the fifth agency or department that I have had a leadership role in. I have gone to each one pretty much the same way, which is to do the best job I can in what I think to be in the interest of this country. I will do so at the Ex-Im Bank. As I said in my opening statement, I am very pleased to be there. It has a long and honorable tradition. I expect to be a good leader and one who is looking to do everything that is in the national interest insofar as I can possibly perceive it. I expect, as I have been I think at other places that I have been, to be a pretty forceful leader as well.

Senator SARBANES. Thank you, Mr. Chairman.

Chairman GRAMM. Thank you, Senator Sarbanes.

Senator Bunning.

STATEMENT OF SENATOR JIM BUNNING

Senator BUNNING. Mr. Chairman, I have an opening statement that I would like to ask unanimous consent that it be entered into the record.

Chairman GRAMM. It will be entered into the record as if read.

Senator BUNNING. Thank you very much.

Mr. Jochum, I welcome you back to the Committee on the other side of the table.

What can the Department of Commerce do to help ensure the passage of the important legislation that we have before us, Export Administration Act? In other words, how can you advocate from your side to make sure that we get this bill that this Committee almost unanimously passed out, done?

I know we have Foreign Relations. We have Armed Services. We have others on the floor of the Senate who are objecting in some way or another to the passage of this bill.

As Senator Sarbanes said, most of us here think that there are adequate protections in the bill. I happen to think that the fines

should be increased, but swallowed hard when they were reduced and not to add an amendment on the floor, hoping that that would help ensure the passage. It has not.

What can Commerce do to help us?

Mr. JOCHUM. Thank you, Senator. That is a good question. I would note that the President once again reiterated his strong support for the bill.

I think maybe one factor is just having the people at my level in place to carry out the President's agenda will be very helpful. One thing that the Commerce Department can do is help address some of the misperceptions about the current system.

We are the lead agency in processing the applications and so we have all the information. We have a very good story to tell that we have protected national security, that this bill will give us additional tools to protect national security. And I think we need to get that story out in a more forceful way, at probably a higher level than we have done here today.

Senator BUNNING. The present set of circumstances as far as a slap on the wrist if you are found in violation of the current law, looks like it is thrown in as the cost of doing business rather than a real deterrent.

And I am sure that Commerce can do something to advance that and say that there is actual penalties involved now. I just want to make sure that we get this thing done and get it done before we get out of here in September.

Mr. JOCHUM. As we discussed yesterday, Senator, I agree that the current law, and especially if we have to default to IEPA, the penalties are really the cost of doing business, as people have testified here, as you considered the bill the last 2 years.

The heightened penalty provisions are something that we are very supportive of. And actually, there is also some additional enforcement activities that will give the Commerce Department the ability to stop transshipments and other things that occur that are contrary to the Act.

Senator BUNNING. Mr. Fisher, I would like to ask you about the economy and the stimulant that they are talking about as far as fiscal policy. How would you propose to stimulate the economy, not only in monetary policy, but also in fiscal policy, since you are going to be in charge of reducing our debts and making sure that we have a debt-free economy and continue to have one?

Mr. FISHER. Senator, that is a very broad question which I want to be clear, takes us well beyond—

Senator BUNNING. I gave you a large target to shoot.

[Laughter.]

Mr. FISHER. It takes me well beyond my areas of competence.

Senator SARBANES. Above your pay level, I think is the way that it is put.

[Laughter.]

Senator BUNNING. We would just like to hear your ideas. You do not have to have them all, just a few.

Mr. FISHER. I am eager to support the President's economic program and the tax provisions before the Congress now. I am not aware of the current state of play on the considerations in Congress in current year fiscal stimulus concepts.

I know, I have been working as a consultant to the Treasury, giving the Secretary some advice. I am aware that the Treasury staff has been working to find a way to make sure that if Congress choose some immediate stimulus in the form of tax rebates, that that can be effectively implemented.

The sphere of debt management I believe should be thought of as the tail and not the dog. I think Congress and the Administration should work on the appropriate mix of fiscal policy, spending and tax cuts. And then it is the duty of the debt manager to finance the Government as efficiently as possible.

The current projections we are all working with is that the debt will be paid down over the coming 10 years. After that, longer-term forecasts would suggest a rising level of debt.

I think the challenge for debt management is to deal with that volatility. I would see myself as trying to do that and engineer the cheapest cost of financing for the Government over time. And I wouldn't think it the role of the debt manager to be dictating the course of fiscal policy.

Senator BUNNING. Thank you, Mr. Chairman.

Chairman GRAMM. Thank you, Senator Bunning.

Without objection, I would like to put Senator Allard's statement in the record as if given. He had to go preside on the floor.

Senator Dodd.

STATEMENT OF SENATOR CHRISTOPHER J. DODD

Senator DODD. Mr. Chairman, why don't we just do that for all Members. I presume they may have statements that they want to put into the record.

Chairman GRAMM. We will do that. Anyone who has a statement, we will be happy to put it in the record.

Senator DODD. Again, my congratulations to all three of you here. Just a couple of things. Rather than questions, and I think you all indicated pretty much getting into the details of these things, we will be dealing with you once you assume these responsibilities, as Senator Sarbanes has said, and Senator Gramm, the Chairman, has said, and I think all of us feel here, that you are all eminently qualified for the positions for which you have been nominated. And as I mentioned at the outset in my remarks, I am particularly grateful to all three of you that you are willing to do it. We are in a day and age when it is getting harder and harder to convince competent, good people to subject themselves to the rigors of public life.

It is one thing when those of us get out and run for public office who must accept that these things are going to come. We ask people to serve in positions such as you have been chosen to and it can be difficult.

I am grateful to all three of you. But I want to take advantage of your presence here just to share some thoughts. Again, I have had a chance to talk to Mr. Robson a little bit about some of these.

In the case of you, Mr. Fisher, your immediate predecessor did a very fine job. He was highly thought of, I think, by both sides of the aisle here and played a very important role of policymaking decisions regarding the portfolio which you are about to assume.

And this Committee, actually, with his help and others, we had a good Congress, with the repealing of Glass-Steagall, was a major achievement. I was pleased to work very closely with Senator Gramm on that and other Members of the Committee, and the House. It took us years working at that, and we think we passed a pretty good bill.

The Modernization of Commodities Markets, Bill Rayner did a fabulous job. I know Members of the Committee—not one of the best known people in Washington, but a highly competent individual who just did a terrific job in taking a very difficult set of constituencies and wove together a proposal that many of us thought was never going to be possible to achieve. Again, people out of your office were helpful.

Certainly, the reducing of paying down nearly \$400 billion in debt over the last few years has been, I think, by all accounts, a significant, extremely positive achievement, to the point where the Gross National Product now, debt comprises about 34 percent, debt does, of the GDP, whereas it was about 50 percent.

And while I certainly appreciate your response to the Chairman's question about the Federal Government accumulating assets, we are not there yet. We are a long way from that.

We ought to stay on the track, in my view, of continuing to pay down as much of this debt as we can without getting to the situation of accumulating resources. My hope would be that our budget considerations would have that as a major part of it.

I come from the most affluent State in the country and, arguably, a State that on a per-capita basis would be a greater beneficiary of the President's proposed tax cut, than any other State in the country.

And I can tell you, I can count almost on one hand the number of people who have advocated strongly for the size of the tax cut. I can tell you I get voluminous mail and e-mails from people who want to see us continue to pay down on the debt, who would like a tax cut as well, but believe we ought to have a balanced approach. So we look forward to working with you on that.

In the case of Mr. Robson, I had a chance to chat with you yesterday, and I appreciate your response to the budget questions. But there are those of us up here who feel that the 25 percent reduction in the Ex-Im financing vehicle is large. And I am not asking you to take a position on this. I am just going to tell you where I stand on it. I may be alone, but I suspect there may be others who want to revisit this.

I am very worried that at a time when we have the President arguing for fast-track legislation, expanding export markets, at a time when we are now encouraging more mid-size and smaller businesses in America to become players in the international marketplace, not just the large corporations, but expanding those opportunities to smaller and mid-sized businesses, this is an opportunity, as Senator Sarbanes has said—it is a highly competitive world we are in. But I want to make sure that my businesses in Connecticut and others around the country are going to have a chance to compete out there.

This is an agency that has returned dollars to the Federal Government. It has been a money-maker for the Federal Government.

So while there is obviously a budget outlay associated with export financing to the Ex-Im Bank, it has been a net gainer for the country. And in this 21st Century, to the extent that we can expand America's presence in emerging markets, it has in everyone's advantage, in my view.

Obviously, there can be, as you rightly pointed out to me yesterday, what that number is that allows you to continue to do that is subject to some significant debate. And I accept that and look forward to that discussion and moving forward.

Finally, I just would raise with you, there has been some suggestion about consolidation. And again, you and I talked about this, about taking OPIC and Ex-Im Bank and others and somehow, just taking all of these and wrapping it into one nice, tidy agency.

Again, I have strong and serious reservations about that, since there are distinct roles being played. I think there ought to be better communication, in my view, between the various agencies that have a portfolio charged with expanding export opportunities.

And others may want to express themselves on this. But I have some strong reservations about the idea of having some sort of neat bureaucratic chart that disregards the distinct and unique missions performed by these agencies, instead of lumping them all together into one particular super-agency, as some have suggested.

Again, I do not expect you here today to jump into this debate, but I thought I would at least take advantage of your presence here to express my concerns about that point and my concerns about the budget. But, again, I welcome your nomination and look forward to working with you.

Mr. ROBSON. Thank you, Senator Dodd.

Senator DODD. Jim, we just welcome you and, again, as I said earlier, we are very pleased with your nomination. We know you will be in touch with us.

Mr. JOCHUM. I will.

[Laughter.]

Senator DODD. You know the numbers up here. So we will look forward to working with you.

Mr. JOCHUM. Thank you.

Mr. ROBSON. Mr. Chairman.

Senator DODD. You can respond to that.

Mr. ROBSON. If Ex-Im Bank is indeed a profit center, it will be a first for me in working in the Federal Government.

[Laughter.]

Senator DODD. Well, it has been.

Mr. ROBSON. I am aware of that.

Chairman GRAMM. Senator Dodd, we will certainly get an opportunity to debate these issues because the Ex-Im Bank authorization bill expires this year and we will be looking at reauthorization.

I think it is a very timely thing that it does and I look forward to working with you and Senator Sarbanes and everybody on the Committee to reauthorize it.

Senator Hagel.

STATEMENT OF SENATOR CHUCK HAGEL

Senator HAGEL. Mr. Chairman, thank you. I add my greetings and congratulations to each of you. And as Senator Dodd has said,

we are grateful that you have each come forward to offer yourselves for these positions that have some rather significant responsibility, at a time when I believe the competitiveness of the world is at a state never before seen in the history of man. And that means that the decisions that are made in the next 4 years, during your watch, will be very critical as to where America is placed in this competitive cycle.

We are so large and powerful today, that it is difficult for any of us to understand what is going on out there. And the rate of change in the world is so phenomenal in the areas that you have responsibility for, that we cannot chart it. We cannot calibrate it.

I think your charge, as well as ours, is to make certain that we do not regulate and interfere with our market competitiveness to the point where in fact we inhibit our industries and businesses and services from competing in the world. That will have devastating consequences for our future.

I believe you all know that, understand that. You have been practitioners in this area. And for all those reasons, I believe you are each eminently suited for your positions.

As Senator Dodd and my colleagues have said, we are not here this morning to get into defined programming and thoughts on the specifics of those. But I would be interested in getting some general comments from each of you, starting with you, Mr. Robson.

As you assume your responsibilities and prepare to launch, you obviously have taken some measure of the agency that you will head. You bring some practical experience to that, as you were over at Treasury and worked very closely with Ex-Im.

In your view of the world today, without having the benefit of all the specifics and the knowledge of not being on the job yet, where are some of the more treacherous curves ahead for you and your agency?

Mr. ROBSON. Well, I would like to reference again the statement that I have kept my arm's length relationship with the agency prior to, hopefully, the Senate acting on my confirmation. So I am not as well schooled as I might be.

I think that, obviously, one issue is the question of whether—and I raise this in response to the Chairman's question—where do we sit in the global, competitive situation in respect of what we do for our exporters vis-a-vis their competitors?

And as I said, I think that is a legitimate area for debate. You have choices to make there that are budgetary and that are policy in respect of what the taxpayers ought to do in that arena.

I think that is clearly an issue that is legitimately subject to ongoing debate. And as almost everyone on the panel has said, it will surface in connection with our budget for 2002. I hope to be able to look you in the eye and tell you what I think and tell you what I think the facts are.

There is, as kind of a peripheral issue to that, the question of whether there are other mechanisms that have sprung up in other countries, the so-called market window agencies that are performing some of the activities that were once thought to be forbidden under the OECD strictures.

And that is a matter which I expect I will be looking into and soon get some facts. It is a slippery path out there when you are

dealing with multiple, millions of transactions. To get really good definition is hard to do. But I think it is worth trying.

Senator HAGEL. As you know, Mr. Robson, the Subcommittee that I Chair will hold a hearing next week on some of these issues and we intend to pursue market windows and tied financing and untied financing and some of the areas that you are going to have to jump right into that in fact are very much entangled around the axle of our competitiveness and directly relates to your mission over there. I appreciate your comments and look forward to working with you.

Mr. Jochum, you have seen this close up. And I would be very interested in your general comments and from the perspective of what you will be assuming over at Commerce as to how we can maximize your position in dealing with this larger issue of competitiveness in the world.

Mr. JOCHUM. Well, your statement hit the nail right on the head. The former Under Secretary used to call BXA the speedbump on the information superhighway. And it could turn into more than a speedbump if we are not careful. As you said, the high-tech industry is adapting to globalization. Indeed, they are leading globalization.

We need authorities that meet the reality of today's marketplace. And currently, we do not have that. Our underlying statute, as you well know, is based on a cold war mentality, when we could control things and we had ally support for not exporting items to the former Soviet Union. And the world has changed.

The other significant change, when you talk to people over at the Pentagon, is they now purchase their items from the commercial sector, where it used to flow from the defense sector to the commercial sector. This area of the world has changed dramatically and I think the most important thing that we can do to work together is give us the tools so we can adapt to that change.

Senator HAGEL. I think that you will, certainly on this Committee, find a willing audience and very receptive audience to deal with you on these things, evidenced by the Chairman's bill that we passed out of here that you helped construct, 19 to 1, here a couple of weeks ago, and with Senator Sarbanes and others leading the effort on this. That is a good, very solid beginning point here.

My time is up and I appreciate the three of you.

Thank you, Mr. Chairman.

Mr. JOCHUM. Thank you.

Mr. ROBSON. Thank you.

Mr. FISHER. Thank you.

Chairman GRAMM. Thank you, Senator Hagel.

If there are no further questions, let me thank each of you. I want to especially thank Mr. Fisher. He will be voted on in the Finance Committee. But, actually, most of your jurisdiction is under the jurisdiction of this Committee.

We look forward to working with you. We take what the Treasury does and the whole area of domestic finance, bank regulation, very seriously. And we will be reauthorizing in some form the Ex-Im Bank this year. I am sure that we will probably see you again, Mr. Robson, soon.

Jim, we look forward to working with you. We are going to pass our bill. We would like to do it the easy way, but if we have to do it the hard way, we can do that.

In any case, congratulations to each of you and thank you for being willing to serve our great country.

Mr. ROBSON. May I just say one thing, Mr. Chairman, by way of nostalgia? Looking at you and Senator Sarbanes, the first time I came before the Banking Committee when I was Deputy Secretary of the Treasury was in connection with the savings and loan clean-up. This is a lot better.

[Laughter.]

Chairman GRAMM. It certainly is a much happier time.

Now would the Clerk call the roll for those Members who were not able to vote previously for our four nominees en bloc: Grant Aldonas, Ken Juster, Maria Cino, and Glenn Hubbard?

The CLERK. Mr. Shelby.

Chairman GRAMM. Aye, by proxy.

The CLERK. Mr. Bennett.

Senator BENNETT. Aye.

The CLERK. Mr. Santorum.

Chairman GRAMM. Aye, by proxy.

The CLERK. Mr. Crapo.

Senator CRAPO. Aye.

The CLERK. Mr. Ensign.

Chairman GRAMM. Aye, by proxy.

The CLERK. Mr. Johnson.

Senator SARBANES. Aye, by proxy.

The CLERK. Mr. Reed.

Senator REED. Aye.

The CLERK. Mr. Schumer.

Senator SARBANES. Aye, by proxy.

The CLERK. Mr. Carper.

Senator CARPER. Aye.

The CLERK. Ms. Stabenow.

Senator STABENOW. Aye.

The CLERK. The vote is 20 ayes, Mr. Chairman.

Chairman GRAMM. Thank you all. We stand adjourned.

[Whereupon, the hearing was adjourned.]

[Prepared statements, biographical sketches of the nominees, and response to written questions follow:]

PREPARED STATEMENT OF SENATOR JIM BUNNING

Mr. Chairman, I would like to thank all of our nominees for testifying today and I would like to thank you for holding this hearing and this markup in such an expeditious fashion. I think President Bush has once again demonstrated that he will continue to ask outstanding people to serve in his Administration. I hope that the Committee will report the nominations we are going to vote on today and the nominations we are going to vote on next Tuesday to the Senate floor.

I worked with Grant Aldonas when he was on the staff of the Senate Finance Committee under former Chairman Bill Roth. We had a few sticky tariff issues that Mr. Aldonas helped us navigate through. Grant was very professional and helpful.

I also think Ken Juster will be an outstanding official at the Department of Commerce. Secretary Evans will be greatly helped by Ken. I have met with Ken, specifically about the Export Administration Act, and let him know of my strong support for this legislation and to get his and the Department of Commerce's commitment to passing Export Administration Act legislation.

I feel Glenn Hubbard will be an outstanding addition to the President's Council of Economic Advisers. I discussed at great length with Glenn my concerns that we are slipping toward a recession. We agreed that we must pass the President's tax plan, and have strong monetary policy to get us out of this economic slump.

Finally, I would like to talk about Maria Cino. I have known Ms. Cino for many years. I worked with her often when both of us worked in the House. I have always found her to be extremely bright, and extremely capable. I think she will make a fine addition to the Department of Commerce.

We also will have hearings on Jim Jochum, Peter Fisher and John Robson. As we all know, Jim Jochum served on this Committee as a counsel. I think Jim is an outstanding candidate and he will be a real asset to Secretary Evans.

I was unable to schedule a meeting with Peter Fisher, but I do appreciate his making himself available to myself and the Committee. I believe his experience at the Federal Reserve Bank of New York will be invaluable to Mr. Fisher at Treasury.

I have not had the opportunity to meet with Mr. Robson. However, he has a very impressive resume and has served his country with distinction. We are fortunate to have someone of his caliber at the Ex-Im Bank. Once again, I urge all of my colleagues to support these worthy nominees.

Thank you, Mr. Chairman.

PREPARED STATEMENT OF SENATOR WAYNE ALLARD

First, I would like to thank Chairman Gramm for holding this hearing. He has made it very clear that he intends to move expeditiously on the President's nominations, and I appreciate his effort.

Today's lineup of nominees gives a good picture of the breadth of the Committee's jurisdiction, today we will hear from individuals nominated to Commerce, Treasury, and the Export-Import Bank. They will all play an integral role in the Banking Committee's work this Congress, and I look forward to working with them.

I would like to offer a very special welcome to Jim, a former Banking Committee staffer. I know that you put a lot of work in on the Export Administration Act, and I am pleased that you will have the opportunity to continue your work over at Commerce.

Again, I appreciate the opportunity to raise these issues. I am looking forward to discussing these matters in more detail with the nominees, and I look forward to hearing their testimony.

PREPARED STATEMENT OF JOHN E. ROBSON

PRESIDENT AND CHAIRMAN-DESIGNATE OF THE EXPORT-IMPORT BANK

MAY 10, 2001

Mr. Chairman, Members of the Committee, I am very pleased to come before you as you consider my nomination to be President and Chairman of the United States Export-Import Bank. With your indulgence, I shall omit reciting my biographical background, which is submitted with this statement.

If the Senate acts favorably on my nomination, it will be my fifth confirmation. Some might say, it is about time this old warrior hung 'em up, but I relish this new challenge because I have never found a canvas as big to paint on as public

service offers and I am particularly excited about the prospect of leading the Export-Import Bank.

Export-Import Bank is a venerable independent agency with a reputation for professionalism and objectivity. It has enjoyed strong bipartisan Congressional support since its establishment under President Franklin Roosevelt and it performs important roles in fostering American exports and thereby stimulating economic activity and job creation here at home. It accomplishes this by helping to level the playing field for U.S. exporters in an increasingly challenging and complex global marketplace where they contend with foreign competitors who may be very generously assisted by their sovereigns, and by assuming the financier' responsibility and risk where commercial institutions fear to tread. Yet over the years, Ex-Im has handled the taxpayers' money quite responsibly. So Ex-Im has carried out its mission well.

But I would be disappointed if this Committee and indeed the entire Senate did not expect of me and every nominee it approved that the person would go to the job alert to opportunities to do things better and maybe differently. Without at this point having specific knowledge of what those opportunities might be at the Export-Import Bank, I welcome ideas from Congress, the exporting community and anyone else. A couple of concluding points.

First, in deference to the Senate confirmation process, I have always maintained a respectful distance from agencies for which I have been nominated until confirmed. Thus you may find me deficient in specific knowledge or opinion on events and policies in which you are interested, a deficiency I expect to remedy with sufficient time at the Bank.

Second, you have my commitment to deal openly and straightforwardly with this Committee and Congress. I solicit your interest, your questions and your informed comment. And I will try my best to insure that, even where we disagree, we maintain a civil and constructive relationship.

Mr. Chairman, Members of the Committee, I respectfully ask for your favorable consideration of my nomination and will be pleased to respond to your questions.

JOHN E. ROBSON

Residence:

1919 Sacramento Street
San Francisco, California 94109
Tel: 415.474.0162
Fax: 415.474.0163

Business:

Robertson Stephens
555 California Street, Suite 2600
San Francisco, California 94104
Tel: 415.693.3266, Fax: 415.788.3449
email: john_robson@rscs.com

CAREER SUMMARY

1994 to Present	Senior Advisor Robertson Stephens, San Francisco, California. Investment banking firm.
1993	Lester Crown Distinguished Faculty Fellow School of Organization and Management, Yale University, New Haven, Connecticut
	Visiting Fellow The Heritage Foundation, Washington, D.C.
1989 - 1992	Deputy Secretary of the United States Treasury U.S. Department of the Treasury, Washington, D.C.
1986 - 1988	Dean and Professor of Management School of Business Administration, Emory University, Atlanta, Georgia
1978 - 1985	President and Chief Executive Officer G.D. Searle & Company, Skokie, Illinois • \$1.4 billion Fortune 500 pharmaceutical and consumer products company • Also, Executive Vice President and Chief Operating Officer; Executive Vice President (1978-83)
1975 - 1977	Chairman U.S. Civil Aeronautics Board, Washington, D.C. • Pioneered airline deregulation
1970 - 1974	Partner and Member of the Executive Committee Sidley and Austin, Chicago, Illinois and Washington, D.C. • One of the largest U.S. law firms
1967 - 1969	Under Secretary U.S. Department of Transportation, Washington, D.C. • General Counsel (1967)
1966	Special Assistant to the Director The White House, Bureau of the Budget, Washington, D.C.
1958 - 1965	Partner and Associate Liebman, Williams, Bennett, Baird & Minow, Chicago, Illinois • Law firm

OTHER PUBLIC SERVICE

Member, U.S. Postal Service Commission on a Safe and Secure Workplace (1998-2000)
Member, National Commission to Ensure a Strong Competitive Airline Industry (1993)
Member, National Academy of Sciences Task Force on Research on Aging (1988-1989)
Member, U.S. Aviation Safety Commission (1987-1988)
Member, U.S. Department of Transportation Advisory Council (1971-1974)
Chairman, National Advisory Council on Economic Opportunity (1970-1973)
Chairman, Governor's Commission to Organize the Illinois Department of Transportation (1971)
Special Transportation Counsel to the Governor of Illinois (1970-1975)
Acting Administrator, U.S. Urban Mass Transportation Administration (1968)

OTHER AFFILIATIONS

CORPORATE DIRECTORSHIPS:

Current:
 Pharmacia Corporation; Northrop Grumman Corporation; ProLogis Trust (REIT); COR Solutions, Inc.; SCRAM Technologies, Inc.; Business Advisory Board, Gilead Sciences, Inc.

Previous:
 Chiron Corporation; Continental Airlines, Inc.; Conrail; Core Cap, Inc.; G.D. Searle & Company; Exide Corporation; Norrell, Inc.; Rand McNally & Company; AOA Corporation; Age Wave, LLC.

JOURNALISM:
Columnist, Atlanta Journal-Constitution (1986-1988)

EDUCATIONAL AND NON-PROFIT ORGANIZATIONS:

Current:
President, The Worklife Institute
Distinguished Visiting Fellow, Hoover Institution, Stanford University
Member, Board of Directors, University of California at San Francisco Foundation
Visiting Fellow, The Heritage Foundation
Co-Chairman, International Tax and Investment Center
Member (Chairman 1982-1985), (Emeritus 2000 - present) Board of Visitors and Governors, St. John's College (Annapolis, Maryland and Santa Fe, New Mexico)

Previous:
Member, Board of Directors, Institute for Contemporary Studies (1987-1989)
Trustee, Food and Drug Law Institute (1988-1989)
Member, Business Advisory Council, Carnegie-Mellon University Graduate School of Industrial Administration (1984-1986)
Member, Visiting Committee, University of Chicago Public Policy Studies Committee (1982-1986)
Carthage Fellow, Yale School of Organization and Management (1983)
Visiting Fellow, American Enterprise Institute for Public Policy Research (1977-1984)

AWARDS

Alexander Hamilton Medal (U.S. Treasury Department)
 L. Welch Fogue Award for Lifetime Contribution to Aviation
 Honorary Alumnus, St. John's College

EDUCATION, MILITARY & PERSONAL

B.A. degree, Yale University
 J.D. degree, Harvard University Law School
 Served in the United States Army
 Married, one son

PREPARED STATEMENT OF PETER R. FISHER
UNDER SECRETARY-DESIGNATE FOR DOMESTIC FINANCE
U.S. DEPARTMENT OF THE TREASURY

MAY 10, 2001

Chairman Gramm, Ranking Member Sarbanes, and Members of the Committee on Banking, Housing and Urban Affairs, thank you for the opportunity to appear before your Committee today. I am honored that President Bush has nominated me to serve as Under Secretary of the Treasury for Domestic Finance and, if confirmed, to have the opportunity to work with Secretary O'Neill, the Treasury staff, and others in the Administration to advance the President's economic agenda.

If confirmed, I also look forward to working closely with this Committee, the Senate, and with Members of the House of Representatives on the broad range of issues addressed by the Office of Domestic Finance.

The strength and resilience of our Nation's system of financial intermediation is itself a precious asset. In addition to serving as an adviser to Secretary O'Neill on debt management and fiscal policy issues and on capital market and financial institution issues, I especially hope to have the opportunity to work with this Committee to improve upon the efficiency with which our financial system converts the savings of the American people into productive investment.

My 15 years of experience with the Federal Reserve Bank of New York has given me the opportunity to learn firsthand about the forces shaping the increasingly global banking and capital markets. As manager of the Federal Reserve's monetary operations since 1995, I have been afforded the unique vantage point of active participation in financial markets from a position of public responsibility. In this capacity I have worked with members of the Board of Governors and the Reserve Bank Presidents in the formulation and implementation of monetary policy. I have worked with senior Treasury officials on debt management and capital market issues and in the implementation of exchange rate policy. In both of these capacities, I have had the opportunity to learn from the experience of central bankers and finance ministry officials from around the world.

Mr. Chairman, thank you again for the opportunity to appear before the Committee. I hope this will be the beginning of a strong working relationship. I would also like to thank Secretary O'Neill for the confidence he has shown in me by supporting me for this job. I would be pleased to answer any questions that you and other Members of the Committee may have.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Fisher Peter Ryerson
(Last) (First) (Other)

Position to which nominated: Under Secretary of the U.S. Treasury for Domestic Finance Date of nomination: _____

Date of birth: 25 5 1956 Place of birth: Washington, D.C.
(Day) (Month) (Year)

Marital Status: Married Full name of spouse: Mary Sue Fisher

Name and ages of children: Charlotte McM. Fisher Age 8
Duncan B. Fisher Age 11

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	<u>Harvard Law School</u>	<u>9/82 - 5/85</u>	<u>J.D.</u>	<u>6/85</u>
	<u>Harvard Law School</u>	<u>9/75 - 5/78</u> <u>& 9/79 - 5/80</u>	<u>B.A.</u>	<u>6/80</u>
	<u>Concord Academy</u>	<u>9/71 - 6/74</u>	<u>High School</u>	<u>6/74</u>
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

None

Memberships:

List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Concord Academy	Trustee(unpaid)	6/85-5/89;5/00 to present
Council on Foreign Relations	Member	1/94 present
Bar of the State of New York	Member(Inactive)	7/86 present

Employment record:

List below all positions held since college, including the title or description of job, name of employment, location of work, and dates of inclusive employment.

Executive Vice President, Markets Group, Federal Reserve Bank of NY
(FRBNY), New York, NY 10/94 to present

V.P., Foreign Exchange Function, FRBNY, 7/92-9/93

Senior V.P., Foreign Exchange Function, FRBNY, 8/93-10/94

Assistant V.P., Foreign Exchange Function, FRBNY 9/90-7/92

Secretary, Committee on Interbank Netting Scheme of the G-10 central
banks, Consultants, Bank for International Settlements, Basle,
Switzerland 5/89-9/90

Counsel, Legal Department, FRBNY, 10/88-5/89

Staff Attorney, Legal Department FRBNY, 7/86-10/88

Law Clerk, Legal Department, FRBNY, 9/85-7/86

Summer Associate, Shearman & Sterling, New York, NY, 6/84-9/84

Summer Intern, Federal Reserve Bank of Boston, MA 6/83-8/83

Analyst, Economics & Technology, Inc., Boston, MA 11/80-8/82

Paralegal, Cladohous & Brashares, Washington, D.C., 6/80-8/80

Government
experience:

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

None other than an employee and officer of the FRBNY, 1985-89 &
1990 to present.

Published
Writings:

List the titles, publishers and dates of books, articles, reports or other published materials you have written.

Attachment A.

Political
Affiliations
and activities:

List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Registered as Democrat, Maplewood, New Jersey.
No other.

Attachment A**Published Writings:**

List the titles, publishers and dates of books, articles, reports, or other published materials you have written.

1. Quarterly Reports on Treasury and Federal Reserve Foreign Exchange Operations, FRBNY, 1994-2000.
2. Annual Reports on Open Market Operations, FRBNY, 1995-2000.
3. "Final Report of the Multidisciplinary Working Group on Enhanced Disclosure", chairman of working group sponsored by the Basel Committee on Banking Supervision, the Committee on the Global Financial System of the G-10 central banks, the International Association of Insurance Supervisors, and the International organization of Securities Commissions, April 2001.
4. "Public Disclosure of Market and Credit Risks by Financial Intermediaries", chairman of working group discussion paper, Bank for International Settlements, September 1994.
5. "Report of the Committee on Interbank Netting Schemes", secretary, G-10 central banks, Bank for International Settlements, 11/90.
6. "Time to forget the rhetoric and reconsider the draft", Boston Sunday Globe, (op-ed) April 6, 1980.
7. "Carter's Balance Sheet – Credit: He's keeping most of major campaign promises", The Boston Globe, (op-ed) Sept. 27, 1977.

Political
Contributions:

Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

None

Qualifications:

State fully your qualifications to serve in the position to which you have been named.
(attach sheet)

Attachment B.

Future employment
relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

If confirmed I will resign from the FRENZ. I will retain my interests in the Federal Reserve's Employee Benefits System's Thrift & Savings Plan and Pension.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

I have no plans to resume employment with the Federal Reserve.

