

COMMONWEALTH OF PENNSYLVANIA  
HOUSE OF REPRESENTATIVES

REPUBLICAN POLICY COMMITTEE HEARING

STATE CAPITOL  
MINORITY CAUCUS ROOM  
ROOM 418  
HARRISBURG, PENNSYLVANIA

TUESDAY, APRIL 7, 2009  
1:04 P.M.

PRESENTATION ON  
CONGRESSIONAL REVIEW OF THE  
AMERICAN RECOVERY AND REINVESTMENT ACT  
OF 2009

BEFORE:

HONORABLE STANLEY E. SAYLOR, CHAIRMAN  
HONORABLE MATTHEW E. BAKER  
HONORABLE STEPHEN BARRAR  
HONORABLE SHERYL M. DELOZIER  
HONORABLE GORDON DENLINGER  
HONORABLE GENE DIGIROLAMO  
HONORABLE BRIAN L. ELLIS  
HONORABLE JOHN R. EVANS  
HONORABLE MAUREE GINGRICH  
HONORABLE SETH M. GROVE  
HONORABLE TIM HENNESSEY  
HONORABLE ROB W. KAUFFMAN  
HONORABLE DARYL D. METCALFE  
HONORABLE DOUGLAS G. REICHLEY  
HONORABLE CHRIS ROSS  
HONORABLE CURTIS G. SONNEY

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ALSO PRESENT:  
ANDREW J. RITTER, JR.  
EXECUTIVE DIRECTOR

DEBRA B. MILLER  
REPORTER

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I N D E X

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## 1 P R O C E E D I N G S

2 \* \* \*

3 CHAIRMAN SAYLOR: Good afternoon, everybody.

4 I want to thank everybody for coming.

5 I would like to welcome Congressman Pitts  
6 and Congressman Gerlach back to the State House, and  
7 I'm going to give you a few highlights of their  
8 careers from my perspective, having known both of  
9 them as former Members of the Pennsylvania House.

10 And they have so much wisdom between them,  
11 not only from their days here at the State Capitol,  
12 where Congressman Pitts was the Chairman of the House  
13 Appropriations Committee, but I would like to make  
14 special note that he also served his country well in  
15 Vietnam. He served in the United States Air Force at  
16 the rank of Captain from 1963-69, and he flew  
17 116 combat missions as a Navigator.

18 I also wanted to note that Joe was teaching  
19 math and science and coaching basketball at the  
20 Great Valley High School near Malvern College in  
21 Chester County, Pennsylvania.

22 And, of course, he left the House of  
23 Representatives, the greatest chamber of all here in  
24 Pennsylvania, to go to Congress and try to straighten  
25 them out in 1997.

1 I also want to mention during Joe's time in  
2 Washington some of the things he is doing right now  
3 that I would like to highlight, because they play  
4 great importance to Pennsylvanians.

5 He serves in his seventh term, and he serves  
6 on the Energy and Commerce Committee. And he has  
7 played a role in crafting legislation to strengthen  
8 our nation's energy infrastructure, and Joe is  
9 recognized as a leader on wireless privacy issues,  
10 medical devices, and medical-imaging technologies.

11 Congressman Pitts, thank you for coming.

12 CONGRESSMAN PITTS: Thank you.

13 CHAIRMAN SAYLOR: And as far as Congressman  
14 Gerlach, he not only served in the House here, he  
15 also served in the State Senate, and I'm going to  
16 highlight just a couple of things that I thought in  
17 my days here in the House that Congressman Gerlach  
18 worked on and is very much recognized for in  
19 Pennsylvania and in southeastern Pennsylvania as well  
20 for.

21 Jim is very much a well-established advocate  
22 for Pennsylvania taxpayers over the years, not only  
23 here in the House but in Washington as well, on his  
24 efforts to help promote efficiency and streamlining  
25 government, which saved taxpayers hundreds of

1 millions of dollars.

2           Congressman Gerlach has been the prime  
3 sponsor of landmark legislation here in Pennsylvania  
4 on welfare reform. He has helped reduce our State  
5 welfare rolls by over 150,000 cases. And Congressman  
6 Gerlach also has helped pass here in Pennsylvania  
7 historic land-use regulations providing local  
8 officials the tools needed to combat sprawl and  
9 promote smart growth in Pennsylvania.

10           Congressman Gerlach.

11           We welcome you both.

12           CONGRESSMAN GERLACH: Thank you.

13           CHAIRMAN SAYLOR: And you may start; whoever  
14 would like to start first.

15           CONGRESSMAN GERLACH: You may start.

16           CONGRESSMAN PITTS: Thank you, Mr. Chairman.

17           It's a pleasure to be back with you and be  
18 in these rooms that I have spent some time in before.  
19 It's a pleasure to be here in this beautiful Capitol  
20 Building.

21           We are serving in very serious times for our  
22 Republic. There are some serious dangers, I think,  
23 for our Republic these days.

24           And in a time when the American people are  
25 sacrificing and tightening their belts, the Federal

1 Government has decided to go on a spending spree, if  
2 you will, already this year.

3 The first thing we did was to authorize the  
4 second trench of the \$700 billion bailout. That was  
5 \$350 billion.

6 If you remember, that occurred on October 3,  
7 and it was combined with \$150 billion of  
8 special-interest earmarks. So it was an \$850 billion  
9 package.

10 So that second trench, \$350 billion, was the  
11 first thing we did this year. The second thing was  
12 the auto bailout. The third thing was the  
13 \$787 billion stimulus, so-called stimulus package,  
14 combined with the interest, because that is borrowed  
15 money. It was a cost of about \$1.1 trillion.

16 The next thing we did was fund the  
17 government for the rest of the year, half a year, in  
18 what was called an omnibus bill, \$410 billion, and  
19 that not only increased government spending about  
20 8 percent; it had the 8,500 earmarks that we all read  
21 about -- you know, the \$1.7 million for pig odor in  
22 Iowa and the gang tattoo removal and just all kinds  
23 of earmarks in that bill.

24 And then the next thing we did, last week,  
25 was to pass the budget that the President had

1 proposed -- \$3.5 trillion.

2 We are talking massive amounts of increases  
3 in government spending. With the stimulus bill, we  
4 created 32 new Federal programs and expanded  
5 73 existing ones.

6 And tucked in these bills are all kinds of  
7 items that are moving the political agenda for this  
8 Administration and this Congress.

9 I don't think anyone read the bill. The  
10 stimulus bill was 1,174 pages. In fact, I'm sure no  
11 one read it. It was literally a foot thick. They  
12 put it on line after midnight, and at 9 o'clock the  
13 next morning, we were debating and voting on it.

14 Not one Member read the bill. That is real  
15 legislative malpractice, after pledging that they  
16 would let the bill stay on line long enough for  
17 everybody to read it and offer amendments to it.

18 And by the way, we were not permitted by the  
19 rules of the House to offer an amendment to that  
20 bill. We had been precluded for most bills, for the  
21 last 2 1/2 years, of even offering an amendment on  
22 the floor.

23 Now, for 225 years the minority party has  
24 enjoyed that privilege. In fact, when the  
25 Republicans took over in Congress in '94, we had

1 something -- I wasn't there -- but they had something  
2 called Contract with America, which was a 24-bill  
3 package. They permitted the minority to offer  
4 amendments. The minority offered 157 amendments;  
5 75 of them were adopted.

6 Many times when you can offer an amendment  
7 and the other side gets to see it and read it and  
8 debate it, you'll get bipartisan support for good  
9 ideas. We have lost that privilege under this  
10 Speaker and the leadership in the House.

11 But tucked in these bills are things like,  
12 in the stimulus bill, repealing welfare reform, which  
13 since '96 has worked well. Now there's an incentive  
14 to the States to add to the welfare rolls with an  
15 80-percent Federal match, and so you'll see the rolls  
16 bloated.

17 There were things like E-Verify eliminated,  
18 so employers can't verify whether an applicant is  
19 legal or illegal as far as alien.

20 Davis-Bacon for all projects in the country  
21 was in that bill.

22 The Comparative Effectiveness Board was  
23 funded at the tune of \$1.1 billion. This is the  
24 board used, for instance, in Britain to do  
25 cost-benefit ratios and to ration health care.

1           So in Britain, if you're a patient with  
2 Alzheimer's or a breast-cancer patient or multiple  
3 sclerosis, you many times will not get permission to  
4 have certain medications. They have to do a  
5 cost-benefit study -- an analysis, I should say.

6           The actress, Natasha Richardson, that had  
7 the skiing accident in Canada? She went to a clinic.  
8 They had a CT scan; the doctor didn't use it because  
9 he said we are mandated to do a cost-benefit analysis  
10 before we can use it, and unfortunately, she died.  
11 If they had given her a CT scan, maybe it would have  
12 saved her life.

13           But rationed care basically is what I'm  
14 talking about with the government-owned health care  
15 that the Administration was proposing was in this  
16 bill.

17           Global warming. Cap-and-trade provisions  
18 were in there. Money for ACORN. Decoupling for  
19 electricity rates. Many items of their political  
20 agenda were in these pieces of legislation.

21           So that is a concern we have, not only being  
22 able to offer alternatives, which we have on each of  
23 these bills, each of these issues, but no  
24 deliberation, and then seeing the agenda of the  
25 Administration move forward.

1           In addition, a lot of the money that they  
2 have appropriated is not being well spent, we think.

3           I got home this past week, read the Chester  
4 County papers, and one article, an editorial on  
5 Chester County getting \$7 million for ADA, disability  
6 ramps, which they had not requested and which they  
7 said, the commissioners, in some instances they  
8 already had cuts. They didn't need the money.

9           They were told by, evidently PENNDOT, take  
10 out the old ramps and put in the new; that will  
11 stimulate the economy.

12           I'm not sure that the Federal Government is  
13 in place -- the large, cumbersome, inefficient  
14 organization that it often is -- to force efficient  
15 spending of the stimulus.

16           In fact, the Administration recently  
17 admitted that their Web site that is to be set up to  
18 disburse the stimulus funds, *recovery.org*, will not  
19 be fully operational until the end of the year. By  
20 that point, we'll be almost a year and a half into  
21 the recession.

22           So we have major concerns that the  
23 Administration is trying to nationalize many things  
24 -- nationalizing the banking system, the financial  
25 system; nationalizing the home mortgage system;

1 nationalizing health care; nationalizing energy with  
2 the cap-and-trade provisions; a national energy tax  
3 -- that are not going to be in the best interests of  
4 the country. So we have major problems.

5 And finally, I passed out a little group of  
6 graphs that I did a special order on on the floor. I  
7 thought this might be of interest to the Republican  
8 Policy Committee.

9 Along the bottom you see the Presidents  
10 listed -- Carter for 4 years; Reagan for 8; Bush 1,  
11 41, for 4; Clinton for 8; Bush 43 for 8; and then  
12 Obama.

13 And on each one I put -- the first page, for  
14 instance, is the Dow -- I put the colors on here.  
15 You notice how the Dow goes along here at a fairly  
16 steady rate, and then it hits the red and rises  
17 sharply.

18 It hits the hash marks, and to be fair, you  
19 have got to put in there that was the dot-com  
20 collapse and 9/11 as well. But there was a split  
21 Congress. It hits the red again and sharply rises.

22 The red is when the Republicans controlled  
23 both the House and the Senate. The split Congress  
24 over here, the Senate was -- I think the Senate was  
25 Republican, the House was Democrat. The small hash

1 marks was the Senate was Democrat and the House was  
2 Republican.

3 But I wanted you to see this fourth chart on  
4 here, the last year. It is not from '77 to '09; it  
5 is just from February '08 to March '09, what the  
6 President called the gyrations in the market. He  
7 didn't watch them closely. Look at what happened  
8 when we acted.

9 You see here the House passed the  
10 \$700 billion bailout. Look at the drop, the  
11 precipitous drop. When the House passed the  
12 stimulus, a precipitous drop, a \$410 billion  
13 precipitous drop.

14 So the market reacts to things we do in  
15 public policy and the statements that are made in  
16 Washington, and there are some lessons we can learn  
17 here.

18 One lesson, on the second page, which lists  
19 the deficits, is that real bipartisanship works. We  
20 have deficit spending here for as long as you can  
21 see. And then here in this first red portion,  
22 4 consecutive years in a row we balanced the Federal  
23 budget and paid down on the public debt.

24 And that really was -- Clinton deserves some  
25 credit; the Congress deserves some credit. I was on

1 the Budget Committee all 4 of those years under the  
2 leadership of John Kasich, and of course with our  
3 Speaker, Newt Gingrich. I saw what was happening  
4 directly with negotiations. That was a true  
5 bipartisan effort.

