

**Transcript of Remarks by Senator Kent Conrad (D-ND)
at Senate Budget Committee hearing on President's Transportation Budget
with Deputy Transportation Secretary Michael Jackson
February 13, 2003**

Opening Statement

Thank you, Mr. Chairman. Thank you for holding this hearing. Thank you, Mr. Jackson for being here today. We appreciate your appearance.

Let me talk about what we see in this budget proposal and things that concern us, if I can, and then you can address some of these matters in your testimony, or perhaps, we can do it when we get to questions.

Let me just start with a quote from the Director of the OMB before this Committee earlier this month in which he said, "A better infrastructure is very good for the economy. When I think of highways I think of first of all the ways they enable businesses and individuals to practice more commerce. We need a good infrastructure to do that."

I personally strongly agree with the opinions expressed by the Director of the Office of Management and Budget. But, when I look at the President's budget, I see something that doesn't match the words. The President has put forth a transportation spending plan that will force states to cancel or postpone hundreds of road, bridge and transit projects at a time when they're facing their own fiscal crises. States such as Texas and Virginia have already served notice that they will be cancelling hundreds of millions of dollars in highway projects in the wake of large state deficits, and I'm very fearful that the plan put forward by the administration will only make that circumstance worse.

The President has proposed reductions of almost 11 percent below the 2002 level, and 6.7 percent below the level expected to be enacted for 2003. We can see the baseline for 2004 would be \$32.9 billion. What passed for 2003 was \$31.8 [billion], that's the Senate-passed version. For 2004, the President is proposing \$29.3 billion. That is a proposal that we are told will cut jobs by 171,000. That at the time the President is proposing a growth package to increase employment, to increase economic activity, and yet on the other hand is proposing a budget for transportation that will reduce the number of jobs by almost as much as what he's talking about increasing the number of jobs. This to me does not make sense.

Your own department issued its conditions and performance report last week. For the highway program alone, adjusted for inflation, the report says that we need an average annual federal investment of \$41.2 billion to maintain the existing interstate highway system. To actually improve the system, we would need an average annual federal investment of nearly \$53.4 billion. Yet the administration has come forward with a proposed highway funding level that starts at \$29.3 billion, and only reaches \$33.9 billion by the end of fiscal year 2009. I really question whether this is a credible budget proposal.

Mr. Jackson, I could go down a list of other cuts in the Transportation Department budget

proposal. I think the other one I'd like to focus on is Amtrak. Cutting Amtrak by 14.2 percent below what is now expected to be in the 2003 omnibus bill, that we will act on perhaps as early as tomorrow, hopefully we will. The President has proposed \$900 million in Amtrak funding, nearly \$900 million less than what Amtrak is expected to ask for in order to maintain its existing system and to avoid further delaying critical capital improvements in fiscal year 2004.

Finally, I'm also concerned about your proposal to require communities to contribute large subsidies to participate in the Essential Air Service program. I can tell you in terms of growth, economic development, the single most important thing that companies talk to me about when they're talking about operations in North Dakota, or bringing operations to North Dakota is, 'what's your air service?' And this move on Essential Air Service threatens that vital life line.

So, these are areas of concern that I hope you'll address in your testimony, or again perhaps in questions that we get to afterwards. Again, thank you for being here.

Closing Statement

Let me just conclude by saying, when you say the nation can't afford \$900 million more for Amtrak, it strikes me that this administration is recommending a \$1.5 trillion tax cut. That to me is unaffordable, and this is a matter of choices. We're going to have to make choices. I don't think it's a good choice to decide we're going to cut highway and bridge construction in this country and lose 171,000 jobs when the economy is weak. I must say that doesn't make sense to me.

I thank the Chairman.