3. Has anybody made you a commitment to a job after you leave government?

No.

4. Do you expect to serve the full term for which you have been appointed?

Yes.

Attachment B**Qualifications:**

State fully your qualifications to serve in the position to which you have been named.

My fifteen years of experience with the Federal Reserve Bank of New York has given me the opportunity to learn first hand about the forces shaping our financial system. In particular, since 1995 I have served as the Manager of the Federal Reserve System Open Market Account (SOMA) reporting to the Federal Open Market Committee with direct responsibility for managing the domestic monetary operations of the Federal Reserve, and the foreign exchange operations of the Federal Reserve and of the Exchange Stabilization Fund of the Department of the Treasury.

The position of SOMA manager has provided me a unique vantage point of active participation in fixed-income and foreign exchange markets from a position of public responsibility. In this capacity, I have been extensively involved in providing advice to, and taking instructions from, the Under Secretary of the Treasury for Domestic Finance on a wide range of debt management and financial market issues, the Under Secretary of the Treasury for International Affairs on foreign exchange policy and on International capital market issues, as well as other Treasury officials.

Potential conflicts
of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

Attachment C.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

As indicated by my employment record, I have worked for the Federal Reserve Bank of New York for fifteen years, but I do not believe that this creates any potential for conflicts of interest.

Attachment C

POTENTIAL CONFLICTS OF INTEREST

2. **List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.**

My spouse is employed, currently without compensation, as chief administrative officer and general counsel with McCabe Advisors LLC, an investment management business operating in a "fund of funds" format. In the future, she will receive from McCabe a base salary once the business is funded, and she will be eligible for a bonus based on the quality of her job performance. As a new company, McCabe anticipates that it will not award bonuses in 2001.

Trustee and contingent beneficiary, Roger D. Fisher Revocable Trust

Trustee, Caroline S. Fisher Revocable (unfunded) Trust

Trustee, Concord Academy

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

Attachment D.

Civil, criminal and
investigatory
actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

In May 1990 I was involved in a traffic accident in Basel, Switzerland,
involving the car I was driving and a motorbike. I have been unable
to locate any records of this incident. My recollection is that,
subsequent to our departure from Switzerland, the Basel Police found
me to be contributorily negligent for some but not all of the cause
of the accident. As a consequence, I was assessed and paid a fine of
250 Swiss francs for a moving violation of Swiss traffic law.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None.

Attachment D

- 5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.**

Upon appointment, I will take the following steps:

I will not participate in any particular matter that directly and predictably affects McCabe Advisors LLC's ability or willingness to pay my spouse's compensation. Further, pursuant to 5 C.F.R. 2635.502, I will not knowingly participate in any particular matter involving specific parties in which McCabe is or represents a party, unless I am authorized to participate.

I will resign my positions as trustee with respect to both my parents' revocable trusts and from the Board of Trustees of Concord Academy. Since the Roger D. Fisher Trust holds individual stocks that might pose a conflict of interest under 18 USC § 208, I will seek a waiver with respect to the holdings of this trust under 18 USC § 208(b)(1). Until that waiver is granted, I will not participate personally and substantially in any particular matter that directly and predictably affects that trust.

I do not foresee any other possible conflicts of interest. Should any such issues nevertheless arise, I will promptly consult with Treasury ethics officials.

PREPARED STATEMENT OF JAMES J. JOCHUM

ASSISTANT SECRETARY-DESIGNATE FOR EXPORT ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE

MAY 10, 2001

Chairman Gramm, Senator Sarbanes, Members of the Committee: I am honored to appear before you today as the nominee for Assistant Secretary of Commerce for Export Administration. I thank President Bush and Secretary Evans for placing their confidence in me with this nomination. I am humbled when I reflect on the distance traveled between a modest upbringing in Iowa and being asked by the President of the United States to serve the American people in this position.

I am especially proud to appear before the Committee for which I served as a staff member. I have very fond memories and good friendships as a result of my time spent here. And I appreciate the support of my many friends on the Committee and in the audience today.

I thank Senator Chuck Grassley for introducing me and supporting my nomination. I am certain that the Chairman of the Finance Committee has more important matters to attend to, and his willingness to take the time to introduce a former staff member shows the kind of person he is. Senator Grassley brought me to Washington, and from him I learned the value of hard work and perseverance. He often refers to this as a "constancy of purpose." I will take this constancy of purpose with me to the Department of Commerce, if confirmed by the Senate.

I must also express my deep gratitude to the Chairman, Senator Phil Gramm. When you work for Senator Gramm you learn something new every day, since he is still a college professor at heart. But the most important lesson I learned is that as a public servant you have a responsibility to stand on your principles. Even if it makes people mad at you, or your own friends uncomfortable. I will continue to stand on my principles, as a public servant, and trust that Senator Gramm will gently remind me when I fail to do so.

On a final personal note, I want to thank my family in Iowa who could not be here today and my wife, Rita, who is in the audience. Rita gives me more love and support than any one person deserves. She is responsible for any success I achieve in my career and I thank her for being my closest adviser and best friend.

Mr. Chairman, as this Committee well knows the Bureau of Export Administration (BXA) has a critical mission: protecting, and indeed enhancing, national security while preserving the right of American businesses to export their products. I take this responsibility very seriously, as do the civil servants I have met at BXA. They are conscientious, hardworking people who place the interests of their country above their own. It will be a privilege to work along side of them as we carry out this important mission.

Finally, I commend the Committee on its efforts to reauthorize the Export Administration Act (EAA). A sound, legal basis for controlling the export of dual-use items is critical to protecting national security. A new EAA will send a signal to the rest of the world that American leadership to reinvigorate the multilateral export control process is forthcoming. I look forward to working closely with the Committee in this important endeavor. Thank you again for holding this hearing and considering my nomination.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Jochum James _____
(Last) (First) (Other)

Position to which nominated: Assistant Secretary of Commerce for Export Administration Date of nomination: April 30, 2001

Date of birth: 16 6 1965 Place of birth: Dubuque, Iowa
(Day) (Month) (Year)

Marital Status: married Full name of spouse: Rita Lari Jochum

Name and ages of children: _____

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	University of Iowa	1987-90	JD	1990
	University of Iowa	1983-87	BA	1987
	Wahlert High School	1979-83	H.S. Diploma	1983
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Order of the Coif, 1990
Phi Beta Kappa, 1987
Laurence Fairall Scholarship for Political Science Excellence, 1987
Merchants National Bank Political Science Scholarship, 1987
University of Iowa Dean's List, four times, 1983-87
Various University of Iowa scholarships, 1983-87

Memberships:

List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
Cedar Rapids Estate Planners Council		1993-94
Cedar Rapids Lions Club		1993-94
WI Bar Association		1990-92
IA Student Bar Association	Class Representative	1989-90
Iowa Law Review		1989-90
Phi Delta Phi Legal Fraternity		1987-90
Washington International Trade Association		2000-present

Employment record:

List below all positions held since college, including the title or description of job, name of employer, location of work, and dates of inclusive employment.

4/9/2001-present: Senior Advisor to the Secretary, U.S. Department
of Commerce, Washington, D.C.

2000-2001: Senior Manager, Government Relations, Accenture (formerly
Andersen Consulting), Washington, D.C.

1999-2000: Majority Counsel, U.S. Senate Committee on Banking,
Housing and Urban Affairs, Washington, D.C.

1994-1999: Legislative Director/Counsel, U.S. Senator Charles
Grassley, Washington, D.C.

1992-1994: Trust Officer, Brenton Banks Inc., Cedar Rapids, Iowa

1990-1992: Attorney, Foley and Lardner, Milwaukee, Wisconsin

**Government
experience:**

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

1999-2000: I served as Counsel to the U.S. Senate Banking Committee.

1994-1999: I served as Legislative Assistant, Counsel and Legislative

Director to U.S. Senator Charles Grassley.

**Published
Writings:**

List the titles, publishers and dates of books, articles, reports or other published materials you have written.

"Reflections on the 1996 Farm Bill," Drake University Journal of
Agricultural Law, Volume 1, No. 1, Spring, 1996. Co-authored with
Senator Grassley.

**Political
Affiliations
and activities:**

List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

2000-4/6/2001: Served as Treasurer of Accenture Political Action
Committee.

Political

Contributions:

Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

None

Qualifications:

State fully your qualifications to serve in the position to which you have been named.
(attach sheet)

Future employment
relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

I severed all relations with Accenture, LLP, and Accenture PAC
effective April 6, 2001.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

No

3. Has anybody made you a commitment to a job after you leave government?

No

4. Do you expect to serve the full term for which you have been appointed?

Yes

Potential conflicts
of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated .

None

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

None

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

From 1/24/00 to 4/6/01, I represented Accenture (f/k/a Andersen Consulting) as a registered lobbyist on the following issues:

Securities Exchange Commission's auditor independence rule

I-visa program

Permanent Normal Trade Relations with China

E-commerce issues, including privacy and internet taxation

Digital Divide

Trade-in-services issues.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

I will consult with the General Counsel of the Department of Commerce and, if appropriate, divest myself of conflicting interests,

recuse myself, or obtain a conflict of interest waiver under 18 U.S.C. section 208(b) if the interest is not substantial.

Civil, criminal and
investigatory
actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

10/13/89: Pled guilty to misdemeanor charge of violating sec. 123.28 Iowa State Code, restriction on transportation of open container of alcohol. Paid fine of \$17.25 plus court costs. District Court of Dubuque County, Iowa.

1986:* Pled guilty to two simple misdemeanor offenses arising from one event: violation of Iowa City Municipal Code sec. 24-114 (1978 Code), prohibition on public urination, and Iowa State Code sec. 123.46, prohibition on public intoxication. Paid fines of approximately \$25.00 and \$15.00 respectively, plus court costs. District Court of Johnson County, Iowa.

*exact date unknown.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None

STATEMENT OF QUALIFICATIONS
JAMES J. JOCHUM

I believe I have obtained the necessary skills through my professional experiences in government and the private sector to successfully discharge the duties of Assistant Secretary of Commerce for Export Administration.

This position requires a working knowledge of U.S. export control law and policy as well as an understanding of international issues, generally. It requires close working relations with the U.S. Congress. It also requires working within an inter-agency process with the Departments of State, Defense, Energy and the National Security Council. Finally, the Assistant Secretary is responsible for management, budget and personnel decisions within the Office of Export Administration.

During my service as Counsel to the U.S. Senate Committee on Banking, Housing and Urban Affairs, I was responsible for drafting, negotiating and building consensus for the 1999 Export Administration Act. Through this process I gained a deep understanding of U.S. export control policy and developed strong working relationships with key stakeholders, from both government and the private sector.

For example, I worked closely with all interested Members of the Senate, especially Senators Sarbanes, Enzi, Johnson and the other Members of the Banking Committee and their staffs. I also worked closely with the staffs of Majority Leader Lott, Democratic Leader Daschle, Democratic Whip Reid, and the Senate Armed Services, Foreign Relations and Intelligence Committees.

In negotiating the bill with the Clinton administration, I worked closely with officials at the Departments of Commerce, State, Defense, Energy and Justice, as well as the National Security Council and U.S. Customs Service. Finally, I worked closely with all stakeholders in U.S. export control policy from the private sector, including major exporters and their trade associations.

Prior to joining the staff of the Senate Banking Committee, I served as Legislative Director and International Trade Counsel to U.S. Senator Charles Grassley for approximately five years. In that role, I was involved in every major international trade issue to come before the U.S. Congress since 1994, including the approval of the Uruguay Round Agreement creating the World Trade Organization.

That experience gives me a broader perspective on the importance of international trade and how export controls interact with other trade objectives. I also worked closely with Members of the Senate Finance Committee and their staffs, the relevant trade agencies, including the Office of the U.S. Trade Representative, major exporters, and other interested groups, such as labor unions, consumer and environmental groups, and business organizations.

Finally, in Senator Grassley's office I managed a legislative staff of approximately 10-12 people. While the Office of Export Administration staff is much larger in size, I did gain valuable experience with management and personnel issues.

In addition to my service in the Senate, I have gained relevant skills through my private sector work experience that will prove beneficial if confirmed as Assistant Secretary of Commerce for Export Administration. As a lawyer, my practice focused on regulation-intensive areas such as environmental, utility, energy and insurance law. My primary responsibility was interpreting statutes and regulations and advising the firm's clients on a proper course of action based on the interpretation. These skills are critical to performing the duties of this office since the Assistant Secretary is often required to apply the facts of a particular license application to the Export Administration Regulations in order to determine whether to grant or deny such application.

In my positions of trust officer for Brenton Banks and Senior Manager for Accenture, I gained experience in setting and meeting budgets and managing and deploying resources and personnel. My tenure at Accenture also afforded me the opportunity to work with Capitol Hill from the outside, as a lobbyist, which will help me with future interactions with the Congress.

In summary, I believe my experience in the government and private sector has prepared me to successfully assume the responsibilities of Assistant Secretary of Commerce for Export Administration, if confirmed by the Senate. I have a working knowledge of U.S. export control policy, an understanding of international trade issues, good working relationships with many Members of Congress and their staff, other agency officials and private sector stakeholders, and broad experience in management, budget and personnel issues.

**RESPONSE TO WRITTEN QUESTION OF SENATOR MILLER
FROM JOHN E. ROBSON**

Q.1. How do you respond to your constituents who are concerned about the 25 percent cut in Ex-Im Bank funding?

A.1. First, for one thing they should understand that the fiscal year 2002 budget proposal for Ex-Im Bank was sent forward before President Bush named his Ex-Im Bank Chairman, so there was no participation by the Bush-appointed head of the agency in the budget proposals.

Second, there have been many complaints from the exporting community and Members of Congress regarding the Administration's budget proposal. There is pressure to raise the budget level.

Third, the new Ex-Im Chairman (who is not yet confirmed by the Senate) has stated that he will examine the actual impact of the proposed budget cut on the level of exports and other activity it would allow Ex-Im Bank to support and will be in a position to share that information and deliberate the matter with Congress as the appropriations process goes forward. It is here where the final decisions as to what Ex-Im Bank's budget for fiscal year 2002 will be.

**RESPONSE TO WRITTEN QUESTIONS OF SENATOR SANTORUM
FROM JOHN E. ROBSON**

In recent years, the U.S. steel industry has been struggling to compete against dumped and subsidized foreign steel. The industry has filed and won trade case after trade case. Last July, the Department of Commerce issued a report to the President, *Global Steel Trade, Structural Problems and Future Solutions*, which confirmed that there is a global overcapacity for steel production. The report noted that this overcapacity is one of the root causes of the market distorting conditions that gave rise to the steel crisis.

Despite these dismal conditions for the steel industry, on December 14, the Ex-Im Board of Directors approved an \$18 million loan guarantee for U.S. products that would be used to modernize a Chinese steel mill. Specifically, Ex-Im voted to support the export sales of U.S. software, control systems, and main drive power supplies to the Benxi (Ben Chee) Iron and Steel Co. hot strip steel mill in China. The items supported by Ex-Im financing are manufactured by: General Electric in Salem, VA; Carlen Controls in Roanoke, VA; and CIC Co. in Glenshaw, PA.

Ex-Im has offered several justifications for its decision. First, Ex-Im's mission is to promote U.S. exports. Second, if the U.S. companies did not receive Ex-Im loan guarantees, European companies were ready to supply the necessary equipment to Benxi. Third, Ex-Im's economic impact analysis determined it was unlikely that the increased production from the Benxi upgrade project would displace U.S. production—primarily because projected increases in demand for hot rolled steel in China could absorb the additional production from the project. However, due to sharp criticism of this decision, Ex-Im agreed to review its economic impact policy and to solicit views from interested parties as to how the policy may be changed.

Q.1. What changes, if any, do you feel should be made to Ex-Im's economic impact analysis?

A.1. Of course I was not at Ex-Im Bank when this decision was made and I have not examined the record of the decision. Thus I cannot say whether the economic impact analysis in this instance brought to bear the appropriate expert analytical resources on the issues presented. So it is difficult for me to say whether this case suggests that broad permanent changes in the Bank's economic analysis methodology or process are required or whether this was a single instance where the economic analysis was legitimately amenable to differing interpretations.

My goal will be to insure that, in carrying out the Ex-Im Bank's statutory mandate to consider economic impact, the proper expert resources are brought to bear on the case, including consultation with experts outside the Bank. The objective must be to do these analyses thoroughly and objectively in all cases. Should I come to the conclusion that changes in the Bank's economic impact analysis methodology or process are required in order to meet that objective, I shall undertake to see that they are made.

Q.2. Do you feel that Ex-Im's current economic impact analysis adequately takes into account how struggling domestic industries are affected by the loan guarantees?

A.2. It would seem to me that such considerations would and should be part of an economic impact analysis made by the Bank in connection with a loan or loan guarantee. I do not have knowledge as to what weight this particular factor is given in making an economic analysis or credit decision. I will, however, look into that issue after taking office and would be pleased to discuss it with you thereafter.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR GRAMM FROM PETER R. FISHER

Q.1. What is your view of cost and benefit analyses in the context of regulation? What are the sorts of items that you would include for analysis under the cost and benefit headings?

A.1. Our overriding objective should be the efficiency with which financial intermediaries convert savings into investment. The regulation of financial activities should be seen in this context. Specific regulations should be designed to achieve identifiable outcomes against which their total costs can be assessed. On the cost side, direct costs such as regulatory burdens should be included as well as indirect costs such as limits to competition. On the benefits side, one should strive to identify specific, measurable outcomes associated with a regulation's objective, such as the safety and soundness of insured depositories, investor or consumer protection, and improving the transparency and efficiency of the credit and capital allocation process. The distributional consequences of regulations should also be considered because of the risk that costs and benefits might fall in different places.

Q.2. What is your view of the future of the banking system and banking regulation, and Treasury's role?

A.2. The commercial banking system has been, and remains, under competitive pressure from other financial service providers. Overall, this is a positive development, and consistent with the objectives of the Gramm-Leach-Bliley Act, which helped to level the playing field among financial service providers. The public policy goal should not be the preservation of any particular form of financial intermediation but, rather, improving the efficiency with which savings are converted into investment. With respect to the future of bank regulation, I remain concerned that regulatory approaches developed before the enactment of Gramm-Leach-Bliley may impede the efficiency we seek. I believe that we should strive to ensure that the competitive landscape for financial services is shaped by market forces, not legal and regulatory boundaries.

Treasury exercises a significant policy role in the financial institutions arena, for example, as a member of the President's Working Group on Financial Markets. In addition, Treasury normally takes the lead in developing and drafting the Administration's legislative proposals on financial regulation [examples are FIRREA, FDICIA, and recently GLBA and the CFMA] and frequently is designated by law to prepare reports and recommendations on financial regulation. As a result of GLBA, Treasury has responsibility—in conjunction with the Federal Reserve Board—for approving new financial activities for financial holding companies and financial subsidiaries of national banks.

Treasury has only a marginal role in the direct regulation and supervision of financial institutions. By statute, Treasury has direct regulatory oversight responsibilities for Sallie Mae's safety and soundness during the GSE's transition to full privatization. The Office of the Comptroller of the Currency and the Office of Thrift Supervision, two Treasury bureaus, have direct responsibility for regulating and supervising national banks and Federal savings associations, respectively. However, by law Treasury may not intervene in matters before either bureau that affect specific institutions. Congress has given the Comptroller and the OTS Director authority to develop independently and present to Congress their own legislative proposals and testimony without review by Main Treasury. Also, although Main Treasury generally reviews OCC and OTS regulations, it may not prevent or delay their issuance. These arrangements are awkward because they give Main Treasury apparent responsibility but little actual authority.

**RESPONSE TO WRITTEN QUESTIONS OF SENATOR MILLER
FROM PETER R. FISHER**

Q.1. Please identify the issues surrounding paying down the Federal debt from the Treasury's perspective.

A.1. The Treasury Department has three fundamental debt management goals:

- To provide sound cash management;
- To achieve the lowest cost of funding over time; and
- To promote efficient capital markets

Achieving all of these goals while paying down the debt creates a number of challenges. As the Treasury has responded to a period of budget surpluses and a corresponding reduction in the Federal

Government's financing needs, both the frequency and amount of debt issued have been reduced, the issuance of certain securities has been eliminated altogether, and a program to buy back outstanding securities has been initiated.

As the debt pay down continues over the next several years, achieving the multiple objectives of efficient cash management, lowest cost financing, and efficient capital markets will become more challenging, forcing the Treasury to adapt its debt management strategy.

Q.2. Please discuss how much privately and publicly held debt is outstanding and what the debt retirement schedule currently is.

A.2. The table below shows the current profile of the Federal debt:

Figures in Billions of Dollars as of April 30, 2001

	Dollars	Dollars
GROSS FEDERAL DEBT	5,661	.....
Of which, Debt held by Government Accounts is .....	.....	2,363
the remaining total is PUBLICLY HELD DEBT	3,298	.....
Of which, Federal Reserve Holdings are .....	.....	544
the remaining total is PRIVATELY HELD DEBT	2,753	.....
Of which, Marketable debt is .....	.....	2,318
Nonmarketable debt is .....	.....	435

Projections of debt levels going forward are based upon the Office of Management and Budget's analysis. Currently, OMB forecasts indicate that the publicly held debt will shrink to less than \$1.2 trillion by fiscal year 2011. Over the same period, the holdings of nonmarketable securities in Government accounts is expected to increase to roughly \$6.0 trillion.

Currently, publicly held debt represents nearly 60 percent of the outstanding Federal debt. Of the publicly held debt, more than 85 percent is in the form of marketable securities (including Federal Reserve holdings). Based upon the current budget projections, by 2011 the debt held by the public will amount to roughly 15 percent of the outstanding total, with marketable securities representing an even smaller amount.

Q.3. At what point, if any, does the Treasury get concerned about retiring too much debt?

A.3. The majority of debt that is paid down is in the form of maturing securities that are not refinanced with new borrowing. There is no cost to this method of retiring debt. A small portion of the debt pay down is in the form of debt buy backs, which are closely monitored to ensure that the Treasury is purchasing securities in an efficient manner. To date the results of the debt buy back program have been very positive, and it is likely that it will remain a cost effective means of reducing debt for some time. Nevertheless,

if at some future point the cost of purchasing securities were to outweigh the benefits, then Treasury would then reevaluate the status of the buy back program.

With respect to the broader impact of a declining supply of Treasury securities, the markets are capable of adjusting. In many areas, this adjustment has already begun to take place. For instance, markets are increasingly using other instruments such as swaps or agency debt as a pricing benchmark.

**RESPONSE TO WRITTEN QUESTIONS OF SENATOR GRAMM
FROM JAMES J. JOCHUM**

Q.1. The President has been a staunch advocate of export control reform. During the campaign, he called for “a tough-minded, common sense, export control policy.” More specifically, he noted that “our national security and commercial competitiveness have been compromised by a broken export control system.” In your view, would leaving in place the current “broken export control system” promote our national security?

A.1. As I stated at the May 10, 2001 confirmation hearing, I believe S. 149 provides several new tools to protect national security beyond those contained in current law. For example, for the first time explicit statutory authority is granted to control exports based on end-users, in order to prevent the proliferation of weapons of mass destruction. Furthermore, the bill provides an enhanced role for the Department of Defense and the Department of State in all licensing and commodity classification determinations. Finally, penalties for violating the Act are increased significantly and additional enforcement authorities are added.

Q.2. As Assistant Secretary, you will be working on the regulations to implement the bill. Some seem to think that to be effective, an export control system must impose burdensome regulations on exporters. I tend to agree with Rep. Chris Cox, who noted recently that “Burdensomeness (sic) is not the same as effectiveness. A system that is less burdensome and more effective is our goal.” Do you agree with that statement?

A.2. Yes. If confirmed by the Senate, I will work to ensure that all regulations are issued in accordance with the authorizing statute and intent of Congress and achieve their stated purpose in the least obtrusive manner possible.

NOMINATIONS OF:

**ALPHONSO R. JACKSON, OF TEXAS
TO BE DEPUTY SECRETARY
U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT**

**RICHARD A. HAUSER, OF MARYLAND
TO BE GENERAL COUNSEL
U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT**

**JOHN CHARLES WEICHER, OF THE
DISTRICT OF COLUMBIA
TO BE ASSISTANT SECRETARY FOR HOUSING
AND FEDERAL HOUSING COMMISSIONER
U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT**

**ROMOLO A. BERNARDI, OF NEW YORK
TO BE ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT
U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT**

TUESDAY, MAY 15, 2001

**U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.**

The Committee met at 10 a.m., in room SD-538 of the Dirksen Senate Office Building, Senator Phil Gramm (Chairman of the Committee) presiding.

OPENING STATEMENT OF CHAIRMAN PHIL GRAMM

Chairman GRAMM. Let me call the Committee to order. I want to welcome everyone to the hearing.

We have Senators, Congressman, and other dignitaries to introduce some of our nominees, and what I would like to do is to give them an opportunity to introduce the nominee that they are supportive of. I know each of them is as busy as we are, and that they will be getting up and leaving to go on about their Senate chores.

Let me first call on Senator Bond.

**STATEMENT OF CHRISTOPHER S. BOND
A U.S. SENATOR FROM THE STATE OF MISSOURI**

Senator BOND. Thank you very much, Mr. Chairman.

As one responsible for the VA/HUD appropriations bill on this side, it is a pleasure to welcome Congressman Walsh from our sister committee on the other side because we both have a great interest in these very important nominations.

We welcome all the nominees and we look forward to working with them. We will have some suggestions and advice for them as it goes along.

Today, I am here for a special privilege, to be able to join with my colleagues from Texas in presenting Alphonso R. Jackson to the Committee, as the nominee to be the Deputy Secretary of the Department of Housing and Urban Development. I have known and worked with Al for over 30 years, since I first ran for Governor of the State of Missouri, when we both were a lot younger.

Senator Hutchison may claim Al as a Texan—

Senator HUTCHISON. No doubt about that.

Senator BOND. But he certainly has good Missouri credentials.

He holds a law degree from Washington University. He held many of the toughest positions in the city of St. Louis, including Director of Public Safety, Executive Director of the St. Louis Housing Authority. He went on from there to less privileged jurisdictions to help upgrade their activities. He served the housing authorities in Washington, DC and Dallas, no small tasks.

But the most important thing about Al Jackson is his reputation for creativity, competence and dedication to the people whose service is under his jurisdiction. He is eminently qualified for the position of Deputy Secretary. I can assure you he is a man of energy, commitment, and integrity, who will bring all of these good qualities of character to the Department.

My colleagues know that I share Al's passion for improving public and assisted housing, and reviving troubled communities. For 14 years, both as a former Member of this Committee and now on the Appropriations Committee, I have been deeply troubled by the lack of management protocols and leadership at this troubled Agency.

This is a breath of fresh air with Secretary Martinez and the distinguished panel we have before us today. It is time we got a handle on this Agency.

As for Al Jackson, the Deputy Secretary has the responsibility for the day-to-day financial operations of the Agency. He must be smart, competent, financially responsible and creative.

Given all the problems that HUD has experienced in recent years, the new Deputy Secretary must also have leadership skills to overcome some inertia and to get the Agency back on the right track. Let me assure you, Mr. Chairman, that Al Jackson is the right man for the job. It is with great pleasure, excitement, and enthusiasm that I urge the Committee's expedited confirmation of Mr. Jackson.

Thank you, Mr. Chairman.

Chairman GRAMM. Well, Senator Bond, let me thank you. And let me say that it has been a great pleasure for me and for the Banking Committee to work with you as one of our Appropriations Subcommittee's Chairman.

You have always been responsive to us, and we appreciate it.

Senator BOND. We appreciate your guidance and intend to continue to work very closely with you.

It has been one of the great areas of cooperation we have seen and we are very grateful for all the help and guidance you have given us.

Chairman GRAMM. Thank you.

Senator Hutchison.

**STATEMENT OF KAY BAILEY HUTCHISON
A U.S. SENATOR FROM THE STATE OF TEXAS**

Senator HUTCHISON. Thank you, Mr. Chairman.

It is my pleasure to recommend to you a Texan. He does have a lot of Missouri roots, I must admit, but he is a Texan.

He has blazed trails at every stage of his life. He was the first African-American to head the Dallas Housing Agency, when he served as its President from 1989 to 1996.

During that tenure, I want to talk a little bit about what he did because I think it shows his qualifications more than any of his other attributes for the job in which he is going to be confirmed.

He also had dreams, which he turned into a reality, both for himself and the many who struggle daily to keep their heads above water. One of those visions was of a public housing community that consisted of a state-of-the-art recreation facility surrounded by suburban-style houses that were true homes.

As Mr. Jackson said at the time, I saw a community that was desolate and people who had given up hope. I realized that part of my responsibility was to give the community a reason for being, not just existing.

My vision was creating a community that people would want to live in and would not have the stigma of public housing.

Last year, 10 years after he looked at a lot of the people who he was hired to serve, and he looked at the broken-down apartment complexes throughout West Dallas, and when he had his vision, he presided over the grand opening of the Lake West Multi-Purpose Facility, a facility that was dedicated to him in gratitude for his efforts to make it happen.

Of all the things that have been said about Alphonso Jackson, that dream turned into a reality is what I think qualifies him for this job. And I am proud to recommend him to the Committee, and to call him my friend.

Thank you.

Chairman GRAMM. Thank you, Senator Hutchison.

Senator Clinton.

**STATEMENT OF HILLARY RODHAM CLINTON
A U.S. SENATOR FROM THE STATE OF NEW YORK**

Senator CLINTON. Thank you very much, Mr. Chairman.

I am delighted to be here to introduce and add my words of support for Mayor Bernardi from Syracuse. Roy Bernardi is a very talented and dedicated public servant who has been nominated to serve as Assistant Secretary of HUD for Community Planning and Development.

I am also delighted to support this nomination because of his work as Mayor, as well as his work previous to that in city government, has well qualified him to understand the instrumental role that can be played in bringing people together to work on behalf of community-based solutions for residents who are seeking a better life for themselves and their children. Roy's community-based housing programs gave community residents just that kind of a voice, in planning efforts to reinvigorate struggling neighborhoods. His Mayor's "Flight Blight" program built partnerships between community organizations, law enforcement, and others, working together to clean up targeted areas.

The Mayor also sought to draw families back into the city of Syracuse through homeownership programs that have met with great success. And he has forged alliances with landlords through a slum landlord program that provides landlords of run-down facilities with much-needed training and assistance, so that they can contribute to a restored sense of pride in the neighborhoods.

Mayor Bernardi's extensive efforts to make Syracuse a more vibrant urban center go hand-in-hand with his commitment to spurring economic growth and creating new jobs. New businesses, encouraged by the neighborhood revitalization efforts, have decided to call Syracuse home and, of course, Roy and I invite many people, along with Congressman Walsh, to call Syracuse and central New York home.

He has also invested in bringing high-speed Internet access to Syracuse and in working to ensure that our businesses there have the latest technology that they need to compete.

Many of these ideas that he has put into action on the ground in Syracuse are ideas that I believe have great merit to revitalize small- and medium-size cities throughout Upstate New York and throughout our country.

Mayor Bernardi and his wife Alice, who has accompanied him here today, have been recognized as well for their service to a long list of community organizations.

And I am convinced that his record in Syracuse has well prepared him to serve as Assistant Secretary of HUD for Community Planning and Development, and I highly recommend him to this Committee and ask you to act favorably on his nomination.

Thank you, Senator Gramm.

Chairman GRAMM. Thank you, Senator Clinton.

Congressman Walsh.

**STATEMENT OF JAMES T. WALSH
A U.S. REPRESENTATIVE FROM THE STATE OF NEW YORK**

Representative WALSH. Thank you, Mr. Chairman.

It gives me a great deal of pleasure to introduce to this Committee today my good friend and colleague, and fellow central New Yorker, Mayor Bernardi.

It is my belief that he would make an ideal candidate for Assistant Secretary of HUD. As Chairman of the VA/HUD Subcommittee on Appropriations in the House, I know that he has a strong and keen interest in our cities and their needs.

