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NEWS

U. S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

FOR IMMEDIATE RELEASE
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RTC FUNDING

**WHILE HOUSE DELAYS, DEPOSITORS WAIT & TAXPAYERS PAY;
INACTION COSTS TAXPAYERS \$2.8 MILLION PER DAY**

AS CONGRESS PREPARES TO LEAVE TOWN FOR A TWO WEEK RECESS, WE ARE REPEATING OUR PRIOR BRILLIANT ACTS OF PROCRASTINATION BY FAILING TO ACT RESPONSIBLY AND FUND THE RTC.

WHILE I WAS PLEASED THAT THE SENATE WAS ABLE TO TAKE ACTION ON THIS IMPORTANT ISSUE TWO WEEKS AGO, THE HOUSE HAS BEEN GRIDLOCKED IN SEEMINGLY ENDLESS ROUNDS OF POLITICAL POSTURING AND SHOWDOWNS. THE END RESULT IS THAT WHILE A FEW MAY SCORE SOME CHEAP POLITICAL POINTS, THE AMERICAN TAXPAYER LOSES AND DEPOSITORS WHO ARE WAITING FOR THE FEDERAL GOVERNMENT TO HONOR ITS PROMISE TO INSURE THEIR ACCOUNTS ARE LEFT HANGING. WE ALL KNOW THAT THE RTC IS EVERYONE'S FAVORITE PUNCHING BAG. ON OCCASION, I'VE COME TO THE FLOOR AND POINTED OUT SOME OF THE MISTAKES OF THE AGENCY LIKE WHEN THE KANSAS CITY REGIONAL OFFICE USED TAXPAYER FUNDS TO BUY ORIGINAL ARTWORK OR WHEN CHECKS WERE BOUNCED IN CONNECTION WITH THE RESOLUTION OF HOME FEDERAL SAVINGS ASSOCIATION.

BUT THE FACT THAT ONE CAN ALWAYS FIND SOMETHING GOOD TO CRITICIZE -- AND CERTAINLY GOOD POLITICS ENCOURAGES IT -- HAS NOTHING TO DO WITH THE FACT THAT CONGRESS NEEDS TO FULFILL ITS OBLIGATION TO DEPOSITORS TO KEEP THE RTC FUNDED SO THAT IT CAN CONTINUE TO DO ITS VERY DIFFICULT JOB.

DELAY DOES NOT PAY

WHEN CONGRESS TOOK A WALK ON THE ISSUE IN THE FALL OF 1990 UNTIL MARCH 1991, AND LAST WINTER, IT COST AMERICAN TAXPAYERS ANOTHER \$400 TO \$500 MILLION. AND FOR WHAT?

I CERTAINLY DON'T THINK OUR CONSTITUENTS WOULD BE SATISFIED WITH THE EXPLANATION THAT IT HELPED MEMBERS AVOID A DIFFICULT VOTE FOR A FEW MONTHS.

THE SITUATION WE ARE NOW FACING IS IDENTICAL TO THAT WE FACED LAST NOVEMBER AND IN THE FALL OF 1990.

AS OF MIDNIGHT ON MARCH 31, THE RTC WAS CUT OFF FROM FUNDS. AND WITHOUT MONEY, IT CANNOT UNLOAD THE PUBLIC TREASURY OF THE MANY INSOLVENT THRIFTS AND THEIR ASSETS THAT SIMPLY ADD TO THE COST OF THE BAILOUT. IT IS THAT SIMPLE. WITHOUT FUNDING, NO BUSINESS GETS TRANSACTED.

RTC PRESIDENT ALBERT CASEY HAS SAID THAT A THREE MONTH DELAY IN RESOLUTIONS WOULD RESULT IN UNRECOVERABLE COSTS OF APPROXIMATELY \$200 MILLION TO \$250 MILLION, WHILE SIX MONTHS OF DELAY WOULD RESULT IN UNRECOVERABLE COSTS OF APPROXIMATELY \$600 MILLION TO \$900 MILLION. THIS ALL TRANSLATES INTO A DAILY COST OF ROUGHLY \$2.8 MILLION.

(MORE)

THAT'S \$2.8 MILLION THAT BEGAN EIGHT DAYS AGO, AND WILL CONTINUE TODAY, TOMORROW, AND THE DAY AFTER THAT, AND THE DAY AFTER THAT UNTIL CONGRESS DOES A REALITY CHECK WITH THE AMERICAN PEOPLE AND STEPS UP TO THE PLATE.

