

SOUNDING THE ALARM: EXAMINING THE NEED FOR A FISCAL COMMISSION

HEARING BEFORE THE COMMITTEE ON THE BUDGET HOUSE OF REPRESENTATIVES ONE HUNDRED EIGHTEENTH CONGRESS FIRST SESSION

HEARING HELD IN WASHINGTON, D.C., OCTOBER 19, 2023

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SOUNDING THE ALARM: EXAMINING THE NEED FOR A FISCAL COMMISSION

THURSDAY, OCTOBER 19, 2023

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC.

The Committee met, pursuant to call, at 10:02 a.m., in Room 210, Cannon Building, Hon. Jodey Arrington [Chairman of the Committee] presiding.

Present: Representatives Arrington, McClintock, Grothman, Smucker, Good, Ferguson, Moore, Estes, Fischbach, Yakym, Brecheen, Edwards, Boyle, Higgins, Schakowsky, Blumenauer, Kildee, Peters, Doggett, Panetta, Jackson Lee, Trone, Scott, and Espallat.

Chairman ARRINGTON. The hearing will come to order.

Today's hearing will examine the need for a fiscal or debt commission. We will hear from a panel of experts, including current and former colleagues that have been through these battles and have lived to talk about them. In fact, it is extra special to have my mentor and friend, Steve Womack, who I am now literally serving as Chairman in the shadow of this beautiful portrait behind us, and so it is an honor to have you back here in your chamber.

Senator Rob Portman, Ambassador Portman, is from Ohio. We are delighted that you are here, and he was a member of the bipartisan, bicameral Super Committee, established as part of the Budget Control Act of 2011. He also served as Director of OMB during the Bush Administration, which is where I got to know him, and he has given a lot of thought to these issues over the years. Ambassador, thank you for your time, and we welcome you here, and what is he? And an alumni of the People's House. That is why we have you here, because we can actually—you are one Senator we can trust. Well, we have two, actually.

Chairman Kent Conrad, welcome. Our friend from North Dakota has also worked on budget issues for a long time, obviously, former Chairman of the Senate Budget Committee from 2001 to 2003, and 2007 to 2013. He is one of the principal authors of legislation that served as a template for the creation of the Simpson-Bowles Commission, and he served on the Simpson-Bowles Commission and worked to advance their recommendations in the Senate. Chairman, we are delighted that you are here with us today.

Again, Chairman Womack, my dear friend from Arkansas, it was because of him that I served on the Joint Select Committee on Budget and Appropriations Process Reform. He chaired that. He is a cardinal on the Appropriations Committee and has served again

as Ranking Member and Chairman of the Budget Committee from 2018 to 2021.

And last but not least, our friend and fearless leader, once upon a time here in the Budget Committee, Chairman Yarmuth from the Commonwealth of Kentucky. He spent most of his time in Congress working on these very issues that we will be discussing today, but he served as Ranking Member and Chairman on this Committee from 2017 to 2023, was also on that Joint Select Committee, and thank you for your service, Mr. Yarmuth.

I am now going to yield myself such time as I may consume, and I am going to try to consume just a brief period of time, because we are going to be pressed, I think, to leave here by noon for a vote on the floor. I am going to speak just off the cuff here.

We have had a lot of conversations on our side, Jimmy, over the last few weeks as it relates to the leadership of our conference, and I am proud to say that we are wrestling with things of the greatest import which have to do with our fiscal health and the deterioration thereof in this country and the important and difficult things that we have to do to address it so we can right this ship and so that we can ensure that our children are in good financial stead and that they will not have to dig out of a hole of trillions upon trillions of debt. It is not right. It is immoral, and I don't think anybody on this Committee, Democrat or Republican, thinks it is acceptable.

We laid out the Reverse the Curse budget resolution. It is our job. I think one of the problems with this place is we don't do our job and we don't do it very well. We don't do it on time, we don't take it seriously, we don't have the process that encourages or forces us to do this job, and so we just don't, we avoid these difficult conversations, and it is getting more difficult, so it is easier to avoid them, and by the way, both sides do it. We don't pay for things, we don't authorize before we fund things, and it is just a big ball of dysfunction, and it is no wonder that we are at a place where we are at a \$2 trillion annual deficit clip that will double in ten years and we are at an almost \$1 trillion in interest payment clip that will triple in ten years. It is no wonder with the dysfunction and the mess of this process.

Here is one thing that I believe, I can't speak for all my colleagues, but we have to address mandatory spending, and while we are obsessing over the one-half of one-third of one year's discretionary budget—and I don't want to dismiss the fact that we ought to get our fiscal house in order—and there is waste and unnecessary spending on the discretionary side, and we ought to get after it and be stewards of the taxpayers up here. So it is not to diminish the discretionary, but it is the mandatory spending and the entitlement programs that are really driving the debt and that if we don't address them, we will truly bankrupt this country.

Now, here is the deal. If you look at it, the unfunded liability, the liabilities over the next 30 years, about \$120 trillion, 99 percent of the cost, the unfunded liability, are two programs: Social Security and Medicare, and Social Security and Medicare are critically important to our seniors, and in this budget window, they will be insolvent, and so we have to address the solvency and we have to

address the sustainability, not only for seniors today but for the future.

So it is my strong belief that the Republican Party unilaterally will not be able to solve those issues, nor will the Democrat Party in this chamber, or in either chamber, solve the issues of Social Security and Medicare. They have been too politicized and weaponized over the years. I think we need a debt commission of some sort, but we have to have a commission, a framework, a model that works, and the reason we have you here is to share with us your experience and your wisdom so that we can apply the necessary contours to whatever debt commission we can pass so that in the ultimate analysis and outcome, we have a solution that we can hold hands together in a bipartisan way and move, not only move that issue forward, but move the country forward with some peace of mind and confidence that our country is on a better path.

So that is the fundamental question as I see it. Good gentlemen, how do we do this, learning from all the different commissions, the one we served on, Steve, the 2011 Super Committee, the Simpson-Bowles, the Greenspan, how do we do this so that it works not just for this institution, but most importantly for the American people?

And with that, I yield to my Ranking Member for as much time as he may consume.

[The prepared statement of Chairman Arrington follows:]



CHAIR JODEY ARRINGTON

HOUSE BUDGET COMMITTEE

Arrington Opening Statement at “Sounding the Alarm: Examining the Need for a Fiscal Commission” Hearing

October 19, 2023

As prepared for delivery

“Good morning everyone.

Today we come together, not as Republicans or Democrats, but as concerned Americans devoted to finding solutions to the serious fiscal challenges facing our country.

As I’ve said before, our nation’s budgetary path is unsustainable, but not unfixable.

Our unprecedented, almost incomprehensible \$33 trillion-plus national debt has eclipsed the size of our economy – the largest in the world.

Over the next decade, according to the nonpartisan CBO, our annual deficits will double, our interest payments will triple, and for every dollar we borrow, 50 cents will go just to pay interest on this debt.

The only other time in American history that our debt-to-GDP ratio has been this high was in the aftermath of World War II.