6 The phony bipartisanship here on the last  
7 bar, you know, where the President comes in and buys  
8 three Republican votes at the end, you know, if we  
9 have no say in crafting the bill, in drafting the  
10 legislation, that is not bipartisanship. That is  
11 phone.

12 The deficit, by the way, this year --  
13 \$1.752 trillion, more than the previous 8 years of  
14 George Bush combined.

15 And if you look at this budget we passed  
16 last week, they doubled the deficit in 5 years. They  
17 tripled it in 10 years.

18 If I could draw that graph out as far as you  
19 could see, it would be over a trillion-dollar  
20 deficit.

21 We are spending massive amounts of money,  
22 reordering the functions of government, and our  
23 children and grandchildren are going to pay for this  
24 long after we are dead. It is being called by some  
25 generational theft. It is a very serious situation.

1           We need to speak up, educate people, do  
2 everything we can to reverse some of these policies,  
3 and with that, I'll conclude, Mr. Chairman.

4           Thank you.

5           CHAIRMAN SAYLOR:   Congressman Gerlach.

6           CONGRESSMAN GERLACH:   Well, first of all,  
7 thank you, Mr. Chairman, for inviting Congressman  
8 Pitts and myself to be with you and the committee  
9 this afternoon.

10           It is great to see many old friends and meet  
11 some new friends, and it is wonderful to be back here  
12 in this beautiful Capitol Building as well, so thank  
13 you for the opportunity.

14           I will not repeat a lot of what Congressman  
15 Pitts just gave to you by way of information. I will  
16 maybe just instead give you a little bit of personal  
17 perspective on how I witnessed the economic stimulus  
18 package unfold legislatively and give you a couple of  
19 thoughts about at least where we are in the  
20 Pennsylvania Republican delegation since the passage  
21 of the legislation and what we think ought to happen  
22 in terms of continuing oversight at the State level  
23 of these dollars.

24           And I hear figures anywhere from \$16 billion  
25 to \$18 billion as to what the Commonwealth is going

1 to be receiving through the various expenditures in  
2 the stimulus bill, so I'm sure it's somewhere in that  
3 area. But obviously it's a huge amount of money to  
4 be spent in the Commonwealth on a lot of different  
5 things.

6 Joe was absolutely right. Typically, as you  
7 well know, at the start of a new legislative session,  
8 it takes some time to get the committees formed and  
9 the bills that are introduced into committee and  
10 decide what to move forward and create a legislative  
11 calendar for work on the floor.

12 We started off very quickly, however, in  
13 this current Congress with the economic stimulus  
14 bill, and rightly so, given where we were with the  
15 economy at that time and also where we are at  
16 present.

17 But at the same time, it was very clear that  
18 given the numbers that the Democrats have by way of  
19 majority in the House, as well as the increased  
20 numbers they have in the Senate, that they were  
21 going to move forward with this legislation as  
22 quickly as possible, given both the popularity of  
23 President Obama coming into office as well as the  
24 emergency situation economically that we have been  
25 in.

1           There were some initial outreaches by  
2 President Obama to our House Republican Conference.  
3 He came into our conference, which was very well  
4 received by the Members, the fact that he would take  
5 time to come to one of our meetings and answer  
6 questions, bring in his top advisors as part of that  
7 meeting. Regardless of whether we felt he was  
8 heading in the right direction policy-wise or not, it  
9 was really well received, the fact that he took that  
10 time.

11           And he indicated in that meeting that he  
12 wanted to have Republican ideas as part of the  
13 development of the legislative package, and a lot of  
14 us took him at that statement and began offering some  
15 ideas to his policy people.

16           But it became very quickly apparent that  
17 something happened in the process, whereby in essence  
18 I think the Administration just simply delegated the  
19 writing of the legislative package to Speaker Pelosi  
20 and Senate Majority Leader Harry Reid, and at that  
21 point, at least on the House side, it became clear  
22 that we were not going to be able to, as Republicans,  
23 participate in that process.

24           We would not really be able to have any  
25 significant role in crafting the legislation, either

1 the tax relief part of it or the expenditure part of  
2 it, and we were just going to have to take whatever  
3 bill came forward, not necessarily even out of the  
4 committee process. That would come from the back  
5 room of the Speaker's Office whenever the Speaker  
6 decided to move forward with the legislation.

7           So we were sort of waiting around to see  
8 what that product was going to be. And despite the  
9 fact that we started the new Congress with amended  
10 House rules -- as you well know, we start the new  
11 session with House rules that dictate how we are  
12 going to conduct legislative business, with the  
13 agreement that we were going to get any bill that  
14 came onto the floor with at least a 48-hour notice  
15 so we could have an opportunity to read the  
16 legislation.

17           Well, no more than a week or so after that  
18 rule was agreed to amongst the Members of the House,  
19 as Joe indicated, the bill came to the House floor,  
20 the economic stimulus bill, less than 12 hours after  
21 it was put out onto the public Web site about  
22 11 o'clock that previous night.

23           And at that point, this was now the  
24 conference bill that had been determined through that  
25 behind-the-scenes process, and no one, as Joe said,

1 had any opportunity whatsoever, staff or Member, to  
2 read what was in that piece of legislation.

3 But I have always used this factoid: It was  
4 the largest spending bill in the history of mankind,  
5 and if you combine all of the dollars spent in the  
6 Vietnam War in today's value, today's dollars, it was  
7 a \$787 billion spending package compared to the total  
8 cost of the Vietnam War being \$698 billion.

9 So in one bill, more than the total amount  
10 in today's dollars spent on the entire Vietnam War,  
11 and yet we had less than 12 hours to take a look at  
12 the bill and try to see what was in there.

13 So it was a very frustrating start, at least  
14 from our perspective, to this legislative session,  
15 and I think that, more than anything, got the  
16 Republicans in the House jelled against it.

17 And then you throw in the fact that there  
18 was a lot of spending in this legislation that we  
19 considered nonemergency, and spending that would not  
20 create jobs in the next 6 to 12 months. It would, if  
21 anything, not create jobs for a couple of years, and  
22 that was not the kind of stimulus we needed for the  
23 current economic situation that we are in.

24 So given the nonemergency nature of many of  
25 the provisions together with the size of the spending

1 package, a lot of us felt that if we were going to  
2 put money out there to stimulate the economy, it  
3 ought to be on public infrastructure -- roads,  
4 bridges, water, sewer, even school construction. A  
5 very small percentage of this total package actually  
6 is for infrastructure.

7           We also, many of us, felt that it ought to  
8 be a significant springboard to undertake small  
9 business tax relief, because we all recognize that  
10 75, 80 percent of the jobs created nationwide are  
11 created through small business, and if we can provide  
12 them with additional dollars through tax relief to  
13 put back into their businesses, hire more employees,  
14 improve their physical facilities, get better  
15 technology, then that was going to be a way to  
16 stimulate our economy, and yet if you look at the  
17 stimulus package, very little of it actually goes  
18 back to small business as well.

19           So when you combine all of those, I think it  
20 was a rather historic vote in that all Members,  
21 188 Members of the House Republican Conference, voted  
22 against it, and actually we saw 9 Democrats vote  
23 against it as well.

24           So while there was a lot of discussion about  
25 the need for bipartisanship, the only bipartisan vote

1 in the House was actually a vote against the package,  
2 not for the package.

3 And so be that as it may, it ultimately  
4 passed, and you well know now that a lot of these  
5 dollars are starting to be spent.

6 A lot of frustration with that issue. Of  
7 course on the transportation side -- I serve on the  
8 House Transportation Committee -- the projects that  
9 are being funded are those that are considered shovel  
10 ready, but there's a question as to whether even  
11 though something might be considered shovel ready, is  
12 it absolutely critical that it be spent right now on  
13 that particular project?

14 For example, we have a bridge in  
15 Downingtown, Chester County, that has been out and is  
16 shutting off the whole eastern part of the town, and  
17 yet it is not shovel ready in that all the  
18 engineering has not been completed, the environmental  
19 assessments have not been completed.

20 So it is sitting there, and yet, as Joe  
21 alluded to, there is money being spent for  
22 handicapped ramps off of roadways that then end up  
23 going to no sidewalks. So we actually have ramps to  
24 nowhere being built in Chester County with some of  
25 these stimulus dollars.

1           Just last week also in Chester County, the  
2 Department of Energy notified the Chester County  
3 commissioners that they are getting \$4.6 million for  
4 an energy project, and the commissioners said, that's  
5 wonderful; I guess we'll have to figure out what  
6 energy project we're going to use the \$4.6 million  
7 for.

8           They never asked for the money but DOE is  
9 sending them the money, and so now they are going to  
10 have to figure out how to spend \$4.6 million for an  
11 energy project.

12           So those are the kinds of things that come  
13 from a process that is not bipartisan, not well  
14 thought out, is rushed through the process, is not an  
15 opportunity where Members can offer additional ideas  
16 to make it a better bill, and that is what in this  
17 instance you end up with.

18           After the bill passed, Congressman Pitts  
19 heads up our Pennsylvania Republican delegation, and  
20 we decided as a group to send a letter to Governor  
21 Rendell suggesting that there be some sort of  
22 oversight group started to at least oversee the  
23 \$16 to \$18 billion worth of expenditure in the  
24 Commonwealth.

25           And I know at the State level, the State

1 legislative level, there are a number of your  
2 colleagues that are legislatively trying to  
3 accomplish the same thing, and I think that is  
4 absolutely great.

5           It's a lot of money. It has got to be  
6 followed. There has got to be a lot of coordination.  
7 The Legislature has to keep an eye on where those  
8 dollars are going. Hopefully the Auditor General and  
9 the State Treasurer are doing the same.

10           And initially, I know that Governor Rendell  
11 was against the idea of creating an oversight  
12 committee, and then he turned and took the position  
13 that it's a worthwhile endeavor, and I think that is  
14 encouraging and we appreciate that.

15           But at the same time, there has to be a  
16 strong oversight role that the Legislature plays in  
17 all this. And I know, again, you are considering  
18 that legislation, and hopefully you can get something  
19 to the floor and moving.

20           Because at the end of the day, it is all of  
21 our constituents' tax dollars that are being spent,  
22 and we want to make sure we are getting a dollar's  
23 worth of service for every tax dollar that is being  
24 paid.

25           So we encourage you to continue to look into

1 how you can undertake the oversight of those dollars.  
2 And then just as importantly, what does the  
3 expenditure of those dollars mean in terms of future  
4 Commonwealth budgets?

5           Are they creating expenditure levels so high  
6 in terms of doing things in education and Medicaid  
7 and other areas that we are now going to be at a  
8 point where we have to keep spending dollars at that  
9 level in future budgets to maintain the services that  
10 are coming from that? Or are we going to be able to  
11 pull back a little bit and return to a more normal  
12 level of expenditure after those stimulus dollars are  
13 spent? And those are certainly very important policy  
14 issues that you have to consider, and will consider,  
15 I'm sure.

16           So it was an interesting process to be a  
17 part of from a political sense, from a legislative  
18 sense, and a policy sense, all of those, but we don't  
19 know at the end of the day what the final outcome  
20 will be in the expenditure of \$16 to \$18 billion here  
21 in the Commonwealth from that.

22           Hopefully, we will see some jobs created,  
23 we'll see the economy turn around to the benefit of  
24 all of our constituents, and this money will be spent  
25 in the correct way and in an appropriate way. But

1 all of those questions are still open, and we'll all  
2 have to work together to try to resolve them the best  
3 we can.

4 So thank you very much for the chance to be  
5 here.

6 CHAIRMAN SAYLOR: Thank you, Congressman.

7 Before we start questions, I would like to  
8 start with Representative Reichley,  
9 self-introductions as we go around the room here  
10 for everybody who is present of the Members of the  
11 House.

12 REPRESENTATIVE REICHLEY: I'm Doug Reichley,  
13 the 134th District, from Lehigh and Berks Counties.  
14 Thank you very much.

15 REPRESENTATIVE EVANS: Good afternoon. I'm  
16 Representative John Evans from Erie and Crawford  
17 Counties.

18 REPRESENTATIVE GINGRICH: Thank you for  
19 being here. Welcome. Representative  
20 Mauree Gingrich, the 101st in Lebanon County.

21 REPRESENTATIVE DENLINGER: Good afternoon.  
22 Representative Gordon Denlinger from the  
23 99th District, eastern Lancaster County.

24 REPRESENTATIVE DELOZIER: Sheryl Delozier  
25 from Cumberland County, the 88th District.

1           REPRESENTATIVE KAUFFMAN: Rob Kauffman, the  
2 89th District, northern Franklin and western  
3 Cumberland Counties.