Mayor Bernardi was born in Syracuse to immigrant parents, a first-generation American Mayor. He has lived out the American

Dream. To cap his impressive career in public service here in Washington would be the icing on the cake. I know his mom and dad, Carmella and Harold, as well as his wife, Alice, who I welcome here today, is as popular as the Mayor is back home. All central New Yorkers join me in our pride at his accomplishments.

While serving as mayor, he celebrated our city's diversity. He brought people together. He worked hard to enhance Syracuse's quality of life. Crime went down. Taxes stayed level. People felt that he cared about them.

Like many other northeast cities, the challenges are great in Syracuse. Population loss, disinvestment, poverty and homelessness are issues that he dealt with every day. And he always found a positive message, providing comfort and support and encouragement to our citizens.

He always tried to take care of the little things that make a city livable. He has served as President of the New York State Conference of Mayors, as well as Vice Chair of the Northeast Region for the U.S. Conference of Mayors. And I am sure that if you confirm him, he will bring the same qualities of leadership and compassion to his role at HUD.

I enthusiastically endorse his nomination and suggest that Syracuse's loss will be the Nation's gain.

Mr. Chairman, just briefly, if I could also mention. I have had a working relationship with Dick Hauser, who is the General Counsel designee. Dick and I worked together when I Chaired the District of Columbia Subcommittee on Appropriations in the House.

He was the Chairman of the Board of the Pennsylvania Avenue Development Corporation. And Dick, we did well. Unlike when we were there, the city now is flourishing and I think we have a lot to be thankful for. So good luck to all of you. So, Mayor, all the best. Thank you, Mr. Chairman.

Chairman GRAMM. Thank you, Congressman Walsh.

Let me thank all of our distinguished colleagues for coming. We appreciate your interest and, obviously, your support for our nominees is duly recognized.

We appreciate having the honor of you appearing here today. Let me review for everybody on the Committee what we need to do today.

We have four distinguished nominees before us, and we are going to give them an opportunity to speak to us and then we will have the opportunity to ask them questions.

As we did last week and as we will in the ensuing weeks, we are going to vote today with a rolling vote that will last through 3 p.m. on those who testified last week.

What I would like to do, if the Clerk is ready, is to go ahead. I would like to ask unanimous consent that the nominations of John Robson, to be President of the Export-Import Bank, and Jim Jochum, to be Assistant Secretary of Commerce for Export Administration, be considered en bloc.

Without objection, so ordered.

And we will do a roll call and then the roll call will be left open until 3 p.m., so that any Member of the Committee who wishes to vote can do so.

The Clerk will call the roll.

The CLERK. Chairman Gramm.

Chairman GRAMM. Aye.

The CLERK. Mr. Allard.

Senator ALLARD. Aye.

The CLERK. Mr. Hagel.

Senator HAGEL. Aye.

The CLERK. Mr. Sarbanes.

Senator SARBANES. Aye.

The CLERK. Mr. Bunning.

Senator BUNNING. What are we voting on?

The CLERK. Nominations of John Robson and Jim Jochum.

Senator BUNNING. Aye.

The CLERK. Thank you, Senator.

Mr. Reed.

Chairman GRAMM. Good question.

[Laughter.]

Senator REED. Aye.

The CLERK. Mr. Miller.

Senator MILLER. Aye.

The CLERK. Mr. Chairman, the ayes at the moment are seven.

There are no noes.

Chairman GRAMM. Thank you.

We have before us today four distinguished nominees: Alphonso Jackson, who has already been introduced by two of our colleagues. I would just like to say that it has been a pleasure to work with Mr. Jackson in the leadership capacity he has had in public housing in Dallas. He has done an outstanding job, and I strongly support his nomination to be Deputy Secretary of Housing and Urban Development; Richard Hauser—is that pronounced right? What a nice name for a person working at HUD—Hauser.

[Laughter.]

Of Maryland, to be the General Counsel of the Department of Housing and Urban Development.

John Weicher—is that right, of the District of Columbia, to be Assistant Secretary of Housing and Urban Development, and to serve as the Federal Housing Commissioner; and Mayor Roy Bernardi of New York, to be an Assistant Secretary of Housing and Urban Development for Community Planning and Development.

I need to give you an oath. So if you will each rise and raise your right hand. Do you swear or affirm that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WEICHER. I do.

Mr. JACKSON. I do.

Mr. HAUSER. I do.

Mr. BERNARDI. I do.

Chairman GRAMM. Do you agree to appear and testify before any duly-constituted committee of the U.S. Senate?

Mr. WEICHER. I do.

Mr. JACKSON. I do.

Mr. HAUSER. I do.

Mr. BERNARDI. I do.

Chairman GRAMM. Please be seated and congratulations.

Senator Sarbanes.

STATEMENT OF SENATOR PAUL S. SARBANES

Senator SARBANES. Thank you very much, Mr. Chairman. I would like to make just a short opening statement.

First, I want to welcome the nominees to the Committee this morning. I am pleased that we are taking up these nominations.

The Chairman and I have talked and we agree that it is important to try to put people into position in the new Administration and we are trying to work with Secretary Martinez. I have a lot of confidence in him, but he cannot run the Department by himself. I think that is pretty clear. So we would like to get these policy and operational people into place.

There is a considerable breadth of experience among this morning's nominees. Mr. Jackson has run three different public housing authorities, in each instance with considerable success, including the one here actually in the District of Columbia at an earlier time. Mr. Bernardi is a Major and a user of HUD programs, so he brings that perspective. Mr. Weicher served as an Assistant Secretary for Policy Development and Research at HUD. And Mr. Hauser has had extensive experience in economic development for the Pennsylvania Avenue Development Corporation.

I want to note that housing has traditionally been a bipartisan endeavor. In fact, last year, we passed important new legislation out of this Committee and through the Congress dealing with manufactured housing and a host of other issues, including elderly housing, in the last Congress.

In the previous Congress, we passed major legislation to restructure both the Section 8 project-based portfolio and the public housing program. That was all done on a bipartisan consensus basis.

I just want to note that that has been the attitude that the Committee has brought to some of these problems, we look forward to working with all of you in that same spirit in the coming months.

Mr. Weicher, I am going to focus on you just a little bit here, and I want to lay out a few things. Hopefully, you will respond to them either in your statement or subsequently in the question session.

I do that because we have heard from quite a wide array of industry, nonprofit, and low-income advocacy groups concerning some of your writings. You have a paper trail and it always comes back, on occasions, such as this.

You have expressed some varying degrees of opposition to some of the very programs that you would be charged with overseeing if confirmed.

For example, and let me just mention a few, you have talked about eliminating the multifamily FHA program. Of course, FHA is an important partner in the construction of rental housing that is affordable to middle-income American families and at a low cost to the taxpayer. In fact, the administration of this program has been improved over the past 8 years to the point where its costs and default rates have dropped very significantly.

You have talked about limiting the FHA single-family program, although its success and fiscal well-being and mission have been hailed by the GAO. Actually, previously, and I am encouraged by this, in your service at HUD, you helped to put the FHA back on the path toward solvency. There is, in a sense, a contradiction there in the record.

You have also indicated support for vouchering out all public and assisted housing. Actually, that approach has not been accepted by the Congress. I strongly support adding vouchers to the budget, but only as part of a balanced approach to solving the affordable housing crisis.

And just last year, Senators Bond and Mikulski included a provision in the HUD appropriations bill allowing housing authorities to increase their use of project-based assistance.

I can appreciate that many of these statements were made in a different context, and we would like to get from you this morning the benefit of that context. I would like to be able to give these, as I said, a wide array of various groups, both industry, nonprofit, housing advocates, some reassurance that these programs will be strengthened and nurtured in the course of your tenure at the Department.

We have heard from so many different sources, that I thought that I ought to lay it out here right at the opening of the hearing. I look forward, Mr. Chairman, to the testimony of all of these nominees as we try to move forward in putting a team in place for Secretary Martinez.

Chairman GRAMM. Thank you, Senator Sarbanes.

Senator Allard is Chairman of the Housing Subcommittee, and I would call on him now.

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. Thank you, Mr. Chairman. My remarks will be very brief.

I would like to associate myself with the remarks of my colleagues, including Congressman Walsh. I look forward to hearing about the qualifications of this panel that we have before us.

I think we have an outstanding line-up of nominees for top positions at the Department of Housing and Urban Development. I have met with all four nominees—Mr. Jackson, Mr. Hauser, Mr. Weicher and Mr. Bernardi. And I must say that I am very impressed.

As Chairman of the Housing Subcommittee, I have held many HUD oversight hearings, and I know how important it is to have top-level appointees at the department. It is my hope that we can get these officials confirmed quickly.

I would like to raise several important issues, and we can follow up on these in the question-and-answer process.

My concerns are, first, we need program consolidation. We have 328 programs, which is too many, in my book. HUD should focus on the core mission of affordable housing.

Second, we need results-based management and in particular, I would ask all the nominees to study carefully the Government Performance and Results Act and apply it to the HUD decisionmaking process.

Finally, I would urge you to communicate regularly with the Congress and keep us informed and work with us to implement the laws in a timely manner. A good example is the recently passed legislation to reform manufactured housing regulations and provide additional incentives for homeownership and affordable housing. I hope we can see this law implemented in a timely manner.

Mr. Chairman, I look forward to working closely with each of the nominees, and thank you.

Chairman GRAMM. Thank you, Senator Allard.

Senator Reed, did you want to make an opening statement?

STATEMENT OF SENATOR JACK REED

Senator REED. Yes, thank you, Mr. Chairman. I appreciate you having this hearing today, and I look forward to the testimony of all these very capable and dedicated nominees.

I would just briefly like to say that I had the chance to meet all of these gentlemen and they are dedicated, principled public servants who take their responsibilities very seriously, and they have serious responsibilities.

Their Department has to help some of the most vulnerable people in this country—the disabled, the elderly, those in the margin of life because of income or disease or disability.

We are facing, in my view, a housing crisis in many parts of this country. We have not been producing enough housing. We have a challenge of affordability. We have a challenge of accessibility to good, decent, safe housing. And our commitment for generations has been that we would have a country where everyone could live in a decent, safe and affordable home. We have to do much more.

We have a homeless program in which we will review perhaps this Congress in detail. Too often, that program has been used, not to help the homeless, but to help those who are just on the fringe because our other public programs are not able to keep people in decent, adequate housing.

The task before you is great and I am convinced after listening to these gentlemen that they bring goodwill and great energy to the task. We will explore some policy differences today, but we begin, I think, with some very dedicated individuals.

Thank you, Mr. Chairman.

Chairman GRAMM. Thank you. Would anyone else like to make an opening statement?

Senator BUNNING. Yes, Mr. Chairman.

Chairman GRAMM. Senator Bunning.

Senator BUNNING. It is short.

Chairman GRAMM. Oh, please, take your time. Go ahead.

STATEMENT OF SENATOR JIM BUNNING

Senator BUNNING. Mr. Chairman, I would like to thank you and all our nominees for testifying today and I would like to thank you for holding this hearing and this mark-up in such an expeditious fashion. First of all, it is always nice to come in in the middle of the vote and not know what you are voting on.

I think President Bush has once again demonstrated that he will continue to ask outstanding people to serve in his Administration. I hope that the Committee will report the nominations that we reported on today—now we have seven ayes—and are going to vote on in the future, who are testifying here today to the Senate floor very quickly.

All four nominees have very impressive credentials. Alphonso Jackson has been the head of three housing authorities, as well as the President of a public utility and served on two national com-

missions. Richard Hauser has been an Associate White House Counsel and has worked at the Department of Justice and was Chairman of the Pennsylvania Avenue Development Corporation; John Weicher was an Assistant Secretary at HUD and worked for OMB; Romolo Bernardi is the Mayor of Syracuse, NY.

Why would you want to give up being the Mayor of Syracuse to go to work at HUD?

[Laughter.]

And was the city auditor there, also.

We are very fortunate that these fine nominees have chosen to serve the public at HUD. Their diverse backgrounds and unique experience will help fulfill HUD's mission.

We are lucky to have them. Once again, I urge all my colleagues to support these worthy nominees.

Thank you, Mr. Chairman.

Chairman GRAMM. Thank you, Senator Bunning.

Anyone else want to make a statement?

[No response.]

If not, let me suggest that each of our nominees try to speak for a maximum of 5 minutes. There is a clock here and on each side of the room that you can see. I am not going to stop you if you go over, unless you go over by too much. But start collecting your thoughts when you hit the red light.

Let me also say, Mr. Weicher, if when you finish your statement, if you had not in the statement responded to Senator Sarbanes, let me suggest that you just take a minute or two and do that.

Given that I am from an academic background and spent much of my life trying to avoid perishing by publishing—

[Laughter.]

I understand what it is like to write things down on paper.

I once was writing an article about the theoretical capacity of the market system to abate pollution and, in essence, predicting that there would be green products that would come on the market if people really cared about pollution.

And even though people would be almost perfect competitors in the environment based on what they bought, I just as an afterthought stuck in the footnote that I had voted for Barry Goldwater. I also noted that if I hadn't voted for him—and I listed whatever the number of votes he had received—there would have been one less vote.

Well, not knowing that some day, having grown up in the south and in a Democrat family, where all of the Republicans wore blue shirts and burned down my grandmother's barn—or my grandmother's mother's barn. She claimed they burned down the house, of course. That turned out not to be true when we looked at it closely.

[Laughter.]

But in any case, it was war and people say whatever.

[Laughter.]

The point is, I was debating my opponent in the Democratic primary, and my opponent pulled out that article and read that I had voted for Barry Goldwater. So he would say, I would like the name of all the Democratic Presidents you voted for, Democratic can-

didates for President that you voted for. So I swallowed hard and said, none.

I still won the Democratic primary, you understand. In any case, I understand what it is to write things down. I want to give you an opportunity to explain.

Al, you are first.

**STATEMENT OF ALPHONSO R. JACKSON, OF TEXAS
TO BE DEPUTY SECRETARY
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Mr. JACKSON. Thank you, Mr. Chairman, Senator Sarbanes, distinguished Members of the Committee.

Chairman GRAMM. Please introduce any family members you have and let them stand up if they will.

Mr. JACKSON. I will, Senator.

Thank you for the opportunity to appear before you today. I would also like to thank Senators Hutchison and Bond for their generous introductions.

Let me express my sincere thanks to President Bush and Secretary Martinez for selecting me for this important job. I am honored by the trust and confidence that they have placed in me to be Deputy Secretary of the U.S. Department of Housing and Urban Development. And I would like to introduce to the Chairman and Senator Sarbanes and the Committee, my wife, Marcia Jackson.

Mr. Chairman, I was born and raised in Texas, the youngest of 12 kids. Although my father had only a 5th grade education and my mother an 11th grade education, they made sure that all of their children got a good education. I am here because of my parents, because of the love that they showed and because of the education that they stressed.

This is one of the reasons that I spent my early years, 6 years of that, as a Public School Administrator and as a Professor at the University of Missouri.

My interest in, and expertise in, urban law and housing issues has been a great challenge for me. I have been told that I am the first Deputy Secretary of HUD to have experience in both public housing and the community development field. I have run, as you noted before, three major public housing authorities and I have had the experience of knowing how well HUD can work, if given the opportunity.

I think that the oversight that has been given and talked about by GAO, and the Inspector General, as it relates to HUD has merit, and I think that this Secretary and myself will address those issues. I also think that my private-sector experience has taught me about the importance of management and successful enterprise.

I have spent the last 5 years in the private sector as President of American Electric Power of Texas, where I was responsible for the management and operation of an \$11 billion corporation, 2,800 employees, and over 900,000 customers.

I think it is important to understand that my management experience at the professional levels believes that the worst thing that can occur is that you micromanage your staff.

I think at HUD we must again establish a relationship of trust and belief in the core staff that carries out the mission. In that process of establishing that belief in the core staff, we must also believe in the mission of GAO and the IG as not adversarial, but that of a partnership, to make sure that HUD functions well.

We know that HUD has a long history of trouble. We know that it was one of the high-risk agencies, and there are a number of areas that are still high-risk within HUD.

I am aware, of the concern of GAO and the HUD Inspector General and I have studied their reports.

If confirmed, I will insist that the agency work in tandem with GAO and the IG's office to correct the Department's problems. We will avoid the adversarial stand that has too often marked HUD's relationship with these offices in the Senate and the Congress, and I can assure you we will avoid that.

In conclusion, I realize that we have much work ahead of us. HUD has an important mission to accomplish. Many of America's neediest families need our service. We owe it to them to provide the best possible programs we can, in the most effective and efficient manner that we can. And we owe it to the American taxpayers to make sure that their tax dollars are spent efficiently and wisely.

I am a man of optimism. When I see HUD, I see a Department with a lot of opportunities to do great things. I see the historical opportunities to improve HUD management.

The Deputy Secretary functions as the Chief Operating Officer. I see one of the top duties of the Deputy Secretary as helping to solve the management problems that have plagued HUD for so long.

If confirmed, I look forward to working with Secretary Martinez and the rest of the HUD team as we implement the Administration's mission. I also look forward to working in a bipartisan manner with Congress on all issues that challenge HUD.

As Secretary Martinez said at his confirmation hearing, "our mission at HUD is not a Republican or Democratic mission, but rather an American mission."

My task is to carry forward and make sure that HUD functions in the best and most proper manner that it can in relationship with the Congress.

And I can assure you that any recommendation that is made by the Congress will be adhered to by this HUD. Thank you.

Chairman GRAMM. Thank you, Mr. Jackson.

Mr. Hauser.

**STATEMENT OF RICHARD A. HAUSER, OF MARYLAND
TO BE GENERAL COUNSEL**

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. HAUSER. Thank you, Mr. Chairman, Senator Sarbanes, Members of the Committee.

I too want to thank you for the opportunity to appear before you today. And with your indulgence, I would like to introduce my family—my wife Karen and three of my five daughters who are with me today. My daughters Kristin, Erica and Alissa.

Chairman GRAMM. It must be a very lonely house, being the only man.

[Laughter.]

Mr. HAUSER. I tell people my retirement is spelled tuition.

[Laughter.]

Anyway, I would like to submit my statement for the record, if I may, but I also, with your indulgence, have a few points that I would like to highlight.

First, I want to express my sincere appreciation to President Bush for his confidence in me. I am honored to be nominated for this very important position.

I also want to thank Secretary Martinez for asking me to join his team. Secretary Martinez's life story is a compelling one and it is truly the embodiment of the American Dream. I will be proud to be at his side as he develops and implements his vision for the agency.

I am committed to assist Secretary Martinez in his efforts to make the Department of Housing and Urban Development a more efficient, effective, and responsive institution, one that will operate with the highest ethical and professional standards, both for its employees and its program participants. And like my colleague, Alphonso Jackson, I too am very respectful of the independence of the GAO and the Inspector General. I appreciate the valuable oversight functions that they perform. And if confirmed, I will work hard to develop a constructive working relationship with both the IG and the GAO in furtherance of HUD's goals.

With the confidence and support of Secretary Martinez, I expect to be involved in all aspects of HUD and its program responsibilities. And indeed, as General Counsel, I will be expected to provide guidance on the statutes and regulations that govern the operations of the Department to assure that the programs are administered as Congress intended and in the interest of those to whom the Department was established.

Nothing, however, will be more important than to assure that the standards of conduct are clearly articulated and observed by HUD employees and HUD program participants. As President Bush stated on January 20, "everyone who enters public service for the United States has a duty to the American people to maintain the highest standards of integrity in Government."

Secretary Martinez embraces that view, and so do I. But we want to do more. We want to create a culture that will attract and retain good employees. We want to create that which would allow employees to perform their duties without fear that the ethics laws and regulations will be used as sport to curb their initiative.

We want to create a culture that will restore confidence in the integrity of HUD's programs on Capitol Hill, and throughout the HUD community. And finally, if confirmed, I look forward to working with the Committee and the Congress in fulfilling the duties and responsibilities of the Office of General Counsel of Housing and Urban Development. Thank you, Mr. Chairman.

Chairman GRAMM. Thank you, Mr. Hauser.

Mr. Weicher.

**STATEMENT OF JOHN CHARLES WEICHER
OF THE DISTRICT OF COLUMBIA
TO BE ASSISTANT SECRETARY FOR HOUSING
AND FEDERAL HOUSING COMMISSIONER
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Mr. WEICHER. Thank you, Mr. Chairman.

It is a great honor to appear before this distinguished Committee today as the nominee for Assistant Secretary for Housing and FHA Commissioner. I am extremely grateful to President Bush and to Secretary Martinez for offering me the opportunity to serve in this important position.

Mr. Chairman, like you, I am an economist married to an economist. My wife Alice is with me this morning, along with our daughter Jean, who has just finished her sophomore year at Washington University in St. Louis, Mr. Jackson's alma mater. Our son John graduated from college last year. He is now working in Louisville and could not be with us here today.

FHA has been central to the American Dream of homeownership since the 1930's. It is widely and rightfully regarded as a social policy experiment that worked.

FHA revolutionized the housing finance system and the mortgage instrument. Working with Ginnie Mae, it pioneered the Mortgage-Backed Security. FHA has a proud legacy and FHA has more work to do.

As Secretary Martinez has pointed out, the homeownership rates among Hispanic Americans and African-Americans remains below 50 percent. That is a challenge for HUD and for FHA in particular.

President Bush has proposed the "New Prosperity Initiative," to expand homeownership opportunities for low-income families. FHA will be part of the President's Initiative, helping more Americans realize the dream of owning their own home.

In addition to promoting homeownership, FHA provides mortgage insurance for multifamily housing. FHA multifamily insurance serves important public services. Most of the projects provide housing that is affordable to families in the lower half of the income distribution. Almost half are located in underserved areas. These families and these communities need FHA.

In my prepared statement, I address some of the questions which Senator Sarbanes has made in the statement that I have submitted for the record. I would be happy to explain in further detail when I made those statements and who I was making them to, and what other people were saying at the same time.

Let me say with respect to what I hope to do at HUD, Secretary Martinez has said that his first priority will be for HUD to continue putting its own house in order, building on the work of Secretaries Kemp, Cisneros, and Cuomo, and addressing the institutional weaknesses identified by GAO and by the HUD Inspector General. I am looking forward to working with him to make all of FHA's programs work as well as possible, serving the public purposes for which they were created.

Mr. Chairman, I know the issues and problems of HUD from experience. I have served at HUD three times before. As Senator Sarbanes mentioned, I was Assistant Secretary for Policy Development and Research with Secretary Jack Kemp in the Administration of

President George Bush. I was Chief Economist for Secretary Carla Hills under President Ford. As Assistant Secretary for PD&R, I worked several major policy issues that concerned FHA, including the reform of home mortgage insurance, the regulation of real estate settlement practices, and environmental issues in housing.

In addition, I directed the Secretary's Advisory Commission on Regulatory Barriers to Affordable Housing.

Mr. Chairman, you and your colleagues honored me by appointing me to the Millennial Housing Commission last September, for which I am very grateful. I have also served on the Committee on Urban Policy of the National Academy of Sciences, in the Census Bureau's Advisory Committee on Population Statistics, and I have worked on three other national housing commissions. All of this experience will be helpful at FHA.

Mr. Chairman, I have devoted my entire professional life to housing and urban issues since my graduate school days. Most of my classmates chose to specialize in public finance or money and banking or labor economics. Quite a few decided to be agricultural economists.

I felt that the cities presented the most urgent economic problems in America. Starting with my doctoral dissertation, I have spent my career on those problems and I have never regretted it.

The Federal Government has two major housing policy objectives—helping families become homeowners and making sure that everyone lives in decent housing. Those are very important public purposes. They are FHA's basic missions, and I support them wholeheartedly as I have throughout my career.

Mr. Chairman, Members of the Committee, the office of Assistant Secretary for Housing is a high honor, a great responsibility and a tremendous challenge.

If I am confirmed, I pledge to work with Congress, with both Houses and with both parties. Working together, we can achieve the goals of housing policy and I will certainly do my part.

Thank you very much for the opportunity to appear before you this morning.

Chairman GRAMM. Thank you.

Mayor Bernardi.

**STATEMENT OF ROMOLO A. BERNARDI, OF NEW YORK
TO BE ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Mr. BERNARDI. Good morning, Mr. Chairman, Senator Sarbanes, Members of the Committee.

I thank you for the opportunity to be here. I want to thank President Bush for his confidence in me, and Secretary Martinez.

In the last few weeks, I have had the opportunity to spend some time with the other three designees that are here and I believe, under the guidance of President Bush, that Secretary Martinez is putting together a good team that can help the American people and the Department of Housing and Urban Development. I also want to thank Senator Clinton and Congressman Walsh for their kind introduction. The Congressman and I go back a long way.

The Congressman talked about my immigrant parents. I grew up on the north side of the city of Syracuse in an Italian neighborhood. When my parents came to this country, they looked for their opportunity in the cities.

My wife Alice and I, who I would like to introduce right now—Alice. Our young children, Dante and Bianca, could not be with us. But we want the American Dream for our children as it was for my parents and it was for myself and my siblings.

I love cities. When I think of cities, I think of people that are disadvantaged. I think of the immigrant. I think of the young families struggling to make ends meet. I think of the renter who is saving for her first home. And I think of the businessman and the entrepreneur who sees the city as his best chance. But also, the homeless person that perhaps sees the city as his last chance.

My background in the last 35 years, I have been in public service, 7 years in education as a public school teacher and a guidance counselor, 20 years as the elected City Auditor in the city of Syracuse, and I am in my eighth year as Mayor of that wonderful city.

Senator Bunning, I am term-limited. That is not the only reason that I am here. But the fact of the matter is that I have had the opportunity firsthand with that practical experience to see what a Government agency, a Federal Government agency, can do for people, what it can do for cities.

The Community Development Block Grant program, which would be under my responsibility, how we have utilized that money in Syracuse for housing and how we have helped groups in that city provide services to the most needy.

I look at the brownfield redevelopment monies that we used. Many of our cities, especially in New York State, Upstate New York, and in the northeast, just reclaiming those industrial wastelands, turning them around, providing an economic opportunity and jobs for people.

I am very proud of the HOME program that HUD has and what we have done in Syracuse. As you know, the proposal is to take 12 percent of that HOME budget and use that so that people can buy their first home—low-income people, people that need some down-payment assistance. And we do that in Syracuse in a program we call Home Headquarters.

Of our \$2 million allocation, we spend approximately \$300,000 for homeownership, and that is the American Dream. Another part of the American Dream is the economic advantages that you want for your children and your family.

The Department of Community Planning and Development are varied. I also know that we have to have keen oversight. As auditor, I made sure that there was accountability, made sure that the monies were spent properly, and that they went to the people that were entitled to them. And I would do the same thing at HUD, working with Mr. Jackson and my partners to make sure that we cooperate with the GAO and the ID.

As an auditor, I know full well that you do not look at them as the enemy. You do not look at them as the opposition. You look at them as people who provide opportunities, recommendations and how you can have a better work force, a better product, and how you can have a better delivery system.

If I have the opportunity to be confirmed by this body, I pledge to you that I will give all of my energy and resources, my entire commitment and my experience to being the Assistant Secretary for Planning and Development and will work in conjunction with my colleagues here to provide the necessities for the people of our wonderful country. Thank you.

Chairman GRAMM. Thank you.

Well, let me first thank each of you for being willing to serve. It is a very high calling to be called to serve the greatest country in the history of the world, and we appreciate your willingness to serve.

What I would like to do is pose just one question—make a statement and then ask that each of you respond to it.

Much of our public housing is focused on the elderly. I find that those public housing units or subsidies are uniformly popular everywhere. Other parts of our public housing have to do with younger families.

I have always shared Mayor Bernardi's view that owning your own home is part of the American Dream.

It seems to me that while we cannot always be successful and maybe in many cases, we would not be successful, that one of the goals we should have is to make HUD's subsidized housing a way station toward homeownership. Not something that somebody goes into permanently, but something that someone is in as a way station toward ultimately owning their own home. I would like to ask each of you to respond to that, give me some of your initial thoughts as to what HUD could do to help promote that.

Mr. Jackson.

Mr. JACKSON. Mr. Chairman, I agree with you.

Initially, if you go back to the Alley Drilling Act that was established when HUD was first established, that was the purpose of it. It was a way station. In the late 1970's, it became basically a place where people felt that they had a lifetime tenure.

It is my belief that the first act that we must do to make sure that people understand that public housing is not forever, is to give them incentives to get them out.

I believe that there are a number of ways that we can do that, Congress has answered that question in the sense that we have a number of programs, self-sufficiency is one, helping public housing residents leave public housing, giving them incentives to leave.

We have the Section 8 program which will serve as a down payment for a home if they will find employment to subsidize that.

I have a philosophical belief that my parents taught me was simple—if you expect performance from people, you get performance from people. I think for too long, we have not expected performance from public housing residents.

While I was in Dallas, one of the things that I asked for and was given by HUD is that every resident in public housing pay rent.

Some of my colleagues in the business at the time did not believe that it could be done. Well, people in Dallas pay rent. Every resident pays rent. And in the final analysis, what we have seen is no less, but better abilities to take care of the properties.

We also, if you notice, Mr. Chairman, started the process of building 300 homes which will eventually be 900. The first 300 are

coming online now—for homeownership programs. And I think that we will be pretty innovative and believe that public housing residents can get out of public housing. We can help them get out of public housing.

If we do not perceive them as human beings with the same sense of worth that we have, then it is not going to happen. I just believe that expectation is the key in order to make sure that we do have a way station and not a place of permanent housing.

Chairman GRAMM. Thank you.

Mr. Hauser.

Mr. HAUSER. Mr. Chairman, I support your view on this and it is a view that is shared by the President and the Secretary. As General Counsel, I will have less to say programmatically about those issues than my colleagues here. But I can pledge to you that I will see that the Office of General Counsel gives the very best advice to see that these programs are carried out in an efficient way.

And also, as President Bush said yesterday in his efforts to bring about, as he called it, domestic tranquility, to our streets and to our neighborhoods, that the Office of General Counsel can play a role there, too, as people move from what should be in a short period of time, into homeownership, which is the ultimate goal here.

Thank you.

Chairman GRAMM. Mr. Weicher.

Mr. WEICHER. Mr. Chairman, as I said in my statement, I certainly agree with you that owning your own home is the key to the American Dream in our society. In fact, in published research which I did as a Visiting Economist at the Federal Reserve Bank of St. Louis, I documented the importance of home equity as a force for economic inequality in our society.

And indeed, until very recently, the equity that we as Americans have had in our own homes was larger than the equity that all of us had in financial assets—stocks and bonds and mutual funds.

It is a great force for stability in our society and we should be promoting it.

Senator Sarbanes will certainly remember that in 1992, Secretary Kemp and President George Bush proposed to use the housing voucher as a homeownership support for low-income families. And Congress, a Democratic Congress, passed that proposal and it became law.

Various reforms of that were proposed by Secretary Cuomo and enacted by the Republican Congress in 1998. President Bush, in the campaign, proposed making the voucher available for a down payment toward the house and Congress enacted that in the year 2000. And we at HUD are now in the process of writing regulations to implement that, trying to use housing assistance for lower income families to help them become homeowners.

Chairman GRAMM. Thank you.

Well, I know, Mr. Bernardi, you agree with me because of what you said.

Mr. BERNARDI. Just very quickly, Senator, the Section 8 voucher program that Mr. Jackson spoke of, Syracuse is one of the pilot communities, or the Syracuse Housing Authority.

We are always going to have public housing. I think we need to do everything that we possibly can with our resources to try to pro-

vide people the opportunity to utilize those vouchers along with employment, so that, eventually, they could purchase their own home. The HOME program runs hand-in-hand with the Section 8 voucher. It provides the necessary dollars, but also the educational aspect that goes with it.

In our HOME headquarters program in Syracuse for first-time homebuyers, we not only provide down payment assistance dollars. We also obviously pay for some points. But we also at the same time have training programs, so that people that end up in their first home can stay there so that defaults do not take place.

I support, obviously, your concept.