President Reagan once said, “If history teaches anything, it teaches self-delusion in the face of unpleasant facts is folly.”

Well, it would be a folly of epic, mind-numbing proportions to ignore our deteriorating fiscal state – this Sword of Damocles hanging over us, poised to trigger a sovereign debt crisis that would jeopardize not only our economy, but our national security, America’s leadership in the world, and our very way of life.

A big part of our path forward has to be a bipartisan commission to get all sides together to address the insolvency of Social Security and Medicare and focus on the lion's share of the U.S. government's long-term unfunded liabilities, in a depoliticized and responsible way.

And to be truly set up for success, that commission has to be informed by sound ideas, insulated from political posturing, and invested in genuine consensus that leads to real accomplishments.

Our hearing today will draw on lessons of the past in order to have better outcomes for the future.

In his time, President Reagan had the wisdom and the foresight to establish a national commission—the Greenspan Commission—which led to a historic bipartisan plan enacted in 1983 to extend the solvency of Social Security.

And in the 1990s, the Base Realignment and Closing Commission rationalized the distribution of our nation's military installations.

Both of these commissions tackled previously unsolvable problems, offered solutions to these thorny challenges, and paved the way for generational achievements.

How? What were the contours of their success? What was it about their structure, their membership, their mission, their leadership, and their resources that helped them build a constructive dialogue and get to yes? Those are the kinds of questions we want to explore today.

On the other side of this coin, there have been several well-intended efforts that backfired or failed.

The so-called “Super Committee” of 2011 did not reach bipartisan agreement and instead forced across the board spending reductions in some programs with little-to-no impact on securing long-term viability of important entitlement programs.

So today, I want to have an honest discussion about lessons learned—the good, the bad, and the ugly. We need to watch the films on past commissions and determine what produced wins and what led to losses.

By looking back in time, I want us to also be mindful of the future.

This committee has put in the work to sound the alarm and speak plainly with the American people both about the path we are on and the courage it will take to change this current course.

Because unless we act, our children and grandchildren will reap a whirlwind of economic destruction. They will look at our generation and ask, “how could you have let this happen?”

We can’t let that happen.

I can tell you this much: I have absolutely no interest in making this an exercise where we talk in circles, stick to our unwavering partisan positions, and walk away without committing to real solutions.

This is about saving our country. Ask yourself: what will future generations think of us? Are they going to look back and see that we met the moment, or that we failed them?

None of us can afford to get this wrong. Because then, all bets are off.

With that, to get us started, we are pleased to have with us four veteran combatants of the budget battles over the past decade and more:

Former Senator Rob Portman

Former Senator Kent Conrad

Former Budget Chairman John Yarmuth

Former Budget Chairman and current Appropriations Subcommittee Chair, Steve Womack.”

Mr. BOYLE. Well, thank you, Mr. Chairman.

And I am just on a personal level, I am very excited to welcome you back, Chairman Yarmuth. Chairman Yarmuth served as Chairman of this Committee and in Congress with great distinction and also was just a wonderful friend and someone who really was a role model for me, and thank you, my friend, I would not be where I am, wherever that is, I would not be here without you. So it is great to have you back.

And to Steve, one of my really good friends on the other side of the aisle, it is also great to have you in this position as well. Your approach—let me just say this, and I hope I don't get you in trouble—the way you approach, you are one of the most well-respected Members in the House, and that is on both sides, and at a time like this, we need it more than ever. So thank you for just being who you are and doing what you do.

And to the two former Senators, while I haven't had the opportunity to work with you before, you both enjoy great reputations, and I know that was well earned.

I am really interested to hear from all four of you today in terms of what you thought worked well on the respective commissions on which you served and then also ultimately what didn't work about them. I appreciate, and I know Jodey, my Chairman, is sincere in his belief that a commission is the answer. That is not my position. While I am attempting to keep an open mind about it, I am more than a little bit skeptical that a commission would work just frankly given the past history of the last dozen years. I also think that whether it is a commission or a straight up vote in Congress, what we are really avoiding is the ultimate decision.

That is the ballgame—and not the process by which we get to resolve that ultimate question. Whether you take the date the CBO uses or the date that the Social Security Trustees use, either 2033 or 2034, we cross the Rubicon when it comes to Social Security and go over in terms of insolvency, fall below being able to pay 75 percent of benefits, and before that date we reach it on at least one of the Medicare trust funds as well. So we have some time, but not a lot of time.

Ultimately though, that big question is going to be: do we raise revenues for Social Security and Medicare or do we cut benefits? I come down very clearly on the side of raising revenues. I don't make a secret about that and I practice what I preach. I am the author on the House side with Sheldon Whitehouse on the Senate side of a bill that would raise enough revenues to Social Security—and the Joint Committee on Taxation has verified this—that would extend the life of the trust fund through the year 2100.

And I want to share just some data, remarkable poll data that came back. This is from Navigator, June of 2023. This poll asked the American people, or those polled, which approach do you prefer, raising taxes on the rich and large corporations, including closing tax loopholes, and using that extra money to pay our bills, or cutting programs like Social Security and Medicare and using that money to pay our bills? The results were 82 percent to seven. I have never seen polling results like that—82 percent opting for raising taxes on the rich and large corporations, seven percent cutting programs like Social Security and Medicare.

So whether we talk about a commission or not a commission, ultimately we know that there is a choice that is going to have to be made, and at the end of the day, it is going to be Members of Congress, elected officials, who will be voting on what that plan looks like.

I will say on the positive about a commission, the 2018 commission on which you served Mr. Chair, and on which you served, Chairman Yarmuth, there were some specific—and we have already launched a bipartisan look at—budget reforms that could happen that would improve the process. Some of these passed out of a Senate Committee, but didn't ultimately become law. I am really interested in following up on the work that you guys did because I think there are some things there that we could turn into law and make permanently part of the process. So I am especially interested in hearing about 2018. It wasn't so much a debt commission per se, it was more about budget process, and I think we have a real opportunity in this Congress, and we have talked about this before, to make that law and we have support from at least three quarters of the respective Chairs and Ranking Members.

But with that, welcome and welcome back, and I yield to the Chair.

[The prepared statement of Ranking Member Boyle follows:]

***Ranking Member Brendan F. Boyle
Hearing on Sounding the Alarm:
Examining the Need for a Fiscal Commission
Opening Remarks
Thursday, October 19, 2023***

Well, thank you, Mr. Chairman, and I'm just on a personal level, very excited to welcome you back, Chairman Yarmuth. Chairman Yarmuth served as chairman of this committee and in Congress with great distinction and also is just a wonderful friend and someone who really was a role model for me.

And thank you my friend, I would not be in this where I am, wherever that is, I would not be here without you. So it's great to have you back. And to Steve, one of my really good friends on the other side of the aisle, it's also great to have you in, in this position as well. Your approach, let me just say this and I hope I don't get you in trouble.

