

PRESS CONFERENCE WITH MAJORITY LEADER,
STENY H. HOYER

Tuesday, February 24, 2009

11:00 a.m.

Mr. Hoyer. Good morning. Are we starting early or do we just we have the faithful here, is that it?

Q Compared to some people, we're early.

Mr. Hoyer. Right. Today we are meeting at 12. We will consider a few bills under suspension of the rules. It will be relatively brief. However, we will probably break after the suspension bills for the purposes of the Chamber being swept. Obviously, President Obama is speaking tonight to a joint session of Congress. It is not technically a State of the Union, as you know, but usually what a new President does.

On Wednesday we will meet at 10. We will also consider some suspension bills, and then we will consider sometime in the afternoon the consolidated appropriations bill for fiscal year 09, which is the completion of the appropriations process from last year. On Thursday we will meet at 10 and plan to consider the Helping Families Save Their Homes Act, which is a compilation of legislation from the Financial Services Committee and the Bankruptcy Committee. A major piece in there is a provision that unlike present bankruptcy law, primary homes will be able to be considered by bankruptcy judges for modification.

Next week, I expect to do the D.C. vote bill. And also next week, Prime Minister Brown will address a joint session of Congress on Wednesday. Not last week but the last week we were here, obviously we passed the Reinvestment and Recovery Act.

We've had, since then, over 750, I think 763, to be exact, various, by over 200 members in the Democratic Caucus, town meetings, meetings, speeches, et cetera, rotary clubs, I think almost all of our Members have responded that there was a positive public response to those meetings. And that is consistent with polling data that shows both Obama, who is now close to 70 percent of an approval rating, and the Democratic Congress, which has, you know, we have been -- somebody said your numbers have improved. I said are we in double digits?

Actually we are over 50 percent approval rating, which is significantly higher than we have been, and I think an indication that the American public understands that we have confronted a crisis, and that we confronted that crisis, we confronted it quickly, very substantively. I think all Americans are hoping that Recovery and Reinvestment Act has a positive impact on the economy and will help grow the economy and certainly help grow and create jobs.

Yesterday, realizing that we clearly needed to address in a very substantive way, but with also creation of additional debt, the economic crisis that confronts us, the President made it very clear yesterday that he and his administration, and wants to work with the Congress towards having fiscal responsibility to be a very important objective of our policies. The President indicated yesterday that there is going to be a follow-up to that, and in fact, he is waiting to, within the next 30 days, to have a report

coming out of that, which will serve as the basis hopefully for action as we move forward.

It was clear that there was a consensus that the costs of health care, which are somewhere in the neighborhood of \$2.5 trillion at this point in time, 20 percent of our GDP, somewhere thereabouts, is absolutely essential if we're going to get a handle on health care reform, Medicare and Medicaid costs. But the underlying costs is the escalation of health care costs significantly beyond inflationary costs.

I was in the Social Security breakout. And in the Social Security breakout, there was a very positive discussion. There were no decisions made, no task forces created, but I think it did create an environment in which many people around the room concluded that A, there was a real challenge; B, that the earlier we act, the better; and C, that there was a basis for a bipartisan agreement. Clearly, major entitlement reform of any type, and fiscal responsibility for that matter, is difficult to implement without bipartisan cooperation.

The President, in response to a question about bipartisanship, said that obviously the majority was in a position to put forth its policies proposals but clearly it ought to as well, discuss with and engage the minority, and the minority had a responsibility to engage constructively. I think we all agreed with that. I hope we will continue to establish a basis to do that.

This week we will consider the omnibus appropriation bill. This, as I said, completes 12 appropriations bills. We have already done three. Nine are included within the omnibus. I want to use a quote from I thought I had it in front of me. Where is the quote, Katie? Oh, it is right here. It is in front of me, from Mitch McConnell because I think this is on the point of House Republicans just saying that somehow they weren't included. For the most part, these bills have been marked up in subcommittee with everybody's participation; for the most part, they have been marked up in full committee with debate and discussion. They weren't reported to the floor. As you know, there was a real fight that went on with reference to amendments as it relates to energy, which was unfortunate that we didn't follow the regular order and couldn't get to where we needed to be, particularly with the Republican President who said either do it my way or we're not going to do it.