Chairman GRAMM. Thank you very much.

Senator Schumer, you were not here before when we were doing introductions and I knew you wanted to do one.

Let me just recognize you briefly for that purpose, and then I will turn to Senator Sarbanes.

STATEMENT OF SENATOR CHARLES E. SCHUMER

Senator SCHUMER. Thank you, Mr. Chairman. I appreciate that and I thank my colleagues.

I apologize to Mayor Bernardi and the others that I could not be here. When they changed the date of the hearing, I had a previous commitment that I could not get out of.

I want to thank you, Mr. Chairman. I want to give a welcome to our nominees. But particularly to give a New York welcome to Mayor Bernardi from Syracuse.

Mr. Chairman, it is an indication, whenever you come to a hearing, even if you think it is going to be a little bit pro forma, you learn something.

What I just learned is that Mayor Bernardi's first name is not Roy, which we have always referred to him as, but Romolo.

Mr. BERNARDI. Romolo.

[Laughter.]

Senator SCHUMER. Romolo. I say to you, bello. Beautiful.

Mr. BERNARDI. Grasi.

Senator SCHUMER. That is my foray into the Italian romance language.

Anyway, Mayor Bernardi is not transplanted from New York like so many others who have come before us this year. The Mayor is an organic New Yorker, so to speak—homegrown, homeraised. I have a deep and abiding respect for him. We share a common, pragmatic approach to governing.

Mayor Bernardi is the first Republican Mayor of Syracuse in 20 years and in his two terms, he has consistently reached across party lines to get things done for the people of Syracuse.

We spend a lot of time together, from walking in the St. Patrick's Day parade each year, where we make a strange pair, to, more importantly, working on a number of projects for Syracuse.

The most important was bringing Jet Blue, a start-up, low-cost air service to Syracuse. Now people from Syracuse are saving over \$250 on trips to New York City and this has helped stimulate the Syracuse economy. Mayor Bernardi and Mr. Everett, his airport director, were instrumental in helping bring Jet Blue there.

Because of the Mayor's work, the city of Syracuse is starting to turn the corner toward strong, economic growth. But, like so many other talented politicians, the Mayor is being term-limited.

In his two short terms, the mayor has accomplished a great deal. On behalf of all New Yorkers, I want to thank you, Mr. Mayor, for the great work you have done for the people of Syracuse.

But now, Syracuse's loss is Washington's gain. I want to thank Congressman Walsh for championing your nomination. He did another good deed for both Syracuse and for the country when he did that. And the Mayor's experience and accomplishments as City Auditor and Mayor, my colleagues, make him ideally suited to become Assistant Secretary for Community Planning and Development.

I welcome the Mayor to Washington, wish him good luck, and fully support his nomination.

Chairman GRAMM. Thank you, Senator Schumer.

Senator Sarbanes.

Senator SARBANES. Thank you very much, Mr. Chairman.

First, let me make this observation. A theme, I think, that has characterized all four of the nominees is the need to improve the administration within HUD.

Mr. Jackson, you said, put the house in order, or some phrase of that sort. But I am encouraged to see that that is coupled with the recognition that that is, as it were, a base or a foundation upon which then to move forward and to carry out the substantive programs which will actually provide housing, help people obtain housing all across the country.

Mr. Hauser, you have a couple of paragraphs in your statement which you did not read, but which exactly address that. It is where you talk about the Secretary making the appropriate administration of HUD programs a major priority. And then you go on later to note that the Secretary has made it his priority to focus the agency on the core mission, and then you list the various programs that we are trying to encourage. So I think that is a very important coupling of objectives there.

We very much want the improved administration. In fact, the Cuomo people did get HUD—the Department—off of the high-risk list, although some of its programs are still in that category. But it is a step leading on, then, to carrying through these programs.

Mr. Weicher, you did not read the part of your statement that I was looking forward to you reading. I know we have now included it in the record. Let me develop a few sort of specific questions.

Working with Senator Mack a few years ago, and the Members of this Committee, we addressed the situation of making assisted housing, ensuring that it remained affordable to low-income people.

That was the Mark-to-Market program.

We saw that as preventing the loss of scarce, affordable housing. And in fact, I note that in this morning's *Wall Street Journal*, there is an article that says: Looming Need For Housing A Big Surprise. And then it goes on to say "housing advocates have been complaining about the lack of affordable housing for low-income Americans for years. But now the problem appears to be spreading to the middle class." And further on in the article, one observer says "a decade ago, there were discussions of a looming lack of demand and

now there are discussions of a looming lack of supply.” And they go on to talk about the demographics reflected in the 2000 census.

Now in your 1997 book, you said the Mark-to-Market program should be rejected, although you allowed, of course, that it could cost the Government money where there was FHA insurance. Now, we reached the conclusion that we just could not allow, or we should try to retain these units in the affordable housing inventory.

Over the next 4 years, approximately 1.2 million units will expire. In buildings where owners have opted out, rents have increased on average 44 percent. And in buildings where owners have prepaid their Federal mortgages, and in both instances, thereby getting out of the program, the increase in rents averages an astounding 57 percent. Almost three-quarters—72 percent of the residents of these buildings—are elderly or disabled, making it even more difficult for them to move or to find adequate housing.

I really want to draw you out on what your attitude is with respect to these Section 8 contracts for property that are decent and safe with respect to their renewal over the next 4 years.

Mr. WEICHER. Certainly, Senator. First, I wrote that paper for a conference in 1996, although with publication lags, with which Chairman Gramm is certainly familiar, it did not come out for a year after the conference at which I gave the paper. It has a publication date of 1997, but it was written in 1996. And it was written in the context of President Clinton’s Reinvention Blueprint for HUD which introduced the concept of Mark-to-Market, but which, as I remember the discussions in both Houses and both parties, there was a great sentiment that Mark-to-Market, as formulated at that time, was not likely to work very well.

There were many problems with it. And indeed, Congress wrestled with it through 1995 and 1996, without enacting it, and then revisited it and enacted a version of Mark-to-Market in 1998, if I remember correctly, as part of the housing bill that finally emerged that year.

Since then you established the Office of Multifamily Housing Assistance Restructuring and Mark-to-Market has been going forward at HUD ever since then, and is going to continue to go forward as long as the need is there and the program is there. As I understand it, it is expiring later this year.

I think the problems of the multifamily assisted inventory have been the most complicated problems, program problems, that HUD has experienced. Congress has wrestled with solutions for those projects since at least 1986. The Mark-to-Market approach, as finally enacted by Congress in 1998, is a serious attempt to address the problems. And I think when we complete that process, we will see what remains.

I also think that Congress effectively indicated how the problem of rising rents should be addressed for the tenants with the enhanced voucher, which provides protection for the tenants who are in danger of being evicted because they cannot afford the rents when people opt out.

I think serious efforts have been made in recent years to address that problem. I hope to work with you all to continue addressing the problems in that inventory as we move forward.

Senator SARBANES. Do you contemplate that we could lose 1.2 million units over the next 4 years?

Mr. WEICHER. I do not see that we will lose 1.2 million over the next 4 years with the programs that you all have put in place.

Senator SARBANES. We will have to move that program through to continue to work it through the 4 year period. Is that correct?

Mr. WEICHER. I know that we will need to either reauthorize that program or we will all need to agree on an alternative for that program to address the problems of the remaining units that are going to be in a position to prepay over the next few years.

Senator SARBANES. Well, I do agree with you that I think Congress did come to grips with the problem in a constructive way in 1998, and that that is working pretty well. I do not think we ought to simply depart from that or jettison it.

Mr. JACKSON, you are going to be the Deputy. Do you have any views on this?

Mr. JACKSON. I agree with that. And I think that Mr. Weicher has answered it very well.

I think that with the support and help from Congress, we can address the need and avoid the crisis that you spoke about just a few minutes ago.

Senator SARBANES. Now, Mr. Weicher, you criticized the multifamily insurance programs at one point. You said those problems can be solved by reforming the programs of FHA most directly by eliminating multifamily insurance.

It is a little bit like getting rid of the headache by cutting off your head. We have tried to do something there. Let me just mention a couple of facts.

The credit subsidy necessary to operate the 221(d)(4) program has dropped from 12.74 percent in 1993 to 3.35 in 2001. The credit subsidy for the 221(d)(3) program has dropped from 29.89 in 1995 to 17.22 in 2001, and it is projected to drop even further in 2002 to 10 percent.

The Apt report in 1999 shows that claim rates in each of the major multifamily programs have dropped significantly in recent years and found that, taken together, the five multifamily programs earned more in fees and premiums than they paid out in claims. As FHA Commissioner, you will be responsible for overseeing the multifamily insurance programs. What is your current view of those programs?

Mr. WEICHER. Well, as I said in my statement, I think multifamily insurance serves important public purposes for lower income families in underserved areas. The statement that you quoted is a statement I made in 1995, in a very different political context than we have now.

In 1995, nearly every Republican who was interested in housing had a proposal to abolish HUD. There was a substantial group of freshman Republican Congressmen with a proposal to abolish the Department.

Senator Faircloth, who was a Member of this Committee and Chair of the HUD Oversight Subcommittee at that time, had a proposal to abolish HUD.

Senator Dole had a proposal to abolish HUD. The Republican platform of 1996 proposed to abolish HUD.

In the House, Congressman Lazio was Chair of the Housing Subcommittee and he had a proposal to repeal the National Housing Act of 1935, which he carried through the House and into conference with this Committee. And it was my understanding afterwards that you, Senator Sarbanes, were responsible for the conference not agreeing to repeal the National Housing Act of 1935, as the leader of the Democrats in the conference.

And at the same time, President Clinton had his Reinvention Blueprint, which had very dramatic proposals for changing the way FHA worked for drastically revamping the single-family mortgage program, but leaving the multifamily mortgage program alone.

I was saying to my colleagues in the Republican Party, in a number of venues and hearings before this Committee and the House Committee and other Committees, and also in various speeches and publications, I was saying we should not abolish HUD. HUD serves important public purposes, purposes that we as Republicans recognize as important, as well as purposes that Democrats recognize as important. And it serves those purposes reasonably well.

There are programs in areas, in HUD, that do not work very well. You should fix those. You should make them run better. Or, if you like, you should abolish them. But you should not abolish HUD. And I was a lonely voice.

At a hearing in this room, in front of two Subcommittees of this Committee, Senator Faircloth asked me directly, should we abolish HUD? And I said to him, point blank, no. And that was not the answer he wanted to hear.

Senator Bond was about the only Republican who was speaking about the value of preserving HUD. And Senator Bond was saying, we should have a top-to-bottom review of FHA and we should sharply consolidate the number of programs.

I thought that the problems in HUD, the management problems at HUD, had been concentrated in multifamily insurance and I think that that is something that there is also bipartisan agreement about among people who have worked at HUD in administrations back 30 years. That was 1995 and 1996.

Now, 5 years later, no one in either party is talking about abolishing HUD or terminating HUD or terminating any of its major programs. Certainly, President Bush did not during the campaign, and I was one of his advisers as Chairman of his Housing Policy Task Force. Certainly, Secretary Martinez has not said that.

The Republican Party position now is reasonably close to the position I was taking in 1995. Of course, what I wrote in 1995 and 1996 remains in print. It is accessible on the Internet. But what is not there is the context, who I was speaking to and what other people were saying at the same time.

Senator SARBANES. Well, thank you. I see my time is up. I would just make the observation that Secretary Martinez has actually asked Congress to raise the FHA multifamily loan limits.

Mr. WEICHER. Yes, he has.

Senator SARBANES. By 25 percent, to ensure that multifamily housing can be built in high-cost areas. So he and the President have an initiative, actually, in that arena.

Mr. Chairman, could I just very quickly—

Chairman GRAMM. Oh, sure.

Senator SARBANES. What is your view of the Low-Income Housing Tax Credit program?

Mr. WEICHER. I think the Low-Income Housing Tax Credit is one of the programs we have which is actually producing housing for lower income people. It was enacted, of course, in 1987, and when I was at PD&R, we were doing the first studies of the low-income tax credit. And we were also implementing the regulations for the qualified census tracts in difficult-to-develop areas that you enacted, I believe, in 1990. It may have been 1989.

And that is the important part of the housing finance system, the system of providing affordable housing, for making sure that every American lives in the most decent affordable housing that we have.

Senator SARBANES. Now what is your view of using HOME and CDBG funds for affordable housing production?

The HOME program, of course, is being used by the State and localities in a matching way and they have drawn in the private sector for, I think, important housing production. And the CDBG funds as well in certain instances. What is your view about that?

Mr. WEICHER. I think those programs are available to cities to do what the cities think needs to be done in housing and community development. And that is a local option.

My recollection is, and I haven't looked at CDBG in this light in some years, that it cannot be used for new housing construction.

I believe that was certainly true when we were here in the Administration of the first President Bush. I do not really know if you all have changed that in recent years. But those programs are there to address the housing and community development needs of the cities as the cities see them.

Senator SARBANES. All right.

Thank you, Mr. Chairman.

Chairman GRAMM. Thank you.

Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman. I just think it should be pointed out that, in the late 1980's and early 1990's, FHA was in very serious financial trouble. In fact, it was essentially broke. And Mr. Weicher, you played a major role in designing the proposals that rescued FHA.

Mr. WEICHER. Yes.

Senator ALLARD. And FHA is today in great financial shape. In fact, some Members are wanting to take some of these extra dollars and divert them to other programs. Would you please share with this Committee your work in that area?

Senator SARBANES. Mr. Chairman, let me just say, I acknowledged that contribution in my opening statement about Mr. Weicher. Mr. Weicher has many skills and a lot of expertise. And if he would just assure us that they are going to be working in the right direction, we would be very comforted by that.

Senator ALLARD. I just felt like they ought to be writing these things down.

[Laughter.]

Mr. Weicher.

Mr. WEICHER. Mr. Chairman, I promise not to write a single article as long as I am Assistant Secretary and FHA Commissioner.

[Laughter.]

For one thing, I won't have time. But I do promise to testify.

Thank you, Senator Allard. I did work with Secretary Kemp and with my colleagues in the 1990 reform of the FHA single-family program, as Senator Sarbanes mentioned. And the proposals that we made were passed by Congress on a bipartisan basis with the support of Senator Cranston and Senator D'Amato and the support of Congressman Gonzalez and Congressman Wylie in particular.

I think that was an example of bipartisan cooperation to address an important problem in a major program and to address it in a hurry. I think the experience of the last 10 years indicates that we certainly were doing something appropriate in that situation.

I think that the FHA insurance funds, according to the evidence we have now, is solvent. The MMI Fund, we have seen the new Deloitte & Touche actuarial study indicating that the Fund is not quite in as good shape as they thought it was a year ago.

We have the GAO testimony before you, I believe, indicating that there are circumstances under which the Fund's reserves may be drawn down rather sharply. And I understand that there is a paper about to be published by a CBO analyst suggesting that both GAO and Deloitte & Touche may be optimistic.

And of course, the last Administration lowered the up-front premium by 75 basis points. And I think we need to look closely at the effect of that on the MMI Fund.

I certainly intend to monitor the status of the Fund carefully. I went through the process of restructuring it once and I really would not like to revisit that issue if I possibly can.

Senator ALLARD. Mr. Jackson, as Chairman of the Authorizing Committee, I am greatly concerned about the vast number of programs at HUD that have never been authorized, as well as the current number of major programs with expired authorizations.

Does this concern you, and do you plan to submit language for authorization or reauthorization?

Mr. JACKSON. The Secretary and I at this point in my consultant status has been reviewing that. I cannot give you a specific answer today, Senator. But after much evaluation, I can assure you that we will get back to you.

Does the Secretary perceive that there are too many programs? Yes. How we will approach that at this point, I think it is important that we do it in a very systematic way and we will get back to you at that point in time.

Senator ALLARD. You are looking at some language you might get to us for authorization or reauthorization. Is that correct?

Mr. JACKSON. Yes.

Senator ALLARD. Thank you.

Mr. Hauser, last December, Congress passed and the President signed a housing bill that modernized manufactured housing. And that legislation included an implementation timetable. Will you work with the Congress to see that this important law is implemented in a timely and an efficient manner?

Mr. HAUSER. Senator Allard, we will do that. And I know it is a concern in terms of time limits that Congress has placed in legislation. And my understanding is that we are on track to make these time limits. I think there are some appropriations or funding issues, but the answer is yes.

Senator ALLARD. Are you willing to work with this Committee to ensure that housing laws are implemented and administered according to Congressional intent?

Mr. HAUSER. Yes, sir.

Senator ALLARD. Mr. Bernardi, currently, HUD has a number of different homeless programs. Are you willing to work with me and this Committee to find ways to consolidate and improve these programs?

Mr. BERNARDI. Yes, I am, Senator. The billion dollars that is available for homeless programs, we use the emergency shelter grants back in Syracuse and they are very, very helpful for the various organizations that provide housing for people that are in desperate need.

But we would be more than happy to work with you and with this Committee in any way in which we could consolidate it. As I understand it, they are looking at the formula-based program as opposed to the competitive grants.

Senator ALLARD. Thank you.

Mr. Chairman, I see that my time is expired.

Chairman GRAMM. Thank you.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

Mr. Weicher, we continually refer back to your writings and that is a compliment because these are not the extemporaneous musings of someone with a casual interest in housing. You are a serious scholar. You have thought about these issues.

Just as recently as 1997, I believe, in your book, "Privatizing Subsidized Housing," you stated: "Despite the concern about a shortage of available housing for the poor, in reality, the supply of available decent housing that families could afford if they were given tenant-based assistance at current subsidy levels, is large enough to accommodate them all."

Yet, the evidence, particularly in my part of the country, New England, is that 30 percent of families given vouchers are unable to use them because the rents are too high. And there is also anecdotal evidence from around the country that this is not a regional phenomenon.

First, do you believe that there is sufficient housing out there by giving everyone a voucher which you wrote about 2 or 3 years ago—4 years ago. I am sorry.

Mr. WEICHER. Senator, as I said before, I wrote that in 1996, and I wrote that in the context of proposals by both parties in President Clinton's Reinvention Blueprint and by Senator Dole and the Republican platform to voucher-out public housing. The Reinvention Blueprint, as I think Senator Sarbanes mentioned, had a dramatic proposal to give everyone in public housing a voucher.

I was invited to give a paper at a conference at the American Enterprise Institute. The subject of the conference was Getting Serious About Privatization. The conference was in July 1996. They first asked me to write a paper about getting rid of HUD, privatizing HUD, and I said, no. Then they said, well, how about privatizing public housing?

And I thought that with leaders in both parties talking about vouchering out public housing, it would be interesting to look at

what would happen, if we did that, if we took that seriously, how would it work, what would the benefits be, what would the problems be, and how would the problems be addressed.

The quotation that you mentioned comes from a discussion, a very specific discussion of suppose you give everyone now living in public housing a voucher. How many of them would want to move? And for those who want to move, would there be enough housing for them?

And working with census data, I calculated that about 500,000 families living in public housing would want to move. That was based on those who said that they were very dissatisfied with either their housing or their neighborhood.

At the same time, other census data indicated that there were about 1½ million available vacant rental units renting for less than the national average fair market rent. And so, with that data, I concluded that there was enough housing available if everyone who wanted to move was given a voucher.

I then went on to say that those were national figures and that I did not have data for individual markets and there could well be local markets in which that situation would not apply.

Senator REED. So based on current data, would you still share that conclusion?

Mr. WEICHER. I haven't looked at current data on either of those questions. I do not know what the latest data shows about the attitude of public housing residents toward their housing. But that would be the key in determining how many might want to use vouchers to move. And I haven't really looked at the vacancy rates.

First of all, that is not germane to anything I am likely to be doing as FHA Commissioner. But beyond that, I do not think, as Senator Sarbanes said earlier, Congress is likely to pass a proposal like that any time in the next few years.

Senator REED. My concern is that you are likely to recommend such a proposal to the Secretary and the President. Would you recommend such a proposal?

Mr. WEICHER. I do not have any expectation of recommending such a proposal to them.

Senator REED. I want to understand this because, again, you are a serious student and an accomplished academic.

I seem to be hearing you say that this dynamic is based upon those who voluntarily want to leave public housing matching up with those who are in available housing. And that conditions your conclusion. Is that fair?

Mr. WEICHER. That is right. That is exactly right, Senator. There is about a three-page discussion in that monograph of that particular issue and the quotation is in that context.

Senator REED. Is it fair to conclude that for those who want to remain in public housing, we have to continue with public housing?

Mr. WEICHER. Yes, Senator. Senator Gramm said earlier that our experience is that public housing for the elderly generally works very well and most elderly residents seem to be very satisfied with their housing.

We all know that there are public housing projects in this country which do not provide decent housing. And we know that there

are troubled public housing authorities and that is a problem that Congress and Administrations have wrestled with for years.

Senator REED. My time is expired, so—is there a second round, Mr. Chairman?

Chairman GRAMM. Yes, go ahead.

Senator REED. Thank you.

Chairman GRAMM. I don't know that we will have a second round. Why don't you just take a couple more minutes?

Senator REED. Thank you, Mr. Chairman. Thank you very much.

Just to note that Senator Sarbanes has raised the issue of the Mark-to-Market program. And one of the phenomenon that seems to happen, the data that is collected, is that when the owners opt out, rents have increased an average of 44 percent. And in buildings where owners have prepaid their Federal mortgages, got out early, the increase in average is an astounding 57 percent.

Seventy-two percent of all the residents in these buildings are elderly or disabled, making it difficult just on a practical basis to go elsewhere besides the psychological attachment to a home, particularly for a senior.

That seems to me to require two things. Either continuing the Mark-to-Market to keep these units in a subsidized form, or tremendous increases in vouchers, forgetting of course the psychological and physical dislocation. And again, I think those are the alternatives. What is your view?

Mr. WEICHER. Well, I think it does require continuation of the Mark-to-Market program until we have completed the process. And it requires the enhanced vouchers which Congress has enacted so that people who do not want to move are not required to move.

Senator Reed, my mother lived in the HUD-insured project for a number of years in her later years, and she would not have moved out for anything. And she did not require financial assistance as an issue. That issue did not arise. But she was very comfortable where she was and that is where she intended to live out her days, and that is where she did live out her days.

Senator REED. I am glad that is your sense. That is my experience with my tenants in my building units. One final question.

You will have a significant influence on the GSE's, Fannie Mae and Freddie Mac. Last year, HUD established significantly higher affordable housing goals for Freddie Mac and Fannie Mae. It did so in part because it found that the share of the affordable housing market, their share, was substantially smaller than their share of the total conventional conforming market. My question would be what are you going to do to continue this effort to increase the participation of these GSE's in the affordable housing market?

Mr. WEICHER. HUD will continue to monitor how the GSE's are performing in the housing goals and will continue to monitor the housing market. I have not participated in any discussions about specific changes in the goals and I have no plans to address that issue in the near future. I do not know what the timetable is on which HUD acts on that issue. I have not really followed it very closely since the legislation in 1992.

Senator REED. Thank you.

Thank you, Mr. Chairman.

Senator ALLARD. Mr. Chairman.

Chairman GRAMM. Thank you.

Senator ALLARD. I would just make the observation, I think it was 3 years ago, I was the only Republican that voted with the Democrats in support of vouchers. And we see a lot of concern about vouchers here. What a difference 3 years makes.

Senator SARBANES. We support the vouchers as part of a balanced program that also maintains this project-based assisted housing. We think we need all of that in the inventory as weapons to address the housing issue.

Senator REED. Right.

Senator SARBANES. So I do not want the issue drawn as though we are rejecting the vouchers because we have supported the vouchers. But not totally in lieu of the other assisted housing that we are provided, which often deals with a different target population and a different set of housing circumstances.

Senator REED. Thank you.

Chairman GRAMM. Thank you.

Senator Bunning.

Senator BUNNING. Thank you, Mr. Chairman.

This is a toss-up question. Anyone who would like to can answer it. What priorities do you feel should be emphasized and how can we allocate resources better at the agency?

I know that you have been a consultant only, Mr. Jackson, but I obviously think that all of you have been thinking how you are going to make HUD a much better place.

Mr. JACKSON. Senator, I think the Secretary has spoken very well to this. And I believe the same as he does, that we must go back to the core mission of HUD.

I think we have extensive programs that have been at HUD and until we can, in essence, and I don't like necessarily using the term, consolidate, but facilitate those programs and bring them down to a manageable number, I think we will still have some problems. Our first objective and goal is to bring those down to a manageable number.

Second of all is to make sure that we allocate the resources in the places they are needed the most within HUD.

Third, if we do that, we think that the morale of the agency will be boosted, not necessarily in headquarters, but also in the field, and that is where we need it most. So I would say, in that order, that is the way that we should approach it.

Senator BUNNING. Does anyone else have any different ideas or comments?

Mr. BERNARDI. No different ideas, Senator, but to provide the technical assistance and the training to our field offices around the country. I think that that is very important so that we can monitor and assist localities in whatever program they are dealing with.

Senator BUNNING. Mayor, I would like to ask you specifically, this is not a special question, but I would like to put something on HUD's radar screen, so to speak.

In Kentucky, we have a large number of tobacco warehouses that have been closed. Many of these buildings are brownfields. They have lead-based paint on the walls and asbestos in the roof.

Unfortunately, these buildings also usually sit in downtown. In fact, in Lexington, in Maysville, and many of the towns in Kentucky have these right in the middle of the town.

Because of the liability, they are not being torn down or resold. They just sit there vacant. A number of towns in Kentucky and other tobacco States need help finding funds to tear down these buildings and bring in new tenants to create jobs.

I just wanted to make you aware of the problem and if HUD had some kind of interest in seeing to it. Once the area is cleaned up, we could build some really nice housing projects and/or supplement those buildings with buildings that are usable buildings. So when you are thinking of new ideas and places to spend money for either housing or whatever, I want you to keep that in mind.

Mr. BERNARDI. Senator, in Syracuse, we used the Clean Air/Clean Water Bond Act. In the State of New York, we spent I think, \$4 million to take down the old Smith-Corona plant that was just filled with violations and had an awful lot of asbestos and PCB's. That was 3½ acres. And that was a State-city combination effort. We have also had the good fortune to use some HUD assistance on some of our brownfield remediation.

But the budget, I believe, is \$25 million, which is not a significant—it is a significant amount of money, but not enough money to do what you would like to do around the country. But to reclaim those properties, business people, for the most part, will not go in unless the property is ready. If the property is not ready, the cost is too prohibitive.

So I agree with you, Senator. Any way we can find in which we can leverage our resources and work with our States and our communities to remediate those sites and put them back into use and create jobs.

Senator BUNNING. Thank you, Mr. Chairman.

Chairman GRAMM. Thank you.

Senator Miller.

COMMENTS OF SENATOR ZELL MILLER

Senator MILLER. Thank you, Mr. Chairman, and thank you, gentlemen, for being willing to serve in this arena. I have maybe two or three questions for Mr. Weicher.

One is philosophical, a couple, more specific. And I realize you probably want to get on to the job before you answer these specific ones, but let me ask you anyway.

In December 2000, Congress made an additional \$40 million appropriation in the credit subsidy. And as you know, that money has not been released. There are 2,331 units in Georgia that will not be funded if that money is not released. What do you think about the release of those funds?

Mr. WEICHER. Senator Miller, the Administration's position has been that the program should be operated within the \$101 million that was authorized and appropriated within the regular procedure in the last fiscal year.

This problem of excessive demand for credit subsidy has arisen three times in the last 8 years. And part of the problem this year is the fact that there was \$12 million left over in demand last year which took up the first \$12 million for this year. So the last Admin-

istration basically took the first \$12 million of this year's credit subsidy and then, of course, went on allocating subsidy through the end of the Administration.

We also have an unusual problem this year in that we have a much higher proportion of D-3's in the program than we do D-4's. D-3's, as Senator Sarbanes was mentioning, have a much higher credit rate. It is about 5 times the credit rate as D-4's.

We now have 25 percent of the portfolio this year being D-3's instead of 10 percent. If we would have had the usual proportions, we would have \$27 million more in credit subsidy than we now have and we would not be having the problem.

The Administration's proposal, of course, is to raise the premium by 30 basis points, which will turn this into a demand program like FHA single-family and will resolve that problem.

I also know, and I believe it was Senator Sarbanes who referred to the Apt study, I also know that there is some evidence that the mortgage bankers have argued that, in fact, the credit subsidy requirements are much too high and there may even be no need for credit subsidy because the losses in the program have been so low.

One of the things that I would intend to do if I am confirmed is to do a systematic review of exactly how the credit subsidy is calculated. As far as I can tell, that issue has not been revisited in a number of years, and I would intend to see what the appropriate credit subsidy rate would be, what the appropriate premium would be, and make that recommendation to the Secretary and to the present OMB and, hopefully, to the Congress.

Senator MILLER. Thank you. Let me ask you this also.

As you know, the HUD Secretary serves as a member of the Federal Housing Finance Board, which regulates the Federal Home Loan Bank system. And usually, he names the FHA director as his designee. What do you think in general about what is the appropriate role of the Federal Home Loan Banks?

Mr. WEICHER. I think they are an important part of the housing finance system. I think they provide a stable source of funds for community banks and other housing lenders. And I think they proved their worth in the 1980's and early 1990's, in particular, before and after FOREA, when much of the housing finance system was disintegrating around them. I think that I had the pleasure of assisting Secretary Kemp in his role as a member of the Federal Housing Finance Board.

Indeed, when it was first created, he was the only member of the Federal Housing Finance Board because he was the only ex officio member and there was a question about whether Congress had intended to have a full-time board or a part-time board. And until that got resolved, it had a one-man board, one-person board, and I worked with him on that. So I am somewhat familiar with the issues that the Federal Housing Finance Board deals with on a day-to-day basis.

Senator MILLER. Thank you. One quick question, and this will be my last one.

Have you had time to get an opinion on what you think about the streamlined down payment program that they put into effect in 1998 for 2 years and then renewed it for another 2 years?

Mr. WEICHER. No, I have not, Senator. I have not taken a look at that yet. I have been here as a consultant for about 4 weeks and I know that that is important, I have not gotten to it. But I will.

Senator MILLER. Thank you.

Chairman GRAMM. Thank you.

Senator Carper.

COMMENTS OF SENATOR THOMAS R. CARPER

Senator CARPER. Thanks, Mr. Chairman. To our witnesses, welcome. I apologize for being late. We have another hearing at this time on the Postal Service rate hikes that you have been hearing about. So I apologize for missing your statements.

Senator Sarbanes may have touched on this one issue, but I want to come back to it again just for clarification. And the issue is whether or not we ought to increase the multifamily loan limits by 25 percent.

I think when Secretary Martinez was before us, maybe even before he was the Secretary, we talked about this. I think he said it is what I would like to do. And I would just like to ask you, Mr. Weicher, first, your thoughts more generally on multifamily housing and what we ought to be doing. But more specifically, your views with respect to that 25 percent increase.

Mr. WEICHER. Well, I certainly think that that increase is desirable. We have not had one, I believe, since 1992. And while we have not had a lot of inflation in the economy, we have had some inflation in this economy and those limits are now out of date.

I believe the Secretary announced that in March, if I remember correctly. It may have been in February, that that was his intention to do that.

As I said in my statement, and I know that, with all the hearings around here, I am surprised that there are very many Senators here at all. As I said in my statement, I think multifamily insurance serves important public purposes. Most of the projects provide housing for people who are in the lower half of the income distribution. About half of them are located in underserved areas. That is where the housing is needed and that is the people for whom the housing is needed. I think the program is very important.

Senator CARPER. How do you feel about maybe indexing the loan, some CPI, something like that in the future?

Mr. WEICHER. I haven't thought about that issue, whether you would want to index it. If you wanted to index it, there would be a question of whether you wanted to index it to something on the demand side of the market or something on the supply side of the market. There are some indexes of cost of construction which might be useful. But I think that, I know that the Administration would want to look at that issue before making any recommendation.

Senator CARPER. Thank you.

If I could go to Mr. Jackson, I understand that you have run a number of housing authorities.