You are one of the most well-respected members in the House. And that's on both sides. And at a time like this, we need it more than ever. So thank you for just being who you are and doing what you do. And to the two former senators, while I haven't had the opportunity to work with you before, you both enjoy great reputations. And I know that was well earned.

Really interested to hear from all four of you today in terms of what you thought worked well on the respective commissions on which you served. And then also, ultimately, what didn't work about them. I appreciate, and I know Jodey, my chairman, is sincere in his belief that a commission is the answer.

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And at the end of the day, it's going to be members of Congress, elected officials who will be voting on what that plan looks like. I will say on the positive about a commission, the 2018 commission on which you served, Mr. Chair, and on which you served Chairman Yarmuth, there were some specific, and we've already launched a

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It wasn't so much a debt commission per se. It was more about budget process and I think we have a real opportunity in this Congress and we've talked about this before, to make that law. And we have support from at least three quarters of the respective chairs and ranking members. But with that, welcome and welcome back, and I yield to the chair.

Chairman ARRINGTON. I thank my friend and Ranking Member, and I agree. Ultimately, we have to have the political courage to act and that decision and responsibility is ours. I would hope a commission would foster some serious conversation and try to depoliticize that conversation because we have to have it.

Once again, in the interest of time, if any other Member or organization has a written statement for the record, I will hold the record open till the end of the day to accommodate those who may not have had a chance to prepare their statements.

[The information follows:]

SHEILA JACKSON LEE
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BUDGET COMMITTEE HEARING
“SOUNDING THE ALARM: EXAMINING THE NEED FOR A
FISCAL COMMISSION”

STATEMENT

THURSDAY, OCTOBER 19, 2023
210 CANNON

- Thank you, Chairman Arrington and Ranking Member Boyle, for convening this hearing on Examining the Need for a Fiscal Commission.
- I would first like to welcome our esteemed witnesses:
 - **Hon. John Yarmuth**, former Democratic member of the House of Representatives who represented Kentucky's 3rd Congressional district from 2007 to 2023. He served as Chairman of the House Budget Committee from 2019 to 2023 and as Ranking Member of the Committee from 2017 to 2018;

- **Hon. Kent Conrad**, former Democratic United States Senator who represented North Dakota from 1987 to 2013. He served as Chairman of the Senate Budget Committee from 2001 to 2003, and again from 2007 to 2013;
- **Hon. Rob Portman**, a former Republican United States Senator who represented Ohio from 2011 to 2022. Prior to his service in the Senate, he served as the 35th Director of the Office of Management and Budget from 2006 to 2007, the United States Trade Representative from 2005 to 2006, and a member of the House of Representatives from 1993 to 2005, representing Ohio's 2nd district.
- **Hon. Steve Womack**, has represented the 3rd District of Arkansas since his election in 2010. He is a senior Republican member of the House Appropriations Committee, where he is the Chairman of the Financial Services and General Government (FSGG) Subcommittee and also sits on the Defense, and Transportation, Housing and Urban Development (THUD) Subcommittees.
- Mr. Chairman, Democrats are ready and willing to find bipartisan solutions to America's fiscal challenges, but whether or not a Bipartisan Fiscal Commission is the answer, lies with how we are able to overcome the stagnation that plagues this current political body and our ability to come together and confront the true cause of our rising deficit.
- My Republican colleagues continue to call for spending cuts despite knowing that tax cuts initially enacted during Republican trifectas in the past 25 years have slashed taxes disproportionately for the wealthy and profitable corporations, and have severely reduced federal revenues.

- In fact, the massive Republican tax cuts over the last 25 years have cost \$10 trillion to date, and are responsible for 57 percent of the increase to the debt ratio since 2001.
- As evidenced by their deceptive policies and practices, look no further than the tax bills that were marked up in the Ways and Means Committee in June of this year.
- These bills, H.R. 3936, the Tax Cuts for Working Families Act, H.R. 3937, the Small Business Jobs Act, and H.R. 3938, and the Build It in America Act, extend provisions in the Tax Cuts and Jobs Act (TCJA) by increasing the standard deduction and repealing major climate subsidies in the IRA.
- None of these bills or policies will solve our fiscal problems or help working families, but they do support the wealthy, with most benefits going to high earners and big corporations.
- Republicans continue to focus on pushing through massive tax cuts for the rich, then say that the debt is exploding to unsustainable levels, and further demand cuts to programs that families and workers' pay into and benefit from, in order to get the deficit under control and pay for their agenda.
- In 2017 Republicans passed the massive Tax Cuts and Jobs Act, which cost \$1.9 trillion, gave the majority of benefits to the rich, and did not meaningfully stimulate economic growth or pay for itself as promised.
- Now they are eager to point out that the national debt is too large, and we have a crisis on our hands.
- Instead of discussing years of tax cuts for the rich, which have exploded the deficit, they are now turning to spending cuts as the solution to reduce the national debt.

- This means putting the burden on the backs of families, workers, and retirees, instead of asking the rich to pay their fair share.
- It means reducing Social Security and Medicare benefits instead of supporting funding for the IRS to enforce laws already on the books and making the wealthy pay the taxes they owe.
- It means gutting education funding, which will lead to a less-trained workforce for generations to come, instead of closing tax loopholes for corporations.
- Democrats are ready and willing to find bipartisan solutions to America's fiscal challenges, but we will not endanger the lives of American families so that Republicans can pass more tax cuts for billion-dollar corporations and the ultra-rich.
- And yet, I must also say that our focus today should truly be on addressing the looming government shutdown that is just 29 days away and electing a Speaker, so that we can aid our foreign allies and pass legislation to fund our government.
- That being said, I look forward to hearing from our witnesses on their experiences working on bipartisan commissions and select committees that address our nation's most pressing issues and learning about how a commission could potentially benefit our fiscal challenges.
- Thank you and I yield back the remainder of my time.



Statement of Adam Brandon

President, FreedomWorks

U.S. House Committee on the Budget

“Sounding the Alarm: Examining the Need for a Fiscal Commission”

Thursday, October 19, 2023

Chairman Arrington, Ranking Member Boyle, and distinguished Members of the Committee,

Thank you for holding this hearing on the need for a fiscal commission. Looking at the trajectory of federal spending, deficits, and the dramatic increase in the national debt, Members of Congress from both parties must begin to acknowledge the unsustainable fiscal path that America faces.

The debate over federal spending that has taken place in Congress has been almost entirely focused on discretionary spending. In FY 2023, discretionary spending is only 27 percent of federal outlays. In FY 2019, discretionary spending represented 30 percent of all federal outlays.¹ Discretionary spending in FY 2023 was 6.5 percent of gross domestic product (GDP), which is below the average of 7.2 percent from FY 1991 through FY 2020. Discretionary spending is projected to further decline to 5.6 percent in FY 2033. This is why the singular focus in Congress on discretionary spending is so perplexing.