RTC IS DOING ITS JOB

IT IS ALSO IMPORTANT TO NOTE THAT THE RTC IS COMPLETING THE JOB IT WAS ESTABLISHED TO DO.

IN FACT, ANNOUNCEMENTS WERE RECENTLY MADE THAT THE RTC WILL BE SIGNIFICANTLY DOWN-SCALING THE SIZE OF ITS OPERATION.

SINCE ITS ESTABLISHMENT IN AUGUST OF 1989 AND THROUGH MARCH 31, 1992 THE RTC HAS TAKEN OVER 690 THRIFTS, RESOLVED 640 OF THESE THRIFTS, AND MAINTAINED CONTROL OVER THE REMAINING 50 INSTITUTIONS IN ITS CONSERVATORSHIP PROGRAM. THROUGH JANUARY 31, 1992 THE RTC HAD DISPOSED OF ROUGHLY 66% OF ITS OVER \$375 BILLION INVENTORY OF FAILED THRIFT ASSETS.

WHILE ONE CAN ALWAYS SAY THERE IS ROOM FOR IMPROVEMENT, IT LOOKS LIKE A PRETTY RESPECTABLE TRACK RECORD FOR AN ORGANIZATION THAT DID NOT EVEN EXIST 32 MONTHS AGO.

IN ADDITION, RECOGNITION SHOULD BE MADE OF THE ROLE THAT THE RTC HAS PLAYED IN ASSISTING THE JUSTICE DEPARTMENT IN PROSECUTING THOSE SAVINGS AND LOAN CROOKS WHO HAVE RIPPED OFF THE AMERICAN PUBLIC TO THE TUNE OF BILLIONS OF DOLLARS. THROUGH FEBRUARY 29, 1992, THE DEPARTMENT OF JUSTICE HAD OBTAINED 797 CONVICTIONS, WITH 78% OF THE 628 INDIVIDUALS WHO HAVE BEEN SENTENCED RECEIVING A JAIL TERM.

CONGRESS HAS AN OBLIGATION TO THE AMERICAN PEOPLE

TODAY THERE ARE 50 THRIFTS IN THE RTC'S CONSERVATORSHIP PROGRAM AWAITING DISPOSITION. THOSE INSTITUTIONS REPRESENT 2.3 MILLION ACCOUNTS HOLDING \$24 BILLION. THE RTC TELLS ME THAT IN MY STATE OF KANSAS, THERE ARE ROUGHLY 110,000 CONSERVATORSHIP ACCOUNTS CONTAINING OVER \$2 BILLION WAITING FOR RESOLUTION.

I DON'T WANT TO KEEP THESE DEPOSITORS WAITING ANY LONGER THAN IS ABSOLUTELY NECESSARY, AND THAT POINT IN TIME OCCURRED OVER ONE WEEK AGO.

THE UNITED STATES GOVERNMENT HAS AN OBLIGATION TO STAND BEHIND THE FEDERAL INSURANCE DEPOSIT SYSTEM IT ESTABLISHED.

CERTAINLY, NO ONE LIKES VOTING MONEY TO BAIL OUT THE SAVINGS AND LOAN DEBACLE. IT'S NOT AN EASY VOTE. IT DOESN'T MAKE FOR GREAT PRESS RELEASES.

BUT IT IS ESSENTIAL THAT FUNDING ACTION BE TAKEN FOR DELAY ONLY ADDS TO THE ALREADY STAGGERING COSTS OF THE BAILOUT. AND IN THAT CONNECTION, THE AMERICAN PEOPLE HAVE ONLY CONGRESS TO BLAME.

IF THE HOUSE IS UNABLE TO TAKE ACTION TODAY WITH THE TWO BODIES THEN RECONCILING THEIR DIFFERENCES -- AND I AM A REALIST AND DOUBT THAT THIS WILL HAPPEN, THEN I HOPE THAT THE FIRST MATTER OF BUSINESS WHEN CONGRESS RETURNS IS TO FUND THE RTC.

THE PRESIDENT HAS RECOGNIZED HIS OBLIGATION TO DEPOSITORS AND TO THE AMERICAN TAXPAYER ON THIS ISSUE. IT IS NOW TIME FOR CONGRESS TO DO THE SAME.

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