Mr. JACKSON. Yes.

Senator CARPER. Where?

Mr. JACKSON. St. Louis, Washington, DC, and Dallas.

Senator CARPER. Just those little ones, huh?

[Laughter.]

Mr. JACKSON. Just those little ones.

[Laughter.]

And I had the opportunity of meeting with you when I was on the National Commission on Severely Distressed Public Housing and we came to Delaware.

Senator CARPER. To see how a place that doesn't have nationally distressed housing is run.

Mr. JACKSON. You did not have it.

[Laughter.]

Senator CARPER. Thank you. I have just a couple of questions. One, when you look at the budget proposed by the Administration, with respect to operating support, operating subsidies, I think what they have done is they have collapsed one of the programs that we used to fight crime and that sort of thing in our public housing.

And they sort of collapsed that money into providing a little increase in the operating subsidy money and said, I think it was a \$300 million appropriation for the public housing, drug enforcement, or whatever it was called.

We end up with zero in that program in the proposed budget. We end up with another \$150 million a year I believe in the operating subsidy. And we are just basically saying to the housing authorities, you figure out how you want to do it. You want to use that \$150 for drug elimination, for public safety, you can do that.

Put on your old housing authority director hat for one of those places, DC or St. Louis or some other place. And you are asking in an environment with energy costs going up as they are to choose between meeting energy needs and trying to provide a safer place for people to live. How do you make that decision?

Mr. JACKSON. Senator, having run three housing authorities, I believe that the drug elimination money, had it been used for what it was set out to be, would have been a very good thing initially.

What occurred is that many of the housing authorities in this country were using it for the operational expenses. Now you will get some to say, no. But having run housing authorities, I know, traveling around this country.

I do believe that the monies that are allocated, the \$150 million, can be used as they so choose. If they so choose to use it for drug elimination purposes, it can be used for that. And I think that that gives them the flexibility to decide, rather than having a program that says, there is no flexibility. And yet, housing authorities are using it for purposes that it is not designed for. And that has gone on for some period of time.

I do believe also that when we look at the budget that we have today, at almost \$31 billion, I can tell you that back in the 1990's, when I visited your city, we had a budget of about \$23 billion. So that is a tremendous increase today compared to what it was in the early 1990's and mid-1990's.

I think that the program, as set up, with me reviewing the budgets in the consultant status, I think it is well organized and well established. The operating subsidies can literally be met.

The other thing that I think is important is that the Congress allocated a specific allocation to address the energy needs of the housing authorities in this country because of the energy crisis.

I think we will have to review it to see how much of that money has been used. I asked the other day—and clearly, I think it was about \$101, \$105 million that you allocated—as of today, through energy costs, I think only about \$30 million of it has been used. And I can get the specific number for you for sure. But, still, we have a major portion of it that has not been used to date.

So I think that if we see that it is necessary to allocate it for energy costs, yes, we will come back and speak to you. But as of today, my initial information is it has not all been utilized.

Senator CARPER. The Administration is going to roll out their other proposals with respect to energy policy in the weeks ahead.

The President has had some comments. He is going to have more to say very soon. And I think the Vice President's commission is going to report to us next month.

What role do you see on the energy conservation side? Do you see us pursuing through HUD—how does it relate, energy efficiency and public housing—what is the relationship here? And how does that relate to our funding for capital investment?

Mr. JACKSON. I don't think I am in a position to address the energy policy at this point of the Administration. I can tell you that I do believe in energy conservation, being the President of a major utility company.

Senator SARBANES. Careful. We may send you to California.

[Laughter.]

Chairman GRAMM. That would be the end of your career.

[Laughter.]

Mr. JACKSON. But I will say this to you, Senator. The most difficult thing that I have found out in running a utility company is to get people to conserve energy.

I remember when I was in Corpus Christi and I was talking to a group of nuns. They were at the monastery. And I will never forget talking to the principal nun. And she says, well, if the people across the street save energy, then we will, too.

[Laughter.]

Well, it is very difficult to get people conditioned to conserve. I think that we will have to look at the President's policy. And we as HUD will work with them to make sure that the residents within our public housing complexes address those needs.

I have always been a conservationist and even when in Dallas, we tried to conserve energy. In fact, we had a policy that, other than for senior citizens, if you expended so much energy, we expected you to pay the differences.

Senator CARPER. Let me just say, in closing, my time has expired, let me say in closing, we all need to be conservationists with respect to energy. Even the nuns.

[Laughter.]

Mr. JACKSON. Yes.

[Laughter.]

But I was not going to tell the sister that.

[Laughter.]

Senator CARPER. Probably would not. There are probably some opportunities here for us to conserve energy in our public housing.

And I hope that we will be mindful of that as we consider the amount of money that we allocate to or take away from capital investments in the public housing. Thank you very much.

Chairman GRAMM. Senator Sarbanes, did you want to make some closing—

Senator SARBANES. I did. Mr. Weicher, Senator Mikulski yesterday held a hearing in Baltimore on the problem of property flipping and predatory lending.

This is something we have met more than once with Secretary Martinez on. He has been very supportive of efforts there. And he has appointed Laurie Magiano, who is the Director of the Single-Family Asset Management Disposition Division at FHA, to be the point person. Are you familiar with this ongoing effort?

Mr. WEICHER. I am somewhat familiar with it, Senator.

I do know that Secretary Martinez is very concerned about this and prepared to work with the Federal Reserve Board, with the industry, with consumer groups, and certainly with the Congress.

Senator SARBANES. Ms. Magiano has moved in. We are impressed by her efforts now just over a few weeks. So, presumably, we can count on your cooperation and support for this effort of the Secretary's and her activities.

Mr. WEICHER. Yes, that is right. I had heard that the people that went up from HUD thought that that was a useful town meeting. But I am very glad to hear it also from you.

We know that this is a particular problem in Baltimore. But, of course, FHA had identified five cities where there were hot zones.

Besides Baltimore, it is Atlanta, Chicago, New York and Los Angeles. In those cities, we are looking at the loans which counselors identified to us as predatory loans where people are in danger of losing their houses. We are working to prevent foreclosure, to write down the mortgages in some cases where it has been overvalued and where we have lenders who are engaging in predatory lending, to either bring them before the mortgagee review board or to have post-endorsement technical reviews to see what they are doing, in some cases, to bar them from the program.

FHA, for about a year now, has been doing the heavy grunt work of fighting predatory lending. And I am sure that that is going to continue under Secretary Martinez and, if I am confirmed, it will continue with me.

Mr. JACKSON. I can tell you, Senator, that I have had that conversation and that is a priority. He believes that that is very important and he has stated that.

That is why Laurie is taking the lead.

Senator SARBANES. Right. Well, thank you all very much.

Mr. Chairman, I want to thank all of the witnesses. I want to say to the other three, other than Mr. Weicher, we are very interested in what you are doing as well. But, as it turned out, I think in this hearing you were sort of sailing in the wake of Mr. Weicher's ship.

[Laughter.]

So it was relatively easy duty for you. You owe a few to Mr. Weicher because of it. And I want to wish all of the nominees well.

Mr. JACKSON. We just did not write anything down. That was it.
[Laughter.]

Senator SARBANES. All right.

Chairman GRAMM. Thank you all very much. We will finish our vote on the nominations of: John E. Robson, to be President of the Export-Import Bank; and James J. Jochum, to be Assistant Secretary of Commerce for Export Administration.

The Clerk will call the roll of those Senators who have not previously had the opportunity to vote.

The CLERK. Mr. Shelby.

Chairman GRAMM. Aye, by proxy.

The CLERK. Mr. Bennett.

Chairman GRAMM. Aye, by proxy.

The CLERK. Mr. Enzi.

Senator ENZI. Aye.

The CLERK. Mr. Santorum.

Chairman GRAMM. Aye, by proxy.

The CLERK. Mr. Crapo.

Chairman GRAMM. Aye, by proxy.

The CLERK. Mr. Ensign.

Chairman GRAMM. Aye, by proxy.

The CLERK. Mr. Dodd.

Senator SARBANES. Aye, by proxy.

The CLERK. Mr. Johnson.

Senator SARBANES. Aye, by proxy.

The CLERK. Mr. Schumer.

Senator SCHUMER. Aye.

The CLERK. Mr. Bayh.

Senator SARBANES. Aye, by proxy.

The CLERK. Mr. Carper.

Senator CARPER. Aye.

The CLERK. Ms. Stabenow.

Senator STABENOW. Aye.

The CLERK. Mr. Corzine.

Senator CORZINE. Aye.

The CLERK. The vote is 20 ayes, Mr. Chairman.

Chairman GRAMM. Thank you. And thank you all very much. The Committee stands adjourned.

[Whereupon, at 11:50 a.m., the hearing was adjourned.]

[Prepared statements, biographical sketches of the nominees, response to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF SENATOR JIM BUNNING

Mr. Chairman, I would like to thank all of our nominees for testifying today and I would like to thank you for holding this hearing and this markup in such an expeditious fashion.

I think President Bush has once again demonstrated that he will continue to ask outstanding people to serve in his Administration. I hope that the Committee will report the nominations we are going to vote on today and the nominees who are testifying today to the Senate floor quickly.

All four nominees have very impressive credentials. Alphonso Jackson has been the head of three housing authorities, as well as the President of a public utility and served on two national commissions. Richard Hauser has been a Deputy White House Counsel, has worked at the Department of Justice and was Chairman of the Pennsylvania Avenue Development Corporation. John Wiecher was an Assistant Secretary at HUD and worked for OMB. Romolo Bernardi is the Mayor of Syracuse, NY and was the City Auditor.

We are very fortunate that these fine nominees have chosen to serve the public at HUD. Their diverse backgrounds and unique experiences will help fulfill HUD's mission. We are lucky to have them.

Once again, I urge all of my colleagues to support these worthy nominees. Thank you, Mr. Chairman.

PREPARED STATEMENT OF ALPHONSO R. JACKSON

DEPUTY SECRETARY-DESIGNATE

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

TUESDAY, MAY 15, 2001

Mr. Chairman, Senator Sarbanes, and distinguished Members of the Committee, thank you for the opportunity to appear before you today. I would also like to thank Senators Hutchison and Bond for their generous introductions.

Let me express my thanks to President Bush and Secretary Martinez for selecting me for this important job. I am deeply honored by the trust and confidence they have placed in me by nominating me as Deputy Secretary for the Department of Housing and Urban Development.

Mr. Chairman, I was born and raised in Texas, the youngest of 12 children. Although my father had only a 5th grade education and my mother an 11th grade education, they made sure that all of their children received a good education. I am here because of my parents' love and devotion and the lessons that they taught my siblings and me. They stressed to us that with a good education and a strong work ethic, there was nothing that we could not accomplish in this world. No mountain would be too steep and no road too long. That is one reason why I spent 6 years of my early career as a Public School Administrator and a University Professor, helping to educate others.

My interest and expertise in urban law and housing issues led me to a career in public service. I have been told that I am the first candidate for Deputy Secretary of HUD who has experience both in the field of public housing and in the field of community development.

I have run three major urban public housing authorities: St. Louis, Washington, and most recently, Dallas. This experience has given me insight into the needs of public housing authorities and how HUD relates to them. It has also given me ideas about how to improve HUD's oversight of these authorities so that they can provide better services to those families living in public housing.

Having chaired two community development block grant agencies—one in St. Louis and the other here in Washington, DC—I have also had extensive experience with that side of HUD's mission. I have been able to see HUD grants go to these urban areas. HUD has played an important role in the recent rejuvenation of American cities and I look forward to seeing HUD continue working in partnership with local governments to improve the quality of life for American families.

My private sector experience has taught me about the importance of management to a successful enterprise. I have spent the last 5 years working in the private sector in Texas, most recently as the President of American Electric Power-TEXAS, where I was responsible for the management and operations of a nearly \$11 billion company with 2,800 employees and over 900,000 customers.

My management style emphasized professionalism at all levels of the company. I believe in setting high expectations and holding managers and workers account-

able. This is the kind of environment that I have sought to create in the private sector and I see no reason why we should not expect the same high standards from the employees at HUD. The taxpayers deserve such standards from their public servants, as do those who rely upon HUD's services.

HUD has a long history as a troubled agency. Although the Department has been taken off the General Accounting Office's "high-risk" list, many of its individual programs are still designated as "high-risk." My top priority as Deputy Secretary will be to assist Secretary Martinez in restoring complete credibility and accountability to HUD. Congress has repeatedly told HUD that it must get its house in order. This Administration is listening.

I am aware of the concerns of the GAO and HUD's Inspector General and have studied their reports. If confirmed, I will insist that this agency work in tandem with the GAO and the IG's office to correct the Department's problems. We will avoid the adversarial stance that has too often marked HUD's relationship with these offices in the past.

In conclusion, I realize that we have much work ahead of us. HUD has an important mission to accomplish. Many of America's neediest families rely on our services. We owe it to them to provide the best possible programs we can in the most effective manner. And we owe it to the American taxpayers to make sure that their tax dollars are being spent efficiently and wisely.

I am a man of optimism. When I see HUD, I see a Department with lots of opportunities to do great things. I see this as a historic opportunity to improve the way HUD manages its programs. The Deputy Secretary functions as the Chief Operating Officer. I see one of the top duties of the Deputy Secretary as helping solve the management problems that have plagued HUD for too long.

If confirmed, I look forward to working with Secretary Martinez and the rest of his team at HUD as we implement this Administration's mission. I also look forward to working in a bipartisan manner with Members of Congress as we meet the challenges before us. As Secretary Martinez said at his confirmation hearing, "our mission at HUD is not a Republican or Democrat mission, but rather an American mission." Thank you.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Jackson Alphonso R.
(Last) (First) (Other)
 Position to which Deputy Secretary of the U.S. Department Date of
 nominated: of Housing and Urban Development nomination: April 30, 2001
 Date of birth: September 9, 1945 Place of birth: Marshall, TX
(Day) (Month) (Year)
 Marital Status: Married Full name of spouse: Marcia Ann Jackson
 Name and ages
 of children: Annette Watkins, 32
Lesley Jackson, 20

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	Washington University			
	School of Law		Juris Doctris	1973
	Truman State		MA Educational	
	University		Administration	1969
	Truman State		BS Political	
	University		Science	1968
	St. Peter's Preparatory			
	College		Diploma	1964

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

President's Award for Distinguished Service - Truman State University
1999

Chairman's Award - National Boys and Girls Clubs of America 1997

Aspen Fellow - The Aspen Institute 1995

National Tree of Life Award - Jewish National Fund of New York - 1994

Memberships:

List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

[illegible]

Employment record:

List below all positions held since college, including the title or description of job, name of employment, location of work, and dates of inclusive employment.

See Attached

Memberships:

Boards of Directors, JP Morgan Chase & Co. - Texas

Boards of Directors, Zale-Lipsky University Hospital, Dallas, Texas

Boards of Directors, Texas Southern University, Houston, Texas

Boards of Directors, Central Power & Light Company, Corpus Christi, Texas

Boards of Directors, West Texas Utilities, Abilene, Texas

Boards of Directors, The Hockaday School, Dallas, Texas

Boards of Directors, The Nature Conservancy of Texas

Boards of Directors, Voyager Expanded Learning, Inc., Dallas, Texas

Boards of Directors, U.S. Chamber of Commerce, Washington, D.C.

Employment record:

June 2000 – Present	President of American Electric Power-Texas for American Electric Power located in Austin, Texas
January 1998 – June 2000	President of Central and South West-Texas for Central and South West Corporation located in Dallas, Texas
July 1996 – January 1998	Vice President, Corporate Resources for Central and South West Energy and International, Inc. located in Dallas, Texas
1989 – 1986	President and CEO of The Housing Authority of the City of Dallas, Texas
1987 – 1989	Director of the Department of Public and Assisted Housing in Washington, D.C. also, Chairperson of the District of Columbia Redevelopment Land Agency located in Washington, D.C.
1984 – 1987	Director of Laventhol and Horwath, a certified public accounting firm located in St. Louis, Missouri
1981 – 1983	Deputy and Interim Executive Director of The Housing Authority of the City of St. Louis, Missouri
1977 – 1981	Director of the Department of Public Safety for the City of St. Louis, Missouri
1973 – 1977	Assistant Professor at the University of Missouri, St. Louis Campus
1973 – 1974	Assistant to the Chancellor for Special Projects
1969 – 1970	Administrative Assistant for Webster Grove Public Schools located in Webster Grove, Missouri

**Government
experience:**

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

See Attached

**Published
Writings:**

List the titles, publishers and dates of books, articles, reports or other published materials you have written.

See Attached

**Political
Affiliations
and activities:**

List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

See Attached

Government experience:

1998 – 2003	BOARD OF REGENTS, Texas Southern University, appointed by Governor George W. Bush
1995 – 1998	COMMISSIONER AND CHAIR, General Services Commission, Texas – appointed by Governor George W. Bush
1992 – 1993	MEMBER, National Commission on American Urban Families - appointed by President George Bush
1992 – 1993	MEMBER, National Welfare Simplification and Coordination Advisory Committee – appointed by Secretary of Agriculture
1990 – 1992	MEMBER, National Commission on Severely Distressed Public Housing – appointed by Secretary of HUD, Jack Kemp
1990 – 1992	MEMBER, Regional Selection Panel for the White House Fellowship Program
1989 – 1996	PRESIDENT and CEO, Housing Authority, City of Dallas, Texas
1987 – 1989	DIRECTOR, Department of Public and Assisted Housing, also, CHAIRPERSON of the District of Columbia Redevelopment Land Agency, Washington, D.C.
1981 – 1983	DEPUTY & INTERIM EXECUTIVE DIRECTOR, Housing Authority, City of St. Louis, Missouri
1977 – 1981	DIRECTOR, Department of Public Safety, City of St. Louis, Missouri
1973 – 1977	ASSISTANT PROFESSOR, University of Missouri, St. Louis Campus
1973 – 1974	ASSISTANT TO THE CHANCELLOR FOR SPECIAL PROJECTS
1969 – 1970	ADMINISTRATIVE ASSISTANT, Webster Grove Public Schools, Webster Grove, Missouri

Published Writings:

"State Juvenile Court's Use of Consent Decrees: A Critical Analysis" Contributing author of a chapter in the book, "Legal, Morality, and Ethnic In Criminal Justice", Praeger Press, 1979

"Commitment of Juveniles: A Criticism of State Juvenile Court's Use of Consent Decrees". Juvenile Justice, Vol. 1. 1976

"The Courts and Black Education: A Legal Assessment". Contributing author of a chapter in the book, "Desegregation to Integration: A Method", Missouri University publication, 1975

"Probation and Parole Revocation: The Difference Between the Two and Some Proposals for Improving Both", Howard University Law Journal, Vol. 18, No. 2, 1974

Political Affiliations and activities:

Executive Committee, Presidential Inaugural Committee, 2001

Assistant Secretary of the Republican National Convention, 2000

Pioneer, Exploratory Committee for Governor George W. Bush President, 1999

Executive Committee, Exploratory Committee for Governor George W. Bush President,
1999

Executive Committee, Texas Gubernatorial Inaugural Committee, 1998

Committee to Elect Senator Phil Gramm President, 1995

Committee to Elect Rick Perry Lieutenant Governor of Texas, 1994

Executive Committee, Elect George W. Bush Governor of Texas, 1994

Political
Contributions: Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

\$2000 contributed to the RNC, January 2001

\$500 contributed to Governor George W. Bush for President, 1999

\$500 contributed to Jeb Bush for Governor, 1998

\$1000 contributed to Senator Phil Gramm for President, 1995

\$500 contributed to George W. Bush for Governor, 1994

Qualifications: State fully your qualifications to serve in the position to which you have been named.
(attach sheet)
See Attached

Future employment
relationships: 1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Yes

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

No

3. Has anybody made you a commitment to a job after you leave government?

No

4. Do you expect to serve the full term for which you have been appointed?

Yes

Qualifications:

Alphonso Jackson has a wide range of experience in housing, finance, and management. He is a noted authority on public housing and community development issues.

Mr. Jackson was President and CEO of The Housing Authority of the City of Dallas, Texas, where he formulated and implemented housing policy for the \$95 million operation from January 1989 until July 1996.

Previous to The Housing Authority of the City of Dallas, Mr. Jackson was Director of the Department of Public and Assisted Housing in Washington, D.C., for the \$137 million operation. Also, he served as Chairperson for the District of Columbia Redevelopment Land Agency Board.

Mr. Jackson holds a bachelor's degree in political science and a master's degree in education administration from Truman State University; and a law degree from Washington University School of Law.

In 1977, Jackson became the Director of Public Safety for the City of St. Louis. Mr. Jackson also served as executive director for the St. Louis Housing Authority; a director of consultant services for the certified public accounting firm of Laventhol and Horwath-St. Louis; and special assistant to the chancellor and assistant professor at the University of Missouri.

Mr. Jackson serves on the following Boards: JP Morgan Chase & Co.-Texas; Zale-Lipshy University Hospital; Central Power & Light Company, Corpus Christi; West Texas Utilities, Abilene; the Board of Governors, Truman State University; The Nature Conservancy of Texas; Voyager Expanded Learning, Inc.; The Hockaday School; the Board of Regents, Texas Southern University and the U.S. Chamber of Commerce.

Mr. Jackson was presented the National Boys & Girls Clubs of America 1997 Chairman's Award and was a 1995 Fellow - The Aspen Institute. Presidential and other Appointments: The National Commission on America's Urban Families (92-93); Member of the Regional Selection Panel for the White House Fellowship Programs (90-92) and a Member of The National Commission on Severely Distressed Public Housing (90-92). In addition, Mr. Jackson was a member of the National Welfare Simplification and Coordination Advisory Committee (92-93) and served as Chairman of the General Services Commission of the State of Texas (95-98).

Potential conflicts
of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

Pursuant to a partnership agreement, will receive periodic payments
over the next four years for services with Columbia Residential,
LLC, Atlanta, GA.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

Pursuant to a partnership agreement, will receive periodic payments
over the next four years for services with Columbia Residential,
LLC, Atlanta, GA.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

I have resigned my partnership from Columbia Residential, LLC
and will not participate in any matters involving Columbia
Residential, LLC.

Civil, criminal and
investigatory
actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

In my role as President and CEO of three major housing authorities,
St. Louis, Washington, D.C. and Dallas, I was named as a defendant
in multiple lawsuits. I was never held personally liable in any
of the civil suits.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None

PREPARED STATEMENT OF RICHARD A. HAUSER
GENERAL COUNSEL-DESIGNATE
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
TUESDAY, MAY 15, 2001

Mr. Chairman and distinguished Members of the Committee, thank you for the opportunity to appear before you today.

Let me begin by expressing my sincere appreciation to President George W. Bush for his confidence in asking me to be part of his Administration as General Counsel of the U.S. Department of Housing and Urban Development. I am honored to be nominated. I also want to thank Secretary Mel Martinez for asking me to join his team. Secretary Martinez's life story is compelling and is the embodiment of the American Dream. I will be proud to be at his side, as he develops and implements his vision for making HUD an agency that will truly serve America consistent with its core basic mission.

Mr. Chairman, I come before this Committee as an individual with previous public and private sector experiences which hopefully have prepared me for the challenges that lie ahead at HUD. From my early days as a Federal prosecutor with the U.S. Attorney's office in Miami, FL, at the Department of Justice in Washington in the Office of Policy and Planning, and two terms in the White House Counsel's Office, as Associate Counsel in the Nixon White House and Deputy Counsel to President Ronald Reagan, I have well understood the value of Government service and the need to approach that service with integrity and a sense of commitment. My experience in the private practice of law representing clients before departments and agencies has underscored the importance of integrity and responsiveness in the administration of our laws and programs. With that in mind, and with the Senate's approval I am committed to assist Secretary Mel Martinez in his efforts to make the Department of Housing and Urban Development a more efficient, effective and responsive institution—one that will operate with the highest ethical and professional standards—both for its employees and its program participants.

It is my understanding that HUD has been an organization designated as high risk by GAO and often criticized by its own Inspector General. These areas of concern include—but are not limited to—FHA, the integration of financial management systems, consistent application of HUD program requirements and staffing capability. In this regard, let me state clearly that I respect the independence of GAO and the Office of Inspector General and appreciate the valuable, oversight functions that they perform, and if confirmed, I will work to forge a constructive working relationship with both entities.

During his first months in office, Secretary Martinez has already begun the task of assuring that the appropriate use of HUD funds and the appropriate administration of HUD programs is his top priority. He has delivered that message to the Congress in his confirmation hearing, and at subsequent budget hearings. He has delivered that message to HUD staff and perhaps most important he has delivered that message to the recipients of HUD programs. As General Counsel, it would be my intent to help the Secretary put the HUD house in order, and address the priorities of President Bush and Secretary Martinez, so that HUD will become a truly effective agency, which is capable of providing the housing and community renewal opportunities needed by so many American families and neighborhoods.

Mr. Chairman, the Department of Housing and Urban Development has a wide range of responsibilities. To his credit, the Secretary has made it his priority to focus the agency on the core mission to: expand homeownership opportunities for low- and moderate-income families; renew distressed areas with decent and safe neighborhoods; enhance affordable housing opportunities for all residents particularly members of disadvantaged minorities; recognize the needs of the growing elderly population and provide incentives to address those concerns and encourage economic vitality while at the same time address the challenges of growth and its impact on the quality of everyday life.

The Office of General Counsel cuts across all of those lines and helps the Department achieve its goals consistent with the laws passed by the Congress and signed by the President. The General Counsel is the chief legal officer for the agency providing advice on all aspects of Federal housing and urban development laws, regulations and policies. These duties include: drafting legislation, and regulations; representing the Department in affirmative and defensive litigation and serving program clients as program counsel by providing guidance about the statutes and regulations that govern the operations of the Department to assure that the programs are administered as Congress intended and in the best interest of those whom the Department was established to serve.

I would also like to mention one other prior experience that I believe is relevant to my prospective position at HUD. From 1987–1996, I had the privilege of serving as Chairman of the Pennsylvania Avenue Development Corporation (“PADC”), the Federally chartered and funded entity that was charged with the revitalization of Pennsylvania Avenue from the Treasury Department to the Capitol. In that capacity, I had occasion to work with executive branch agencies, the Congress, the DC Government, and the development community in a cooperative effort that resulted in new commercial, retail, and residential development along “America’s Main Street.” My work with the PADC gave me an appreciation of the complexities of development in the inner city and the benefits that can be achieved when working cooperatively with the Congress, Federal and local officials, and the private sector.

With the confidence and support of Secretary Martinez, I expect that as General Counsel, I will be involved in all aspects of HUD and its many program responsibilities. As I have already mentioned in this brief statement, a major focus will be ethics. One of President Bush’s first acts was to meet with his White House staff and clearly articulate his expectations that all who work in his Administration will comply with the highest ethical standards. Secretary Martinez has embraced this mandate for administering HUD programs. It will be my intent, if confirmed as General Counsel, to assure that the standards of conduct are clearly articulated, clearly understood and fairly but firmly enforced by HUD, as they relate to both HUD employees and HUD program participants. That is the only way HUD can administer its programs and assure that the programs are delivered consistent with the responsibility entrusted by the public for the benefit of the people who need them most.

It is an important time for our country and a critical time for HUD. It is time for HUD to address its mission with a sense of urgency, integrity, efficiency, and high ethical standards. If reported favorably by this Committee and confirmed by the Senate, I look forward to fulfilling the duties and responsibilities of the position for which I have been nominated. Thank you for your consideration.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Hauser Richard A.
(Last) (First) (Other)

Position to which General Counsel Date of
 nominated: Department of Housing and Urban Development nomination: April 30, 2001

Date of birth: 26 2 43 Place of birth: Litchfield, Illinois
(Day) (Month) (Year)

Marital Status: Married Full name of spouse: Karen Allen Hauser

Name and ages
 Of children: Jennifer 35 Erica 17
Sarah 31 Alissa 15
Kristin 19

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	<u>Univ. of Denver</u>	<u>1961-1963</u>		
	<u>Univ. of Pennsylvania (Wharton)</u>	<u>1963-1965</u>	<u>B.S. Economics</u>	<u>1965</u>
	<u>Univ. of Miami</u>	<u>1965-1968</u>	<u>J.D.</u>	<u>1968 (cum laude)</u>

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Award for Superior Performance as Assistant United States Attorney (1971)

Memberships:

List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
The Luther Institute	Board Member..... Former Chairman.....	1991 to date 1996
The Washington Hospital Center	Director	2000-present
Washington Legal Foundation	Legal Policy Advisory Committee	
The Metropolitan Club	Board of Governors; President	1996 to date 2000 to date
Florida Bar Association		
District of Columbia Bar Association		
Virginia Bar Association (Associate Member)		
American Bar Association		
Federalist Society		
Chevy Chase Club		

Employment record:

List below all positions held since college, including the title or description of job, name of employment, location of work, and dates of inclusive employment.

(See attached at Exhibit A.)

Government
experience:

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

(See attached at Exhibit B.)

Published
Writings:

List the titles, publishers and dates of books, articles, reports or other published materials You have written.

I have authored a few op-ed pieces. (Attached at Exhibit C.)

Political
Affiliations
And activities:

List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Political
Contributions:

Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

(See attached list at Exhibit D.)

Qualifications:

State fully your qualifications to serve in the position to which you have been named.
(attach sheet)

See attached statement (Exhibit E).

Future employment
relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Yes

2. As far as can be foreseen, state whether you have any plans after completing government Service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

No

3. Has anybody made you a commitment to a job after you leave government?

No

4. Do you expect to serve the full term for which you have been appointed?

Yes

Potential conflicts
of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

None; I will divest or recuse as advised by agency ethics officials.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None; further, I agree for a period of one year following the termination of my

relationship with Baker & Hostetler LLP, that I will not participate in any particular

matter involving specific parties in which Baker & Hostetler LLP, is or represents

a party without first determining whether my impartiality in the matter reasonably

may be questioned.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

The Soap and Detergent Association (legislative and regulatory matters which generally affect the Soap and Detergent Association and its members. Government procurement of environmentally preferable products); GTE Corporation (The Telecommunications Act of 1996; Internet Access); Pardee Construction Company (bills and issues involving federal highway funding). The Firm may have listed my name among others, on lobby reports even though I may have had no involvement. In addition, as Chairman of the Pennsylvania Avenue Development Corporation, I testified before Senate and House Appropriations and Oversight Committees.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

I will consult with agency ethics officials and take such action as deemed appropriate.

Civil, criminal and
investigatory
actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

See attached at Exhibit F.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

Not applicable.

EXHIBIT A**EMPLOYMENT RECORD**

<u>POSITION</u>	<u>LOCATION OF EMPLOYMENT</u>	<u>DATES OF EMPLOYMENT</u>
Law Clerk to Chief Judge Charles B. Fulton, United States District Court	Miami, Florida	1968-1970
Assistant U.S. Attorney, U.S. Department of Justice	Miami, Florida	1970-1971
Attorney Adviser, Office of the Deputy Attorney General	Washington, DC	1971-1973
Associate Counsel, The White House	Washington, DC	1973-1974
Assistant Director, Office of Justice Policy and Planning, U.S. Department of Justice	Washington, DC	1974-1975
Associate, Kilpatrick & Cody	Washington, DC	1975-1977
Partner, Carlton, Brodsky & Hauser	Washington, DC	1978-1981
Deputy Counsel To The President, The White House	Washington, DC	1981-1986
Chairman and Board Member, Pennsylvania Avenue Development Corporation (PADC)	Washington, DC	1986-1996
Partner, Baker & Hostetler LLP	Washington, DC	1986 - Present
The Lutheran Brotherhood Family of Mutual Funds, Independent Director and Trustee	Minneapolis, MN	1998 - to date

EXHIBIT B**GOVERNMENT EXPERIENCE**

<u>POSITION</u>	<u>LOCATION OF EMPLOYMENT</u>	<u>DATES OF EMPLOYMENT</u>
Law Clerk to Chief Judge Charles B. Fulton, United States District Court	Miami, Florida	1968-1970
Assistant U.S. Attorney, U.S. Department of Justice	Miami, Florida	1970-1971
Attorney Adviser, Office of the Deputy Attorney General	Washington, DC	1971-1973
Associate Counsel, The White House	Washington, DC	1973-1974
Assistant Director, Office of Justice Policy and Planning, U.S. Department of Justice	Washington, DC	1974-1975
Deputy Counsel To The President, The White House	Washington, DC	1981-1986
Chairman and Board Member, Pennsylvania Avenue Development Corporation (PADC)	Washington, DC	1986-1996
Member, Executive Committee, National Park Service Comprehensive Design for the White House and Presidents Park	Washington, DC	1995

Op-ed Articles

The Washington Times

OP-ED

* WEDNESDAY, NOVEMBER 8, 2000 / PAGE A23

Mr. Clinton, open this street

Time to end the division of Washington

By Richard A. Hauser

Erected in the dead of night, concrete barriers block the grand thoroughfare, dividing the heart of the city, east to west. Berlin circa 1961? No, Washington today.