While discretionary spending should be in the conversation, trust fund programs, other mandatory spending, and net interest payments on the share of the debt held by the public are driving budget deficits and further debt. The growth of trust fund programs was entirely predictable. An increased number of beneficiaries has put a strain on trust fund programs like Medicare Hospital Insurance and Old-Age and Survivors Insurance. As a result, the Medicare Hospital Insurance Trust Fund and the Old-Age and Survivors Insurance Trust Fund will see reserves depleted in 2031 and 2033, respectively, and able to pay only 89 percent and 77 percent of scheduled benefits.

Few Members of Congress are willing to address the fiscal sustainability of these programs, nor are they willing to have an honest conversation with their constituents about the dire need for reform. Unfortunately, virtually any sincere attempt to discuss the sustainability of trust fund programs is met with contempt and derision and used as a bludgeon for partisan politics in the never-ending quest for power on Capitol Hill.

Just as concerning is the rapid growth of the share of the debt held by the public. Believe it or not, it was only 15 years ago when the share of the debt held by the public was just 39.2 percent of GDP. Of course, the reaction in Congress to the Great Recession was to “prime the pump” and spend more money. But even after the Great Recession ended, the share of the debt held by the public continued to grow.

From FY 1962 through FY 2021, outlays for net interest averaged nearly 2 percent of GDP. From FY 2011 through FY 2020, net interest averaged 1.4 percent of GDP. Unfortunately,

¹ All figures related to federal spending are based on data provided by the Congressional Budget Office via *The 2023 Long-Term Budget Outlook* (June 2023) and historical budget data (last updated in February 2023). Please see <https://www.cbo.gov/publication/59014> and <https://www.cbo.gov/data/budget-economic-data#2> for additional detail or contact Jason Pye, policy adviser for FreedomWorks, at jpye@freedomworks.org with questions.

existing budgetary issues coupled with increased spending during the pandemic, supply chain shortages, and other economic issues led to inflation. The Federal Reserve responded to inflation with interest rate increases. These increases have led to an increase in borrowing costs and, as a result, projected outlays.

Outlays for net interest are projected to average 3.1 percent of GDP over the next ten years, 4.2 percent from FY 2034 through FY 2043, and 5.8 percent from FY 2044 through FY 2053. Net interest will likely eclipse defense discretionary spending within the next ten years and surpass total discretionary spending in FY 2047. Over time, based on current projections, outlays for net interest will surpass outlays for Medicare (FY 2046) and Social Security (FY 2051).

Another concern is debt that was previously issued at low-interest rates will soon roll over and be reissued at higher interest rates.² The Congressional Budget Office (CBO) factored in the rollover of debt in its recent projections. As of Tuesday, the yield on a ten-year Treasury security was 4.71 percent.³ October 2023 has seen the highest ten-year yields of Treasury securities since July 2007. However, the CBO projected an interest rate of 3.9 percent in FY 2024. It is likely that the CBO failed to correctly predict the market and underestimated the outlays for net interest.

This also presents another alarming problem. Considering that Treasury securities are considered a safe investment, the attractiveness of securities with a higher yield could crowd out private investment and push interest rates higher as businesses and consumers compete for dollars with the federal government.

A fiscal commission is essential to develop recommendations and put those recommendations on a path toward consideration in Congress. However, we have been here before.

The bipartisan National Commission on Fiscal Responsibility and Reform was created in 2010 by then-President Barack Obama and included several experts and then-members of Congress. Chaired by former Sen. Alan Simpson (R-WY) and former Clinton White House Chief of Staff Erskine Bowles, the commission (“Simpson-Bowles”) produced recommendations that would have reduced by budget deficit by \$4 trillion and reformed Social Security.⁴

² Committee for a Responsible Federal Budget, “The High Cost of Borrowing a Low Rates,” September 25, 2023, <https://www.crfb.org/blogs/high-cost-borrowing-low-rates>.

³ Federal Reserve Bank of St. Louis, “Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis,” updated October 16, 2023, <https://fred.stlouisfed.org/series/DGS10>.

⁴ Erik Wasson, “Deficit panel’s plan goes down in defeat,” The Hill, December 3, 2010, <https://thehill.com/policy/finance/76599-deficit-panels-plan-goes-down-to-defeat/>.

I didn't agree with every recommendation in the report, but Simpson-Bowles was an effort that deserved serious consideration in Congress. Unfortunately, a majority of members of the commission voted against the report and a bipartisan budget proposal that reflected much of Simpson-Bowles was rejected by the House.⁵

Created by the Budget Control Act of 2011, the Joint Select Committee on Deficit Reduction was tasked with identifying and agreeing to \$1.5 trillion in deficit reduction. Unsurprisingly, the select committee, comprised entirely of then-members from both parties in the House and Senate, failed to reach an agreement by the time it terminated in January 2012.⁶ The failure to find any agreement on bipartisan pathways to address America's fiscal issues triggered \$1.2 trillion in discretionary spending cuts. In subsequent years, Congress routinely voted to avoid the cuts and used budget gimmicks to avoid caps on discretionary spending.⁷

These two examples of previous efforts to address federal spending, deficits, and debt failed. Should Congress move forward with a fiscal commission, steps must be taken to provide an opportunity for success. As of this moment, the best opportunity we have seen to move forward is the Fiscal Commission Act, H.R. 5779,⁸ which has been referred to the Budget Committee.

The Fiscal Commission Act would create a bipartisan 16-member commission that will make recommendations to put the United States on a fiscally sustainable path. The "four corners" congressional leadership—the Speaker of the House, the House Minority Leader, the Senate Majority Leader, and the Senate Minority Leader—would each make four appointments to the commission. Three of the four appointments must be colleagues from their respective chambers. The fourth appointment must be a representative from the private sector.

The commission is tasked with proposing recommendations that will balance the federal budget and stabilize America's debt-to-GDP ratio to under 100 percent within the next ten years. The commission must also recommend changes to trust fund programs to ensure their sustainability over the next 75 years.

Recommendations must have a simple majority, but at least three members of each party must be in the majority for a recommendation to be adopted. The commission would be required to vote

⁵ Damian Paletta, "House Votes Down Bipartisan Budget Proposal," *The Wall Street Journal*, March 28, 2012, <https://www.wsj.com/articles/SB10001424052702303816504577310431192990736>.

⁶ Catherine Dodge and Kathleen Hunter, "Lawmakers on U.S. Debt Panel Say They Fail to Agree on Cuts," *Bloomberg*, November 21, 2011, <https://www.bloomberg.com/news/articles/2011-11-21/supercommittee-fails-to-reach-agreement-on-1-2-trillion-deficit-reduction>.

⁷ Megan S. Lynch and Grant A. Driessen, "Expiration of the Discretionary Spending Limits: Frequently Asked Questions," Congressional Research Service, November 18, 2022, <https://crsreports.congress.gov/product/pdf/R/R46752>. (See Table A-1.)

⁸ Fiscal Responsibility Act, H.R. 5779, 118th Congress, 1st Session (2023).

on the recommendations no earlier than November 6, 2024, and no later than November 15, 2024, for consideration during the lame-duck session after the 2024 election.