Senator McConnell said that and I quote, well, the omnibus is and then "the nine appropriations bills from last year, that have," and I quote, "already been vetted, been looked at by both Democrats and Republicans, and could pass on a largely bipartisan basis very quickly." That is what we're considering tomorrow. These bills were essentially all marked up and agreed to by the Appropriations Committee, by December 19 of last year. That is what he was referring to on January 4. It is my understanding from Senator Reid that he and Senator McConnell agreed to proceed,

I'm not suggesting that anybody has said they're going to vote yea or nay, I don't know that, but, it is my belief that Senator McConnell, in fact, is reflecting accurately, that there has been bipartisan work on these bills.

Lastly on housing, clearly, the President last week announced a new, or Secretary Geithner announced the administration's efforts to engage in the housing crisis that confronts us. Democrats have been critical, as you know, that more of the TARP funds were not used in the first tranche of TARP funds to intervene in the housing market to stabilize the housing market, housing prices and to assist those who are facing foreclosure and those being forced out of their homes.

The bill that we'll consider allows bankruptcy judges to modify mortgages, as I said, ensures predatory lenders are blocked from participating in the FHA home mortgage insurance program, and permanently increases the FDIC's insurance to the 250,000 level which has been included previously in emergency legislation, was included in the omnibus, excuse me, in the recovery, and is made permanent in this piece of legislation. We believe this complements the Homeowners' Affordability and Stability Plan announced by President Obama, which, as you know, dedicated \$50 billion from the TARP funds and \$25 billion from Fannie and Freddie to intervene and try to help in the recalculating and modification of existing mortgages that are on the brink of foreclosure.

We have passed out papers, I will end with this -- oh, no, let me end with this. I have had a number of staff changes, I think you probably noticed them. Some are simply promotions and the assigning of additional duties of people who work for me and some are new people on our staff. Stacey Bernards, whom all of you have worked with who has been my press secretary and then communications director, and is now my deputy chief of staff, she will still be a resource for you, but Stephanie Lundberg -- Stephanie, I think all of you know Stephanie -- is going to be handling energy, health care, housing, and district press and politics "district," meaning Maryland and local, on local issues. Katie Grant, deputy press secretary, is handling the floor, economy, fiscal issues, national security and education. So the duties that Stacey did are essentially we have split them and they will be handling your direct questions, direct interface, but as I said, Stacey Bernards is now the deputy chief of staff, will be available to you as well. We've added two new staffers, John Hughes, who is a senior policy adviser handling financial services, housing and trade. John is not in the room. John has worked for the Financial Services Committee, Barney Frank. I called Barney Frank up about him. He said I will hate you if you take him and my advice to you is take him. Typical Barney Frank.

So I took him. I hope he doesn't hate me. And then Amy Schultz has been added as a senior legislative assistant handling labor and education. She replaces Ivana Alexander, who is now

legislative director for Kathleen Dahlkemper.

We handed out two handouts. I know you find these compelling. Oh, absolutely. Why did I skip over that? Very, very important. Thank you very much. I indicated promotions, Alejandro Perez, whom I think all of you know as my floor director, is now at the White House with Dan Turton as a House liaison for the White House. Alexis Covey-Brandt has been his deputy, and I promoted her to the floor director's position. And I don't know whether she is the first woman floor director. We ought to find that out. But in any event, I think most of you know her or have seen her on the floor.

These two handouts deal with essentially both trying to get our House in order fiscally and dealing with the omnibus and particularly earmarks, which are always of great interest to people. All right your turn.