4           REPRESENTATIVE SONNEY: Curt Sonney, the  
5 4th District, Erie County.

6           REPRESENTATIVE DiGIROLAMO: Gene DiGirolamo,  
7 beautiful Bucks County in the 18th District.

8           REPRESENTATIVE BAKER: Matt Baker, snowy  
9 Tioga County and western Bradford County.

10          REPRESENTATIVE ELLIS: Representative  
11 Brian Ellis, Butler County.

12          REPRESENTATIVE BARRAR: Representative  
13 Steve Barrar, Chester and Delaware Counties.

14          REPRESENTATIVE METCALFE: Good afternoon.  
15 Representative Daryl Metcalfe from southern Butler  
16 County.

17          REPRESENTATIVE ROSS: Representative  
18 Chris Ross from Chester County.

19          REPRESENTATIVE HENNESSEY: Tim Hennessey  
20 from Chester County.

21          REPRESENTATIVE GROVE: Seth Grove, York  
22 County, 196th District.

23          CHAIRMAN SAYLOR: Okay.

24                 I want to start off first with questioning  
25 from Representative Matt Baker.

1           REPRESENTATIVE BAKER: Thank you, Stan.

2           And greetings. Welcome.

3           I could tell by both of your discussions and  
4 your comments that you have a sincere concern about  
5 the future of American taxpayers and the enormous  
6 debt that this bill is creating, and just the  
7 comments from Congressman Pitts about "a serious and  
8 dangerous spending spree," and Congressman Gerlach,  
9 "the largest spending bill in the history of  
10 mankind."

11           That speaks volumes right there in terms of  
12 the growth in the deficit, and I think it is  
13 important that people realize, this isn't some money  
14 tree in Washington, DC, that just continues to grow  
15 without serious consequences and that it impacts the  
16 value of the dollar. It impacts the future  
17 generations that have to pay this money back.

18           And the term "generational theft" is quite  
19 provocative, and it should make people pause and give  
20 serious thought to this stimulus and all these  
21 bailouts and what it is creating.

22           And we hear the current Administration in  
23 Washington saying how wonderful all of this is in  
24 their efforts to allegedly spur the economy and  
25 create jobs, but I didn't really hear any remark

1 about how many jobs this created but I sure did hear  
2 about what short-term gain may be made, there is  
3 tremendous long-term pain. Short-term gain but  
4 long-term pain.

5 And I just wanted to, I keep hearing this  
6 remark that the combination of these bailouts and the  
7 stimulus and the Obama proposed \$3.6 trillion budget  
8 creates more debt in the next 5 years than all the  
9 budgets combined that were created by President  
10 George Bush all the way back to George Washington.

11 Is that accurate?

12 CONGRESSMAN GERLACH: Yes. Joe?

13 CONGRESSMAN PITTS: That's correct. And you  
14 have got to look at what the impact is going to be on  
15 our market.

16 I had a meeting last month with Chinese  
17 officials, and the first question they asked me was,  
18 Congressman, is the United States abandoning the  
19 free market system?

20 You know, the world is watching, and they  
21 can see what is happening with a lot of these bills.

22 I think one of the impacts of this massive  
23 borrowing, when you go on the market with \$2 or  
24 \$3 trillion of bonds, you are either going to have to  
25 raise interest rates to sell them, because China is

1 beginning to push back now and they control something  
2 -- they bought about \$772 billion worth of our debt  
3 so far -- is you are going to have to raise interest  
4 rates or else you are going to have to print money.  
5 You are going to have inflationary pressures.

6           And I don't know if the Administration can  
7 hold those off for 2, 3, 4 years or not, but at some  
8 point we are going to face, I think, as a result of  
9 over-borrowing, massive inflation pressures. That  
10 will affect everybody, every consumer, in the value  
11 of the dollar.

12           And I think the thing that you mentioned,  
13 the priority should have been how to stimulate the  
14 private sector with job growth.

15           Government doesn't create wealth, the  
16 private sector does, and we should have had, I think,  
17 policy changes in there that would stimulate the  
18 private sector, primarily the small business, which  
19 is the engine of about 80 percent of our job  
20 creation, to encourage them to invest.

21           But when you have got these  
22 on-again-off-again tax cuts and the threats of tax  
23 increases, there's a lot of uncertainty out there and  
24 a lack of confidence, and you will not see them  
25 invest for the long term as they can or should to

1 create jobs until they get that certainty and that  
2 confidence again.

3 REPRESENTATIVE BAKER: It is my  
4 understanding, Congressman Pitts, that the Republican  
5 Caucus in Congress had a counterproposal that would  
6 do just that, create additional jobs for less  
7 spending.

8 Is that accurate?

9 CONGRESSMAN PITTS: That is correct. I will  
10 let Jim speak to that.

11 CONGRESSMAN GERLACH: Yes. It was about  
12 half of the \$787 billion package that we put forward,  
13 and it would create about twice as many jobs.

14 The touted amount of jobs saved or created  
15 -- and it is important to note that -- it was about  
16 3.5 million jobs over the next 5 years that would be  
17 saved or created.

18 I don't know how they would calculate saved  
19 jobs. That would be an interesting thing to delve  
20 into, if we had an opportunity to delve into it at  
21 the committee level. But that was what was touted.

22 Now, the Congressional Budget Office, which  
23 is a nonpartisan arm of Congress, in its reviews of a  
24 couple versions of this economic stimulus bill,  
25 actually had a lot less positive things to say about

1 the proposal in terms of its long-term and short-term  
2 economic impact.

3 In fact, out over 10 years, the one CBO  
4 report indicated that a stimulus package of that size  
5 would crowd out private sector investment into the  
6 economy and actually we would see a lower increase in  
7 GDP growth than if we did nothing at all.

8 So we had a lot of those kinds of questions,  
9 but again, this process was such that we didn't have  
10 an opportunity in the hearing process to ask those  
11 questions of the experts that could give us that  
12 information, and we certainly didn't have an  
13 opportunity to debate it on the floor and didn't even  
14 have an opportunity to read what ultimately came on  
15 the floor.

16 So it is kind of hard to make decisions on  
17 very important bills, including this one, if you  
18 don't even have that basic information, and that is  
19 really what the shame of the whole process was.

20 REPRESENTATIVE BAKER: Getting back to the  
21 debt, 300 million citizens in America, average debt  
22 per person in America, is it \$30, \$35, \$40,000 now?

23 CONGRESSMAN PITTS: It depends on what you  
24 consider. If you look at all the unfunded promises  
25 that we have made with Social Security, Medicare,

1 Medicaid, and all the entitlements, it has been about  
2 \$54 trillion.

3           So divide it by that, and you are seeing,  
4 you know, hundreds of thousands.

5           REPRESENTATIVE BAKER: Okay.

6           And lastly, because I know other Members  
7 have questions, I'm the Republican Chair of the  
8 Health and Human Services Committee, and I know that  
9 this budget -- and I tried to read as much of this  
10 stimulus budget last night as I could regarding  
11 health and human services, and it seems that that is  
12 one of the largest components of the stimulus, the  
13 so-called stimulus package.

14           Congressman Pitts, you mentioned earlier  
15 about rationed health care. Could you just explain  
16 and expound upon how you see this particular funding  
17 as leading to rationed health care.

18           CONGRESSMAN PITTS: Well, if you look at  
19 places like Canada or Britain where they have the  
20 socialized medicine, the nationalized health care and  
21 rationed health care, you will find, for instance, if  
22 you go to Canada, if you want an MRI there, it takes  
23 you a year. Here, you can get it in days.

24           If you break your hip in Britain, 3 in  
25 15 people see a doctor within 6 months. You know, if

1 you want a hip replacement in Britain, you know, a  
2 dog can get a hip replacement in 2 weeks. If you're  
3 a human, you have got to wait 2 years.

4 When you ration care and give cost-benefit  
5 analysis to rationed care, there are some people who  
6 aren't going to get the critical care that they can  
7 get here, and that is why so many people travel, you  
8 know, to the United States for their care.

9 REPRESENTATIVE BAKER: Do you think it is  
10 the Obama Administration's goal to accomplish  
11 universal health care, socialized medicine?

12 CONGRESSMAN PITTS: Yes; absolutely.

13 I think they will do it in incremental  
14 steps.

15 You have seen, you know, this Comparative  
16 Effectiveness Board that I mentioned in the stimulus.  
17 Before that, we had a change of the SCHIP program.

18 SCHIP was a good idea when we had it  
19 10 years ago. It was a program for poor children  
20 without insurance. Children, not adults. But you  
21 have got some States like Minnesota where over  
22 90 percent are able-bodied adults on SCHIP.

23 You want it for poor children, and with  
24 their bill, you can make \$80,000 a year and get on  
25 the government program -- without insurance.

1           About a third of the recipients are leaving  
2 private sector health care and coming on ours. So  
3 what started out as a good idea has been changed by  
4 many States. I think it is being abused.

5           Now it is being funded by the tax on  
6 cigarettes. You saw last week the large tax on  
7 cigarettes? Well, they would require \$22 million new  
8 smokers to fund that program.

9           And by the way, there's a cliff. It ends,  
10 you know, after 5 years, as some of the funding in  
11 the stimulus does, ends in 2 years or 5 years.

12           Once you hit the cliff -- you know, we had  
13 for Pell Grants, \$15.6 billion to increase the Pell  
14 Grant by \$490, but, you know, after 2 years, the  
15 extra funding vanishes.

16           Do you think really that is going to happen  
17 after 2 years? I'm sure it will be, you know, more  
18 spending at that point.

19           REPRESENTATIVE BAKER: Thank you very  
20 much.

21           CHAIRMAN SAYLOR: Representative Evans.

22           REPRESENTATIVE EVANS: Thank you very much,  
23 Mr. Chairman.

24           And thank you for being here, Congressmen.  
25 We appreciate your testimony today.

1           I wondered if you could elaborate a little  
2 on your thoughts of the General Motors bailout, the  
3 fact that they did come in and get an appropriation  
4 and are now seemingly back at the door asking for  
5 more.

6           What is your take on the likelihood of that  
7 happening? And if they do indeed go into bankruptcy,  
8 would that be the worst thing to happen?

9           CONGRESSMAN GERLACH: Well, I think we saw  
10 at the start of the year, on the Financial Services  
11 Committee we had a number of hearings where the  
12 Big 3 automakers came in and testified about the need  
13 for these bailout moneys.

14           At one point they were asking for about, I  
15 want to say \$32, \$33, \$34 billion, even though  
16 Ford Motor Company was not asking for money itself  
17 but was asking on behalf of the other two because  
18 they are so interconnected with their suppliers and  
19 all that sort of thing.

20           But it was very clear that even at  
21 \$34 billion, if Congress were to authorize that,  
22 their real need financially was probably over  
23 \$100 billion, but there was not a political will in  
24 Congress to go to that level of bailout.

25           So ultimately they arrived at \$17 billion as

1 the bailout amount for the auto industry, and it was  
2 very clear that that was not going to be sufficient  
3 to get these companies through the troubles that they  
4 are in economically.

5           And at the same time while they were asking  
6 for those dollars, they promised that they would put  
7 forward plans by which they would recalibrate, they  
8 would restructure, they would deal with their current  
9 liabilities, their legacy costs, all of those sorts  
10 of things, and then come back and say, now we've done  
11 all this stuff; can you please give us more money?

12           Well, what is very clear at this point, even  
13 though they got \$17 billion, is that they have not  
14 really come forward with any specific plans on how  
15 they are going to restructure and become more  
16 competitive. And certainly not all the players in  
17 that process have agreed to a final plan, including  
18 the auto workers themselves.

19           And so if they are back again asking for  
20 additional dollars, I think it is going to be much  
21 more difficult to get support for that in Congress  
22 beyond those that supported it last time.

23           In fact, in our committee, there have been a  
24 lot of comments during the hearings that they have  
25 really got to come back and demonstrate how they are

1 going to restructure before they get any more public  
2 dollars to help them with that process, and thus far,  
3 we haven't seen that.

4           So when you see the President and the  
5 Administration terminate Rick Wagner from the CEO  
6 position, that may be a clear signal that something  
7 has got to get done. But until you force a process  
8 upon all the players to restructure, I don't think it  
9 is going to happen, and I don't think there is any  
10 appetite or any stomach in the taxpayers anymore to  
11 help them with any further dollars.

12           So it is sort of a wait and see, but  
13 ultimately I think they are going to have to go  
14 through a structured bankruptcy proceeding. They are  
15 going to have to -- and it might be a pre-planned, it  
16 might be a pre-agreed-to effort, but they are going  
17 to have to go through and restructure their  
18 liabilities in a way that make them functional and  
19 competitive in the future.

20           And unless and until they do that, they  
21 don't deserve, in my opinion, any taxpayer dollars,  
22 and they certainly aren't helping themselves in the  
23 process either.