Consideration of the commission's recommendations in Congress would be expedited and not subject to amendment. Although the motion to proceed to the recommendations in the Senate would be subject to a simple majority, the cloture motion under Rule XXII, which requires a three-fifths majority (or 60 votes if all senators are present and voting), would still apply.

FreedomWorks supports the Fiscal Commission Act as a means to begin the absolutely necessary conversation that Congress, and the rest of the country, need to have about federal spending, deficits, and debt. However, creating a fiscal commission is only one step. We need to ensure an opportunity for success. Perhaps that means amendments to the Fiscal Commission Act or an entirely new vehicle to provide this opportunity. The Cato Institute's Romina Boccia, for example, has proposed that a fiscal commission be comprised entirely of independent experts and that its recommendations be adopted by default unless Congress votes to disapprove of them.⁹

We are open to whatever avenues the Committee and Congress choose to create that opportunity for success for a fiscal commission. We simply don't want to see this effort wasted, especially at a moment when we are staring down an entirely predictable fiscal crisis caused by the inability of Congress to accept the reality that stands before them.

From this moment forward, addressing the serious long-term fiscal issues that confront America will be FreedomWorks' primary objective. We recognize that the growth of federal spending—including mandatory programs—is a problem caused by both parties. However, this cannot be just another exercise in political messaging for Democrats and Republicans to score points with the base of their parties. That is why we find ourselves in these circumstances.

There must be bipartisan consensus on the solutions for them to have any credibility with Americans. Congress has a responsibility to preserve economic opportunity and prosperity for our children and grandchildren while also protecting current beneficiaries who depend on these programs and ensuring their financial stability going forward.

FreedomWorks stands ready to work with any Member of Congress, regardless of party identification, to find bipartisan consensus to reduce deficits and debt, but we need Members to take the first step by creating a fiscal commission.

⁹ Romina Boccia, "Not Just Any Fiscal Commission Will Resolve America's Fiscal Crisis," Cato Institute, October 17, 2023, <https://www.cato.org/blog/not-just-any-fiscal-commission-will-resolve-americas-fiscal-crisis>.

Sincerely,

Adam Brandon
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**SUBMISSION FOR THE COMMITTEE RECORD
ALLIANCE FOR RETIRED AMERICANS
UNITED STATES HOUSE OF REPRESENTATIVES
HOUSE BUDGET COMMITTEE
HEARING TOPIC: SOUNDING THE ALARM: EXAMINING THE NEED
FOR A FISCAL COMMISSION
October 23, 2023**

ALLIANCE FOR RETIRED AMERICANS
815 16TH STREET, NW
WASHINGTON, DC 20006
www.retiredamericans.org

Founded in 2001, the [Alliance for Retired Americans](#) is a grassroots organization representing more than 4.4 million retirees and seniors nationwide. The Alliance and its 39 state chapters work to advance public policy that strengthens the health and retirement security of older Americans. We very much appreciate the opportunity to provide comments on the October 19, 2023 hearing on a fiscal commission.

For decades Social Security has delivered guaranteed, lifetime benefits on time and without interruption to generations of Americans. Beneficiaries earn their Social Security by contributing into the system with every paycheck. Sixty-five million older Americans, people with disabilities and family members of deceased workers - one out of every five households - relies on Social Security. Poll after poll demonstrates that 8 in 10 Americans overwhelmingly not only want Social Security's solvency preserved, but also desire that program benefits be enhanced.

Directly connected to Social Security is Medicare, the nation's largest and most successful health insurance system, that serves the health needs of nearly 57 million older Americans and just under 8 million beneficiaries with disabilities. Since 1965, Medicare has been the most financially efficient health care system in the U.S., delivering guaranteed coverage to millions who would otherwise have to forego health insurance later in life. Like Social Security, Medicare benefits are earned over a lifetime of work and are an essential component of a secure retirement.

The Alliance strongly believes that to continue to provide retirement security for current and future generations, Congress needs to strengthen the solvency of our nation's retirement programs and also expand Social Security and Medicare benefits rather than reduce them. The Alliance categorically opposes any attempts to decrease Social Security or Medicare benefits or entertain ideas that will lead to the degradation of either program. This includes policy proposals to raise the Social Security full retirement age, partially or fully privatize either Social Security or Medicare, or create commissions to make decisions that would adversely affect Social Security and Medicare's finances, as well as program benefits for beneficiaries.

It should be noted that Social Security does not contribute to the federal debt or the deficit. By law, the Social Security Administration cannot borrow funds. The program has its own dedicated revenue source, specifically, payroll contributions from workers (currently 6.2%, and matching 6.2% from one's employer) as well as interest on special interest bonds and revenue from higher earners who pay taxes on their Social Security earnings. Medicare is also not a driver of the deficit. In fact, Congress has enacted laws to slow the pace of Medicare costs to health care, such as the recent Part D changes made in the Inflation Reduction Act, which will hold down future costs and assist beneficiaries to more easily afford the cost of their prescription drugs. Certainly, neither Social Security nor Medicare should be the targets of so-called reform measures that cut vital earned benefits simply for the purpose of balancing the budget.

Commissions, including any of the proposed budget commissions that have been discussed during this hearing, are in reality nothing more than thinly veiled attempts to create justifications for enacting deep cuts to Social Security, Medicare, and other critical government programs. Elected officials are fully aware that the ideas espoused by fiscal commissions could not pass Congress on their own or via regular order because of their unpopularity with the American

public. The commission's proposals are clearly designed to elude accountability for enacting painful benefit cuts on the American people, while simultaneously eviscerating the underpinnings of our nation's long standing and secure retirement programs. Moreover, the American public not only would not have the opportunity to provide any input or advocacy into the discussion, but could not even watch the debate since it would take place behind closed doors.

One notable Fiscal Commission legislative proposal during the current Congress is H.R. 5779, the "Fiscal Commission Act of 2023," introduced by Rep. Bill Huizenga (R-MI). This legislation would establish a 16-member "Fiscal Commission" appointed by congressional leaders. Twelve of the commissioners would be members of Congress, while the other four would be "outside experts." The legislation requires recommendations be made on how to balance the budget at the earliest reasonable date to address the growth of direct spending and to improve the solvency of Social Security and Medicare for at least 75 years. The Commission's recommendations would then be delivered to a lame duck Congress immediately following the November 2024 elections, with the requirement that each chamber conduct an immediate up or down vote on approval without any opportunities for changes or amendments. Not surprisingly, the bill is strongly skewed toward budget and benefit cuts instead of the revenue increases necessary to extend the solvency of the Social Security and Medicare programs.

As opposed to creating a fiscal commission designed to furtively slash health and retirement benefits to Social Security and Medicare without public input behind closed doors, the Alliance for Retired Americans encourages Congress to support legislation introduced this session that increases Social Security and Medicare benefits and extends the solvency of both of these indispensable programs. We believe the fairest and practical way to accomplish this is to lift the cap on Social Security and Medicare payroll taxes, currently at \$160,200 per year, forcing high-income Americans to pay their fair share of taxes to bolster the system's finances.

