

**Transcript of Remarks by Senate Budget Committee Chairman
Kent Conrad (D-ND) at Conference Meeting on FY 2009 Budget Resolution
May 20, 2008**

Tribute to Senator Domenici

This is a little different than most conferences because this is an historic moment. This is Senator Pete Domenici's last conference committee in the Senate Budget Committee. After 34 years of service on this committee, 22 years as the chairman or ranking member – that is an extraordinary contribution to the work of this committee, to the Congress, to the country, and we wanted to take a special moment to recognize it.

Senator Domenici is a giant in the world of budgeting for our country. His impact on the federal budget has been unprecedented. We very much respect, admire and appreciate his service. I can say for myself that it has been an absolute honor to serve with Senator Pete Domenici. With that, we will turn to Chairman Spratt for comments that he would have on Chairman Domenici, and then Sen Gregg would like to say a few words, and then we have a presentation that we would like to make to our good friend.

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Pete, I think you will remember this gavel. This is the gavel that Chairman Domenici used – I'd say to Congressman Ryan this is a serious gavel. Pete, we just want to say, all of us stand on your shoulders, and we have a plaque that is attached as well that simply says: "In Honor of Senator Pete V. Domenici, Outstanding Service on Senate Budget Committee (1975-2009), Chairman & Ranking Member (1981-2003), Presented May 20, 2008."

Pete, it is with the utmost respect that we present you with this gavel, and we hope it reminds you of the good times and the great accomplishments.

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Opening Statement

Thank you Chairman Spratt, and I will be brief.

The key elements of the proposal that we will be making to conferees later today:

- to return the budget to balance in 2012 and 2013;
- to retain the Baucus amendment providing for middle class tax relief;
- to provide a discretionary spending level of \$21 billion above the President;
- to provide no reconciliation instruction; and
- no additional stimulus package assumed.

Under the proposal that we will be making to conferees, the deficit goes down each year of the five years until we attain balance with a positive surplus of \$22 billion in 2012 and \$10

billion in 2013. Each of these five years of our proposal has spending going down as a share of gross domestic product, from 20.8 percent of GDP in 2009 to 19.1 percent in 2012 and 2013.

Similarly, debt as a share of GDP goes down each and every year of the five years as well, from 69.3 percent of GDP in 2009 to 65.6 percent of GDP in 2013.

The budget resolution does have slightly more spending than the President's plan for 2009 -- one percent more. That is total spending. The President called for total spending of \$3.04 trillion. The proposal that we will be making to conferees will be at \$3.07 trillion for 2009. As I have indicated, a one percent difference.

The budget resolution revenues are also slightly above the President's proposal. The President has called for over the five years \$15.2 trillion of revenue. In the proposal we will be making to conferees, we will suggest \$15.6 trillion to produce lower deficits and lower debt than the President. That is a difference of 2.9 percent. We believe those numbers can be achieved without a tax increase. My assumption is that when Congress is presented with the choice of raising taxes or of achieving the numbers in some other way, that they will choose a different path. I believe they will choose to go after the tax gap, the offshore tax havens, the abusive tax shelters. And to reach these numbers, they would only have to get 15 percent of what is available in those categories -- one-fifth, 15, not 50 percent, but 15 percent in order to achieve these numbers with no tax increase.

In fact, there is on net a \$340 billion tax reduction in these numbers because that is the amount of the Baucus amendment to extend the middle class tax cuts and also provide for estate tax reform.

The budget resolution also significantly invests for economic growth. It invests in energy -- creating green jobs, reducing dependence on foreign energy and helping with soaring energy prices. On education, the proposal that we will make later to conferees prepares the workforce to compete in a global economy, makes college more affordable, and improves student achievement. On infrastructure, the proposal repairs crumbling roads, bridges, transit systems, airports, and schools.

I think all of us remember very dramatically the stark disaster in Minnesota with the collapse of the bridge on 35W. I remember that well because I used to cross that bridge many times a week when my wife was in medical school at the University of Minnesota. So I think it is absolutely incumbent upon us to take steps to address the infrastructure challenges that the country faces.

With that, I want again to thank Chairman Spratt. What we have is a proposal that we will be making to conferees later, but I wanted to give you at least a thumbnail of the elements of what we will be suggesting.

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Additional Comments

Two things I would like to briefly discuss. First of all is the assertion that there is a big tax increase here. We heard precisely the same speeches last year, and now we can look back at the record and we can see what actually happened. And what happened was there was a tax reduction of \$187 billion net. So there wasn't any big tax increase. What did happen, on the record – doesn't have to be anybody's prognostication or prediction – because we can look at what has actually occurred. This Congress reduced taxes net \$187 billion. But that's not really where I want to spend my time.

I want to pick up on what Congressman Barrett has said, what Congressman Ryan has said, what Senator Domenici said, what Senator Gregg referenced, what Senator Wyden referenced, what I deeply believe.

We are on a completely unsustainable course, and the opportunity to do something about that I don't think will ever be done in the annual budget process because that is a partisan process. I think what we have to have is some special means of addressing our overall lack of balance, and it involves entitlements, it involves revenue, it involves discretionary spending, both on the defense and non-defense side.

Senator Gregg referenced that he and I have a proposal that would create a task force -- under the current split in Congress, it would mean eight Democrats, eight Republicans who would be given the responsibility to come up with a plan. It would take 12 of the 16 to agree. If 12 of the 16 did agree, that would be a proposal that would be fast-tracked for an actual vote, because as we look back at these various commissions, you know some of them come up with great ideas but they go on a shelf and never get voted on.

Congressman Barrett, I can tell you are sincere. Congressman Ryan, I know you are. I know Chairman Spratt is. We believe we are on a course that is utterly unsustainable. Congressman Edwards has been passionate on this as well.

So what do we do about it? I am in my 22nd year on this committee. I know full well the really big challenges have not been dealt with in the annual budget process. They have been dealt with through some extraordinary means, whether it was the summit at Andrews Air Force Base or it was the Greenspan Commission. And I hope we'll spend at least a little time at this conference talking about what we could do together to set a tone and a framework for next year, because I don't believe this can be kicked down the road anymore.

And what Senator Gregg and I have proposed, you know there is no magic formula to it, we spent a lot of time coming up with an agreement on something that would have merit. We're open to other ideas. But I would hope that we spend, at least some time in this conference, talking about what together we could do to prepare for what I think is an opportunity next year. And I would hate to see that opportunity lost.