

Statement of Senator Ron Johnson
Ranking Member of the Senate Subcommittee on Oversight of Government Management,
the Federal Workforce, and the District of Columbia

before the Committee on Oversight and Government Reform
U.S. House of Representatives

February 15, 2012

Introduction

Good morning Chairman Issa, Ranking Member Cummings, Members of the Committee. Thank you for the opportunity to participate in today's hearing.

We are entering the fourth year of an administration that promised to cut the deficit in half by the end of its first term. The United States incurred a deficit of \$459 billion in 2008, the year before President Obama entered office. Yet the deficit grew to \$1.4 trillion in FY2009, followed by \$1.3 trillion in 2010, \$1.3 trillion in 2011, and OMB has just projected another deficit of \$1.3 trillion for 2012.

Any proposal to consolidate operations that would actually reduce spending would be welcome and should be enacted. But when placed in proper perspective to the magnitude of our budget and regulatory crisis, President Obama's requested fast-track reorganization authority looks more like an election year talking point than a serious cost cutting proposal.

Why should the American people take this proposal seriously when President Obama's FY 2013 budget adds \$10.6 trillion to our current debt level, and proposes spending \$47 trillion over the next ten years? This compares to his budget from last year that proposed spending \$46 trillion over ten years. Where are the spending cuts?

Growth of Government

The Federal Government is obese. For fifty years, from 1960 through 2008, federal spending averaged 20.2% of Gross Domestic Product. Last year, it exceeded 24%, and without reform, will consume 35%

of our economy by the year 2035. As Federal Reserve Chairman Bernanke stated in his testimony before the Senate Budget Committee last week, “this dynamic is clearly unsustainable.”

Federal spending is the visible portion of government fat. Federal regulations are the less visible plaque clogging the arteries of our economy. According to a study commissioned by the Small Business Administration, it cost \$1.75 trillion to comply with federal regulations in 2008. That amount is larger than all but eight economies in the world, and is a burden imposed by Washington on job creators each and every year.

Re-shuffling agencies, akin to rearranging deck chairs on the Titanic, will do little to slow the out of control growth of the Federal Government. Instead of saving costs, consolidation efforts could take on a life of their own. For example, while the mission of the Department of Homeland Security (DHS) is a worthy one, no one knows if the cost of consolidating 22 agencies is worth the price-tag. A 2011 study by Ohio State University estimates that the total cost to the economy of homeland security measures tops \$1 trillion. With more than 230,000 employees, DHS is now the third largest Cabinet department. Yet an unqualified audit of its operations remains elusive and unfulfilled.

And let’s face it – the Federal Government is replete with unfulfilled promises. Our \$16 trillion war on poverty is impoverishing America. In 1965, 0.3% of the population (561,000 individuals) received food stamps. Today, that number has increased to 46 million, or 14.8% of all Americans. During the same time period, the percentage of families living below the poverty line has only slightly declined, from 13.9% to 11.1%, but the absolute number of individuals in poverty has almost doubled from 24 million to over 46 million. Partly as a result of government programs making out of wedlock births financially possible, those birthrates have skyrocketed from 7.7% in 1965 to 40.6% last year - with obvious negative economic implications for those families and federal, state and local budgets.

These are not metrics of success. They are profoundly disappointing metrics of abject failure.

Conclusion

As someone new to this process, it is apparent that Washington’s bias is geared for addition and rarely subtraction. Last year proved that the current political makeup of Washington does not possess the

courage or will to adequately limit the growth of government. Enforceable spending controls, like the Commitment to American Prosperity, or CAP, Act and a Constitutional Amendment to limit the size of government, must first be passed to force everyone to negotiate spending priorities and entitlement reform. Everyone should be at the table, and everything should be put back on budget, subject to annual appropriations and 75-year solvency standards.

To address the growing regulatory burden on job creators, a regulation moratorium should be put in place until measures like the United Kingdom's "one-in-one-out" rule and the Regulations from the Executive in Need of Scrutiny, or REINS, Act can be enacted to achieve regulatory balance.

And finally, a bi-cameral Sunset Committee should be established with the sole mandate of identifying federal rules, regulations, and laws that do more harm than good and then recommending their elimination. In a government where most activities are additive, a permanent Sunset Committee would provide a formalized process for subtraction. That would be a welcome change.

Thank you for the opportunity to testify.