24           CONGRESSMAN PITTS: There is not a lot I can  
25 add to that.

1           You know, I drive American cars. I would  
2 like to see them succeed. But I think, as Jim said,  
3 we have a mechanism, the bankruptcy courts, that have  
4 been used very successfully for restructuring, and  
5 until you restructure some of these labor-management  
6 agreements, I don't think they are going to be able  
7 to survive in the long run. You are pouring good  
8 money after bad.

9           There are companies down South that are  
10 competing very well, that pay half the amount in  
11 total salary and benefits, and I think there has to  
12 be some restructuring basically.

13           REPRESENTATIVE EVANS: I have one other very  
14 quick question.

15           One of your new colleagues from northwestern  
16 Pennsylvania, Ms. Dahlkemper, is conducting some news  
17 conferences in the local district.

18           I noticed last night on the television news  
19 that she was defending her vote on the stimulus bill  
20 and indicated that she indeed thought it was fiscally  
21 responsible.

22           Do you honestly think that House Democrats  
23 believe that that stimulus bill was fiscally  
24 responsible, based upon your testimony today?

25           CONGRESSMAN PITTS: I have a hard time

1 believing that. I think it was more of a grab bag of  
2 special interests that were put in there for all  
3 kinds of rewards for groups that had helped them  
4 maintain and get in power.

5           You know, something should have been done.  
6 But, for instance, I think highways and bridges are  
7 extremely important. Only 4 percent of the stimulus  
8 money is for transportation projects.

9           And there was a lot of bipartisan support if  
10 they would have made, you know, just a few basic  
11 ideas, like infrastructure spending, where they could  
12 have gotten bipartisan support.

13           But unfortunately they chose, you know, I  
14 think what we would call the special interests and  
15 putting a lot, massive amounts of government spending  
16 in those areas.

17           REPRESENTATIVE EVANS: Okay.

18           Thank you, Mr. Chairman.

19           CHAIRMAN SAYLOR: Representative DiGirolamo.

20           REPRESENTATIVE DIGIROLAMO: Thank you.

21           Joe and Jim, welcome. Good to see the both  
22 of you.

23           I was born in 1950 and grew up, lived with  
24 my grandparents, and both of my grandparents went  
25 through the Depression.

1           And living with my grandfather, I remember  
2 him saying, he would comment every once in a while,  
3 you know, we're going to go into another Depression,  
4 through the fifties and hearing him even through the  
5 sixties say the same thing, and that, you know,  
6 certainly never materialized.

7           And I have been dying to ask somebody this  
8 question, and, you know, maybe just your opinion, but  
9 what would have happened even going back to the end  
10 of the Bush Administration with the bailout and now  
11 this stimulus package, in your opinion, what would  
12 have happened if we had done nothing or maybe, you  
13 know, a much more minimized response? What would  
14 have happened to the country?

15           CONGRESSMAN PITTS: We had alternatives that  
16 we were not permitted to offer on the floor.

17           Number one, on the TARP funds. For the  
18 companies that had bad assets, we had an insurance  
19 program so they could purchase insurance for bad  
20 assets.

21           We had a loan program, if they needed  
22 liquidity, that they could have paid back.

23           We had Tax Code changes, like spending  
24 capital gains and net operating loss, several of  
25 those provisions.

1           We had regulatory changes, like changing the  
2 mark-to-market guidelines and several things.

3           We had some homeowner provisions.

4           I think if we had had a true bipartisan  
5 effort and we would have been able to put those  
6 things on the floor and had a much different response  
7 than just throwing a lot of money out there, that it  
8 would have had a much better impact on the economy  
9 and on the market.

10           REPRESENTATIVE DiGIROLAMO: But how about  
11 going back to the Bush and the bailout, the money  
12 that---

13           CONGRESSMAN PITTS: That's what I'm talking  
14 about.

15           REPRESENTATIVE DiGIROLAMO: Oh, that's what  
16 you're talking about.

17           CONGRESSMAN PITTS: That was the  
18 \$700 billion -- on October 3, the \$700 billion  
19 bailout, those were the alternatives we offered.

20           REPRESENTATIVE DiGIROLAMO: Okay.

21           CONGRESSMAN PITTS: And on each case, on  
22 January 28 with the stimulus, we had alternatives.  
23 With this budget last week, we had alternatives.

24           I think if it was truly bipartisan, we could  
25 have had a much better impact.

1           CONGRESSMAN GERLACH: Some of our conference  
2 meetings around that time were just really anxiety  
3 ridden, because we were having Secretary Paulson  
4 come into our conference and we were having  
5 Chairman Bernanke from the Fed come into our  
6 conference and saying basically, look, ladies and  
7 gentlemen, if we don't get this TARP program passed,  
8 literally within days we could see this entire  
9 economy crash to the levels not seen since the  
10 Great Depression.

11           And I don't know if you remember, Joe, we  
12 had that Pennsylvania Republican delegation  
13 conference with Bernanke the following week and he  
14 was saying the same thing. And it does scare the  
15 heck out of you, because you don't want to be part of  
16 a decisionmaking process where you made the wrong  
17 decision and then the sky falls down.

18           But that is not a way to legislate, and it  
19 was very clear again that Speaker Pelosi, in control  
20 of the process last fall, as was Majority Leader  
21 Reid, that at the end of the day it was going to be  
22 Chairman Frank from the House Financial Services  
23 Committee, Chairman Rangel from Ways and Means,  
24 Chris Dodd on the Senate side, they were going to be  
25 writing the final bill.

1           And a lot of the other ideas, some of which  
2 didn't cost money -- like if you heard the term  
3 "mark-to-market accounting rule," which is how banks  
4 have to account for the assets they have on their  
5 books. And because they think that the current  
6 marketplace is forcing them to account for those in a  
7 way that is really impeding them being able to offer  
8 credit to people back in our districts, you know, the  
9 line of credit for the businesses and car loans and  
10 things like that, simple things like addressing  
11 mark-to-market would have had a huge positive impact  
12 on the continuation of the flow of credit in our  
13 economy.

14           We didn't get any ability really to offer up  
15 those ideas, and it was very, very frustrating. And  
16 so you are left at a point where your ideas aren't  
17 going anywhere; you are going to have to vote on  
18 something. The Secretary of the Treasury and the Fed  
19 Chairman are telling you the sky is going to fall in,  
20 and you are left in a very difficult situation.

21           Had we done other things, how would it have  
22 turned out differently? I don't know. You know, I'm  
23 not an economist. But I have got to think that a  
24 better legislative process where you have more input  
25 with more Members on both sides of the aisle creates

1 a better work product, which in turn creates a better  
2 outcome, and that certainly was not what happened in  
3 that situation.

4 REPRESENTATIVE DIGIROLAMO: We had a  
5 Republican President. Wasn't he listening to you  
6 or---

7 CONGRESSMAN PITTS: Well, I think Jim brings  
8 up a good point.

9 When Secretary Paulson started using words  
10 like "panic," "catastrophe," "disaster," and then  
11 President Obama did the same thing; the day before  
12 the stimulus bill he said, if you don't pass the  
13 stimulus bill immediately, we are very likely to  
14 suffer a catastrophe.

15 That kind of language and the message they  
16 are sending I think is the wrong, the very wrong  
17 message to send. I think it impacts the market  
18 tremendously.

19 And, you know, I know there was a liquidity  
20 problem we could have addressed, but they could have  
21 done much of that behind the scenes and without  
22 legislative authority, which then they later did.

23 In fact, they came into the conference and  
24 Secretary Paulson said, I want \$700 billion; I want  
25 it to buy toxic assets; and by the way, I can't

1 guarantee you anything and I want total authority,  
2 and he got it.

3 I fault the Bush Administration as well as  
4 the Obama Administration in doing that.

5 But in the final analysis, it is going to be  
6 the hardworking American people, the small businesses  
7 and the entrepreneurs, who are going to pull us out  
8 of this mess, not massive new government spending,  
9 taxes, and borrowing.

10 REPRESENTATIVE DIGIROLAMO: Okay. Thank  
11 you.

12 Thank you, Mr. Chairman.

13 CHAIRMAN SAYLOR: Just to kind of, a  
14 Chairman's note on that, it was interesting you  
15 mentioned Congressman Barney Frank and United States  
16 Senator Dodd writing the legislation to clean up the  
17 mess that they created. Had they been doing their  
18 job in the first place, this mess wouldn't have  
19 happened.

20 So it is interesting you happened to mention  
21 those two as to their involvement.

22 At this point I will recognize  
23 Representative Ellis.

24 REPRESENTATIVE ELLIS: Thank you, Chairman  
25 Saylor.

1           Gentlemen, thank you so much for coming  
2 today.

3           Congressman Pitts, you opened up with a  
4 statement that this country is in serious danger, and  
5 obviously the Federal bailout is designed to help us  
6 through that time.

7           And actually a week and a half ago I was  
8 appointed as the Republican designee to the Oversight  
9 Commission, so I'm going to ask you some specific  
10 questions to that.

11           But we had our first meeting, and the  
12 Governor presented this rosy picture of how all our  
13 problems are solved because of this magical \$16 to  
14 \$18 billion that we are going to be getting from the  
15 Federal Government.

16           And Congressman Gerlach, you suggested that  
17 down in DC, they are looking at moving forward to  
18 make sure there's an oversight commission, and then  
19 eventually the Governor came on board.

20           Actually, a freshman colleague of mine,  
21 Jim Christiana from the western part of the State,  
22 his second month on the job said, wait a second; this  
23 Governor has the propensity for spending the wrong  
24 way; we need oversight of this.

25           So we are working on a State level.

1 Obviously the Governor came on board and created his  
2 commission.

3 Now, my concern is, I'm trying to figure out  
4 exactly what the role of the commission is, and maybe  
5 you can help me out on what some other States are  
6 doing.

7 But my fundamental belief is, number one, we  
8 have to make sure that the money is not used for new  
9 spending.

10 Number two, we have to make sure that it is  
11 run through us, the Legislature, instead of through  
12 the Governor's Office.

13 Number three, we want to make sure we know  
14 what strings are attached to this money.

15 And number four, ultimately -- and all we  
16 hear the President talking about and the Governor  
17 talking about is job creation -- what are the actual  
18 jobs that are going to be created on this?

19 Can you guys give me some insight on what I  
20 should take with me to these meetings and to this  
21 role that I have been appointed to?

22 CONGRESSMAN GERLACH: Well, I will tell you  
23 this, that we wrote to Governor Rendell -- and I can  
24 share a copy with you after this hearing, if you  
25 would like.

1           Our delegation signed a letter to Governor  
2 Rendell on March 13, and in that we indicated our  
3 desire to see the creation of this committee. And we  
4 offered a couple bullet points of what, at a minimum,  
5 the committee ought to be about.

6           The committee ought to be given access to  
7 all State Government operations utilizing stimulus  
8 funding.

9           The committee ought to be tasked to work  
10 with the accountability officer, who I believe has  
11 just been appointed by the Governor, as well as  
12 Secretary Creedon to establish the administrative  
13 process that you are going to utilize as a committee  
14 to track the use of those dollars.

15           Provide an opportunity for you as committee  
16 members to offer guidance on the use of those funds  
17 to ensure an efficient and effective expenditure of  
18 those dollars.

19           Grant to you, the committee members,  
20 reasonable and timely access to the accountability  
21 officer, Secretary Creedon, Secretary Treasurer  
22 McCord, and Auditor General Wagner, to discuss  
23 ongoing spending activity and adjustments and  
24 modifications where warranted, if there is  
25 flexibility and discretion in that with the Federal

1 dollars that are coming.

2           Require the committee to issue periodic  
3 reports on the use of the stimulus funding so you are  
4 talking back to the taxpayers of Pennsylvania on how  
5 these dollars are being used.

6           And allow you as committee members to offer  
7 findings and recommendations to State and Federal  
8 officials as well as Legislators on how to improve,  
9 consolidate, or eliminate State and Federal programs  
10 as necessary and otherwise make programs more  
11 effective and efficient.

12           So as you are getting these dollars and  
13 spending these dollars, we may find a lot of  
14 opportunities and ideas on how to make these programs  
15 actually run better when those stimulus dollars run  
16 out. And so have a task to the committee members to  
17 offer those ideas to other State Legislators, Federal  
18 Legislators, and officials.

19           So those are some of our ideas on what  
20 the committee ought to be about. And that  
21 certainly is not exhaustive, and we would be glad  
22 to continue to work with you to develop that in the  
23 future.

24           REPRESENTATIVE ELLIS: Well, I would  
25 appreciate that.

1           And you touched on our ability to do  
2 periodic reports. Is Congress going to require us to  
3 give them anything?

4           Because I have introduced legislation that  
5 says that I want every department to tell us how many  
6 jobs were created because of this stimulus money, and  
7 many of the folks here today have agreed to cosponsor  
8 that.

