COMMITTEE ON TRANSPORTATION & INFRASTRUCTURE
UNITED STATES HOUSE OF REPRESENTATIVES
"Investing in Infrastructure"
October 29, 2008

Chairman Oberstar, Ranking Member Mica and distinguished members of the Committee. I'm pleased to testify on this critical topic of job creation and economic recovery within the context of infrastructure investment. My views reflect my role as governor of a state heavily dependent on our transportation system as well as Chairman of the National Governors' Association's Economic Development Committee.

First, however, let me thank Chairman Oberstar for his consistent, thoughtful leadership on the nation's transportation and infrastructure issues and more specifically for his attention to my state's complex multi-modal transportation networks. As the Chairman knows, New Jersey is the most densely populated state, a corridor state, and a state that houses the largest port complex on the eastern seaboard. Without question, managing, maintaining and extending New Jersey's infrastructure is essential for the economic well being of our nearly 9 million citizens and also for our contribution to the national economy.

Let me thank my two home state Congressmen serving on this committee for their bipartisan support and attention to our nation's and New Jersey's infrastructure – Congressmen Albio Sires and Frank LoBiondo.

Mr. Chairman, two weeks ago I addressed the New Jersey Legislature on an emergency basis with regard to the State's deteriorating economic

circumstances. I laid down state initiatives that might help bridge a national recession and lay a foundation for an early and sustainable recovery. My proposals assumed a fairly deep recession with 3 to 4 quarters of negative growth and unemployment perhaps reaching 8-8.5%. The urgency of my call for action was obviously underscored by the crisis and dislocation in my region's financial services industry. In short, our real economy and outlook is deeply troubled. As you are well aware, New Jersey's challenges are indicative of a broader trend among the states and I might add – our cities and municipalities.

In my address, I told my colleagues that while we cannot stand alone against a national economic tide, under no circumstances can we stand idly by. Despite our current year's budget being $400 million in the red or that next year's revenue shortfall could reach $3.5-4.0 billion, New Jersey must act to the best of our ability to stabilize our economy. I clearly and respectfully recommend the federal government act as well. We need a substantial and timely – post election not post inauguration – stimulus package. My hope is that its total size will be in the $250-300 billion range or 1.5-2% of GDP.

It is with this backdrop that I recommend the committee work to include infrastructure investments as a critical element of any Federal effort as it was in my proposal to the New Jersey State Legislature. My proposals included three basic elements:

First, I proposed immediate help to those most vulnerable to the economic slide – i.e. the unemployed, those challenged in the housing crisis, and those struggling with the cost of food and fuel. Second, I proposed changes to

New Jersey's business tax structure to enhance our business climate, competitive position and our long term economic prospects. And, most importantly, I asked all of my cabinet and authorities units to accelerate already planned transportation and school construction projects where financeable in the next 6-9 months. This effort should pull forward $3.5-4.0 billion of incremental projects in the near term and stimulate economic activity and perhaps create as many as 40,000 jobs.

And, finally I recommended we all take the next Amtrak to Washington and ask for your help. ... That's why I am here. ... We need federal help to get through these tough times so that New Jersey and other states don't take actions that offset any stimulus you all provide or that we further compound shrinking demand for our flailing economy. To this point, I have seen estimates that state budgets could shrink substantially more than $100 billion in the next fiscal year without federal help. And that shortage could well be doubled up by local governments who are also suffering large revenue shortfalls.

Simply put we need federal aid for both operating purposes and capital investments. Housing and FMAP, waivers or DISH caps, unemployment benefit extensions, block grants, or revenue sharing are all ideas that need to be considered in a comprehensive package. Initiatives in these areas are needed to stop the bleeding.

That said, we need to turn the economy around. We need to create aggregate demand today so as to replace the sharp declines occurring in

construction and manufacturing sectors and now spreading into the service sector.

Mr. Chairman, your background paper prepared for this hearing, "Investing in Infrastructure-the Road to Recovery" lays out the compelling case for using national infrastructure investments as a means to jumpstart our economy. These investments will create jobs, improve safety, reduce congestion and improve long run national productivity. In New Jersey alone we have $1.2 B in additional construction projects ready to go within the next 90-120 days. The reality is we should be making these investments even if we weren't in a recession.

As you paper makes clear, the nation's construction industry is on its back, our infrastructure is deteriorating and in too many cases compromised. And-unfunded projects and plans are in place-"ready to go." Let's put people to work, build roads, bridges, tunnels, schools, wastewater treatment systems – even a 21st century commitment to build alternative energy capacity and implement carbon abatement policies.

Mr. Chairman, your staff estimates the $30 billion investment contemplated by HR 7110 would create or sustain more than 834,000 jobs. Let's get on with putting people to work.

Let me conclude my remarks with an observation. A stimulus program aligned with long run objectives is a win-win action. Parochially speaking, the partnership New Jersey and New York seek with the federal government building a second mass transit tunnel under the Hudson River is just such a

aligned project. This nationally significant project will put people to work today and our grandchildren will benefit too.

Mr. Chairman, we should turn this period of adversity into a time of opportunity. I support your effort and stand ready to answer your questions. Thank you.