

Opening Comments

Thank you madam Chairwoman for yielding, and thank you Secretary Geithner for taking the time to appear before the subcommittee today.

By now it's news to no one that our country finds itself in an unsustainable fiscal situation, with the federal government annually heaping trillion dollar deficits atop a debt pile now worth \$15 trillion. A recent Gallup poll showed that more than nine in ten Americans are at least "somewhat concerned" about foreign holdings of US debt, with three in four saying they were "very concerned." One need only look at the seemingly perpetual debt crisis now occurring in Europe to recognize that our debt problem must be addressed now, while we remain the masters of our own fate, rather than be punted to a future generation which will find itself at the mercy of foreign creditors, particularly China.

This House of Representatives has heeded the calls of Americans to rein in federal spending. Last year, the Appropriations Committee worked to restore transparency, austerity, and tough oversight to the Appropriations process – and we have succeeded in reducing discretionary spending by some \$95 billion since FY10. Such sustained cuts haven't happened since World War II. By contrast, had we gone along with the President's previous requests, the Congressional Budget Office forecasts that we would have spent an additional \$191 billion we don't have.

This Committee is the tip of the spear in this effort to end overspending in Washington. However, we only have the capacity to address discretionary spending, and as you know, even wholly eliminating both non-defense and defense discretionary accounts will not pull the budget out of the red. As more baby boomers hit retirement age, mandatory spending, if allowed to go unchecked, will consume everything in the federal budget except for interest payments. The debt incurred from this automatic-spending-run-amok will threaten everything we hold dear: our national security, our economy, infrastructure, and the health, well-being, and prosperity of future generations of Americans. Nevertheless, when my Republican colleagues offer politically difficult spending cuts and entitlement reform proposals, this Administration vilifies them. For example, I think few would agree that Members of Congress working to avoid a fiscal catastrophe are, as Press Secretary Jay Carney is on the record as saying, “aggressively and deliberately ignorant of the world economy.” Such insults harm the prospects of compromise and these comments themselves seem to ignore our budgetary reality, the crisis in Europe, and the will of the American people.

For its part, I fear that the President’s Budget Request for Fiscal Year 2013 does not provide a meaningful framework for the negotiating spending priorities. The Administration argues that this budget would reduce deficits by a collective \$4 trillion between 2013 and 2022. In fact, the Congressional Budget Office found that this budget would *add* \$3.5 trillion in cumulative deficits over baseline projections. As a result, the CBO estimates this proposal would add \$8.7 trillion to the debt over the next decade. These

huge deficits demonstrate that the budget's purported savings and spending reductions are largely illusory, composed of budgeting gimmicks designed to conceal the diversion of funds towards pet programs and ever-greater and more expensive regulation. Congress and the President must seek greater cooperation to prioritize key programs, cull unnecessary spending, and increase efficiency to protect taxpayers.

Your Department's request represents an 8.4% increase over Fiscal Year 2012. That includes an 8% boost for the IRS to \$945 million; \$360 million of which is for facilitating tax enforcement of controversial healthcare reform provisions. This increase represents an expansion, in real dollar terms, of tax and health bureaucracies to which this House has been starkly opposed. Given your unique role as secretary of the department overseeing the disbursement of funds, I hope that you can explain the Treasury request as well as clarify the Administration's holistic views regarding the *entire* federal budget.

Thank you.