The action taken on the morning of May 20, 1995 — closing Pennsylvania Avenue in front of the White House — represented the culmination of years of effort by the United States Secret Service to bar vehicular traffic from the portion of Pennsylvania Avenue between 15th and 17th streets. Administrations of both political parties had declined to take such a drastic and highly symbolic step, but in the immediate aftermath of the bombing of the Murrah Federal Building in Oklahoma City, the president finally acceded to the Secret Service's request.

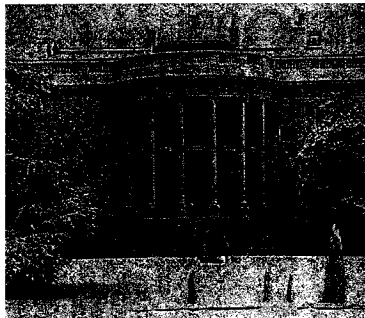
Even as the Secret Service was planning to close the avenue, others were working to revitalize Pennsylvania Avenue and to make it open and inviting for both residents and visitors. Cutting off Pennsylvania Avenue has disrupted traffic, caused economic loss to the District of Columbia and area businesses, and led to a divided downtown. The closing has also spawned a creeping fortification of the avenue between the White House and the Capitol with the placement of jersey barriers and bollards near public buildings and spaces.

The barricading of Pennsylvania Avenue without prior notice or consultation, coupled with the push for permanent closure, has aroused public passion and debate about who we are as a people and how we want to live. Do we surrender to the forces of terrorism and give up access to this country's most important symbol of freedom — the White House? I don't think so, and neither do many Americans.

Richard A. Hauser served as deputy counsel to President Reagan from 1981-1986, and is the former chairman of the Pennsylvania Avenue Development Corporation.

The good news is that we are about to have the public discussion of this issue that should have occurred five years ago. Earlier this year, the Federal City Council, a nonpartisan, nonprofit business-supported civic organization, assembled a task force and a team of nationally renowned consultants to reassess the closing of the avenue. The team consists of security experts, transportation consultants and the architects. The task force has developed a thoughtful and serious plan to reopen the avenue that has been endorsed by Mayor

the size of a vehicle and the size of an explosive device that could be concealed within it, the proposal also calls for limiting the size of vehicles that would be permitted on this section of the avenue. Passenger vehicles and taxicabs would be permitted but trucks, buses and other large vehicles would be permanently barred. To achieve this objective, the proposal calls for manned security kiosks at both 15th Street and 17th Street for and new pedestrian bridges with vertical clearance of approximately 7 feet 6 inches, reaching across Pennsylvania



Anthony Williams, Sen. Daniel Patrick Moynihan, Rep. Eleanor Holmes Norton and former Sen. Bob Dole.

The plan calls for narrowing the now-closed section of Pennsylvania Avenue to four traffic lanes and altering the present east-west alignment by gently curving to the north the portion of the avenue between Jackson Place and Madison Place. The "Jefferson Bow" is a design recommendation first suggested in 1802 by President Thomas Jefferson. The net effect of these changes would be to add approximately 50 feet to the standoff distance between the White House and the reconfigured Pennsylvania Avenue.

Recognizing that there is a direct relationship between

Avenue from the eastern and western edges of Lafayette Park.

When you look at the barricades barring vehicular traffic from in front of the White House, they bring to mind another large concrete block that can be found nearby, on display in the Ronald Reagan Building on Pennsylvania Avenue. This slab of concrete, however, was formerly part of the Berlin Wall. President Reagan's remarks at the Brandenburg Gate on June 12, 1987, still resonate today: "Mr. Gorbachev, open this gate! Mr. Gorbachev, tear down this wall!"

Mr. Clinton, take down these barricades; open America's Main Street!

The Washington Post

Free
For All



ASSOCIATED PRESS

A Phony Charge Against Cheney

In his Aug. 29 op-ed article, former special counsel to President Clinton Lloyd Cutler offers his perspective and advice on the conflict of interest challenges presented by vice presidential candidate Dick Cheney's Halliburton stock options. Cutler begins his analysis of the Cheney conflict conundrum by noting that "there is a federal criminal statute that makes it a crime for anyone to supplement Mr. Cheney's government compensation while he is in public office." For Mr. Cheney, the statute reads: "Whoever... supplements the compensation of any officer or employee of the United States Government... shall be fined under this title or imprisoned not more than five years, or both." (18 U.S.C. § 208.)

He then goes on to state: "Mr. Cheney and Halliburton should have no difficulty complying with this criminal statute. But he would still have a perception problem. His decisions and advice as a sitting vice president will affect all segments of the oil and gas industry, and his financial interests in Halliburton could be seen as affecting his judgment as an elected public official. That is, the law will not solve his problem unless... and the trust."

Well, of course, Cheney will not have any difficulty complying with "this criminal statute" because, as Cutler knows, it does not apply to the vice president. It is a phony issue, and its reference hains the debate. The definitional section for the conflict laws, Section 202(c) states:

"Except as otherwise provided in such sections, the terms 'officer' and 'employee' in sections 203, 205, 207 through 209, and 218 of this title shall not include the President, the Vice President, a Member of Congress, or a Federal judge."

This would also explain the retention of Occidental Petroleum stock in the trust in which Vice President Cheney has a financial interest. According to the vice president's most recent financial disclosure, the trust holds this beneficial interest, valued between \$500,000 and \$1 million. A financial interest existed, too, when earlier the vice president served as executor of his late father's estate. Both are permissible under the conflict laws, but I don't recall any similar public exhortation by Cutler to the vice president.

From what has been publicly reported, there has been no suggestion that Halliburton's award of stock options was crafted to supplement Cheney's future income as vice president. It was a reward for past service to the company. Moreover, Cheney has demonstrated sensitivity to the perception issue and a commitment to deal with it honestly and forthrightly.

—Richard Hauser
The writer served as deputy counsel to President Reagan from 1981 to 1986.



SATURDAY, AUGUST 10, 1996 A17

The Trouble Isn't With The FBI

The July 31 editorial "A Troubling Question for the FBI" picks up on a crafty theme first advanced by White House Counsel Jack Quinn in his recent letter to FBI Director Louis Freeh. Quinn asserts that the report of Special Agent Dennis Sculimbrene's 1993 interview of Bernard Nussbaum in connection with the background investigation of Craig Livingstone is false because Nussbaum has declared it to be false. Having declared the report to be false, Quinn next tries to undermine the credibility of Sculimbrene by attempting to link him to the aberrant conduct of former FBI special agent Gary Harlow.

Why does your paper fall victim to this White House spin control? The fact that Nussbaum denies making such a statement does not make Sculimbrene's report false. Nor can any inference fairly be drawn about Sculimbrene's character from the conduct of an errant agent.

Agent Sculimbrene had no motivation to falsify this information, and he has made no claim as to its truth or falsity—only that it was accurately reported. Indeed, he has no independent recollection today of the interview. The subject matter of the interview was routine and unremarkable. It simply was one of many interviews conducted more than three years ago, and it has taken on importance only in hindsight. Moreover, Sculimbrene would not have had the opportunity to change it later on. Once he prepared the interview report, it was transmitted to the FBI SPIN unit pursuant to standard procedures, and he would not come into contact with it again.

Sculimbrene was supportive of the Clinton administration and wanted to see it succeed. Also, the administration, at least until recently, apparently thought well of Sculimbrene. In October 1995, the Office of Presidential Personnel submitted Sculimbrene's name to the Department of Veterans Affairs as a candidate for the inspector general position at the department. Also, in March 1996, in connection with a routine FBI inspection of the White House Liaison operations, attorneys in the counsel's office were interviewed, and no complaints were registered. On March 31, 1996, Sculimbrene received an exceptional performance rating from the FBI.

While there is always the risk of an FBI agent gone bad, as in the case of Gary Harlow, this is a rare occurrence. Of greater concern is the possibility of prospective government appointees and employees misleading investigators during the background process. Indeed, according to published accounts, this administration is no stranger to this problem.

Dennis Sculimbrene has performed his duties for more than 24 years in an exemplary fashion. To attempt to tar him and the other good men and women of the FBI with the Harlow brush is contemptible on the part of the White House and a disservice to your readers. The irony here is that it was Sculimbrene who helped sound the bell on Harlow.

—Richard A. Hauser
The writer is counsel for
Dennis Sculimbrene.

SUNDAY, APRIL 16, 1995

The Washington Post**The Wrap-Up for a Grand Plan**

As the District awaits the financial control board that will address its financial crisis, other steps can meanwhile be taken to help alleviate the city's cash crunch. One such step would be the development of the D.C. Department of Employment Services site on Pennsylvania Avenue at Sixth Street NW.

This prominent location adjacent to the Embassy of Canada is the last site remaining for development on Pennsylvania Avenue between the White House and the Capitol. It is ideally suited for a mixed-use project that includes offices, hotel or residential uses and ground-floor retail and restaurants. This valuable site could yield significant cash benefits—as much as \$45 million—from a sale or long-term lease, plus revenues from property, sales, business and income taxes. It would also create temporary employment opportunities during construction as well as permanent jobs once built.

For more than six years, the Pennsylvania Avenue Development Corp. has offered to develop this property for the District under a partnership arrangement calling for the District to transfer its development rights to the corporation while retaining all financial benefits.

This would be a win-win situation. The District would receive desperately needed cash, and the Pennsylvania Avenue Plan would draw one step closer to completion with a world-class development to complement and enrich the surrounding community.

The opportunity could be lost unless the District acts quickly, however. The District, which had visions of developing the site, lacks the resources to do so, and PADC is scheduled to go out of business in September of 1997. PADC would like to see development on all remaining sites under its jurisdiction begun, if not completed, by that date. The site also has taken on added importance with plans for a new downtown arena at Seventh and F streets.

The District should join in a partnership to develop this site. Everyone would be a winner if development moves forward soon.

—Richard A.
Hauser

*chairs the
Pennsylvania Avenue
Development Corp.*



Los Angeles Times

SUNDAY

NOVEMBER 22, 1992

Some Thoughts on Clintonian Ethics

■ **Transition:** Too high a cost of service leaves government to the special interests and the wealthy.

By RICHARD A. HAUSER

President-elect Clinton's attempt to elevate ethics to a new high may play well in Peoria, but it is not good public policy. Consider the proposed five-year ban on post-employment contacts and lifetime bar on representing certain foreign interests.

Among the benefits of our citizen government, as opposed to career civil bureaucracies, is the infusion of new ideas into the public arena from the private sector. The private sector is similarly enriched through a better understanding by those who have been in public service.

Identifying candidates for Cabinet posts is not a problem. Because of the prestige, people are prepared to make sacrifices. The

same is not true for sub-Cabinet positions. Attracting competent people with proven expertise is becoming more difficult. There already are disincentives: loss of income, relocation to Washington and, in all likelihood, a higher cost of living; loss of financial privacy, and the prospect of contentious confirmation hearings.

Having survived the appointments process, the appointee enters a thicket of rules and regulations designed to protect the integrity of the decision-maker but that also poses a trap for the unwary. For those who intend to make a difference, participation in controversial policy decisions will give rise to attacks from special-interest groups, agency investigations and the opportunity for atonement before congressional committees. These have become the everyday hazards of public service.

Now, on top of all that comes the proposal for extending the ban on post-employment contacts, to prevent "cashing

in." Forget for the moment that the plan's predicate is more anecdotal than empirical; the effect will be a decline in the quality of appointees. The effect will be a lowering in the quality of appointees. Who will be willing to serve?

• The "independently wealthy," unaffected by loss in income or post-employment restrictions.

• The "content neutral," without substantive private sector experience and for whom government service will provide their best payday.

• The "special-interest committed," willing to pursue their causes at any cost.

The net result will be a less able and less responsive government. As Ross Perot might say, "Think about it."

Richard A. Hauser, a Washington attorney who advises appointees on conflict of interest and ethics matters, was deputy counsel to the President from 1981 to 1986.

Business must be vigilant under President Clinton

Now that the presidential campaign is over, the time has come to settle the scores. Many signs that business should heed in developing a strategic plan for the next four years.

First, the good news. Look for a Clinton administration to continue the momentum in its initial stages in order to provide assurances to the financial markets and to ease business anxiety generally. Rumored cabinet appointments in the financial area are some indication of such assurances.

A new economic stimulus package offered in an environment of increasing corporate profits and an economy that is recovering from a recessionary period will feel short-term benefits and a monetary economic high.

That positive outlook must be tempered, however, with the caveat that while some businesses may prosper under the new administration, the American businessman must be vigilant, activist and aggressive with regard to protecting and advancing his interests.

The Bush and Clinton administrations, which increased during the Bush administration, will continue, if not accelerate, in a Clinton administration.

President Clinton will be under increased pressure from the more liberal factions and

special interest groups within the Democratic party to push their pet projects. Many of these projects will be aimed at imposing new costs on business.

Many of the people who staffed House and Senate leadership offices during the last session of Congress also staffed the Clinton campaign, and can be expected to serve in positions of power in a Clinton administration.

Notwithstanding the budget deficit, Clinton is committed to new government programs and increased government spending. How will these programs be funded? New taxes will be the primary, but not the sole source, and the competition for tax dollars will be fierce. Accordingly, it is reasonable to assume that business, through federal legislation and regulation, will be saddled with funding these new programs.

President Reagan's program to test new regulatory standards and to reduce the regulatory burden, which was continued by President Bush, will likely be abandoned under President Clinton. In addition, the White House Council on Competitiveness, a bright spot during the Bush administration for promoting business enterprise and attempting to reduce regulatory burdens, was a frequent target of congressional criticism and is surely headed for the scrap heap. In short, there will likely be no safety valve for soothing or revising imposed regulations.

Another area of great interest to the business community will be the appointment of federal judges. The criterion for the last 12 years has been judicial restraint; i.e., deciding cases and controversies between parties,

not legislating. The new administration is likely to appoint activist judges who are willing to entertain unique theories of liability and damages, and President-elect Clinton has been presented with a great opportunity to do so.

According to press accounts, trial lawyers constituted the largest contributor group to the Clinton campaign. The road to the courthouse will be well-lit, and good news for lawyers is not good news for corporations.

The main thrust of President-elect Clinton's tax proposals is to increase taxes for "wealthy individuals" and to lower those for the "middle class." Clinton's corporate tax proposals call for the elimination of tax breaks for U.S. companies that close their operations in the United States and move overseas. Clinton wants to put an additional \$50 billion in savings over four years.

Clinton may propose reductions in the capital gains tax in order to encourage venture capital investment and new business, but he has been vague as to the details.

Clinton's health care reform plan calls for a national plan to provide health care for all Americans. Employees would be required to either purchase private health insurance or buy into a newly formed public health plan. The cost of health care by means of a proposed National Health Board, which would set caps on the cost of certain medical care.

Vice President-elect Albert Gore's strong advocacy of environmental concerns portends that such issues will be a major focus

of the new administration. There will be increased spending on federal research and development to find new ways to curb pollution and global warming. New regulations plus enhanced enforcement will be promoted, including legislation that would allow private citizens to bring legal actions against agencies that do not enforce laws on the environment.

After four years and numerous vetoes by President Bush, Congress will be present and the President-elect will be irresistible. This legislation would require that all businesses employing more than 50 workers give their employees up to 12 weeks of unpaid leave to care for a newborn baby or an ill family member.

Organized labor also will push for congressional passage of legislation prohibiting employers from hiring permanent workers to replace laid-off employees. The law would require that businesses can do to protect its interests. Don't assume that anyone else is looking out for your interests, and above all else, get involved. Communicate with your state delegation, form coalitions, and spur your trade associations into action. Monitor and participate in the appointments process for those positions, particularly sub-cabinet, critical to your business.

With one political party now in control of both houses of Congress, as well as the White House, anything is possible. In a sea of potential activism, President-elect Clinton's keen political sense may be the best bulwark against extreme proposals.

Richard A. Hauser is a partner in the Washington office of law firm Baker & Hostetler.

THIS HOLIDAY SEASON, TAKE YOUR STAFF TO THE ORIENT WITHOUT LEAVING ORLANDO!

EXHIBIT D**Richard A. Hauser
Political Contributions**

Recipient	Date	Amount
Jim Miller for U.S. Senate	January 7, 1994	\$500.00
D.C. Republican Committee Federal Campaign Committee	July 6, 1993	\$300.00
Hatch Election Committee	December 16, 1993	\$500.00
Alliance for American Leadership (FKA Cheney for Cong)	May 16, 1994	\$500.00
Bush - Quayle '92 Primary Committee Inc.	November 20, 1991	\$1,000.00
Bush - Quayle '92 Compliance Committee Inc.	August 4, 1992	\$250.00
Republican National Committee - RNC	October 16, 1992	\$500.00
Baker & Hostetler Political Action Committee	September 23, 1988	\$500.00
Phil Gramm for President, Inc.	May 31, 1995	\$1,000.00
Dole/Kemp '96 Compliance Committee Inc.	May 2, 1996	\$500.00
Christopher Cox Congressional Committee	April 17, 1996	\$250.00
Baker & Hostetler Political Action Committee	October 9, 1996	\$250.00
Phil Gramm for President, Inc.	April 25, 1995	\$500.00
Peter Rusthoven for Senator	May 2, 1997	\$500.00
Republican National Committee - RNC	October 31, 2000	\$500.00
Bush for President Inc.	February 23, 2000	\$500.00
Bush for President Inc.	July 27, 2000	\$500.00

EXHIBIT E**Qualifications**

I believe that the combination of my public and private experiences in the practice of law will serve me well, if confirmed by the Senate, to take on the responsibilities of the General Counsel of HUD. Following a clerkship with a United States District Court judge, I served as a trial attorney with the United States Attorneys Office in Miami, Florida where I handled all phases of criminal prosecution from grand jury through appeal including prosecutions for tax evasion, bank robbery, drug smuggling, Medicare fraud, and mail fraud. Later, as an attorney in the Office of the Deputy Attorney General, I assisted in the development of Department policy on criminal justice issues and legislative initiatives involving the federal rules of criminal procedure, habeas corpus reform, victims of crime, and career criminal programs. I have served on the Office of White House Counsel on two occasions where I participated in a wide range of legal issues involving the Office of the President and frequently requiring contact and coordination with executive branch agencies and the Congress. As Chairman of the Pennsylvania Avenue Development Corporation, I had occasion to work with representatives of the private development community, local elected and civic officials, executive branch agencies, and the Congress. As an attorney in private practice, I have gained additional perspective in representing clients on a wide array of issues before federal agencies and the Congress. These experiences have underscored the importance of the rule of law in the formulation of public policy and the conduct of public office, an appreciation of the legislative and oversight functions of the Congress, and respect for career staff of the departments and agencies. This background will hopefully enable me to assume the challenges of the HUD General Counsel – whether they involve enforcement of program requirements, defending the agency when sued, drafting legislative proposals, or interpreting statutes and regulations – and at the same time to pursue compliance of high ethical standards that Secretary Martinez has set for HUD employees and program participants.

EXHIBIT F**Litigation**

1. The Sporidicin Company v. Richard Hauser, Richard Leon, Marshall Miller, Robert Pinco, Donald Segal, and Lee Simowitz; Superior Court of the District of Columbia (CA 04347-96). This was a malpractice action against Baker & Hostetler by the Sporidicin Company, a manufacturer of liquid sterilant products and former client of the firm. Because under D.C. law Sporidicin could not bring an action directly against the law firm, Sporidicin named as defendants all former and present Baker & Hostetler partners who assisted the company in defending a joint enforcement action brought by the Food and Drug Administration, Environmental Protection Agency, and Federal Trade Commission. Sporidicin also claimed that the fees charged by the law firm were excessive. Sporidicin characterized the individual Baker & Hostetler partners as nominal defendants in the case and referred to Baker & Hostetler as the real party in interest. The case went to trial in 1998. The Court dismissed the named partners as individual defendants. The jury returned a verdict in the firm's favor on the malpractice claim but found that a portion of fees paid to the Firm should be returned. My billings were never in issue.

2. Hauser v. Hauser; Circuit Court, City of Alexandria, Virginia. Final order of divorce pursuant to settlement agreement entered on November 4, 1974.

PREPARED STATEMENT OF JOHN CHARLES WEICHER

ASSISTANT SECRETARY FOR HOUSING AND
FEDERAL HOUSING COMMISSIONER-DESIGNATE
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

TUESDAY, MAY 15, 2001

Thank you, Mr. Chairman. It is a great honor to appear before this distinguished Committee today as the nominee for Assistant Secretary for Housing/FHA Commissioner. I am very grateful to President Bush and to Secretary Martinez for offering me the opportunity to be part of this Administration, in this important position.

FHA has been central to the American Dream of homeownership since the 1930's. It is widely and rightfully regarded as a social policy experiment that worked. FHA revolutionized the housing finance system and the mortgage instrument. Working with GNMA, it pioneered the Mortgage-Backed Security. It has helped to establish the viability of new mortgage instruments such as Graduated Payment Mortgages and Home Equity Conversion Mortgages. It has provided mortgage insurance for purchasers of manufactured homes. FHA has a proud legacy.

Promoting homeownership remains important today. As Secretary Martinez has pointed out, the homeownership rates among African-Americans and Hispanic Americans remain below 50 percent, even though the overall homeownership rate is at a record high. That is a challenge to HUD and FHA in particular. During his campaign, President Bush proposed the "New Prosperity Initiative," to expand homeownership opportunities to lower-income families. The New Prosperity Initiative includes \$1.7 billion for an investor-based tax credit to encourage the construction and rehabilitation of single-family homes in distressed communities, parallel to the Low Income Housing Tax Credit. It also includes the "American Dream Down Payment Fund," to provide \$1 billion in matching grants to lenders to help low-income families become homeowners; and the down payment voucher, enacted by Congress in December, allowing low-income families and individuals with disabilities to use Section 8 rental vouchers toward the down payment on a home. The primary responsibility for developing and implementing these important initiatives will lie with other program offices in HUD, and with other agencies in the Administration, but FHA will be working with them, drawing on its long experience, to help more Americans realize the American Dream of owning their own home.

In addition to promoting homeownership, FHA provides mortgage insurance for multifamily housing, supporting the construction of new apartment projects and the refinancing of older ones. FHA multifamily insurance serves an important public purpose—most of the projects that FHA insures are affordable to families in the lower half of the income distribution, and almost half are in underserved areas. These families, and these communities, need FHA. FHA also insures a large portfolio of assisted rental housing projects for lower-income families. It insures hospitals and nursing homes. It insures home improvement loans. These are important programs also.

During his confirmation hearing, Secretary Martinez stated that his first priority will be for HUD to continue to put its own house in order, building on the work of Secretaries Kemp, Cisneros, and Cuomo, and addressing the institutional weaknesses identified by GAO and the HUD Inspector General. He mentioned specifically some of FHA's programs. If confirmed, I plan to work with these experts and with the senior management at HUD to remedy these problems. It is my intention to make all of FHA's programs work as well as possible, serving the public purposes for which they were created.

Mr. Chairman, I know the issues and the problems of HUD from experience. I have served at HUD in three previous Administrations. From 1989 to 1993 I was Assistant Secretary for Policy Development and Research for Secretary Jack Kemp in the Administration of President George Bush. I was Deputy Assistant Secretary for Economic Affairs (Chief Economist) from 1975 to 1977 with Secretary Carla Hills in the Administration of President Gerald Ford. Before that, I spent 1 year (1973–1974) as a Division Director. I have also served as Associate Director for Economic Policy (Chief Economist) at the U.S. Office of Management and Budget, from 1987 to 1989.

As Assistant Secretary for Policy Development and Research, I was active in addressing several major policy issues that concerned FHA. These included reform of FHA home mortgage insurance, regulation of real estate settlement practices, and environmental issues in housing. In addition, I directed the Secretary's Advisory Commission on Regulatory Barriers to Affordable Housing. I also worked on some of HUD's major management challenges of that time.

Since 1993, I have been Director of Urban Policy Studies at the Hudson Institute. I was the Project Director for Hudson's Michigan Urban Policy Initiative, designing a State urban homeownership strategy and developing a reform of the State's property tax reversion process. After 2 years of work, all our proposals were passed with overwhelming bipartisan support in the State legislature and signed into law by the Governor in July 1999. I have also held the F.K. Weyerhaeuser Chair at the American Enterprise Institute, and I was Director of the Housing Markets Program at the Urban Institute. Before coming to Washington, I was a Professor of Economics at Ohio State University for 10 years.

Last September I was very pleased to be appointed by Congress to the Millennial Housing Commission. I have also served on the Committee on Urban Policy of the National Academy of Sciences, and the Advisory Committee on Population Statistics of the U.S. Census Bureau, and I have worked on three other national housing commissions. All of this experience will be helpful at FHA.

Mr. Chairman, as I have talked with Members of this Committee in the last few days, several have asked me about my views on FHA programs. They have referred to testimony that I have given and some of my publications during 1995 and 1996. I would like to take this opportunity to make my views clear, and place my testimony in the context of the policy discussions of the time.

In 1995, the Clinton Administration published a "Reinvention Blueprint" calling for drastic change in nearly all of HUD's programs. (For example, it proposed to voucher out public housing.) At the same time, there were numerous proposals from Republican Members of Congress to abolish HUD, among them: a group of freshmen Congressmen; Senator Faircloth, who was Chairman of the HUD Oversight Subcommittee of this Committee; and Senator Dole, the Majority Leader and leading Presidential candidate. Representative Lazio, Chairman of the Housing Subcommittee in the House of Representatives, developed legislation to repeal the National Housing Act and he carried it through the House and into conference. In 1996, the Republican platform included a plank to abolish HUD.

I was asked to testify and speak on these proposals, and I kept telling my fellow Republicans that they should *not* abolish HUD. HUD served—and serves—important public purposes, public purposes that are supported by both Republicans and Democrats, and it serves those purposes reasonably well. Rather than abolish HUD, I pointed out the parts of HUD that did not work very well, and suggested that Congress should fix them, or make sure they were better managed, or abolish them if they chose. But they should not abolish HUD.

At a hearing before two Subcommittees of this Committee in March 1995, Senator Faircloth asked me, "Do you think we should abolish HUD?" and I responded, "No, Senator, I don't." I said further, "I would leave the things that HUD does now with HUD doing them." I was almost the only Republican interested in housing policy who did not want to abolish HUD.

At the same time, President Clinton's Reinvention Blueprint proposed drastic changes in FHA's Single-Family Mortgage Insurance Program, while leaving multifamily insurance unchanged. I thought that was the wrong approach. Home mortgage insurance worked well; it served a market that was not being served in the private sector; and it did so while covering its cost and building reserves. The multifamily programs presented the most serious management challenges in HUD. Both Commissioner Retsinas and the IG were talking about the problems in strong terms, and HUD was estimating that FHA would lose about 20 cents on the dollar for its entire multifamily portfolio. The Reinvention Blueprint had things backward.

Now, 5 or 6 years later, nobody in either party is proposing to abolish HUD or terminate any of its major programs. Certainly neither President Bush or Secretary Martinez has offered such proposals. The Republican Party is much closer to the position I took in 1995 than it was back then. But of course what I wrote at that time is still in print, or available through the internet, without the policy context in which I was writing.

Mr. Chairman, I have been concerned with housing and urban policy all my professional life, since my years as a graduate student in economics at the University of Chicago. Most of my fellow students chose to specialize in public finance, or money and banking, or labor economics; quite a few became agricultural economists. I thought about some of those fields. But I felt that the cities presented the most urgent economic policy problems in America, and indeed the University and the city threatened to be overwhelmed by them. Starting with my doctoral dissertation, I have devoted my career to housing and urban issues, and I have never regretted it. The Federal Government has had two major housing policy objectives for many years: helping families become homeowners, and making sure that everyone lives in decent housing. Those are very important public purposes; they are FHA's basic missions; and I support them wholeheartedly, as I have throughout my career.

Mr. Chairman and Members of this Committee, the office of Assistant Secretary for Housing is a high honor, a great responsibility, and a tremendous challenge. Both President Bush and Secretary Martinez have stated a strong commitment to working on a bipartisan basis to address our urban problems. If I am confirmed, I pledge to work with Congress, with both Houses and both parties. Working together, we can achieve the goals of housing policy, and I will certainly do my part. Thank you for the opportunity to appear before you this morning.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Weicher John Charles
(Last) (First) (Other)
 Position to which Assistant Secretary for Housing
 nominated: Department of Housing & Urban Development Date of nomination: May 1, 2001
 Date of birth: 8 / 3 / 38 (Day) (Month) (Year) Place of birth: Chicago, Illinois
 Marital Status: married Full name of spouse: Alice Landt Weicher
 Name and ages of children: John V. Weicher, 23 Stephany Jean Weicher, 20

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	Colgate University	1955-1956	----	
	University of Michigan	1956-1959	A.B.	1959
	George Washington Univ.	1959-1960		
	University of Chicago	1960-1965	Ph. D.	1968

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.
See attached sheet

John C. Weicher - nominee for Assistant Secretary for Housing, U.S. Department of Housing and Urban Development
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Honors and awards:

Colgate Alumni War Memorial Scholarship, 1955-1956
Earhart Foundation Fellowship, 1961-1962
Ford Foundation Fellowship, 1962-1963
Resources for the Future Fellowship, 1963-1964
Rehm Foundation Fellowship, 1964-1965

George Bloom Award for Career Achievement, American Real Estate and Urban Economics Association, 1992

Memberships:

List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

[illegible]

Employment record:

List below all positions held since college, including the title or description of job, name of employment, location of work, and dates of inclusive employment.

See attached sheet

[illegible]

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Memberships:

American Economic Association, since 1964

American Real Estate and Urban Economics Association, since 1976
President, 1982
Board of Directors, 1979-1985

Troop 52, Boy Scouts of America, Chevy Chase, Maryland
Troop Committee Treasurer, 1994-2001

John C. Weicher - nominee for Assistant Secretary for Housing, U.S. Department of Housing and Urban Development
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Employment record:

Consultant, Office of the Secretary, U.S. Department of Housing and Urban Development, since April 2001 (on leave from the Hudson Institute), Washington, D.C.
 Director, Urban Policy Studies, Hudson Institute, since 1993, Washington, D.C.
 President, John Weicher Associates, since 1993, Washington, D.C.
 Visiting Scholar, Federal Reserve Bank of St. Louis, 1993-1994; also summer 1996 (on leave from Hudson Institute), St. Louis, Missouri
 Visiting Economist, U.S. General Accounting Office, 1993, Washington, D.C.
 Assistant Secretary for Policy Development and Research, U.S. Department of Housing and Urban Development, 1989-1993, Washington, D.C.
 Associate Director for Economic Policy, U.S. Office of Management and Budget, 1987-1989, Washington, D.C.
 F.K. Weyerhaeuser Scholar in Public Policy Research, American Enterprise Institute, 1981-1987, Washington, D.C.
 Deputy Staff Director, President's Commission on Housing, 1981, Washington, D.C.
 Director, Housing and Financial Markets Division, Urban Institute, 1977-1981, Washington, D.C.
 Assistant and Associate Professor of Economics, The Ohio State University, 1967-1977, Columbus, Ohio
 Deputy Assistant Secretary for Economic Affairs, U.S. Department of Housing and Urban Development, 1975-1977 (on leave from The Ohio State University), Washington, D.C.
 Director, Division of Economic Policy, U.S. Department of Housing and Urban Development, 1973-1974 (on leave from The Ohio State University), Washington, D.C.
 Economist, U.S. Office of Economic Opportunity, 1973-1974 (on leave from The Ohio State University), Washington, D.C.
 Acting Assistant Professor in Economics, University of California at Irvine, 1965-1967, Irvine, California

**Government
experience:**

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

See attached sheet

**Published
Writings:**

List the titles, publishers and dates of books, articles, reports or other published materials you have written.