Chairman ARRINGTON. Once again, I would like to also welcome our distinguished panel and at this time we would like to yield five minutes to Senator Portman.

STATEMENT OF HON. ROB PORTMAN, FOUNDER, THE PORTMAN CENTER FOR POLICY SOLUTIONS, FORMER U.S. SENATOR AND REPRESENTATIVE FOR OHIO, FORMER DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET

Mr. PORTMAN. Great. Thank you, Chairman Arrington and Ranking Member Boyle. Thanks for your thoughtful comments, both of you.

Chairman, you laid out the challenge very well off the cuff. I appreciate your knowledge and commitment to this. Also appreciate you inviting Senator Conrad and me here. The last time I was in a hearing room with him, he was chairing it on Senate Budget Committee and I was on this side of the table and he was tough. So I am really glad to have him on this side of the table today.

As you noted, I spent a lot of my career working on these budget issues. I was a member of the Ways and Means Committee, but also a member of this Committee, the Budget Committee, and the Budget Committee in the Senate side and the Finance Committee, Joint Economic Committee, and yes, I was a member of the so-called Super Committee. It wasn't so super to be on that committee, but we tried, but in these roles I have had an opportunity to see something, and that is the flaws of the current budget and appropriations process and the rules by which we live, which both of you talked about, and the inability for Congress to address the impending fiscal crisis. Between my service, between the House and Senate I did serve as Director of the Office of Management and Budget where I got to see the same thing on the administration side. I mean there are a lot of tough issues there as well and inability to address the fiscal crisis from an executive branch perspective.

Why these are tough issues? A lot of political landmines and my experience has led me to the conclusion that it is time to try something different, time to try something that gives Congress and the American people a better tool to be able to, one, understand what is going on and have some trust in that, but also provide a balanced, bipartisan way forward. That is why I believe a commission with membership from Members of Congress as well as outside experts is necessary and timely right now.

I want to commend the members of this Committee. I have looked at all your backgrounds. All of you have tackled this issue in one way or another. Everybody it seems on this Committee just about has offered legislation with creative solutions to the crisis. The Ranking Member talked about some, as did the Chairman, and a number of you on a bipartisan basis introduced legislation establishing a fiscal commission. Chairman Arrington included a fiscal commission in his recent budget resolution, which I appreciate it, but Representatives Huizenga and Peters, co-chair of the Bipartisan Fiscal Forum, have introduced the Fiscal Commission Act, which was included in Speaker McCarthy's most recent continuing resolution. Didn't pass, but it got a vote. That FCA is also co-sponsored by Representatives Moore and Panetta, and I apologize if I

have missed others in the Committee who have also been similarly engaged, but this morning we are going to hear from your former Chair, Chairman Womack, who is going to have his own commission proposal. So I am encouraged by all that, and I want to thank the members of this Committee for taking a lead on that.

You are well aware of the economic challenges and fiscal challenges that we face. I won't go into detail, but \$33 trillion begins to add up to a huge issue of a tremendous and immoral burden on future generations. It does diminish our standing in the world. I have certainly seen that as I have traveled and talked to people, and of course, it negatively impacts our economy. It is no coincidence that we have had this debt and deficit grow and grow and then be followed by a period of high inflation. We can talk about that later, but there is no question that that affects strictly long-term rates, and our constituents are all suffering from that right now.

A properly structured bipartisan fiscal commission can build trust, expand knowledge, and, yes, provide a little political cover to Members of Congress who want to do the right thing. This is going to require establishing a fiscal metric, which won't be easy. You know, what is our goal. It is also going to require making some tough choices, including conducting a top to bottom review of all Federal Government spending. Asking hard questions about the Federal role, rooting out parochial spending that doesn't help the national interest, finding new revenue in a way that minimizes economic growth and opportunity impacts, reform, of course, of the critically important but currently unsustainable entitlement programs, as was talked about, and Chairman, you had it just right, we have got to save these programs in essence. If we don't, as the Ranking Member said, Social Security benefits are going to be cut substantially as soon as 2033 or 2034, and of course, in general, entitlements will bankrupt the country. We all know that.

In terms of budget reform, I think it would be great if the commission also took a crack at that, and I think all of you would agree that is needed. This is all necessary, but I think the first step of any commission is to really just tell the American people the truth about what is going on. They know that something is not right. They know the current trajectory is unsustainable, but they are looking for an honest assessment and an honest dialogue about the way forward. Not a partisan one, but one that is right down the middle. I think that is maybe the most important part of the commission.

There are a lot of valid structures for a commission. Some of you, again, have your own proposals, and I am not saying that one is better than the other, but I do think having Members of Congress and some external folks involved who are real experts is important. I think to reduce some of the politics, the commission should report during the likely lame duck session of Congress after the 2024 elections. That is assuming this commission can get up and going soon, because I think it is going to take that much time to do it right. The question was what has worked and what hasn't worked. I think the law establishing the commission should create fast track consideration, culminating with a vote without amendment for a solution approved by a qualified majority, whatever that is, of the

membership. I think that is the important thing of doing a statutory commission as opposed to others that have been tried, like Simpson-Bowles. What has worked, what hasn't worked, BRAC has worked, this Base Realignment and Closure process. There have been five BRAC rounds, as some of you know, estimated each round created an average of \$12 billion in savings. That was tough going, but it did work in that sense. Another model would be the 1981 Greenspan Commission. It was a bipartisan group of experts and Members of Congress, respected Members of Congress. It saved the Federal Government over \$165 billion in the first seven years, extended the life of Social Security by 30 years. That is not bad. They said it was going to extend it for longer than that, but 30 years is not bad.

On Simpson-Bowles, we just mentioned that their comprehensive package of reforms, as you know, was not passed in the Congress, but it was a success in a way, because many of its proposals did become law. The Center for a Responsible Federal Budget has estimated that by 2015, Congress had enacted around 60 percent of those reductions in spending, those reforms that were proposed. So it did make a difference and Senator Conrad can talk more about that.

We can learn from its failures, too, what didn't work. It was established by executive order and without Congressional approval. So there was no forcing mechanism to ensure a vote would occur. Also, the commission said you had to get 15 of 18 members to agree. That was the majority. That is just too high, and it turned out to be a standard that was too hard to meet.

So, look, when Americans take a look at us today, here in Congress, in Washington, they often despair as what they see is deep divisions, and I wish more could tune into events like this today where I think you are seeing between Republicans and Democrats the ability to look toward the future together, to collaborate in search of a solution that is best for the country.

So thanks to the Committee Members for your willingness to take on the fiscal challenge and to look at new approaches, including a bipartisan fiscal commission.

Thank you, Mr. Chairman.

[The information follows:]

Written Testimony of the Honorable Rob Portman

House Committee on Budget

Hearing: Sounding the Alarm, Examining the Need for a Fiscal Commission

October 19, 2023

Chairman Arrington and Ranking Member Boyle, thank you for inviting me to testify on this important and timely topic.