9           Is Congress going to require the States to  
10 tell them how many jobs were created?

11           CONGRESSMAN GERLACH: I don't know what you  
12 have with you, Joe, but I have in my summary of  
13 information, the stimulus package did contain  
14 language to create an oversight or transparency board  
15 at the Federal level to oversee how the dollars are  
16 being spent, but I don't think there is any specific  
17 requirements on the States to do the same thing and  
18 report back to that board.

19           So the board on the one hand will be looking  
20 to see how the dollars are being used across the  
21 various States, but I don't think there is any  
22 particular responsibility on the part of the  
23 Commonwealth to report back to that board.

24           But we can double-check that to see if  
25 that's the case.

1           REPRESENTATIVE ELLIS: I would appreciate  
2 that.

3           And then just finally, you guys selected my  
4 former Congressman, Phil English, to serve on the  
5 commission as well. Can you tell me a little bit  
6 about what he is going to bring to the table and why  
7 you selected him?

8           CONGRESSMAN GERLACH: Sure. Joe?

9           CONGRESSMAN PITTS: I'm not sure he will  
10 serve on the board. He was our first choice, but I  
11 think he has decided to do something else, so we are  
12 going to have to look for another Representative to  
13 serve on the board.

14          REPRESENTATIVE ELLIS: All right.

15          CONGRESSMAN PITTS: But we are hoping that  
16 he will be a watchdog sitting in the commission with  
17 you and report back to us as to the programs that he  
18 thinks are being well run and those that need  
19 improvement.

20                 One of the things that I would look for are  
21 these cliffs that I mentioned, programs that have  
22 received massive amounts of funds, pretty substantial  
23 increases in some cases but only for a limited amount  
24 of time.

25                 And then there is going to be tremendous

1 pressure on you and the Congress to replace that  
2 funding once the funding disappears, and you will  
3 find this in more than one program. I mentioned a  
4 couple of them.

5 But I think I should also say that Jim  
6 deserves a lot of credit here on the oversight board.  
7 He has taken the lead in our delegation in  
8 communicating with the Governor and formulating the  
9 letter that he had all of us sign.

10 So I would work very closely with  
11 Congressman Gerlach in following up on this, because  
12 I know this is of special interest to him.

13 REPRESENTATIVE ELLIS: Thank you.

14 CONGRESSMAN GERLACH: We selected Phil  
15 because he is just an outstanding person.

16 As you well know, he was, I think,  
17 Erie County Controller at one time. He worked here  
18 in the State Legislature for a number of years.  
19 he served on the Ways and Means Committee in the  
20 House.

21 We felt Phil would be a terrific person to  
22 serve on that oversight committee. Things might be  
23 happening whereby he may not be able to ultimately  
24 serve out that function, but a terrific selection as  
25 far as we were concerned to have him on there.

1           REPRESENTATIVE ELLIS: Well, thank you very  
2 much, gentlemen.

3           And thank you, Mr. Chairman.

4           CHAIRMAN SAYLOR: The Chair wants to note  
5 that we did invite former Congressman English to  
6 testify today. He was not able. He had accepted and  
7 had to cancel due to last-minute things that had come  
8 up for him.

9           But yes, we concur with you. Congressman  
10 English was an excellent choice by the congressional  
11 delegation.

12           Next for questioning, Representative  
13 Metcalfe.

14           REPRESENTATIVE METCALFE: Thank you,  
15 Mr. Chairman.

16           And thank you, Congressman Pitts and  
17 Congressman Gerlach, for being with us today. We  
18 appreciate the information you have shared already,  
19 and I'm sure we'll appreciate the rest that you'll be  
20 sharing through the Q and A.

21           You have mentioned a host of issues that  
22 this stimulus package kind of runs across, from  
23 energy to curbing cuts for sidewalks to nowhere and  
24 socialized medicine and I assume quite a few  
25 others.

1           I know I was reading a list that was put out  
2 by the County Commissioners Association on a local  
3 talk show here a few weeks back, and the talk show  
4 host said it sounds like a giant soup kitchen, and I  
5 said that's exactly what it sounds like.

6           When you mentioned that only 4 percent is  
7 actually going to go to transportation, which I  
8 think, you know, when Obama and his surrogates were  
9 out touting this great job-creation package, you kept  
10 hearing about the roads that need to be built, the  
11 bridges that need to be fixed, and school buildings  
12 that need to be built, although I think many of us  
13 would hope it would concentrate more on the bridges  
14 and the roads that we have to use to get to those  
15 school buildings.

16           But, I mean, the word "stimulus" that has  
17 been used, it is just a giant welfare expansion, and  
18 even to the point that you mentioned that welfare  
19 reform has been undermined because of provisions that  
20 would now encourage States to sign more individuals  
21 up on welfare, which our Governor and his  
22 Administration are doing a very good job of advancing  
23 the welfare rolls here in Pennsylvania, as you both  
24 know, increasing from 1.4 to 2.2 million people on  
25 welfare in Pennsylvania in his last 6 years.

1           Now, part of what we heard during the debate  
2 and as it was passed was that as some of the  
3 Governors, especially some of the Southern Governors  
4 stepped forward and said, we are not going to take  
5 the money or we are not going to take certain  
6 components of the money.

7           And there was talk that there were  
8 provisions made that in the legislation, that if a  
9 Governor refused it, then the Legislature could still  
10 accept it, whereas I think many of us thought that  
11 the normal process for the Federal Government dealing  
12 with the State Government would be from the Congress  
13 through the State Legislatures and not through our  
14 Executives who are there to execute the laws that we  
15 pass as a Legislature.

16           And I know that our Appropriations Chair had  
17 sent a letter, I believe with our Minority Leader, to  
18 the Governor to bring up past case law that showed  
19 that moneys that will be spent need to flow through  
20 the legislative process here in Pennsylvania.

21           Could either of you help add some insight to  
22 that argument, that debate, that is bound to continue  
23 to grow and what was in the legislation from your  
24 knowledge?

25           CONGRESSMAN PITTS: I think a good deal of

1 it will go directly to the people, according to their  
2 intent, with those \$400, \$800 rebate checks. But the  
3 rest of the \$18 billion will go primarily, I think,  
4 to State Governments and agencies in various  
5 programs.

6 It is my understanding that the State  
7 Legislature can overrule a Governor if the Governor  
8 wants to restrict certain portions.

9 There was one Governor who said he would  
10 like to use it for paying off their debt. I think  
11 the Legislature can overrule the Executive on much of  
12 this spending.

13 That is my understanding.

14 CONGRESSMAN GERLACH: I'm not sure. I never  
15 got a clear answer on that issue, and also the issue  
16 of whether those funds that are coming from the  
17 Federal Government have to ultimately flow through  
18 the Legislature as part of the overall budget  
19 process, and maybe there is not a clear answer on  
20 that question.

21 And then also, there may be moneys coming  
22 for certain programs, but does that mean that the  
23 State Legislatures cannot change the eligibility  
24 requirements at the State level for those  
25 programs?

1           So X number of dollars are coming for  
2 XYZ program, but the State Legislature decides, based  
3 on that influx of dollars, we are actually going to  
4 change the eligibility requirements for that program  
5 from the State level and, therefore, be able to  
6 affect how many dollars are used or not used through  
7 that program.

8           So it is just a lot of open-ended questions  
9 that I don't have the answer to, but we could try to  
10 find out more when we get back to DC.

11           REPRESENTATIVE METCALFE: I appreciate your  
12 answers.

13           And I know as we have looked at this from  
14 the State perspective and as we watched the billions  
15 of dollars flow around the country and the  
16 \$18 billion or so flow here to Pennsylvania,  
17 something that I think you both or either one or both  
18 of you had mentioned was our concern for what future  
19 holds this is going to create in the budget when you  
20 expand spending, especially with those -- I know the  
21 Governor was touting the food-stamp program expansion  
22 as being economic stimulus, if you can believe that.

23           CONGRESSMAN GERLACH: Yes.

24           REPRESENTATIVE METCALFE: I mean, he is  
25 quoted in the press in Pennsylvania that food stamps

1 are economic stimulus, because then the recipients of  
2 food stamps can go ahead and use the additional money  
3 they have left over because they have had the food  
4 stamps to go out and spend in the economy.

5 He should be encouraging those folks to  
6 invest so that they can earn more, but I think  
7 investments are getting a bad rap right now.

8 But Congressman Pitts, you had mentioned  
9 that government does not create wealth, and I  
10 appreciate that. I think that is something that I  
11 have echoed here at the State level and some of my  
12 colleagues sitting here on the panel have.

13 And I think as people sit and think about  
14 it, they realize that government does not create  
15 wealth but it is overhead, strictly overhead, and the  
16 more you increase the overhead costs, the less you  
17 have to work with in the economy.

18 And I think your point about ultimately it  
19 is going to be, you know, the success of our nation,  
20 the future success is going to really come out of  
21 those with an entrepreneurial spirit that are going  
22 to create jobs, and Congressman Gerlach had mentioned  
23 the small business creation across the country that  
24 is responsible for the majority of job creation in  
25 the United States.

1           And in spite of these huge deficits,  
2     reflecting on the charts, \$1.75 trillion---

3           CONGRESSMAN PITTS:    Billion.

4           REPRESENTATIVE METCALFE:  I think it should  
5     have been trillion -- a trillion-dollar deficit has  
6     been created through the Obama Administration  
7     already, and it is just an unbelievable amount of  
8     spending of the people's money.

9           And I think the President was traveling, as  
10    we all know, recently and took the opportunity on  
11    foreign soil to denounce the United States in a way  
12    that is saying the United States has been arrogant.  
13    Well, I think a man that would put forward such a  
14    proposal as this really spews arrogance in his  
15    actions.

16           And we do appreciate, I know, hearing from  
17    the district and bringing that here to Harrisburg.  I  
18    would like to thank you both for your votes against  
19    the stimulus package and against the budget, the  
20    recent spending, the outrageous spending that is  
21    going on in DC.

22           CONGRESSMAN PITTS:    Sure.

23           REPRESENTATIVE METCALFE:  So thank you both  
24    for standing up for the taxpayers, and please let us  
25    know how we can work with you to continue the fight

1 in the future, because we are going to have to turn  
2 things around with the innovation of Americans, by  
3 God's grace, to overcome the bad decisions, bad  
4 economic decisions that are being made by this  
5 Administration, both in DC and this Administration  
6 here in Harrisburg, through the Rendell  
7 administration.

8 Thank you.

9 CONGRESSMAN GERLACH: Thank you.

10 CONGRESSMAN PITTS: Thank you.

11 And one of the concerns I have that  
12 Representative Ellis mentioned is the things that  
13 would change fundamentally much of our country with  
14 cap and trade and universal or nationalized  
15 health care. Those are major changes in public  
16 policy.

17 And with cap and trade, which is coming down  
18 the railroad track, and all the details are not known  
19 -- you know, I don't know if it is going to be a  
20 carbon tax or if it is going to be an auction. There  
21 is disagreement with the Chairman of Energy and  
22 Commerce and Ways and Means on that. Others have a  
23 combination idea.

24 These are massive bureaucratic regulatory  
25 schemes that would put an energy tax on anything that

1 is used, that is manufactured or a service that uses  
2 energy.

3 So you have got some massive changes that  
4 are being proposed and are going to be acted on very  
5 soon, in a matter of months.

6 REPRESENTATIVE METCALFE: Just regarding the  
7 cap and trade, if I might quickly, Mr. Chairman, one  
8 of those other issues besides the sidewalks to  
9 nowhere.

10 But I was speaking recently to a group of  
11 builders and speaking about the new law in  
12 Pennsylvania where contractors have to register and,  
13 you know, pay a \$50 fee now every 2 years, and that  
14 was going to be the topic of discussion.

15 But before the meeting started, one of the  
16 folks there grabbed me and said, can you come over  
17 here and speak to a few of us, and the issue that  
18 they brought was cap and trade.

19 And it is an issue that is not on the front  
20 burner for the press to announce to the people, but  
21 there is this huge, huge energy cost that, through  
22 the cap and trade, will be put on the backs of the  
23 hardworking men and women of Pennsylvania once again  
24 that will discourage wealth creation if we don't deal  
25 with it.

1           CONGRESSMAN PITTS: To the cost of about  
2 \$3,100 per family per year, about \$2 trillion over  
3 8 years, and they are serious about it. So we need  
4 to educate people.

5           REPRESENTATIVE METCALFE: Thank you.

6           Thank you both.

7           CHAIRMAN SAYLOR: Representative Hennessey.

8           REPRESENTATIVE HENNESSEY: Thank you, Stan.

9           Thank you, Jim and Joe.

10           Everybody has heard the figure of  
11 \$16 billion, \$18 billion coming Pennsylvania's way.  
12 But what I am wondering is, over what period of time  
13 is that -- I mean, sometimes we hear 4 years,  
14 sometimes, I know CBO goes out usually 8 or 10 years.

