

Opening Statement
Representative John Spratt
Chairman, House Budget Committee
Financing Infrastructure Investments
May 8, 2008

Good morning and welcome to this Joint Hearing of the Committee on the Budget and the Committee on Transportation & Infrastructure. Today's hearing is the first joint hearing held by these two committees. Historically, our committees have not always seen eye to eye. I hope this hearing signals a commitment to work together on infrastructure issues. Today we will put our budget and infrastructure experience together to explore how we can fund or finance capital projects in the federal budget. Our witnesses include Dr. Peter R. Orszag, Director of the Congressional Budget Office; and Ms. Patricia A. Dalton, Managing Director of GAO's Physical Infrastructure Team.

Public infrastructure is vital to our us and economy, whether we are talking about highways, mass transit, rail, aviation, drinking water, or wastewater treatment. Despite their vital importance, infrastructure investments have not kept pace with repair, maintenance, and the need for replacement and expansion. As a result, there is growing interest in how we can maintain the appropriate level of infrastructure investment.

The Transportation and Infrastructure Committee understands our infrastructure needs; after all, that's its charter. The Budget Committee wants to understand ways that we can fund or finance such investments, and how we can evaluate assorted options. Federal support for infrastructure usually comes in the form of grants embodied in authorizing legislation and funded during the appropriations process. But there are numerous means of financing. Some are described as "banks" or "revolving funds". Some increase borrowing or create new forms of borrowing. Some establish entities to manage or operate such projects.

These proposals, along with a new highway bill looming on the horizon, give these two committees a chance to put our heads together—and there are a lot of heads in this room, maybe a third of the House! We want to understand the budgetary implications, the amount and manner

by which we increase our capital investments. We want to know under what scenarios is it appropriate to consider investment mechanisms other than federal direct financing? Are there any policy tradeoffs with one mechanism or another? We need to understand the new proposals for financing infrastructure improvements – keeping in mind that there is never such a thing as a free lunch.

We hope this hearing will be a starting point for a longer and larger conversation about how to fund or finance infrastructure investments and about how to evaluate such proposals.

I now turn to Chairman Oberstar for his opening statement.