Q Mr. Leader, a few minutes ago, Chairman Frank proposed that the military budget be cut by \$160 billion dollars, including a three-quarter cut in the nuclear forces budget, cutting it from about \$20 billion to \$5 billion. Is Democratic leadership on board with this plan?

Mr. Hoyer. No. That is Mr. Frank's opinion. Mr. Frank is one of our most able Members. He has had similar proposals over the years. So this is not a new proposal of his. I think, clearly, Mr. Skelton, who is our chairman of our authorizing committee and Mr. Murtha who is chairman of our Appropriations

Committee and their committees, as well as the Appropriations Committee, generally will be looking carefully at the defense structure. I think Secretary Gates has indicated and Admiral Mullen, chairman of the Joint Chiefs of Staff, have all indicated that we need to look at our defense spending our defense structure, to calibrate it based upon the threats that currently exist. I believe that there are major threats that continue to be imposed to the safety and security of our country and our citizens. But I think they're different.

So I think looking at these and recalibrating how we're investing our security money is appropriate. But I think any judgment about, that Chairman Frank's views are his views, and do not reflect any leadership position on that issue?

Q Tonight for President Obama's speech to the Members, what kind of tone do you think he should strike, particularly in terms of dealing with the economy, pessimism, optimism what are you hoping to hear?

Mr. Hoyer. I think he will reflect what he has reflected throughout the campaign, which is why I think the American people elected him President: honest, realistic, thoughtful, measured, calm, optimistic. And I think he has instilled confidence in the American public. That is why he is at 68 percent in the polls, that is why the stimulus package, the Recovery and Reinvestment package is perceived by the American public, a majority of them believe it will make a positive difference. I think he will

reflect on why it was needed and what he hopes it will do. I think he will restate the case if you will.

But I expect him, in addition to that, to deal with major issues that he dealt with during the course of the campaign. I mentioned health care costs. That is obviously a major issue that confronts us. He is very committed to education as well. I think there will be some reference to foreign policy. But I think that will not take up a major part of this speech. I think obviously it is going to be a major focus. But as you know, he has got some reports being done, particularly on Afghanistan, and also on Iraq in terms of going back to your question about the savings, clearly one of the savings that we will have, not immediately, but in the longer term, will be our redeployment of troops out of Iraq as we transfer responsibility to Iraq itself.

So I expect it to be a positive speech. I'm sure that his objective will be to instill greater optimism and confidence. Obviously, one of the major problems confronting us is, at any time like this, is what Roosevelt referred to in his famous quote "we have nothing to fear but fear itself." What he meant, obviously, was that we have to be confident and we have to confront this. And in his inaugural speech, President Obama said we have significant challenges but we can and will meet them.

Q What do you think about the prospect of the Federal Government nationalizing possibly Citigroup and other large banks?

Mr. Hoyer. I don't use that term. The implication is that

something other than what I think has been our policy and the policy of both Democrats and Republicans in the past administration and this administration, to stabilize, to undergird, if you will, to support financial institutions which may well include substantial investment in those institutions and may well have for a period of time, hopefully shorter rather than longer, the Federal Government in a position where it has a majority interest perhaps or at least a significant minority interest in some of our largest financial institutions which are suffering right now from either a liquidity problem or a capital problem or both.

But I don't think anybody is looking to nationalize the banks. I think because we believe the private sector, in America we believe the private sector works best when it is in competition and being run by the private sector.

On the other hand, it is critically important that we are sure of the soundness and stability of our financial system which means soundness and stability of some of our larger, largest financial institutions.

Q If I may, when it comes to the threshold of 50 percent plus one being crossed, should the Federal Government do it without a definitive exit plan by which stakes to sell off?

Mr. Hoyer. I think Frank, Dodd and others more expert than I are would be better plus to answer the so-called exit strategy, not so-called, but exit strategy. I understand exactly what

you're saying. I think I do state accurately, however, there is no intent by any significant number in the Congress or in the administration to want to stay in a management relationship with the financial institutions of this country.