See attached list

**Political
Affiliations
and activities:**

List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Chairman, housing policy task force, Presidential
campaign of George W. Bush, 1999-2000

Republican National Policy Forum, Urban Policy Task
Force, 1993-1994

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Government experience:

Consultant, Office of the Secretary, U.S. Department of Housing and Urban Development, since April 2001 (on leave from the Hudson Institute)
 Member, Millennial Housing Commission, since September 2000
 Member, National Technical Advisory Committee, Wisconsin State Department of Workforce Development, since 1997
 Visiting Scholar, Federal Reserve Bank of St. Louis, 1993-1994; also summer 1996 (on leave from Hudson Institute)
 Visiting Economist, U.S. General Accounting Office, 1993
 Assistant Secretary for Policy Development and Research, U.S. Department of Housing and Urban Development, 1989-1993
 Associate Director for Economic Policy, U.S. Office of Management and Budget, 1987-1989
 Member, Advisory Committee on Population Statistics, U.S. Census Bureau, 1987
 Member, Committee on Urban Policy, National Academy of Sciences, 1986-1987
 Deputy Staff Director, President's Commission on Housing, 1981, Washington, D.C.
 Deputy Assistant Secretary for Economic Affairs, U.S. Department of Housing and Urban Development, 1975-1977 (on leave from The Ohio State University)
 Director, Division of Economic Policy, U.S. Department of Housing and Urban Development, 1973-1974 (on leave from The Ohio State University)
 Economist, U.S. Office of Economic Opportunity, 1973-1974 (on leave from The Ohio State University)

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Published writings:

- "America's Cities - The Downhill Slide and the Way Back," American Outlook, Summer 1998.
- "Freshmen in the GOP Revolution" (review of The Freshmen, by Linda Killian), Indianapolis Star, May 9, 1998.
- "Who Owns What: The Things We Know That Are Not So," American Outlook, Spring 1998.
- "'Adventures in the Word Trade' with Safire" (review of Watching My Language, by William Safire), Indianapolis Star, December 12, 1997.
- "It is the Economy, but it isn't Good" (review of Illusions of Opportunity, by John E. Schwarz), Washington Times, October 15, 1997.
- "The Economics and Politics of RESPA," Illinois Real Estate Letter, Spring, 1997.
- "Increasing Inequality of Wealth?" The Public Interest, Winter 1997.
- "Making Cents: Better City Services for Less," Outlook (Hudson Institute), February 1997. Reprinted in Society, May/June 1998. Originally published as "Privatizing City Services," The World & I, February 1997.
- "The Poor, the Rich Challenge the Myth," Orlando Sentinel, February 15, 1997.
- "Transforming Community Development Policy: A Hudson Institute Symposium," editor, Outlook (Hudson Institute), January 1997.
- "Problems with Section 8: A Comment," Illinois Real Estate Letter, Winter/Spring, 1996.
- "Turning supply-side theory on its head" (review of The Winner-Take-All Society, by Robert H. Frank and Phillip J. Cook), Indianapolis Star, January 27, 1996.
- "HUD: Abolition, Reinvention, or Real Reform?" Hudson Briefing Paper, August 1995.
- "Wealth-Gap Claptrap," Weekly Standard, July 1, 1996.
- "Getting Richer (At Different Rates)," The Wall Street Journal, June 14, 1995.
- "The Theory of Relative Poverty," The Washington Times, June 1, 1995.
- "Is Homelessness a Problem of Housing Policy?" co-authored with Anna Kondratas, Jobs & Capital, Spring 1995.
- "Batten Down That Mobile Home, Here Comes HUD," Indiana Policy Review, February 1995.
- "The Devil's in the Details," in Ending Welfare as We Know It: A Hudson Institute Symposium, Hudson Briefing Paper, January 1995.
- "Housing Finance Fiefdoms," American Enterprise, September/October 1994.
- "Persistent Slums," Public Opinion, January/February 1988.
- "The Politics of the American Dream," Public Opinion, September/October 1986.

John C. Weicher - nominee for Assistant Secretary for Housing, U.S. Department of Housing and Urban Development
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Published writings:

Seventies, Report of the National Housing Policy Review, 1973.

Contract Reports

"Poverty in Wisconsin: The Context of Welfare Policy," report to the Bradley, Casey, and Mott Foundations, January 1995.

"Proposed Revisions to Mobile Home Construction and Safety Standards," report prepared for the U.S. Office of Management and Budget, September 1982.

"Local and Model Codes as Alternatives to the FHA Minimum Property Standards," report prepared for the U.S. Office of Management and Budget, June 1982.

"Transactions in New and Existing Homes," co-authored with David Hartzell, Urban Institute Contract Report 1291-02 for the U.S. Department of Housing and Urban Development, September 1980.

"Projections of Housing Demand, Losses, and Quality Changes," co-authored with John L. Goodman, Jr., and Mary S. Jones, Urban Institute Contract Report 1397-01 for the U.S. Department of Housing and Urban Development, July 1980.

"The Effects of Energy Conservation Standards on Housing Markets," Urban Institute Contract Report 1344-06 for the U.S. Department of Housing and Urban Development, June 1980.

"Design of an Evaluation of Title VIII Equal Opportunity Enforcement Activities," research report prepared for the U.S. Department of Housing and Urban Development, 1975.

Policy and Popular Writing

"Reforming Welfare: The Next Policy Debates," Society, January/February 2001.

"What the Next President Needs to Know: Arresting Urban Decline," American Outlook, Summer 2000.

"Smart Growth? Not Very," American Outlook, Winter 2000.

"Reclaiming Urban Neighborhoods," co-authored with B. Jeffrey Reno and Patrick L. Anderson, American Outlook, Fall 1999.

"Cities: Take Advantage of Urban Homesteading," co-authored with B. Jeffrey Reno and Patrick L. Anderson, Detroit News, July 27, 1999. Also appeared in Lansing State Journal, August 8, 1999.

"The Other Millennial Superpower," American Outlook, Summer 1999.

"Economists have the world on a string" (review of Economic Puppetmasters, by Lawrence B. Lindsey), Washington Times, March 17, 1999.

"The Job Creation Movie," American Outlook, Winter 1999.

"Fissures in the Silver Lining?" (review of The Corrosion of Character, by Richard Sennett), Washington Times, December 5, 1998.

"Life in a Gray America," American Outlook, Fall 1998.

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Published writings:

"Housing Block Grants in the United States," Urban Law and Policy, November 1981.

"New Home Affordability, Equity, and Housing Market Behavior," AREUEA Journal, Winter 1978.

"A Decent Home: Changes in American Housing Quality," Federal Home Loan Bank Board Journal, August 1977.

"The Affordability of New Homes: Response," AREUEA Journal, Fall 1977.

"The Affordability of New Homes," AREUEA Journal, Summer 1977.

"The Fiscal Profitability of Urban Renewal under Matching Grants and Revenue-Sharing," Journal of Urban Economics, March 1976.

"Recent Trends in Housing Costs," co-authored with John C. Simonson, Journal of Economics and Business, Winter 1975.

"A Test of Jane Jacobs' Theory of 'Successful' Neighborhoods," Journal of Regional Science, March 1973. Reprinted in Housing, 1973-74: An AMS Anthology, edited by George Sternlieb and David Listokin, AMS Press, 1974.

"Econometric Analysis of State and Local Aggregate Expenditure Functions," co-authored with Richard J. Emerine, Public Finance/Finances Publiques, Issue No. 1, 1973.

"The Externalities of Neighborhood Parks: An Empirical Investigation," co-authored with Robert H. Zerbst, Land Economics, February 1973.

"Aid, Expenditures, and Local Government Structure," National Tax Journal, December 1972. Reprinted in Municipal Needs, Services, and Financing: Readings on Municipal Expenditures, edited by W. Patrick Beaton, Rutgers University Press, 1974.

"The Effect of Urban Renewal on Municipal Service Expenditures," Journal of Political Economy, January/February 1972.

"The Allocation of Police Protection by Income Class: A Study in Public Income Redistribution," Urban Studies, October 1971. Reprinted in The Economics of Crime and Law Enforcement, edited by Lee R. McPheters and William B. Stronge, Charles C. Thomas, Inc., 1975.

"Determinants of Central City Expenditures: Some Overlooked Factors and Problems," National Tax Journal, December 1970.

"The Effect of Income on Delinquency: Comment," American Economic Review, March 1970.

Contributed Papers and Conference Proceedings

"Redistribution in a Federal System: Lessons from Welfare Reform," in Federalist Government in Principle and Practice, edited by Donald P. Racheter and Richard E. Wagner, Public Interest Institute, 2000.

"The Development of the Housing GSEs," in Public Purposes and Private Interests: Fannie Mae and Freddie Mac, edited by Peter J. Wallison, American Enterprise Institute, 2000.

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Published writings:

"The New Structure of the Housing Finance System," Federal Reserve Bank of St. Louis Review, July/August 1994.

"FHA Reform: Balancing Public Purpose and Fiscal Soundness," Journal of Real Estate Finance and Economics, June 1992.

"Political Dimensions of Poverty Measurement Issues," Proceedings of the American Statistical Association, August 1991.

"The Policy Implications of the Spatial Mismatch Hypothesis: Comment on 'Deconcentrating the Inner City Poor,'" Chicago-Kent Law Review, Vol 67, No. 3, 1991.

"Which Housing Policy is Best? Comment," Housing Policy Debate, Vol. 1, Issue 1, 1990.

"Goring the Wrong Ox: A Defense of the Mortgage Interest Deduction," co-authored with Susan E. Woodward, National Tax Journal, September 1989.

"Housing as an Asset in the 1980s and 1990s," co-authored with Susan M. Wachter and William B. Shear, Housing Finance Review, Summer 1988.

"The First Twenty Years of AREUEA" (symposium of past presidents), AREUEA Journal, Summer 1988.

"Filtering in Housing Markets: An Empirical Analysis," co-authored with Thomas G. Thibodeau, Journal of Urban Economics, January 1988.

"Mismeasuring Poverty and Progress," CATO Journal, Winter 1987.

"Simple Measures of Housing Quality," Journal of Economic and Social Measurement, October 1986.

"Disinflation and the Housing Markets in the 1980s," Real Estate Issues, Fall/Winter 1984.

"Housing and Housing Finance in an Era of Disinflation," editor of special issue, Contemporary Policy Issues, May 1984.

"The Report of the President's Commission on Housing: Policy Proposals for Subsidized Housing," AREUEA Journal, Summer 1983.

"The Individual Housing Account," co-authored with Richard B. Clemmer, AREUEA Journal, Summer 1983.

"Re-Evaluating Housing Policy Alternatives: What Do We Really Know?" (AREUEA Presidential Address), AREUEA Journal, Spring 1983.

"Urban Housing Problems: What is the Question?" CATO Journal, Fall 1982.

"Hedonic Analysis of House Prices: Results for 59 Metropolitan Areas," co-authored with David J. Hartzell, Research in Real Estate, Vol. 2, 1982.

"Product Quality and Value in the New Home Market: Implications for Consumer Protection Regulation," Journal of Law and Economics, December 1981.

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Published writings:

Housing Finance and Public Policy: Case Studies and Readings, by Michael A. Stegman, in Journal of Urban Affairs, Spring 1987.

Federal Housing Policies and Programs: Past and Present, edited by J. Paul Mitchell, in Journal of Urban Affairs, Winter 1987.

Paths of Neighborhood Change: Race and Crime in Urban America, by Richard P. Taub, D. Garth Taylor, and Jan D. Dunham, in Business Economics, April 1986.

The Economics of Housing Vouchers, by Joseph Friedman and Daniel H. Weinberg, in Journal of Political Economy, October 1984.

California's Housing: Adequacy, Availability and Affordability, by Ira S. Lowry, et al., and California Housing Markets in the 1980s: Demand, Affordability and Policies, by Kenneth T. Rosen, in Journal of the American Planning Association, Autumn 1984 (joint review).

Research in Real Estate, Volume 1, edited by C.F. Sirmans, in Journal of Money, Credit and Banking, May 1984.

Residential Location and Urban Housing Markets, edited by Gregory K. Ingram, in Professional Geographer, February 1980.

Large-Scale Housing and Real Estate Firms: Analysis of a New Business Enterprise, by Leo Grebler, in The Journal of Business, October 1974.

Neighborhood Distribution of Local Public Services, by Charles S. Benson and Peter B. Lund, in Urban Studies, February 1973.

Regional Economics, by Hugh O. Nourse, in Journal of Regional Science, December 1970.

The Rehabilitation Planning Game: A Study in the Diversity of Neighborhoods, by Langley Carleton Keyes, Jr., in Geographical Analysis, October 1970.

Governmental Publications

"Summary of Symposium Proceedings," in The Federal National Mortgage Association in a Changing Economic Environment, General Accounting Office, 1985.

"Countercyclical Stimulus for Single-Family Housing: Review and Summary," in Symposium on Countercyclical Stimulus for Single-Family Housing, General Accounting Office, 1982.

Interim Report of the President's Commission on Housing, co-author, U.S. Government Printing Office, October 1981.

National Housing Needs and Quality Changes During the 1980s, co-authored with Lorene Yap and Mary S. Jones, Annual Housing Survey Studies No. 10, U.S. Department of Housing and Urban Development, Office of Policy Development and Research, January 1981.

"The Rationale for Government Intervention in Housing: Myths and Realities," Housing in the Seventies, Working Papers, Vol. 1, 1976.

"The Cost of Housing," co-authored with John C. Simonson, Chapter 8 of Housing in the

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Published writings:

"Halfway to a Housing Allowance?" also in Maintaining the Safety Net: Income Redistribution Programs in the Reagan Administration.

"Disinflation in the Housing Market," in Contemporary Economic Problems: Disinflation, edited by William Fellner, American Enterprise Institute, 1983.

"Housing Lower-Income Families and Individuals," in Meeting Human Needs: Toward a New Public Philosophy, edited by Jack A. Meyer, American Enterprise Institute, 1982.

"The Impact of Local Mortgage Revenue Bonds on Securities Markets and Housing Policy Objectives," co-authored with George E. Peterson and John A. Tuccillo, in Efficiency in the Municipal Bond Market: The Use of Tax Exempt Financing for "Private" Purposes, edited by George G. Kaufman, JAI Press, 1981.

"Some Aspects of the Future of Rental Housing," in Rental Housing: Is There A Crisis?, edited by John C. Weicher, Elizabeth A. Roistacher, and Kevin E. Villani, Urban Institute Press, 1981.

"Demand and the Need for Housing in the 1980s: Discussion," in Housing Finance in the Eighties: Issues and Options, an FNMA Symposium, Federal National Mortgage Association, 1981.

"Substandard Housing: The Trend and Current Situation," in The Housing Delivery System, symposium of the Center for Real Estate Education and Research, The Ohio State University, 1980.

"Federal Urban Policy and the Lender," in Urban Housing, proceedings of the 4th Annual Conference, Federal Home Loan Bank of San Francisco, 1979.

"Urban Housing Policy," in Current Issues in Urban Economics, edited by Peter Mieszkowski and Mahlon Straszheim, The Johns Hopkins University Press, 1979.

"'A Decent Home': An Assessment of Progress Toward the National Housing Goal and Policies Adopted to Achieve It," in A Decent Home and Environment: Housing Urban America, edited by Donald Phares, Ballinger Books, 1977.

"Research Topics in Mortgage Markets: An Academic Viewpoint --Discussion," in Research Topics in Mortgage Markets, edited by Robert M. Fisher and John J. McConnell, Credit Research Center, Purdue University, 1976.

"Demographic Factors Affecting Future Housing Trends," in Coping in an Age of Discontinuity, edited by Roberta B. Beavers, Chemical Marketing Research Association, 1976.

"The Effect of Metropolitan Political Fragmentation on Central City Budgets," in Models of Urban Structure, edited by David C. Sweet, Prentice-Hall, 1972. Reprinted in Comparative Urban Structure, edited by Kent P. Schwirian, D.C. Heath and Company, 1974.

Book Reviews

Housing Partnerships: A New Approach to a Market at a Crossroads, by Andrew Caplin, Sewin Chan, Charles Freeman and Joseph Tracy, in Regional Science and Urban Economics, November 1999.

Poverty Policy and Poverty Research, by Robert H. Havemann, in Social Service Review, December 1988.

John C. Weicher - nominee for Assistant Secretary for Housing, U.S. Department of Housing and Urban Development
 Attachments to "Statement for Completion by Presidential Nominees"
 for the Committee on Banking, Housing and Urban Affairs
 United States Senate

Published writings:

"The Stalemate on Subsidized Housing," MGIC Newsletter, July/August 1986.

"The President's 1987 Domestic Budget," AEI Economist, May 1986.

"Reagan in Retrospect: Income Equity - Two Views," opposite Lester C. Thurow, American Politics, May 1986.

"How Poverty is Mismeasured," Wall Street Journal, January 23, 1986.

"Taxing the Family," co-authored with Douglas J. Besharov, Wall Street Journal, July 8, 1985.

"Economic and Political Factors in the Budget," in Newsday, Chicago Tribune, Des Moines Register-Tribune, Journal of Commerce, and Washington Times, under various titles, at various dates in April 1985.

"Leaving the Safety Net in Place," AEI Economist, April 1985.

"Urban Blight: The Democrats' Eroding Metropolitan Base," co-authored with James A. Barnes, Public Opinion, February/March 1985.

"Welfare Reform and the Safety Net," Chicago Tribune, August 6, 1984.

"The 'Safety Net' and the 'Fairness' Issue," AEI Economist, August 1984.

"Is More Inflation in Store for U.S. Housing Market?" Detroit News, June 17, 1984.

"Inflationary Ravages," Society (housing symposium), March/April 1984.

Columnist for REIT Report, bi-monthly publication of the National Association of Real Estate Investment Trusts, 1983-1984.

"Inflation and Stamps: Prices in an Era of 'Disinflation'," Scott Stamp Market Update, Autumn 1983.

"The Paradox of Housing Costs," Wall Street Journal, October 26, 1977.

John C. Weicher - nominee for Assistant Secretary for Housing, U.S. Department of Housing and Urban Development
 Attachments to "Statement for Completion by Presidential Nominees"
 for the Committee on Banking, Housing and Urban Affairs
 United States Senate

Published writings:

Books

The Home Equity Lending Industry: Refinancing Mortgages for Homeowners with Impaired Credit, Hudson Institute, 1997.

Privatizing Subsidized Housing, American Enterprise Institute, 1997.

The Distribution of Wealth: Increasing Inequality?, American Enterprise Institute, 1996.

Private Innovations in Public Transit (editor), American Enterprise Institute, 1988.

Entitlement Issues in the Domestic Budget: The Long-Term Agenda, American Enterprise Institute, 1985.

Maintaining the Safety Net: Income Redistribution Programs in the Reagan Administration (editor), American Enterprise Institute, 1984.

Metropolitan Housing Needs in the 1980s, co-authored with Lorene Yap and Mary Streitweiser Jones, Urban Institute Press, 1982.

Rental Housing: Is There A Crisis?, co-edited with Elizabeth A. Roistacher and Kevin E. Villani, Urban Institute Press, 1981.

Housing: Federal Policies and Programs, American Enterprise Institute, 1980.

Local Mortgage Revenue Bonds: Economic and Financial Impacts, co-authored with John A. Tuccillo, Urban Institute, May 1979.

Urban Renewal: Federal Program for Local Problems, American Enterprise Institute, 1972.

The Port of Milwaukee: An Economic Review, co-authored with Eric Schenker (principal author) and John Wilson, University of Wisconsin Press, 1967.

Journal Articles

"Income Tax Concessions for Owner-Occupied Housing: Comment," Housing Policy Debate, Volume 11, Issue 3, 2000.

"Some Income Measurement Issues and Their Policy Implications," Papers and Proceedings of the American Economic Association, May 1999.

"The Rich and the Poor: Demographic Dimensions of the Distribution of Wealth," Review of the Federal Reserve Bank of St. Louis, July/August, 1997.

"Wealth and Its Distribution, 1983-1992: Secular Growth, Cyclical Stability," Review of the Federal Reserve Bank of St. Louis, January/February, 1997.

"Comment on 'FHA Restructuring Proposals: Alternatives and Implications,'" Housing Policy Debate, Volume 6, Issue 2, 1995.

"Changes in the Distribution of Wealth: Increasing Inequality?" Federal Reserve Bank of St. Louis Review, January/February 1995.

John C. Weicher - nominee for Assistant Secretary for Housing, U.S. Department of Housing and Urban Development
 Attachments to "Statement for Completion by Presidential Nominees"
 for the Committee on Banking, Housing and Urban Affairs
 United States Senate

Published writings:

"Regulating Government-Sponsored Enterprises," in Restructuring Regulation and Financial Institutions, edited by James R. Barth, R. Dan Brumbaugh, Jr., and Glenn Yago, Milken Institute, 2000.

"A New War on Poverty: The Kemp Program to Empower the Poor," in Reducing Poverty in America: Views and Approaches, edited by Michael R. Darby, University of Pennsylvania Press, 1996.

"Opportunity in America: Response," in Opportunity in the United States: Social and Individual Responsibility, Aspen Institute, 1996.

"Comments on 'Disparities and Opportunities in Chicago-Area Housing,'" in Affordable Housing and Public Policy: Strategies for Metropolitan Chicago, edited by Lawrence B. Joseph, University of Illinois Press, 1993.

"How Poverty Neighborhoods are Changing," in Inner-City Poverty in the United States, edited by Laurence E. Lynn, Jr., and Michael G. H. McGeary, National Research Council, 1990.

"The Voucher/Production Debate," in Building Foundations, edited by Denise DiPasquale and Langley C. Keyes, University of Pennsylvania Press, 1990.

"The Future Structure of the Housing Finance System," in Restructuring Banking and Financial Services in America, edited by William S. Haraf and Rose Marie Kushmeider, American Enterprise Institute, 1988.

"Wealth and Poverty Among the Elderly," in The Economics and Ethics of Long-term Care and Disability, edited by Sean Sullivan and Marion Ein Lewin, American Enterprise Institute, 1988.

"Housing: The First and Last Great Society Program," in Welfare Reform: Consensus or Conflict?, edited by James S. Denton, University Press of America, 1988.

"Private Production: Can the Rising Tide Lift All Boats?" in Housing America's Poor, edited by Peter D. Salins, University of North Carolina Press, 1987.

"The Domestic Budget after Gramm-Rudman -- and after Reagan," in Contemporary Economic Problems: Deficits, Taxes, and Economic Adjustments, edited by Phillip Cagan, American Enterprise Institute, 1987.

"The Market for Housing Quality," in Empirical Approaches to Consumer Economics, edited by Pauline Ippolito, Federal Trade Commission, 1986.

"The Reagan Domestic Budget Cuts: Proposals, Outcomes and Effects," in Contemporary Economic Problems: The Impact of the Reagan Program, edited by Phillip Cagan, American Enterprise Institute, 1986.

"Accounting for the Deficit," in Contemporary Economic Problems: The Economy in Deficit, edited by Phillip Cagan, American Enterprise Institute, 1985.

"The State and Local Government Sector and the Federal Deficit," also in Contemporary Economic Problems: The Economy in Deficit.

"The Safety Net After Three Years," in Maintaining the Safety Net: Income Redistribution Programs in the Reagan Administration, edited by John C. Weicher, American Enterprise Institute, 1984.

Political

Contributions:

Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

George W. Bush for President, \$2000, 2/17/00 & 7/24/00

Lazio for Senate, \$500, 10/11/00

Republican National Committee, \$500, 10/11/00

Qualifications:

State fully your qualifications to serve in the position to which you have been named.
(attach sheet)

Future employment
relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

I will sever all connections with the Hudson Institute upon confirmation. I will also dissolve John Weicher Associates.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

I have no plans to resume employment with the Hudson Institute after completing government service.

3. Has anybody made you a commitment to a job after you leave government?

No

4. Do you expect to serve the full term for which you have been appointed?

I expect to serve at the pleasure of the President and the Secretary of HUD.

John C. Weicher - nominee for Assistant Secretary for Housing, U.S. Department of Housing and Urban Development
 Attachments to "Statement for Completion by Presidential Nominees"
 for the Committee on Banking, Housing, and Urban Affairs
 United States Senate

Qualifications:

I have served at the U.S. Department of Housing and Urban Development in three previous administrations, including four years (1989-1993) as Assistant Secretary for Policy Development and Research, two years (1975-1977) as Deputy Assistant Secretary for Economic Affairs (Chief Economist) and one year (1973-1974) as a division director. I have also served as Associate Director for Economic Policy (Chief Economist) at the U.S. Office of Management and Budget (1987-1989).

As Assistant Secretary for Policy Development and Research, I held the chief policy position at HUD. Several of the major policy issues during that period concerned FHA, including a reform of FHA home mortgage insurance, the regulation of real estate settlement practices, and environmental issues in housing. I directed the Secretary's Advisory Commission on Regulatory Barriers to Affordable Housing. I also established a program evaluation office, and created a staff to support the Secretary in his responsibilities for the housing finance system. At the request of the Secretary, I frequently represented the Department at Congressional hearings.

As Chief Economist at HUD, I was responsible for monitoring and forecasting housing market trends and managing the Department's data collection and research program. As Chief Economist at OMB, I developed the economic assumptions underlying the budget, managed a long-range budget projection and planning effort, and wrote sections of the 1989 and 1990 budgets, analyzing trends in the composition of federal expenditures.

I joined the Hudson Institute in 1993, and am now Director of Urban Policy Studies. At Hudson, I was project director for the Michigan Urban Policy Initiative from 1997 to 1999, designing a state urban homeownership strategy and developing a reform of the state's property tax reversion process; all our proposals were passed with overwhelming bipartisan support in the state legislature and signed into law by the Governor in July 1999. I was also a senior participant in Hudson's Wisconsin Welfare Reform project, helping to design the state's pioneering reform program, Wisconsin Works (W-2). I now serve on the National Technical Advisory Committee to the state Department of Workforce Development, which administers W-2.

I was appointed by the Congress to the Millennial Housing Commission created by Congress in the year 2000. Earlier I served on the Committee on Urban Policy of the National Academy of Sciences (1986-1987), and the Advisory Committee on Population Statistics of the U.S. Census Bureau (1987). I am a past president of the American Real Estate and Urban Economics Association, and received AREUEA's annual award for career achievement in 1993. I have held the F.K. Weyerhaeuser Chair in Public Policy Research at the American Enterprise Institute and directed the Housing and Financial Markets Program at the Urban Institute. I was Deputy Staff Director of the President's Commission on Housing in 1981.

My academic career and publications are described in the answers to other questions, and are not repeated here.

Potential conflicts
of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

I have no such arrangements or agreements.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

My wife holds stock in Bank of New York, which is a HUD mortgagee. She is also a beneficiary of a trust which holds a bond of the Federal Home Loan Mortgage Corporation.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

I have had no such relationships with the federal government.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

I have engaged in no lobbying activity during the past
ten years.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

Upon confirmation, my wife will sell her stock in the
Bank of New York, and the trust has agreed to sell the
Federal Home Loan Mortgage Corporation bond.

Civil, criminal and
investigatory
actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

There have been no such proceedings.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

There have been no such proceedings.

PREPARED STATEMENT OF ROMOLO A. BERNARDI

ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT-DESIGNATE
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

TUESDAY, MAY 15, 2001

Good morning, Mr. Chairman, and distinguished Members of the Committee, my name is Roy Bernardi, Mayor of the City of Syracuse and President Bush's nominee for the position of Assistant Secretary for Community Planning and Development.

I wish to thank the Committee for inviting me and for expediting the confirmation process for myself and the other nominees present today. With President Bush's guidance, Secretary Martinez has assembled a supremely qualified team with the experience and vision to act on his and your concerns for urban America. If confirmed, it will be a great honor to serve with these individuals.

Before proceeding further Mr. Chairman, please allow me to introduce my wife Alice. Without her support and love I would not be here today. Unfortunately, our two young children Dante and Bianca could not be here, but it is because of them that I understand the true importance and seriousness of the task before me, before this Administration, and before this Committee.

To paraphrase Senator Gramm's famous saying, "A parent's dream dies hard in America." Alice and I dream that Dante and Bianca can grow up, work, and find happiness in the city where we were raised—where neighbors were family, where jobs were plentiful, and where you always felt secure.

Unfortunately, for many decades the tides of history seemed to flow the other way. In Syracuse, typical of many cities across the Northeast and the Nation, we have seen our population decrease while the needs of our citizens increase.

For 20 years as City Auditor and now nearly 8 years as Mayor I have fought to reverse those tides and ensure that the mothers and fathers of Syracuse can still dream. And as the past-President of the New York Conference of Mayors and the past-Vice Chairman of the northeastern division of the U.S. Conference of Mayors' I have worked with other local leaders to make sure that the public trust is kept with all families.

Throughout my 3 decades of public service the issue of housing and community development has remained at the forefront of my agenda. With the knowledge that can only come from hands-on experience, I understand the role of the Department of Housing and Urban Development in the lives of Americans. Because I have seen inefficient initiatives waste valuable resources I approach this new challenge with a sense of realism. I also approach it with a sense of hope. Hope, because I have seen how good programs, ones that are well-conceived and well-managed, can change lives and change communities.

As an administrator, I will also draw on my firsthand knowledge of the CDBG process, the HOME program, and brownfield remediation efforts. I know the importance of CDBG dollars, and I also know the importance of keen oversight. These block grants fund valuable programs, but too often foster dependence, rather than development. My office will focus on using these resources for civic improvement, not civic welfare.

Vital to civic improvement is greater homeownership. Owner occupied housing makes for cleaner, safer, and more livable neighborhoods. The Homeownership Downpayment Program authorizing legislation will be proposed that would require each participating jurisdiction to use, on a cumulative basis, 12 percent of each annual allotment for down payment assistance toward the purchase of single family housing by low income families that are first time homebuyers. I spoke earlier of a parent's dream, well homeownership has been a uniquely American Dream for hundreds of years. It is a dream that the HOME program has made real for hundreds of people in Syracuse. And the efforts of the Bush Administration will make it real for thousands of other families across the Nation.

As the Mayor of a city with a long industrial history I also know that housing is an issue linked with economic development and redevelopment. Over the years I have addressed many audiences on the subject of suburban sprawl and the importance of brownfield remediation. I am proud to say that today in Syracuse our most sought after downtown residential addresses are in remodeled factories and several parcels of land—victims of decades of environmental abuse—are now prized pieces of commercial real estate. Similar scenarios across the country show the flexibility of our urban centers to respond to the changing needs of industry and individuals.

This faith in cities as centers of commerce, and culture, and community, fuels my interest in aggressively reclaiming our industrial wastelands. It also fuels a desire to reclaiming our neighborhoods. In Syracuse we did that by literally attacking

problems block by block. From my office to the dog control office we enter troubled neighborhoods as a team to tow abandoned cars, mow lawns, cite code violators, haul debris, and talk with residents. We have also attacked neighborhood issues by publicly identifying absentee landlords that take advantage of low-income renters. Meanwhile, to help responsible property owners we have set up classes to teach them how to be better landlords.