15           You know, how does it play out on an annual  
16 basis? Would it be straight-lined? Would it be, you  
17 know, \$3 billion in one year and \$5 billion the next  
18 and then maybe plateau?

19           You know, it is hard to get our hands around  
20 that and figure out how we are going to plan our  
21 future budgets if we don't know whether this is a  
22 relatively secure figure or whether it is going to  
23 float up and down.

24           And I guess as a follow-up then, the next  
25 Congress could change how much of this, change the

1 whole picture for us, pull the rug out from under us.  
2 We need some sort of stability and foreseeability so  
3 we can set our budgets here.

4 CONGRESSMAN GERLACH: Well, there are  
5 different timelines for different line items of  
6 expenditure or programs. It might be 1 year on some  
7 of the transportation stuff. It might be 10 years on  
8 the tax benefits allowed for State and municipal tax  
9 credit bonds.

10 So it could be anywhere from 1 to 10 years  
11 depending on the particular program or provision that  
12 is under the stimulus package.

13 And you're right, just like anything here at  
14 the State level, if the Legislature does something  
15 this year, they could change it next year. So how  
16 you plan for that is a little difficult.

17 But the bottom line is, some of the tax  
18 provisions are for a couple of years. Some of the  
19 spending provisions are for 1 year. Some of the,  
20 like the bond, the bond tax credit, bond provisions  
21 for States and municipalities to fund certain types  
22 of projects, carry forward to the year 2019.

23 So it just depends on the section of the  
24 bill as to what timeline it is being created for, and  
25 it could be anywhere from 1 to 10 years.

1           REPRESENTATIVE HENNESSEY: All right. Thank  
2 you.

3           CHAIRMAN SAYLOR: Representative Denlinger.

4           REPRESENTATIVE DENLINGER: Thank you,  
5 Mr. Chairman.

6           And thanks to you both for your testimony.  
7 It's appreciated.

8           I wanted to go back to a comment made by  
9 Representative Pitts earlier on, and that was in  
10 regard to the purchase of debt by -- I guess the  
11 Treasury bought Federal Reserve debt, and your  
12 comments about that were troubling, because the only  
13 way that that debt can be paid is by expansion of the  
14 money supply -- in essence, printing more money.

15           CONGRESSMAN PITTS: Yes.

16           REPRESENTATIVE DENLINGER: Do I understand  
17 it correctly that the direction there was caused by  
18 the failure of an auction, that other countries were  
19 in fact no longer willing to purchase our paper and  
20 that is what necessitated that transaction?

21           CONGRESSMAN GERLACH: It is my understanding  
22 -- we talk a lot about this on the Financial Services  
23 Committee -- every time we have gone to auction for  
24 the sale of our bonds, we've had buyers. But there  
25 is a very serious question, particularly not only

1 with how much debt we are compiling but what other  
2 countries are compiling as well at the same time that  
3 they are going through this economic situation.

4           There have been a couple of instances in  
5 Europe where as they have been trying to sell their  
6 debt, there haven't been buyers. I think two times  
7 maybe in Germany that has occurred and maybe once in  
8 England.

9           So the question is, what happens when every  
10 week or 2 weeks you go into a room at the Department  
11 of Treasury next to the White House where this debt  
12 is sold, what happens if you go in that day and  
13 nobody buys the debt? What happens?

14           Well, you still have the obligation under  
15 the legislation that was passed. It is at that point  
16 that people are very concerned that we will no longer  
17 be able to sell debt, and therefore the only way to  
18 spend the money that is authorized under the  
19 legislation is to print more money, and then that has  
20 hugely negative impacts from an inflationary  
21 standpoint on our economy.

22           So as the economy worldwide continues to be  
23 in recession, as we are here in the United States,  
24 and there is more and more debt being compiled by the  
25 other industrialized nations and there are fewer and

1 fewer borrowers or buyers of that debt, there are  
2 some real troubling clouds out there if we don't get  
3 our own fiscal house in order.

4 REPRESENTATIVE DENLINGER: Is it the  
5 viewpoint of the Republican Caucus and perhaps the  
6 two of you that in fact that will become the limiting  
7 factor for Obama?

8 I mean, it is one thing to pass, you know, a  
9 \$3.6 trillion budget, but it is another thing  
10 entirely to fund it and actually see it roll through.

11 Do you believe that limitations on other  
12 countries or other individuals purchasing our debt  
13 will in fact bring that back under control in time?

14 CONGRESSMAN GERLACH: It is going to get  
15 everybody's attention if it happens, I'll tell you,  
16 it really will, and it is a very worrisome thing when  
17 nobody wants to buy our debt.

18 Right now -- Joe, you probably have a better  
19 handle on it -- in this last fiscal year's budget of  
20 about a little over \$3 trillion, about \$600 or  
21 \$700 billion of that was just interest on the public  
22 debt.

23 So that is how much is being spent by  
24 taxpayers just to pay the existing indemnity of our  
25 nation, and then we are finishing this year with over

1 a trillion-dollar debt. The stimulus package is  
2 \$1.2 trillion in debt.

3 The budget proposal by the Obama  
4 Administration over 5 years doubles the current  
5 amount of our national debt. All that has to be  
6 borrowed through bonds to be paid off incrementally  
7 each year as part of the budget. Or if nobody buys  
8 the debt, then we have to print the money to still  
9 meet our spending obligations.

10 And we had no discussion of that as this  
11 legislation is moving through the process -- nothing.  
12 No hearings; no experts telling us what the impact on  
13 our economy is going to be; what it means for your  
14 children or grandchildren -- nothing.

15 And I just find it mind-boggling that we can  
16 be voting on this kind of legislation with less than  
17 12 hours' notice without any real significant  
18 discussion on what the impact of this is on our  
19 nation and our future generations. It is just  
20 mind-boggling.

21 CONGRESSMAN PITTS: And with the budget that  
22 we passed this past week, there were some tax  
23 increases that were assumed in that bill.

24 All of the tax decreases that we passed in  
25 '01 and '03 will snap back to the old levels. So

1 your marginal rates, you know, your marriage penalty  
2 tax, your child tax credit, will be cut back in half.  
3 The death tax will jump back up 55, 60 percent.

4 He has also proposed reducing the amount for  
5 charitable deductions for certain income levels and  
6 mortgage interest deductions.

7 There will be increasing pressures on the  
8 Democrats to raise the tax rates to fund some of  
9 their programs if we have a problem on the  
10 international bond market.

11 REPRESENTATIVE DENLINGER: And then beyond  
12 debt, I am wondering, obviously Congress has gone to  
13 the well a number of times with these stimulus  
14 programs, but at some point public reaction starts to  
15 push the other way.

16 And I'm wondering, I guess for a statement  
17 of just your opinion, is there starting to be a  
18 growing concern within particularly the Democratic  
19 Caucus and among the Blue Dogs over these continual  
20 programs that come forward?

21 Do you think if the President came to  
22 Congress in short order requesting another stimulus,  
23 could he in fact get it through?

24 CONGRESSMAN PITTS: I tend to think that he  
25 might be able to get one more.

1           The Blue Dogs do make -- they do express  
2 some concern, but in the final analysis, most of them  
3 capitulate.

4           So I think they have got the numbers. We  
5 only have 178. It takes 218 to pass a bill. They  
6 have got 257, is it?

7           CONGRESSMAN GERLACH: Yes.

8           CONGRESSMAN PITTS: So, you know, they have  
9 got plenty of votes to do whatever they wish at the  
10 present time, even if they lose 20 or more Blue Dogs.

11          CONGRESSMAN GERLACH: I think it depends on  
12 how they make the proposal. I think there is not an  
13 appetite anymore among the general public just to  
14 throw another couple hundred billion dollars at a  
15 problem and not have the kind of oversight and  
16 transparency that should be part of that.

17          And I think with the fact that you see folks  
18 like Senator Evan Bayh of Indiana now forming this  
19 Senate Democrat group that will really be taking a  
20 hard look at some of these proposals, both the budget  
21 resolution and things like the health-care reform and  
22 the cap and trade, but also any additional bailout or  
23 stimulus or TARP kind of program, it might be a lot  
24 harder to pass that kind of package again than people  
25 think, because I just think the American public is

1 pretty fed up with it.

2 REPRESENTATIVE DENLINGER: I agree. Thank  
3 you.

4 Thank you, Mr. Chairman.

5 CHAIRMAN SAYLOR: Representative Barrar.

6 REPRESENTATIVE BARRAR: Thank you,  
7 Mr. Chairman.

8 And thank you, Congressmen, both of you,  
9 for your courageous vote against this stimulus  
10 package.

11 Can I ask you, as you can tell, we are  
12 really thirsty up here for information about this  
13 stimulus package. There are a lot of new Web sites  
14 that have popped up, probably I count 20 or 30 at my  
15 best guess.

16 Which ones -- do you recommend any to your  
17 constituents? Which ones would have the most  
18 accurate information?

19 I always goes to *stimuluswatch.com* --  
20 I think it is *.com* or *.org* -- is where I have  
21 been getting a lot of my information. But  
22 before---

23 CONGRESSMAN GERLACH: We use this  
24 *recovery.gov*, although that's the Administration's  
25 Web site.

1 CONGRESSMAN PITTS: *.org; recovery.org.*

2 CONGRESSMAN GERLACH: Is it *.org*?

3 CONGRESSMAN PITTS: Yes.

4 CONGRESSMAN GERLACH: Okay. That is where  
5 we are passing them to.

6 I can't vouch for the accuracy or the  
7 timeliness of the information that is on there at any  
8 given time, but that's the best thing that we know of  
9 to be steering people toward. But there might be  
10 other Web sites that are just as good if not better,  
11 but that's the one we have been steering our  
12 constituents to.

13 REPRESENTATIVE BARRAR: Now, I just want to  
14 make sure, as I get people calling me, and I do get a  
15 lot of calls from people asking me to vote against  
16 it, and I try to explain the separations here.

17 But let me hit on another issue. I wanted  
18 to follow up on Representative Metcalfe's question  
19 about cap and trade.

20 You talked about the money that would be  
21 generated, the tax revenue that would be generated  
22 from cap and trade. Would that be a dedicated tax?  
23 Is that going to be dedicated to renewable energies  
24 and, you know, those types of programs, or is it just  
25 going to be a General Fund tax?

1           CONGRESSMAN PITTS: They are discussing that  
2 as we speak. There is some disagreement over whether  
3 it should be dedicated or whether they can use it to  
4 help fund other programs in the budget.

5           But I know my Chairman, Chairman Waxman, has  
6 said he very much wants it to be dedicated, used only  
7 for alternative energy.

8           REPRESENTATIVE BARRAR: Will any of that, in  
9 your current discussions, if you know, will any of  
10 that money go to the United Nations?

11           I understand that a large portion of that  
12 would go to the United Nations for them to promote  
13 alternative energy and energy independence around the  
14 world.

15           CONGRESSMAN PITTS: I'm not aware of that.

16           REPRESENTATIVE BARRAR: Okay.

17           CONGRESSMAN PITTS: I haven't heard that.

18           REPRESENTATIVE BARRAR: Okay. I just wanted  
19 to check and make sure.

20           Joe, jumping to the auto industry bailouts,  
21 do you think that government policies of the past  
22 have had an impact on and have probably caused the  
23 need for the bailouts for the auto industry, being  
24 some of the trade agreements that we have entered  
25 into, the cafe standards?

1           I have a good friend of mine who owns an  
2 American car company; he owns a dealership, and he  
3 talks about the disadvantage they are at with foreign  
4 car companies where a company like Kia last year was  
5 allowed to dump 58,000 cars into the United States  
6 but where Chrysler, the American car companies, are  
7 only allowed to sell 5,000 cars per auto maker in the  
8 United States. In Korea, they can only sell 5,000  
9 cars each.

10           Are we looking at anything to try to bring  
11 these trade agreements into balance?

12           CONGRESSMAN PITTS: Well, unfortunately,  
13 this Administration has not been very interested in  
14 passing trade bills.

15           We have a number that have been on our  
16 calendar for the last year, and we haven't been able  
17 to get them because they are interested in dictating  
18 in the countries certain labor and environmental  
19 standards in these agreements before they would have  
20 a trade agreement.

21           So I think, yes, we have inflicted some of  
22 the damage on our own companies, our own  
23 manufacturers, as far as cars and trucks are  
24 concerned.

25           And free and fair trade, you know, it should

1 be a two-way street. I mean, we should not be able  
2 to not react when a country does specific tariffs on  
3 our products. We should be able to respond to some  
4 degree.