As many of you know, I have spent a large part of my career working on federal budget issues, as a member of the House Ways and Means Committee, and a member of this Committee, along with the Senate Budget and Finance Committees. I also served on the Joint Economic Committee and the so-called Super Committee. In all these roles, I had an opportunity to see the flaws of the Congressional budget and appropriations process, and how difficult it is for Congress to address our fiscal crisis.

Between my service in the House and Senate, I was privileged to serve as the Director of the Office of Management and Budget in the George W. Bush Administration, where I witnessed the difficulty of facing our fiscal challenges from an executive branch perspective.

These are tough issues with lots of political landmines. My experience has led me to the conclusion that it is time to try something different, time to give Congress and the American people a better tool to understand the fiscal situation we are in as a country and provide a balanced, bipartisan way forward. That is why I believe a commission with membership from the Congress and outside experts is timely.

I applaud the members of this committee. Almost all of you have sponsored legislation offering creative solutions to the fiscal crisis, and a number of you, on a bipartisan basis, have introduced legislation establishing a fiscal commission. Chairman Arrington included a fiscal commission in his recent budget resolution. Chairman Arrington also co-chaired the Bipartisan Fiscal Forum (BFF) from 2020-2022. The current co-chairs of BFF, Representatives Huizenga and Representatives Peters have introduced the Fiscal Commission Act of 2023 (FCA), which was included in Speaker McCarthy's continuing resolution and received a vote. FCA is also co-sponsored by Representative Moore and Representative Panetta. This morning we are also hearing from Representative Womack who has his own commission proposal.

The Economic Challenge

Members of this committee are aware of the fiscal challenges we face. The deficit has doubled in the last year and the national debt – some \$33 trillion, owned in large measure by foreigners – is diminishing our standing in the world. It is also impacting our economy. It's no coincidence that the recent surge in deficits and debt has been followed by a period of high inflation and rising

interest rates. The recent decision by the rating agency Fitch to downgrade our debt and the threat by Moody's to do the same risks locking us into even higher interest rates and deficit spending. Both agencies cited the inability of Washington to address the fiscal crisis.

Americans have overcome seemingly insurmountable policy problems in the past. When solutions have seemed too controversial and the politics in Washington too intractable, innovative structures, like outside commissions, have sometimes been used to break the gridlock. I believe we are at this point today as it relates to our unsustainable federal debt.

Challenges our Elected Officials Face

As I noted earlier, I am well aware that politics makes addressing the fiscal crisis very difficult. Members understandably focus on the next election, and no politician wants to face angry voters after supporting cutting benefits - making entitlement reform and spending cuts challenging. Similarly, you as members will not win popularity contests by supporting raising taxes on their constituents.

This is one reason having an objective, outside group analyze the problem and recommend solutions on a bipartisan basis makes sense.

Fiscal reform requires sacrificing many sacred cows. We need to conduct a top to bottom review of all federal government spending, ask tough questions about the federal role, and root out parochial spending that does little for the national interest. We need to raise revenue and eliminate deductions in a way that minimizes the impact on economic growth and opportunity. And we have to reform the currently unsustainable entitlement programs that otherwise could bankrupt the nation.

All of this is necessary.

The first step is for the American people to be told the truth about the fiscal challenges we face and the consequences of not acting. Most Americans already know the current trajectory is unsustainable, and are looking for an honest assessment and an honest dialogue about the way forward.

A commission can address all of this. It can make the case to the American people, who deserve honesty from their government. It can offer solutions in an objective, bipartisan manner. And a properly structured commission will require Congress to confront the debt crisis.

Commission Structure

While there are many valid structures for commissions, I believe this challenge will be best met by including both external experts and members of Congress, selected by the congressional leadership. It needs buy-in from members of Congress because ultimately it must receive buy-in from the public. You need to tend to reduce some of the politics around the issue, the commission report should be during the likely lame-duck session of Congress after the presidential election in November 2024.

Among the non-members, the commission should have budget experts that include academics and respected thought leaders who understand the political realities. On a commission of 16 people, eight could be members chosen by leadership and eight could be outside experts, four from each party chosen by the House and Senate leaders. Others have made the point that it should be a higher ratio of members to have more Congressional buy in. That is up to members to decide, but I do think some outside experts, including those who understand the politics, are helpful to get to a solution.

I would imagine members of this committee will have strong opinions about which leaders would best represent the needs of the House.

Some will suggest that the president should also appoint members as well. I understand the need to bring the Administration on board but worried that the partisan balance would be skewed, and that the even-handed approach of having the commission report after the presidential election fits better with Congressionally appointed members

The staff must be bipartisan. This will make it more credible, and limit partisanship.

Ideally, the law authorizing this commission would create fast-track consideration culminating with a vote for a solution approved by a qualified majority of members. When I was the US Trade Representative, this is how trade agreements were handled under Trade Promotion Authority. I negotiated the best deal I could and presented it to Congress for an up or down vote. My negotiating partners gave me the best deal they could knowing members with parochial interests could not scuttle a larger deal, otherwise they would be hesitant to offer the best final offer. This has been successfully used 15 times since 1979.

Past Successes

Base Realignment and Closure (BRAC)

Bases provide significant economic benefit to communities where they are located. The loss of these bases can create economic challenges. Communities lose out on the pay from service members and their families. Support jobs at the base disappear. Of course, there are knock on effects from all of the money these workers spend in their community along with the contracts undertaken locally. Members with military presence in their states and districts often seek seats on the House and Senate Armed Services committees in order to protect these interests.

As a result, closing bases through the usual congressional process was incredibly challenging. Despite this, there have been 5 BRAC rounds, the most recent in 2005. It is estimated that each of these rounds created an average of \$12 billion in savings.

These commissions were appointed by the president after consulting with congressional leadership. All members are Senate confirmed. After its recommendations were made, Congress took up or down on the whole package of bases with no ability to amend them.

Obviously, members in impacted districts were more likely to oppose these reforms. However, they were unable to form the necessary coalition to keep these bases open. This saved the taxpayer significant money against parochial interests.

Greenspan Commission

Sometimes, overcoming parochial interests is not the hurdle to fiscal responsibility. Entitlement programs often impact broad swathes of the population. In these cases, credibility is key, since constituents will be required to give up a benefit for the national good. This is where the Greenspan Commission of 1981 was highly successful.

The Greenspan Commission was packed with experts and well-respected members of Congress. It was originally deadlocked on a potential solution. However, then-White House Chief of Staff James Baker was able to broker with Congress. After this occurred, the Greenspan Commission voted to validate the agreement, which helped the negotiators earn the trust of the American public.

This legislation saved the federal government over \$165 billion in the first seven years and extended the life of Social Security by over 30 years (though at the time, projections indicated it would have lasted longer). This commission had outside experts and members from both parties.

How to ensure this is different than Simpson-Bowles

I am not of the view that this particular commission was a dismal failure. In fact, many of its proposals have become law. By 2015, the Center for a Responsible Federal Budget had estimated that Congress had enacted around 60% of the value of the cuts proposed.