And therefore, I think if we get to the situation where we are in the spot you suggest that there would be an intent as quickly as possible, both in terms of the financial institutions' soundness and stability, and from the taxpayers' standpoint in terms of what they invested in to get a return on their investment, would want to return to a nonmajority status in a financial institution.

Q Yesterday you mentioned that President Obama has had expressed some support for statutory PAYGO?

Mr. Hoyer. He specifically endorsed statutory PAYGO.

Q Do you expect him, A, to send up language on that idea soon and also does any of this new look at the budget so on maybe revive prospects for enhanced rescission?

Mr. Hoyer. We haven't talked about enhanced rescission. As you know, I'm sympathetic to some forms of what is called enhanced rescission, i.e., not requiring a President to veto everything, but send stuff back and it could be maybe passed by a majority of both the Houses without a subsequent veto of that legislation. But that is a wrinkle on what some propose as enhanced rescission. The President is committed to PAYGO. He said that yesterday. I think in the budget that he sends up in, as you know, initially we

will receive not a budget but a budget outline, but I expect that budget outline to reference, which will we will get on Thursday, to reference his support of the statutory PAYGO, so that there are in statute constraints that will focus us and require that if we are going to spend and not pay for it that there needs to be procedures to provide for that.

In other words, the regular order will be that we pay for things. And the President is committed to that. I think he will reference that in his budget. Now whether he sends up legislation on that, we're working on legislation ourselves.

Q Mr. Leader, on entitlement form, it seems like there were two tracks, this was progressing down one to have this done here through the legislative committee process; the other is to do it in commission off campus. Do you think that one of those is winning out over the other?

Mr. Hoyer. I think some will perceive that because there was some thought that a task force would be announced after yesterday's meeting. But the answer to your question is I think there is still a substantial majority of people will say, look, we need to accomplish the objective. The ways and means of accomplishing that objective can be subject to discussion and to a test of whether it is working. The Speaker has asked, as you know, each of our committee Chairs to look at those items under their agenda for possible action which could deal with entitlement issues and spending issues more generally. Some of us think that

is tough to do in house. But that doesn't mean it is impossible to do in house. What I think yesterday's meeting did was it didn't start but it facilitated and I think accelerated to some degree the discussions that are ongoing now among a lot of groups, a lot of groups that represent millions and millions of people who rely for instance on Social Security and Medicare, two critically important components of our support system in this country, particularly for those either who have lost health insurance, are aged, retired, so I was very encouraged by yesterday's meetings and the tone that the President set and that the participants set as it relates to Senator Conrad and Senator Gregg and Mr. Wolf and Mr. Cooper's proposals.

As you know, you may not know, but I engage support for the Gregg, for the Conrad-Gregg approach. But it is not the only approach. And I also support the approach that the Speaker has urged and that Senator Reid wants to pursue. And I'm hopeful that we can do that. And if we can't, then perhaps we need to look at an outside task force. I'm sure the President will do that.

Q At the meeting yesterday to focus on health care, it seemed that no one knows exactly how to reduce the cost of health care. Why not focus on Social Security first?

Mr. Hoyer. Well, I think Social Security is, in many ways, less complicated. I think there was not total agreement on that in the committee, but in the task force in which the breakout group in which, I have to figure out everything we call

everything, but the breakout group, I think there was a pretty broad consensus there that action was called for and that action on Social Security was less difficult, less complicated than action on Medicare and Medicaid. Medicare and Medicaid, I think it was said time and again in the larger sessions, regular sessions, but also I understand the breakout group dealing with health care that Medicaid and Medicare are not the problem.

What the problem is that health care costs are rising so quickly that those entitlements are being challenged in terms of revenues that they have to pay for the rising costs. I think that is accurate. So the conclusion one draws from that is Medicare and Medicaid reform are part of a larger picture of health care reform?