5 But I think that some of the damages have  
6 been done by the U.S. Congress.

7 REPRESENTATIVE BARRAR: Yes. I probably was  
8 more supportive of the bailout of the auto industry  
9 than the financial institutions.

10 When the financial institutions started to  
11 go under, were there any discussions of going back --  
12 if you remember George Bush the first with the S&L  
13 and thrifts, the collapse, the type of bailout,  
14 basically the way it was handled by the Bush  
15 Administration, you know, the first Bush  
16 Administration.

17 Were there any talks of going back to like  
18 forming a resolution trust corporation, putting the  
19 bad banks out of business and taking the good assets  
20 and selling them off like we did with the S&L  
21 debacle?

22 CONGRESSMAN GERLACH: Yeah, I think that was  
23 raised in our conference meetings, why not do a  
24 resolution corporation kind of thing and put all the  
25 toxic assets and troubled assets in that one entity

1 and allow that entity to figure out when the time was  
2 right to resell them back into the public and get a  
3 return on them.

4 But I don't recall specifically why that was  
5 not ultimately pursued by Secretary Paulson. I think  
6 he wanted to see more of an auction process whereby  
7 each particular institution could sell off its toxic  
8 assets through an auction process without creating  
9 another government entity to take those assets and do  
10 it itself at some future date.

11 But as we well know, after the passage of  
12 the TARP bill, they very quickly, the Administration  
13 very quickly changed on its approach, and instead of  
14 using the TARP moneys for the purchase of those toxic  
15 assets, because they couldn't figure out how to value  
16 them, and therefore, how much do you spend for them,  
17 they moved towards the purchasing of preferred stock  
18 in these institutions as a way to capitalize those  
19 institutions.

20 So for months and months, you know, the  
21 toxic-assets discussion was off the table. It was  
22 just about purchasing stock to recapitalize banks.

23 Now Secretary Geithner has come back and  
24 said, now we are going to put in place a way for  
25 these toxic assets to be valued and to be sold, and

1 that is what the Administration is moving forward now  
2 with under the Department of Treasury.

3 But again, it's not setting up a separate  
4 entity; it is going to be under the Treasury  
5 Department.

6 REPRESENTATIVE BARRAR: Is there any  
7 discussion at this point, I mean, we are plunging our  
8 country into so much debt. Is there any talk of how  
9 we are going to handle the entitlement problem that  
10 we are faced with?

11 I think when people that are as old as  
12 Representative DiGirolamo, who was born in 1950,  
13 start to get close to---

14 REPRESENTATIVE GERLACH: He went back to his  
15 office to take a nap.

16 REPRESENTATIVE BARRAR: Is he still here?

17 REPRESENTATIVE GERLACH: No. We shouldn't  
18 say that about Gene.

19 REPRESENTATIVE BARRAR: Oh, I thought he was  
20 still here. But we know he is close to Social  
21 Security age. So am I.

22 CONGRESSMAN PITTS: You raise a good issue.

23 If you look at what people consider as  
24 mandatory spending, entitlements -- Social Security,  
25 Medicare, Medicaid -- and in a time of war, defense

1 and homeland security, that comprises about  
2 82 percent of the Federal budget. Only 18 percent is  
3 discretionary funding.

4 So, you know, until we deal, start dealing  
5 with the so-called mandatory entitlement spending, we  
6 are not going to get our fiscal house in order. That  
7 is a third rail of politics.

8 You saw Bush who proposed restructuring and  
9 saving and strengthening Social Security with  
10 personalized security accounts. He had his head  
11 handed to him, and Congress lost the will to do  
12 anything about that.

13 So although the programs need to be saved  
14 and strengthened, there needs to be some reform, and  
15 until we deal with that, we are not going to get our  
16 fiscal house in order.

17 REPRESENTATIVE BARRAR: Great. Thank you.

18 Thank you, Mr. Chairman.

19 CHAIRMAN SAYLOR: You're welcome.

20 I have three more Members or four more  
21 Members to be recognized. These Congressmen have  
22 very busy schedules and need to get back to  
23 Washington.

24 I would ask Members if they could limit  
25 their questions to one, if we can keep this moving so

1 we can get the Congressmen out here to meet their  
2 next appointments.

3 Representative Sonney.

4 REPRESENTATIVE SONNEY: Thank you,  
5 Mr. Chairman.

6 Thank you, Congressmen, for being here.

7 So now you want to limit it to one question?

8 CHAIRMAN SAYLOR: My apologies.

9 CONGRESSMAN GERLACH: He didn't say what the  
10 length of the question could be.

11 REPRESENTATIVE SONNEY: I know.

12 You know, when we hear of the stimulus  
13 package, you know, a great buzzword is  
14 "infrastructure." It is something that I think most  
15 people can understand; it is something that people  
16 can feel -- roads and bridges. You know, we drive  
17 over them and drive on them every day.

18 And I don't think you can hardly turn on a  
19 news program and you don't catch that buzzword out  
20 there, but yet you made the comment that, you know,  
21 4 percent of this money is going for infrastructure.

22 It is kind of a twofold question,  
23 Mr. Chairman, but, you know, where is the bulk of  
24 this money going to be spent then, and also, you  
25 know, where is the job creation coming from?

1           CONGRESSMAN PITTS:   Okay.

2           Of the 18 -- I thought it was \$18.2 billion  
3 but whatever, \$16 to \$18 billion for Pennsylvania,  
4 about \$1.4 billion is for transportation -- about  
5 \$400 million for mass transit, about \$1 billion for  
6 highways and bridges.

7           So you can do the percentages there. It is  
8 not a high percentage. So I think we still have some  
9 major concerns about infrastructure spending.

10          By the way, this is the year for  
11 transportation reauthorization. Every 6 years,  
12 Congress passes a transportation authorization act  
13 before they do the appropriations.

14          The last time it was called SAFETEA-LU. It  
15 is used to be ISTEA. You remember the cycles. So  
16 this is the year for our transportation authorization  
17 bill, which by the end of September we should have  
18 passed, if we do it on time.

19          We face the danger of becoming a donor State  
20 rather than a donee State. The last time we managed  
21 in the negotiations -- and to be fair, Bud Shuster  
22 and Rick Santorum deserve a lot of the credit for  
23 this. We get back a dollar 13 for every dollar we  
24 send down there, so we are a donee State.

25          We don't have the Bud Shusters as Chairman

1 of the Transportation Committee now, so one of the  
2 things we are really concerned about as a delegation  
3 is that we have good negotiations so that we are held  
4 harmless so we don't have major losses as far as a  
5 great deal of the Federal funds coming into PENNDOT  
6 for the Transportation Committee in the formula for  
7 Pennsylvania. That is something that is on all of  
8 our minds right now.

9           There are great needs as far as  
10 infrastructure, and as you see a declining tax  
11 revenue occurring, the whole idea of being able to  
12 have, you know, the amount of funds necessary to  
13 capture and spend a lot of this money.

14           So we have got some major problems to deal  
15 with. I'm not sure what the answer is. I don't  
16 think the answer for our party is to go out there  
17 with a proposed tax increase.

18           One thing we did about 25 years ago in the  
19 State House, I remember, was to pass something -- I  
20 think it was called an oil franchise tax, where you  
21 make it revenue neutral and you lock in what is  
22 called a percentage, and so with the market changing,  
23 the amount of money changes.

24           There was a provision so that it couldn't go  
25 over a certain amount or under a certain amount. I

1 think there were some provisions like that in the  
2 bill.

3 But you might take a look, I think it was  
4 called the Pennsylvania oil franchise tax about  
5 25 years ago that some of our cents per gallon is  
6 based on that. And that might be one of the things  
7 we could do rather than come in with a 5-, 10-,  
8 15-cent proposal gas tax, which I do not think  
9 politically is viable.

10 REPRESENTATIVE SONNEY: Where does the job  
11 growth come from from the stimulus money? Where does  
12 the Administration perceive that there is going to be  
13 job growth out of spending \$780 billion?

14 CONGRESSMAN PITTS: Do you know?

15 CONGRESSMAN GERLACH: Well, certainly some  
16 of the highway work that will be done, bridge and  
17 transit work.

18 There is some other infrastructure stuff in  
19 here, not a lot of money -- \$4 billion for clean  
20 water, State revolving funds for wastewater treatment  
21 projects.

22 And \$4 billion sounds like a lot of money;  
23 it is a lot of money, but the city of Reading itself  
24 has about a \$400 million wastewater project it needs  
25 to complete just itself. So if you look at the

1 entire nation's need for wastewater projects, it's  
2 not a lot.

3 Two billion dollars for safe drinking water,  
4 a revolving fund---

5 REPRESENTATIVE SONNEY: But the job growth  
6 is really for infrastructure improvements.

7 CONGRESSMAN GERLACH: Yes,  
8 infrastructure, and then you have your electricity  
9 grids---

10 REPRESENTATIVE SONNEY: The problem is that  
11 in the overall spending, infrastructure is such a  
12 small percentage.

13 CONGRESSMAN GERLACH: Right; exactly.

14 That's why we're not so sure that  
15 3.5 million jobs will be saved or created under this  
16 proposal, and we never saw the significant empirical  
17 data that would convince us of that.

18 REPRESENTATIVE SONNEY: Thank you.

19 CONGRESSMAN GERLACH: Sure.

20 REPRESENTATIVE SONNEY: Thank you,  
21 Mr. Chairman.

22 CHAIRMAN SAYLOR: Thank you.

23 Representative Gingrich.

24 REPRESENTATIVE GINGRICH: Thank you,  
25 Mr. Chairman.

1           And thank you, Congressmen, and I'll try to  
2 be brief because it's almost time for my nap as well.  
3 I'm in Gene's category.

4           Clearly, gentlemen, there is nothing clear  
5 at all about this recovery package, and I really have  
6 to ask you, because I wonder, who would dare to call  
7 themselves Blue Dog anymore under the wrath of  
8 Speaker Pelosi? I think they need to be  
9 resuscitated. So I hope that they are still there.

10           We have talked a lot about, you can tell  
11 where the priorities are here. In Pennsylvania, we  
12 are both, I think, blessed and cursed by our history  
13 and our heritage.

14           We certainly are one of the oldest  
15 structured governments, so we should know better. We  
16 don't always. But it also means we are very old, so  
17 when we look at the infrastructure needs, and I want  
18 to talk a little bit about the water and sewer  
19 issues, too -- thank you for bringing up those exact  
20 amounts -- but those need to be real priorities for  
21 us, not just in job creation but being able to  
22 function with the limited manufacturing we have left  
23 and businesses of all sorts as well as individuals  
24 who want to be able to flush in their homes. That is  
25 equally important.

1           My question is, how do we find our voice  
2 here? We have talked about a lot of priorities from  
3 the Pennsylvania side. We have talked about this  
4 oversight committee. But I still don't have any idea  
5 how we have our voice heard in the lineup of priority  
6 issues; how the money should be spent.

7           Is there going to be some strength in this  
8 oversight committee? Does it have to be done by  
9 statute?

10           Of course, serving in the minority doesn't  
11 make me feel real good about getting our voice heard.  
12 Do you even know at this point how we can make this  
13 happen the right way here in Pennsylvania and what  
14 our resources are to do that?

15           CONGRESSMAN GERLACH: Wow, that's a great  
16 question.

17           I don't have a specific answer, but I would  
18 think the more involved the Legislature is in that  
19 process, the better, the more eyes and ears that  
20 are looking at these dollars, how they are being  
21 spent.

22           And maybe even being spent correctly, as I  
23 alluded to some moments ago, that doesn't mean you're  
24 also not going to come up with some great ideas on  
25 how to do it better for the next budget year.

1           So just by looking at how these dollars are  
2 being spent, making sure they are being done for the  
3 right thing, but also using that same process to come  
4 up with better ways to undertake governmental  
5 services for the future could be a very positive,  
6 positive thing.

7           Under Governor Ridge, there was the  
8 Pennsylvania Impact Commission, and I served on that  
9 when I was in the State Senate. We came up over a  
10 5-year period with ways to save \$7.6 billion, if all  
11 of the recommendations of the commission were  
12 followed through on and implemented.

13           Very few actually were implemented, and a  
14 lot of them are still out there and probably could be  
15 implemented now.

16           But it was a great exercise in looking in  
17 the mirror collectively as a State Government and  
18 saying, you know, here we are; how can we make things  
19 run better for the tax dollars we are getting, be it  
20 Federal dollars coming or the ones we generate  
21 through our own revenues?