That is the practical experience I bring before you today. With it I bring a commitment to urban America that transcends that facts and figures of public record. As a child of immigrants—raised in an Italian enclave on Syracuse's Northside—I know that when my parents sought opportunity in America they found it in the city. I want my children to find it there too. So that is where my heart has remained—with the immigrant, and with the young family struggling to make ends meet, with the renter saving for her first home, with the man who sees the city as his best chance, and with the man who sees it as his last chance. For all of these reasons I am deeply thankful for the confidence President Bush and Secretary Martinez have placed in me and for the chance to address this distinguished body.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Bernardi Romolo (Roy)
(Last) (First) (Other)

Position to which nominated: Assistant Secretary for Community Planning and Development Date of nomination: April 30, 2001

Date of birth: 14 10 42 Place of birth: Syracuse, New York
(Day) (Month) (Year)

Marital Status: Married Full name of spouse: Alice Michelle Bernardi

Name and ages of children: Dante Michael Bernardi March 22, 1991
Bianca Gabriella Bernardi January 6, 1993

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	<u>Syracuse University</u>	<u>1-71 - 72</u>	<u>Master of Science</u>	<u>6-73</u>
	<u>University of the Americas</u>	<u>9-64 - 8-66</u>	<u>B.A.</u>	<u>8-66</u>
	<u>Onondaga Community College</u>	<u>9-62 - 6-64</u>		

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

U. S. Dept. of Justice (Weed & Seed)
Housing Visions Unlimited, Inc.
Temple Adath Yeshurun (Man of the Year Award)
Joseph Pietrafesa Good Citizenship Community Service Award
National Italian-American Bar Association Award
Community Team Spirit Award - Salvation Army

Memberships:

List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
<u>City of Syracuse</u>	<u>Mayor</u>	<u>1-94 - Present</u>
<u>Syracuse Urban Renewal Agency</u>	<u>President</u>	<u>1-94 - Present</u>
<u>National Kidney Foundation CNY</u>	<u>Board Member</u>	<u>1-94 - Present</u>
<u>Erie Canal Museum</u>	<u>Board Member</u>	<u>1-94 - Present</u>
<u>Syr. Metropolitan Transportation Policy Council</u> Council		<u>1-94 - Present</u>
<u>Am. Diabetes Association CNY</u>	<u>Honorary Chair</u>	<u>1994</u>
<u>Big Brother Big Sister Organ.</u>	<u>Honorary Chair</u>	<u>1994</u>

Employment record:

List below all positions held since college, including the title or description of job, name of employment, location of work, and dates of inclusive employment.

Spanish Teacher	- Liverpool High School	- 1-67 - 12-70
Guidance Counselor	- Liverpool High School	- 1-71 - 12-73
City Auditor	- City of Syracuse	- 1-74 - 12-93
Mayor	- City of Syracuse	- 1-94 - Present

Continued, Page 2

<u>ORGANIZATION</u>	<u>OFFICE</u>	<u>DATES</u>
Museum of Science and Technology	Honorary Chair (for Museum's fundraising only)	
NYS Conference of Mayors and Municipal Officials	Member	1-94 - Present (Past President 1997)
NYS Fire Prevention and Building Code Council	Board Member	1-97 - Present
NYS Heritage Areas System Advisory Council	Board Member	11-96 - Present
Syracuse University	Trustee	1-94 - Present
Roy Bernardi Travel Associates, Inc.	Owner	1986-1991

Government
experience:

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

City Auditor (City of Syracuse) - 1-74 - 12-93

Mayor (City of Syracuse) - 1-94 - Present

New York State Conference of Mayors - 1-94 - Present

(Past President - 1999)

Published
Writings:

List the titles, publishers and dates of books, articles, reports or other published materials you have written.

Greater Syracuse (Center of an Empire) - Author

Political
Affiliations
and activities:

List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Delegate to Republican National Convention (Rob Dole) - 1996

Delegate to Republican National Convention - (George Bush) - 2000

Member Gov. George Pataki Transition Team (1994)

Political

Contributions:

Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

NONE

Qualifications:

State fully your qualifications to serve in the position to which you have been named.
(attach sheet)

(attached)

Future employment
relationships:

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

YES

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

NO

3. Has anybody made you a commitment to a job after you leave government?

NO

4. Do you expect to serve the full term for which you have been appointed?

YES

Continued, Page 4

As an elected City official for the last 28 years, first as City Auditor and later as Mayor, I am intimately aware of the important role that the Department of Housing and Urban Development plays in assisting local government. America's Cities, such as Syracuse, are increasingly serving as the home for many of our most vulnerable populations -- the poor, the elderly and the homeless. Managing the delivery of services for such a diverse and needy population has provided me invaluable experience and insight into the challenges faced by municipal governments.

The City of Syracuse, like all communities, has faced the challenge of attracting and maintaining adequate and affordable housing options for our residents. As Mayor, I have worked to develop programs such as HOME Headquarters and Tomorrow's Neighborhoods Today (TNT) to help meet the housing needs of our urban community while improving our City neighborhoods and empowering our residents.

Abandoned commercial and industrial buildings are a major issue for inner cities, including Syracuse. As Mayor I have worked to address the real and potential environmental problems that result from the abandonment of such properties. Specifically, my administration recently directed the demolition of a 480,000 square foot, 8 story vacant contaminated property utilizing Federal, State and local funds. This once blighted property is now the future site of a significant commercial redevelopment.

The City of Syracuse also spearheaded the major redevelopment of an 800 acre slum property containing oil tanks on the shores of Onondaga Lake. Today this property is the site of the largest economic development project in Syracuse history and will soon be home to the largest super regional shopping mall in America.

Syracuse is also home to one of our nation's most successful lead abatement programs. Our aggressive use of this HUD program has helped our City eliminate the environmental health issues is much of our aging housing stock.

In addition to my local duties as Mayor, I have also served as the President of the New York State Conference of Mayors and Vice Chairman of the United States Conference of Mayors. In these leadership capacities, I have worked first-hand with Mayor's and elected officials throughout our nation on a variety of urban issues that confront us all as municipal officials.

It is my sincere hope that the knowledge I have gained through these years of experience will allow me to find ways to improve the delivery of federal assistance to America's cities at the Department of Housing and Urban Development.

Potential conflicts
of interest:

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated .

NONE

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

NONE

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

No such dealings.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

NONE

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

NONE

Civil, criminal and
investigatory
actions:

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

June, 1960 - Larceny (Youthful Offender) - Onondaga County Sheriff's

Dept. Syracuse, NY 13202

* (Please see attached)

* * (Please see attached)

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

NONE

Continued, Page 6

* On December 12, 1989 a complaint was filed with the Syracuse Police Department. The matter was fully investigated by the Syracuse Police Department and the District Attorney and dismissed as the allegations were without merit or factual evidence.

* *In the Summer of 1999 The District Attorney's Office investigated rumors and allegations against myself which were proven to be without merit.

**RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED
FROM ALPHONSO R. JACKSON**

Q.1. Secretary Martinez has talked about the need to increase the number of personnel at HUD. Have you made any initial assessments in this regard? Please describe.

A.1. The Department has just completed the first phase of a three phase series of work measurement and work force requirement studies. These studies cover all major programs and occupational categories of the Department. In addition, the studies provide the Department with a system for calculating and validating work-force needs based on workload, allocating resources, creating a workforce plan tied to the Department's Strategic and Annual Performance Plans, and legitimizing the resource needs included in the Department's budget request.

Phase I covered:

- 40 studies and four organizations; PIH, CPD, Administration, and Housing;
- 5,600 employees or approximately 60 percent of HUD's workforce.

According to the Phase I "raw data" results, the Department may need 140 additional employees for the four "studied" organizations. Assuming that the Phase I results hold true for the remainder of the Department. HUD may need approximately 200 additional staff. However, these preliminary results are being refined, and assume that all employees are at the full performance level and are geographically located with their work. Refinements of Phase I, as well as the final results of Phases II and III, may further enhance the staffing requirements of the Department.

Over the next 90 days the Department will:

- Refine Phase I results, complete Phase II, and begin Phase III of the work measurement studies. Phase II covers six HUD organizations (FHEO, FPM, PD&R, CIO, OMHAR, Healthy Homes), involving approximately 25 percent of HUD's employees. With the completion of Phase I and II, the Department will have assessed approximately 85 percent of its workforce. Phase III will cover the remaining 15 percent of HUD's staff and occupational categories.
- Begin implementation of the Phase I work measurement validation process which will collect workforce data at set intervals.
- Complete a preliminary analysis of employee skill levels and training needs.
- Develop a workforce plan, to provide a more accurate accounting of the Department's personnel needs, considering employee skill levels and projected attrition, and balancing employee skills and geographic locations with workload.

At that time, Secretary Martinez and I will have a better assessment of the staffing requirements of the Department.

Q.2. In your written statement you say that you have "ideas about how to improve HUD's oversight of public housing authorities so that they can better provide services to those families living in public housing." Please describe these improvements.

A.2. From my experience I know that HUD's oversight can contribute substantially to, or detract from, PHA's efforts to deliver better services. HUD's oversight can provide a valuable boost to good management practices, but only if it is properly prioritized to emphasize the most important management functions, clear and easily understood, and broadly accepted as fair.

Substantial improvements in HUD's oversight system need to be made. Reforms were promised in the long legislative debates, which led to the 1998 overhaul of the public housing law, and Congress and HUD rightly put new emphasis on the conditions in which public housing residents are living, but for various reasons HUD has not implemented some key reforms.

I strongly support the addition of an independent physical inspection as part of the evaluation system, and the inclusion of financial and other evaluation components. These measures must be implemented, but we also have much more work to do before the evaluation system will satisfactorily meet the description I have put forward. The oversight system also includes not just the report card such as the Public Housing Assessment System (PHAS) or a successor, but also audits, field office reviews and other monitoring HUD (including the Inspector General) initiates, planning and application documents, and the actions HUD takes when the system indicates local success or failure. If HUD reexamines these actions and listens carefully to those who must live with our decisions, but always with our role as steward of tax dollars in mind, we can make the entire system better prioritized toward what is most important in terms of both risk and delivery of services, clearer, and more generally accepted as a fair basis on which HUD may take regulatory actions. If we can accomplish this and then implement the system consistently, PHA's will respond with better performance and the families they serve will benefit.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM RICHARD A. HAUSER

Q.1. Do you believe that HUD should be involved in law enforcement through the IG's Operation Safe Home Program?

A.1. I understand Operation Safe Home to consist of two parts: curbing equity skimming in insured multifamily housing, and combating violent crime in public housing.

Audits and investigations of FHA's multifamily programs for equity skimming would seem to be an appropriate HUD function and specifically authorized by the IG Act, 5 U.S.C. app. sec 2(1). There is also a HUD specific statute relating to equity skimming that provides for a civil penalty and double damages, 12 U.S.C. 1715z-4a. Although HUD program offices do not enforce the criminal equity skimming statute, the IG can and does involve itself in enforcing the civil statute against equity skimming.

On the other hand, I do not believe that Operation Safe Home, as it relates to combating violent crime, is the type of program contemplated by HUD's basic enabling legislation or the statutes authorizing HUD's core programs. If confirmed, I intend to examine whether these activities are consistent with the IG Act, for the HUD IG to audit and investigate HUD programs and operations.

In my view, the policing of public housing can be most effectively carried out by the appropriate law enforcement agencies.

Pennsylvania Avenue Development Corporation

Q.1. Please describe how your experiences with the PADC have informed your views about the mission of HUD and the Government's role in the community.

A.1. The Pennsylvania Avenue Development Corporation was a successful and perhaps unique experiment in urban revitalization. The PADC was able to leverage \$150 million in taxpayer funds into a \$1.5 billion investment by the private sector into new commercial, retail, and residential development. The result has been an enlivened downtown with new residents, restaurants, art galleries, and retail stores. The PADC was the recipient of the prestigious Urban Land Institute Award for Excellence for having "revamped a downtrodden and unsightly segment of the Nation's capital . . . and building the kind of Main Street that taxpayers can be proud of." The PADC's success was also attributable to the cooperative interaction among all interested parties—the Congress, the Federal and District of Columbia Governments, local groups, and private entrepreneurs—working out difficult urban problems with a common goal.

I believe my experiences as PADC Chairman will be helpful at HUD; particularly, with respect to the Department's lodestar program for urban development—the Community Development Block Grant (CDBG) program. The CDBG is a formula grant program for large cities, very large counties, and States to assist smaller cities and counties. This program includes among its eligible activities public facilities, social services, and private development and redevelopment. I understand that much of its emphasis reflects communities' own local decisions about economic development and job-creating incentives.

My PADC experience also aligns with the CDBG statute's objectives such as—

- eliminating blight and preventing blighting influences;
- expanding and improving the quantity and quality of community services;
- better rationalizing utilization of land and other resources; and
- stimulating private investment and community revitalization to alleviate physical and economic distress.

The PADC demonstrated that Government can play an important role in community development by ensuring community involvement in development planning; establishing standards and guidelines for development to achieve good design and historic preservation; providing infrastructure that encourages development, especially in areas developers are not pursuing on their own; and providing incentives so that goals and policies (such as housing where none exists) are achieved.

**RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED
FROM JOHN CHARLES WEICHER**

Q.1. The authority for mortgage restructuring under the Mark-to-Market program expires at the end of this fiscal year, as does the authorization for the Office of Housing Multifamily Assistance Re-

structuring (OHMAR). What will your recommendations be about either the continuation of Mark-to-Market and OHMAR, or alternatives to ensure the preservation of affordable housing? (A). Do you believe that the Mark-to-Market program should be continued? (B). Do you believe that the existing Office of Housing can take over the functions of OHMAR without interruption?

A.1. It is my understanding that OMHAR expects to complete about two-thirds of its workload, by the end of the current fiscal year, when its authority will expire. In order to deal with the remaining workload in the most cost-effective manner and maximize the continued availability of safe, decent, affordable housing, the Administration is proposing an extension of the restructuring authority, and is submitting legislation to the Congress. There is as yet no final decision on whether to support the extension of OMHAR itself, but any institutional framework will be designed to continue the work that OMHAR has been doing and bring it to a timely and successful conclusion.

Q.2. Would you support pooling the various General Insurance/Special Risk Insurance (GI/SRI) programs together, so that no appropriation for these programs is necessary?

A.2. The Administration certainly recognizes that different multifamily programs have different default patterns and claim losses. Cross-subsidization would be a significant change in the Credit Reform Act, and would reduce FHA's ability to control its individual programs on an annual basis. The Administration prefers to reduce the cost of the individual GI Fund programs, and to establish an insurance premium that eliminates the need for credit subsidy appropriations, as a means of serving all eligible loans in these programs.

Q.3. Mr. Weicher, you have written that the FHA single-family mortgage insurance program should be targeted to low-income and first-time homebuyers. In its 67 year history, FHA insurance has been available to anyone with qualified credit. Do you still believe that these programs should be scaled back?

A.3. FHA home mortgage insurance is a demand program; FHA insures the loans that are brought to it, as long as they meet the mortgage limits and other underwriting guidelines. That includes first-time buyers and repeat buyers. FHA has traditionally served first-time homebuyers, and middle-income families, and I expect that to continue. In the Clinton Administration, Commissioner Apgar boasted about the rising percentage of FHA homebuyers who were first-time buyers, approaching 80 percent. The latest analysis shows that 70 percent of FHA homebuyers have incomes below the area median (half have incomes below 80 percent of the area median), and one-third are members of minority groups. The President and the Secretary want to increase homeownership, especially among minority groups, and families who are on the edge of the middle class and striving to improve their lives. At the same time, these priorities do not rule out anybody else who is now eligible for FHA home mortgage insurance.

I made the targeting suggestion in 1995, when the Clinton Administration's Reinvention Blueprint was proposing to weaken the FHA home mortgage insurance program, in my opinion. My point

was to stress that FHA home mortgage insurance worked reasonably well; it was, and is, a sound program. If Congress wanted to change the home mortgage insurance program, targeting made more sense than the Reinvention Blueprint proposals.

**RESPONSE TO WRITTEN QUESTIONS OF SENATOR MILLER
FROM JOHN CHARLES WEICHER**

Q.1. Mr. Weicher, do you have any reorganization ideas for FHA? Would you shift resources within FHA to favor one program over another?

A.1. I do not have any particular plans or ideas for reorganizing FHA. The Secretary has said that he doesn't plan to reorganize the Department. I know that the Secretary is now reviewing the REAP study, and putting a team in place to implement the study. The team would be headed by Mr. Jackson after confirmation as Deputy Secretary.

Q.2. The FHA Streamlined Downpayment Program started as a 2 year pilot program in 1998. The program, which decreases down payment costs for borrowers and simplifies the down payment calculation, expired at the end of the year 2000, but was given an extension until 2002 by Congress. Would you support making this program permanent?

A.2. I have not reviewed the effect of the FHA Streamlined Downpayment Program. The Department will review this and make the appropriate recommendations for the fiscal year 2003 budget submission.

**RESPONSE TO WRITTEN QUESTIONS OF SENATOR JOHNSON
FROM JOHN CHARLES WEICHER**

Q.1. Mr. Weicher, last December, Congress appropriated \$40 million in an emergency supplemental appropriation to fund the FHA multifamily new construction and significant rehabilitation programs. Would you comment on whether this money, which has already been appropriated, should be released? Would you also provide your definition of what constitutes a "budget emergency" in the context of releasing appropriated funds? Is the shutdown of these programs an emergency?

A.1. The Administration believes that HUD should operate the multifamily insurance programs within the credit subsidy amounts that have been appropriated through normal budget process. Certainly there are negative consequences if the FHA multifamily insurance is forced to suspend activity for a period of time, but this does not constitute an emergency along the lines of an earthquake or flood.

This is not a new problem. FHA has run out of credit subsidy 3 times in the last 8 years, including fiscal year 2000 as well as fiscal year 2001. There are a number of special circumstances this year. Because there was excess demand for credit subsidy at the end of fiscal year 2000, the current fiscal year began with \$12 million in subsidy being absorbed by projects that were shut out of the programs last year. In addition, an unusually large share of projects this year are Section 221(d)(3) projects, with nonprofit sponsors; these projects, require five times as much credit subsidy

per dollar as Section 221(d)(4) projects. In recent years, Section 221(d)(3) projects have been less than 10 percent of the portfolio; so far this year they constitute 25 percent. They were an especially large share in the first few months of the fiscal year. If they had constituted the same share as in recent years, FHA would now have \$27 million left from the fiscal year 2001 appropriation, and would not have this problem. The Administration's proposal to raise the premium by 30 basis points turns FHA multifamily insurance into a demand program, like FHA single-family insurance, and the credit subsidy problem won't occur again.

I know that the Mortgage Bankers Association is concerned that the current subsidies are set too high, and MBA believes that the programs do not in fact lose money, so they should not be subject to a credit subsidy appropriation. If confirmed, I intend to look at the subsidy calculation process and see exactly how it works. I believe the process has not been studied systematically in several years. Based on that study, I would expect to make appropriate policy recommendations to the Secretary, depending on what we learn.

Q.2. It is my understanding that in order for all of the projects that are in the pipeline for fiscal year 2001 in the FHA multifamily new construction and significant rehabilitation programs to be completed, an additional \$115 million will have to be appropriated. Mr. Weicher, do you support additional appropriations? If not, what would you recommend to encourage the private sector to continue to lend for purposes of creating affordable multifamily housing projects?

A.2. The appropriated subsidy of \$101 million is large enough to support all projects that are currently in the FHA pipeline, but not projects in earlier stages of development. The estimate of \$115 million in credit subsidy for additional projects in fiscal year 2001 seems high. That would involve a much larger volume of multifamily insurance than in any year of the last 10.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SCHUMER FROM JOHN CHARLES WEICHER

Predatory Lending

Q.1. Given the interest by policymakers, regulators, and the general public in understanding how the subprime market functions (and the lack of data), will you support the Federal Reserve's proposal to collect data on the pricing of subprime home loans, which was recommended in last year's HUD/Treasury report on predatory lending?

A.1. The Department has stated that it supports the Federal Reserve Board's proposal. The information will significantly enhance HUD's ability to perform research functions that support the Department's housing and fair lending mission. It will help in developing appropriate responses by HUD to addressing credit needs, particularly the availability and affordability of credit options for homeownership.

Q.2. On March 18, Secretary Martinez spoke at the National Housing Summit put on by the Mortgage Bankers Association and discussed the issue of predatory lending. He said, "There are some

lenders who choose to prey on those at the lowest end of economic scale—the elderly, the disabled, the minorities, and the men and women in our military. For those who participate in such schemes, you should know that such practices will not be tolerated by this Administration.” What concrete steps will the Administration take to reduce the incidence of predatory lending?

A.2. Secretary Martinez and the Administration are very concerned about predatory lending. As he stated in the Congressional hearings 3 weeks ago, the Secretary is expecting to work with the Federal Reserve Board, with the industry, and with consumer groups. The Administration is already taking concrete steps to address the problem of predatory lending. On May 14, the Secretary sent a representative to the Baltimore town meeting on predatory lending, Laurie Maggiano, Director of FHA’s Asset Management and Disposition Division in the Office of Single-Family Housing. Ms. Maggiano’s presentation of the Department’s activities was warmly received. The Department has expanded the “Hot Zone” in Baltimore to embrace the entire city, not just selected Zip Codes. A year ago the Department identified “Hot Zones” in five cities (Baltimore, Chicago, Atlanta, New York, and Los Angeles) where there was reason to suspect predatory lending. HUD identified Zip Codes with concentrations of possibly predatory loans; gave grants to counseling agencies; suspended foreclosure on loans suspected of being predatory, as identified by counselors; and cut the mortgage amount on overvalued properties. These efforts continue.

In addition, the Department is reviewing the behavior of individual lenders where there is reason to be concerned about predatory lending: bringing them before the Mortgagee Review Board, withdrawing FHA approval, or requiring technical reviews of their underwriting. This is the hard work of fighting predatory lending.

FHA

Q.1. Last December, Congress appropriated an additional \$40 million in an emergency supplemental appropriation to fund the FHA multifamily new construction and significant rehabilitation programs. In spite of the fact that these programs ran out of credit subsidy last month and as a consequence many projects across the country have been shut down, Congress and the Administration have not released this money. Could you please comment on whether you think this money, which has already been appropriated, should be released? Could you also give us your definition of what constitutes a “budget emergency” in the context of releasing appropriated funds? In other words, do you think that the shut down of these programs is an emergency?

A.1. The Administration believes that HUD should operate the multifamily insurance programs within the credit subsidy amounts that have been appropriated through normal budget process. Certainly there are negative consequences if the FHA multifamily insurance is forced to suspend activity for a period of time, but this does not constitute an emergency along the lines of an earthquake or flood.

This is not a new problem. FHA has run out of credit subsidy 3 times in the last 8 years, including fiscal year 2000 as well as fiscal year 2001. There are a number of special circumstances this

year. Because there was excess demand for credit subsidy at the end of fiscal year 2000, the current fiscal year began with \$12 million in subsidy being absorbed by projects that were shut out of the programs last year. In addition, an unusually large share of projects this year are Section 221(d)(3) projects, with nonprofit sponsors; these projects require 5 times as much credit subsidy per dollar as Section 221(d)(4) projects. In recent years, Section 221(d)(3) projects have been less than 10 percent of the portfolio; so far this year they constitute 25 percent. They were an especially large share in the first few months of the fiscal year. If they had constituted the same share as in recent years, FHA would now have \$27 million left from the fiscal year 2001 appropriation, and would not have this problem. The Administration's proposal to raise the premium by 30 basis points turns FHA multifamily insurance into a demand program, like FHA single-family insurance, and the credit subsidy problem won't occur again.

I know that the Mortgage Bankers Association is concerned that the current subsidies are set too high, and MBA believes that the programs do not in fact lose money, so they should not be subject to a credit subsidy appropriation. If confirmed, I intend to look at the subsidy calculation process and see exactly how it works. I believe the process has not been studied systematically in several years. Based on that study, I would expect to make appropriate policy recommendations to the Secretary, depending on what we learn.

Q.2. In order for all of the projects that are in the pipeline for fiscal year 2001 in the FHA multifamily new construction and significant rehabilitation programs to be completed an additional \$115 million will have to be appropriated. Do you support this additional appropriation?

A.2. The appropriated subsidy of \$101 million is large enough to support all projects that are currently in the FHA pipeline, but not projects in earlier stages of development. The estimate of \$115 million in credit subsidy for additional projects in fiscal year 2001 seems high. That would involve a much larger volume of multifamily insurance than in any year of the last 10.

Q.3. There has been debate in the past about whether the FHA single-family home mortgage program should be targeted to just first-time buyers or low- and moderate-income families. The reasons given by advocates for targeting is that FHA encroaches on the private sector's ability to make mortgage loans. Do you agree that FHA single-family programs should be targeted or restricted in any way?

A.3. FHA home mortgage insurance is a demand program; FHA insures the loans that are brought to it, as long as they meet the mortgage limits and other underwriting guidelines. That includes first-time buyers and repeat buyers, FHA has traditionally served first-time homebuyers, and middle-income families, and I expect that to continue. In the Clinton Administration, Commissioner Apgar boasted about the rising percentage of FHA homebuyers who were first-time buyers, approaching 80 percent. The latest analysis shows that 70 percent of FHA homebuyers have incomes below the area median (half have incomes below 80 percent of area median),

and one-third are members of minority groups. The President and the Secretary want to increase homeownership, especially among minority groups, and families who are on the edge of the middle class and striving to improve their lives. At the same time, these priorities do not rule out anybody else who is now eligible for FHA home mortgage insurance.

Q.4. Several years ago Congress passed legislation to streamline and reduce the down payment requirements for FHA home mortgage loans. FHA borrowers can obtain loans with a minimum of 3 percent down payment. The legislation that authorized this streamlined down payment program will expire on December 31, 2002. All indications are that the legislation has simplified the process and made FHA loans more affordable. If this program is not made permanent or extended, the amount needed for a down payment will significantly increase, particularly for those borrowers purchasing homes in high-cost areas. Do you support making the simplified down payment calculation program permanent?

A.4. I have not reviewed the effect of the FHA Streamlined Down-payment Program. The Department will review this and make appropriate recommendations for the fiscal year 2003 budget submission.

Cooperatives

Q.1. Housing cooperatives are a different structure of homeownership. To make sure their sometimes unique characteristics are accommodated when existing laws are being executed, the law mandates the appointment of a Special Assistant for Cooperative Housing to serve under the direction of the FHA Commissioner. The position is now vacant. I would like your assurance that you will take the steps necessary to see to it that the Secretary fills this important position.

A.1. I certainly promise to work with the Secretary and make sure that this important position is filled as quickly as possible.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM ROMOLO A. BERNARDI

Q.1. The Appropriations Committee has required that 30 percent of homeless funds be used for permanent housing. How do you intend to improve HUD's performance so that it achieves Congressional intent in this area?

A.1. The annual homeless assistance competition is largely based upon local decisionmaking and local priority setting. Mindful of this policy, the Department included language in the 2001 NOFA that strongly encouraged Continuum of Care to begin planning for new permanent housing projects, if they haven't already, to be included as part of the 2001 and future competitions. In addition, as a powerful incentive in the 2001 funding round, the "permanent housing bonus" for eligible, new permanent housing projects placed in the number one priority slot, was doubled to up to \$500,000. Almost \$40 million in bonus funds were awarded to new permanent housing projects in the 2000 competition and this total is expected to more than double this year. Finally, by establishing a funding selection process that resulted in the replacement of over 300 non-

permanent housing projects (valued at approximately \$100 million) with lower scoring permanent housing projects in the 2000 funding round, the Department sent the strongest possible message, and inducement, for applicants to submit permanent housing projects instead of nonpermanent housing projects going forward. By having taken such dramatic action in 2000, HUD has made clear its seriousness in emphasizing permanent housing. By the nature of the competition, applicants can be expected to submit many more new permanent housing projects than would otherwise have been the case due to HUD's forceful stand in implementing the 30 percent requirement in the 2000 funding round.

Q.2. Congress has required that HUD obtain unduplicated counts of homeless people at a jurisdictional level, so that HUD can focus on who is homeless and what can be done to prevent and end homelessness? How is HUD implementing this request and what will you do to help us get this important data?

A.2. The Conference Report (H.R. Report 106-988) on the fiscal year 2001 HUD Appropriations Act cited the importance of local jurisdictions collecting client-level data. Furthermore, the report stipulated that "HUD is directed to take the lead in working with communities toward this end, and to analyze jurisdictional data within 3 years." The conferees directed HUD to report to the Committees on its strategy for achieving this "goal," including details on financing, implementing, and maintaining the effort. This required report is currently in Departmental clearance and is anticipated to be submitted to Congress in the near future. Let me summarize the key elements of our strategy:

New Eligible Activity. HUD has implemented the new Homeless Management Information System (HMIS) eligible activity under the Supportive Housing Program (SHP) in the 2001 McKinney-Vento competition. This activity was created by the 2001 Appropriations Act. HUD has implemented this new activity in such a way as to *allow* all applying communities to request SHP funding to implement and operate HMIS's. HUD highlighted the new activity in the grant application packet and in two live satellite broadcasts.

Technical Assistance. HUD has two technical assistance products for use by all communities to help them establish and operate HMIS's. The first is the "Homeless Service Tracking System Implementation Guide." This document assists communities in developing homeless service tracking systems. The second product is "Homeless Management Information Systems: An In-Depth Look." This publication includes a review of several leading software products; an analysis of the costs involved in operating these systems; and a review of the data elements collected by available software products. HUD will be updating these guides as well as providing comprehensive technical assistance to communities from now through 2004 to help achieve the goal established by Congress.

STATEMENT OF JACK KEMP
FORMER SECRETARY OF THE U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

MAY 15, 2001

President Bush's choice for FHA Commissioner at HUD, Mr. John C. Weicher, is exceptionally well qualified for the position.

Mr. Weicher has a breadth of knowledge and experience about HUD that is unparalleled among housing policy experts. He has served at HUD with distinction under three previous Secretaries, including 4 years when I was Secretary under President George Bush. He has participated in several housing policy commissions, including the Advisory Commission on Regulatory Barriers to Affordable Housing in 1990–1991, which resulted in the first Federal legislation to reduce the cost of housing regulation.

Mr. Weicher has been a strong defender of HUD's role in American housing and urban policy. He has frequently written and testified that HUD serves important public purposes and serves them effectively. In 1995 and 1996 he opposed the numerous Congressional proposals to abolish HUD, testifying before several Committees in both the House and the Senate. Mr. Weicher was one of the few Republicans concerned with housing policy who argued for fixing the programs at HUD that do not work well, instead of abolishing the Agency. Mr. Weicher also opposed the last Administration's HUD Reinvention Blueprint for FHA, because it would damage FHA's successful home mortgage insurance program without doing anything to address long-standing management problems in FHA multifamily insurance.

As Director of Urban Policy Studies at the Hudson Institute, Mr. Weicher headed a 2 year project in Michigan to create a framework for promoting urban homeownership and solving the problem of abandoned housing that plagued most of Michigan's cities. Hudson's proposals were passed with overwhelming bipartisan support in the State legislature and signed by Governor Engler in 1999.

Mr. Weicher has been concerned about housing and urban issues since he earned a Ph.D. in economics at the University of Chicago with a dissertation about urban renewal. In his academic publications, he has strongly defended the mortgage interest deduction. His research on the distribution of wealth in America shows that homeownership is the most important force for a more equal distribution; he also has demonstrated the importance of small business, including rental housing, in creating wealth.

Mr. Weicher is recognized as one of the leading experts on housing and urban problems. He has been President of the leading academic organization of housing economists, the American Real Estate and Urban Economics Association, and received the Association's award for career achievement in 1993. He is a member of the Millennial Housing Commission, created by Congress to advise it on housing policy; a member of the Editorial Advisory Boards of Housing Policy Debate and Housing and Development Reporter; and a member of the Advisory Board of the Center for Housing Policy, which is part of the National Housing Conference. He has been a Member of the Committee on Urban Policy of the National Academy of Sciences and the Census Bureau's Advisory Committee on Population Statistics.