Q Mr. Leader, the Republican leaders held a press conference about an hour ago saying it is time to maintain current spending levels and we should replace the omnibus bill with a continuing resolution. And also I saw you pass out earmarks here so.

Mr. Hoyer. Did any reporter ask them why wasn't that your position in '01, '02, '03, '04, '05, '06, '07, and '08, essentially, although they started to get to it in '07, '08, but certainly during the 6 years that they had hegemony, total authority in this town, total, they increased spending at twice the rate of growth of the Clinton administration, 3-1/2 versus 7.

Now that is not an exactly, it may have been 6.9 percent, but

basically, twice the rate of growth of spending occurred during the Bush administration's hegemony in this town than it did under the Clinton administration. The President then started setting what we believed to be arbitrary "spend at my level or we don't pass the bill," no compromise, no discussion, you can discuss internals, you know everything up to that number, but that number, that is my number, you can't budge from it. This budget that we're offering now in the omnibus is within the budget that was passed last year, so that we are meeting the budget targets that we set last year. We think that is appropriate. And we think that saying things is easy. Doing them was tough for the Republicans. And a lot of Republicans think the reason they lost is because they talked a good game and played a bad one.

Q When can we expect in the coming weeks before the Easter recess in terms of bigger course of action?

Mr. Hoyer. It so happens, I think I have a card here that anticipates your question. We're going to do the D.C. vote. I feel very strongly about that. I'm glad you brought that up. As you know, I think it is contradictory at best, an undermining of democracy at worst, that the District of Columbia representing 600,000 citizens living on what was formerly the State of Maryland who are precluded from having their representative vote in the Congress of the United States. I think that is politically wrong. I think it is morally wrong. And I'm hopeful that we will correct it. I think we will pass that through the House. The Senate is

considering it today I guess. They're considering, I guess, whether to consider it today. Hopefully they will have the 60 votes to proceed on it. We passed it in the last Congress. It died in the Senate. So that will be on.

The budget, obviously, I have told you will be coming down some time between now and -- the budget outline comes down Thursday. The budget itself may not come down until April. But certainly the week of March 30, which goes into April, before the Easter break we will want to consider the budget.

The lands package that has been hanging around for some period of time that the Senate passed we hope to get that done. The national service bill, Americorps, out of Ed and Labor, systemic risk regulation that is not full regulatory reform. Clearly, one of the administration's objectives and one of ours is to look at the regulatory reform picture.

Greenspan, as you heard me say a couple of times, has admitted he made a mistake. His mistake was he thought that the financial community would be self-regulating in that it would assess the risk and would determine what risks were unreasonable and wouldn't take them. He admitted, much to his regret I'm sure, and all of our regret, he was wrong. In fact, the financial community did not self-regulate and took risks far beyond what were warranted. As a result, we find ourselves in a very deep recession. There will probably legislation on anti predatory lending. I don't expect global warming or major health or

entitlement reform to be on the table until after the Easter break at the earliest, so we're talking about, and then I hope to get into the appropriations process, I hope to do the defense authorization bill in May. Again, the lateness of the budget coming down may impact on that. But those are some of the things that we're looking at.

Q Do you mean just House consideration of the budget by Easter or full?

Mr. Hoyer. No. House. House.

Q Supplemental?

Mr. Hoyer. The supplemental, we're not exactly sure when the supplemental is going to come down, obviously, not obviously but, the advice we've received is that essentially we need to pass something before the end of May, because June they will start having a need for additional funds. So I would expect the supplemental to come down before the Easter break still in the next few weeks. But I don't know that to be the case?

Q Do you expect it to come down, and then legislative action may happen after the recess?

Mr. Hoyer. Well, no, it may occur before. It depends upon whether we have some sort of consensus on the number, and you know, what the administration needs. I don't think we feel any need to have it hang around a long time. Thank you.

[Whereupon, at 11:35 a.m., the press conference was concluded.]