22           And I think in some ways this oversight  
23 committee, if the Legislature really grabs hold onto  
24 it and participates in it in a very meaningful way, a  
25 lot of good can come from it, not only in terms of

1 the dollars being spent from the Federal Government  
2 but just overall how State Government could be made  
3 to run more effectively here in Pennsylvania. So it  
4 might be a good opportunity for you.

5 REPRESENTATIVE GINGRICH: That would be a  
6 terrific advantage.

7 I'm, of course, just wondering where the  
8 strength in the decisionmaking comes, but we'll hang  
9 tight and make sure that we do all we can.

10 Thank you.

11 CONGRESSMAN GERLACH: Thank you.

12 CHAIRMAN SAYLOR: Representative Delozier.

13 REPRESENTATIVE DELOZIER: Thank you.

14 And Mauree is obviously on the same  
15 wavelength as I was on.

16 But my comments basically come from the idea  
17 of the stimulus creating jobs, and I think the  
18 unforeseen is the consequences of the stimulus and  
19 the long-term effects.

20 Two of the biggest issues that I have heard  
21 about in the district the most, and we have talked to  
22 our superintendents on the school funding, is with  
23 our Governor having switched out his increase,  
24 proposed increase, for education with stimulus  
25 dollars.

1           So these increases for these educational  
2 budgets, the schools will still have the funds they  
3 need to spend, but in 2 years when the stimulus money  
4 is no longer there, they will be back to this year's  
5 dollars in their budget levels.

6           And we will be, as the Legislature and the  
7 new Governor at that time, will be left holding the  
8 bag in the sense of you are cutting education if we  
9 don't make up those funds with State dollars.

10           Our Governor has shifted those State dollars  
11 to other priorities in his mind, starting new  
12 programs and then spending that money elsewhere. So  
13 it's not like the money is there for us to use down  
14 the road.

15           Keeping that voice, I guess, is really --  
16 the other side of it is with the strings that are  
17 attached to it, unemployment compensation and  
18 expanding those that are covered.

19           We will now then -- it is estimated up over  
20 \$50 million additional spending will need to occur in  
21 2 years in order to maintain those entitlements that  
22 you referred to earlier, those that are under those  
23 new covered employees or those that have lost their  
24 job. And in this economic time, we need to make sure  
25 we are covering our employees and making sure that we

1 are giving them job training and sustaining them.

2 But I guess it is more a perception from  
3 your perspective, having had State experience.  
4 Obviously you are a little biased that way as well;  
5 you have that background. Have you heard other  
6 States in how they are going about -- some are  
7 rejecting it, as you mentioned.

8 Our Governor has absolutely no desire to do  
9 that whatsoever and has been quoted as saying he will  
10 take what is being rejected by the other States as  
11 well.

12 So it concerns us when it comes to spending.  
13 You know, we are trying to reign in spending and the  
14 spending keeps ballooning, and in 2 years when the  
15 stimulus money is gone for most of it, we will be  
16 really in more of a hole, I believe, than we are  
17 now.

18 So I am asking if you have heard from others  
19 who have stimulus or oversights. Have you heard  
20 other States, you know, are they handling it a  
21 particular way with these additional strings that are  
22 being attached to some of these programs and  
23 something we could learn from possibly or  
24 investigate.

25 Thank you.

1           CONGRESSMAN PITTS:  If I were in the  
2   Legislature, I think you should consider being a  
3   little bit more aggressive as far as setting up this  
4   Oversight Commission and putting benchmarks on some  
5   of the funding and trying to eliminate wasteful,  
6   inefficient, unproductive funding.  I think the  
7   public would really probably salute you and  
8   appreciate that.

9           You may have a little tug of war with the  
10  Governor, but it is something I think you should  
11  engage in.  And in this day and age, you know,  
12  taxpayer money should not be wasted or abused in any  
13  way, and with programs that are being given to local  
14  governments who haven't requested it, spending it on  
15  programs that they don't feel is needful, I would  
16  think the Legislature could put in some restrictions,  
17  some guidelines, some benchmarks that you could  
18  probably win on as far as the way you direct some of  
19  the funding.

20           And also be aware that programs like  
21  unemployment compensation, when the benefits end  
22  after a couple of years, it is going to force you to  
23  either kick people off the programs or come up with  
24  additional funding yourselves.

25           REPRESENTATIVE DELOZIER:  Right; right.

1           CONGRESSMAN GERLACH:  Yeah; I agree with  
2  Joe.

3           You almost have to begin planning now for  
4  the post-stimulus package budget time period and  
5  start thinking about, what will our budget look like  
6  when these dollars are no longer there, and what is  
7  the fair level and equitable level of funding for  
8  these various programs when those Federal dollars  
9  aren't here and have a dialogue about it.  Have a  
10 very open, public dialogue about it.  I think it  
11 would be great.

12          REPRESENTATIVE DELOZIER:  Because that is  
13 what the taxpayers keep coming back and saying,  
14 because we are going to turn to them again, and their  
15 frustration level, as we had mentioned, is growing  
16 and the pushback is mounting.

17          CONGRESSMAN GERLACH:  Yes.

18          REPRESENTATIVE DELOZIER:  And we keep  
19 hearing that, but we don't seem to have that ability,  
20 like you are saying, about where are our voices, as  
21 Representative Gingrich mentioned.

22                 Thank you.

23          CONGRESSMAN GERLACH:  Sure.

24          CHAIRMAN SAYLOR:  Thank you, Representative  
25 Delozier.

1           At this point, two very short questions.

2           First to Representative Reichley.

3           REPRESENTATIVE REICHLEY: Thank you,

4           Mr. Chairman. This will be short.

5           Congressmen, I just want to give you a  
6           chance to really respond and give us the benefit of  
7           your insight.

8           California, a much larger State, which is  
9           going through a similar fiscal problem, by comparison  
10          hired one individual to take on the job of overseeing  
11          a lot of the Federal stimulus and sort of being an  
12          overall auditor, a \$175,000 individual who is already  
13          engaged in some audits.

14          Pennsylvania, by comparison, has hired a  
15          former CEO at \$120,000 a year to be yet an additional  
16          oversight personnel of this stimulus commission and a  
17          public regulations flack for about \$9,000 per month,  
18          and I guess I'm curious whether you think that is a  
19          wise expenditure of money as was listed today in the  
20          Lebanon Daily News.

21          Secondly, really from just today, the  
22          Governor has announced a \$14 million, \$14.6 million  
23          from the stimulus money for projects to build fish  
24          passages at three locations on the Susquehanna River  
25          and to remove 10 dams. The Governor says this will

1 create 267 jobs in construction, fish monitoring, and  
2 services for anglers.

3 Now, I'm all supportive of fishing. My son  
4 was out fishing this past Saturday, but I don't  
5 recall live-bait jobs as one of those long-term  
6 economic stimulus situations which we talked about,  
7 and I'm wondering if you think this is a wise  
8 expenditure of \$14 million.

9 CONGRESSMAN GERLACH: It certainly doesn't  
10 sound like it. You're right.

11 And on your prior question, I think with the  
12 current oversight committee that is being formed and  
13 with Secretary Creedon being involved in that plus  
14 the accountability officer, plus I would hope both  
15 the Auditor General and the State Treasurer get very  
16 involved in overseeing the use of those dollars, they  
17 all have very effective communications offices that  
18 can very effectively issue releases periodically  
19 updating the public on what is going on with this  
20 committee and what the committee is finding.

21 So to add to the financial burden of the  
22 taxpayers and to State Government by adding another  
23 public relations person to that I don't think is  
24 necessary. I think there is plenty of capability to  
25 communicate what this committee does through existing

1 communications people.

2 CONGRESSMAN PITTS: I agree with him.

3 REPRESENTATIVE REICHLEY: Thank you,  
4 Mr. Chairman.

5 CHAIRMAN SAYLOR: Thank you.

6 Next, Representative Baker.

7 REPRESENTATIVE BAKER: Thanks, Stan.

8 And thanks for your gracious time, Jim and  
9 Joe, and for your outstanding leadership in Congress,  
10 and Joe, for being the dean of the delegation now and  
11 for your good stewardship and moral leadership, too,  
12 in Congress.

13 I have to speak to a couple hundred business  
14 and industry leaders Thursday morning bright and  
15 early, and I know this issue is going to come up  
16 about the stimulus, and that is the unemployment  
17 compensation funding and costs that could be incurred  
18 by our employers here in the Commonwealth of  
19 Pennsylvania.

20 And you mentioned earlier that it is not the  
21 government that creates jobs; it is the private  
22 industry. It is our employers.

23 What's the potential impact with that? I  
24 know that we are trying to address a very terrible,  
25 egregious problem with respect to unemployment and

1 people that are out of jobs, and in the mix is COBRA  
2 and trying to help those people that are hurting the  
3 most.

4 But is there not perhaps another consequence  
5 with regard to some of this funding that could lead  
6 to a tax increase on our employers that create these  
7 jobs?

8 CONGRESSMAN PITTS: Certainly at the end of  
9 the funding in 2 years for this program, you are  
10 going to face enormous pressures to continue, and we  
11 will face them as well, especially if the recession  
12 is long and deep.

13 The payments they come up with -- you know,  
14 more contributions from employers. So it is  
15 something they should be aware of, and you are  
16 probably going to face it most in the State  
17 Legislature, providing, you know, additional funding  
18 yourself, if the recession is long and deep.

19 We need to be thinking of policies that will  
20 help these -- if you are talking about the  
21 businesses in your Chamber -- help them have a  
22 feeling of confidence that we are going to come out  
23 of this, and the best way you can do that is tax and  
24 regulatory policy, taking some of the burden off of  
25 them.

1           You know, I think the corporate tax is too  
2 high in this country. We need to reduce it. We  
3 proposed reducing it from 35 down to 25 percent.

4           I think those kinds of messages should also  
5 be made to them, you know, making the business  
6 community feel like government, State Government,  
7 is not an adversary to come in and say, gotcha,  
8 fine 'ya, but sit down and work with them when there  
9 is a problem and work out a solution that they can  
10 live with.

11           I think that attitude should be transmitted  
12 from the State Legislature.

13           REPRESENTATIVE BAKER: Jim, I have heard  
14 that some Governors of other States may not accept  
15 the unemployment compensation funds because it could  
16 lead to increased taxes on employers.

17           What are your thoughts on that?

18           CONGRESSMAN GERLACH: Yes. Just to give you  
19 a couple of factoids on that point, if you want to  
20 mention them tomorrow. I am looking at this one  
21 section in the summary that I have.

22           There are two aspects to the unemployment  
23 insurance issue: one extending the time period for  
24 eligibility for the benefits through the end of this  
25 year, which will cost \$27 billion nationwide; and

1 then also beginning to increase the average amount of  
2 benefit by \$25 per week, and that is going to cost  
3 \$8.8 billion.

4 So roughly \$36 billion in extra costs  
5 through the stimulus package to the unemployment  
6 compensation system. That obviously is going to have  
7 a huge impact on the employers that help fund that.

8 REPRESENTATIVE BAKER: Okay.

9 Thank you very much once again for your  
10 time. If we had more time, I would love to hear your  
11 comments about the future of Social Security and  
12 Medicare, but I have to keep that one for later.

13 CHAIRMAN SAYLOR: Hopefully we'll have an  
14 opportunity to have both of you gentlemen back again.

15 The Chairman is foregoing his questions in  
16 the time that we have.

17 I did want to mention that Pennsylvania is  
18 very lucky to have both of you men as our  
19 Congressmen, and your constituents are very lucky to  
20 have two men who care as much about Pennsylvania,  
21 about the taxpayers of Pennsylvania, as you do.

22 CONGRESSMAN GERLACH: Thank you.

23 CHAIRMAN SAYLOR: And it is our hope in the  
24 Republican Caucus here, our greatest concern is that  
25 the fraud and the waste that these dollars can and

1 most likely will be spent, we believe not only in  
2 Pennsylvania but elsewhere around this country, is a  
3 shame. And our whole goal is to make sure that in  
4 the end, that these dollars are spent wisely, because  
5 these are truly taxpayers' dollars that we have  
6 mortgaged, a lot of our children's and  
7 grandchildren's future.

8           And more importantly, when these dollars are  
9 spent and they go away, and they will in 2 years,  
10 that we don't end up in Pennsylvania raising income  
11 taxes, sales taxes, and property taxes all at one  
12 time to fix what we didn't do right with these  
13 dollars in the first place.

14           Thank you very much.

15           CONGRESSMAN PITTS: Thank you.

16           CONGRESSMAN GERLACH: Thank you,  
17 Mr. Chairman. It was a pleasure to be here.

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19           (The hearing concluded at 2:46 p.m.)

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1           I hereby certify that the proceedings and  
2 evidence are contained fully and accurately in the  
3 notes taken by me on the within proceedings and that  
4 this is a correct transcript of the same.

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Debra B. Miller, Reporter

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