I should say that none of these critiques are directed at the two patriotic individuals who led the commission - they needed to be backed up by the political leaders of the time.

In my view, Congress had too little buy-in. The commission was established by executive order. Without Congressional approval, there was no forcing mechanism to ensure that a vote would occur if a qualified majority came up with the plans. This arguably made it even more difficult for a qualified majority to coalesce. Some sort of forcing mechanism is vital for any commission. Also, the commission required a qualified majority of 15 of the 18 members, a standard that was too hard to meet.

However, the commission had credibility (in no small part due to its leaders) which allowed individual policies to be enacted.

Conclusion

When Americans look at our body politic, they often despair at what they see as deep divisions. I wish more could tune in to events like today - where we see members with vastly different views collaborating in search of a solution that is best for the country.

While I want to thank you again for inviting me here today, I mostly want to thank you for your willingness to take on the fiscal challenge that only gets worse, unless we address it.

Your willingness to look at new approaches, including a bipartisan fiscal commission, is to be applauded. You have a great opportunity to prove wrong those who would say we are too fractured to get things done.

I look forward to your questions.

Thank you.

Chairman ARRINGTON. Thank you, Mr. Ambassador.
Chairman Conrad, we yield five minutes to you, good sir.

STATEMENT OF HON. KENT CONRAD, SENIOR FELLOW, BIPARTISAN POLICY CENTER, FORMER U.S. SENATOR FROM NORTH DAKOTA

Mr. CONRAD. Thank you, Mr. Chairman.

Chairman Arrington, Ranking Member Boyle, Members of the Committee, first I want to recognize the important work you all have done. Congressman Boyle, you have advanced a serious proposal and it takes guts to do that, and Chairman Arrington, you have certainly led the charge on having a commission so that we can wrestle with these issues with a mechanism that will allow bipartisan cooperation. So I want to recognize that.

I also want to take a minute to recognize Chairman Yarmuth, somebody who I have enormously high regard for. I thought he was an outstanding Committee Chairman, and my former intern has succeeded him in his Congressional seat, Morgan McGarvey. So I am delighted to be with him today, and Chairman Womack, who is known on both sides of the aisle as someone of great integrity. We admire that, and I can say on both sides of the aisle, people recognize the job he did as Budget Committee Chairman, as a serious Member.

On a personal note, if I can say Jimmy Panetta, your father was one of my all-time favorites. He was Budget Committee Chairman. I worked with him closely when he was the President's Chief of Staff. Really one of my favorite Members.

I have given a formal statement and understand that will be made part of the record. I thought I would just summarize in going forward.

First of all, I believe we have reached a defining moment. Our fiscal affairs are completely off track. There is one thing I think we could have bipartisan agreement on: we are off in the weeds, and we have got to get back on track. Deficits are rising and from an already too high level. Our debt is now over \$33 trillion, as Senator Portman indicated. I should also say that when he was head of OMB, he and I were having discussions about how we could put together a bipartisan plan to get us back on track at that time, and I found him to be really a remarkably good partner in that effort. Our debt is now over 122 percent of our GDP. CBO tells us we are headed for a debt of 192 percent of GDP. There is almost no economist that wouldn't say that challenges the fiscal integrity of the United States.

A considerable part of that debt is held by foreign powers. That clearly compromises our global independence. Rising deficits and debt are an economic and a national security concern. The effect on the economy is really quite clear. We see heightened inflation, surging interest rates. That is damaging our economic growth and future income. To those who say deficits and debt don't matter, I say look to history. Ask the Germans after World War I, when they had to take a wheelbarrow full of cash to buy a pair of shoes, and ask them for what happened leading to World War II. Look to our own history. The Clinton Administration balanced the budget. The economic benefits that flowed from that are clear, record job cre-

ation, record economic growth, record reductions in poverty. Those are facts. Of course, deficits and debt matter. They may not matter immediately, but over time, it is clear and compelling that they matter. Rising debt means rising interest costs as interest rates rise as well.

All we have to do is look at our three major trust funds. Social Security Trustees say it will be insolvent by 2033, meaning a cut to every Social Security beneficiary of 24 percent. Medicare Trustees say it will be insolvent by 2031. If you don't have the revenue, the benefits will have to be reduced. That is the law. Highways, the Highway Trust fund headed for insolvency in 2028, requiring a cut of 47 percent. So what could be more clear? We are headed for serious results if we don't act. We need to act now.

The political system seems ill equipped, parties are too divided, special interests too strong, incentives to attack anyone who proposes solutions, too inviting. The alternative, I believe, is to have a bipartisan fiscal commission. It has worked in the past. The Greenspan Commission, 1981, did extend the solvency of Social Security for more than 30 years. The BRAC process saved tremendously on the accounts of our national defense and improved military efficiency and preparedness, and Simpson-Bowles, although the total recommendations were not adopted, it did serve as a foundation for the Budget Control Act of 2011.

The strength of a commission—the strength of a commission is to bridge partisan divides. It provides a mechanism for both sides to work together to solve problems. To be effective, I believe everything has got to be on the table, and by everything, I mean everything. Entitlements, domestic discretionary, revenue. The longer we wait, the more draconian the solutions are going to have to be. The longer we wait, the more draconian the solutions are going to have to be. That is a mathematical certainty.

I also believe for the commission to be effective, it has got to be truly bipartisan. Members from both chambers, both parties, outside experts, and I believe the White House. I thought that was one of the strengths of Simpson-Bowles, was to have the White House involved. After all, you have got to have all stakeholders. Everybody is going to have to be involved in the final in getting the legislation passed and signed.

I also think it is critical that the commission assure an up or down vote on the product. We are at a critical juncture. A commission may be the best shot we have to help us get back on track. The parties' divide appears intractable, just as our fiscal trajectory seems unsustainable, but all parties can be part of the solution. I believe a bipartisan commission is the most promising opportunity to begin this work.

Thank you for holding this important hearing.

[The information follows:]

SENATOR KENT CONRAD STATEMENT TO US HOUSE BUDGET COMMITTEE ON A
PROPOSAL FOR A FISCAL COMMISSION ON OCTOBER 19, 2023

Chairman Arrington, Ranking Member Boyle and members of the House Budget Committee, thank you for the opportunity to talk with you about the need for a new Fiscal Commission to address our mounting national debt challenge.

As the co-proposer of the Simpson-Bowles Commission, I have a detailed experience with the structure.

The United States has the most dynamic economy in the world. Our currency serves as the world's reserve currency, which has given us wide latitude to borrow without diminishing the faith of the global market. But we must recognize that faith is not unlimited.

In the past year our deficits have increased dramatically and our national debt has reached over \$33 trillion or 122% of our GDP. A considerable part of our debt is held by foreign powers which compromises our global independence.

Our high and rising deficits and debt are an economic and national security concern. We are already witnessing the economic repercussions through heightened inflation and surging interest rates. Rising debt is damaging economic growth, slowing income increases and increasing the risk of a fiscally driven crisis.

To those who say deficits and debt do not matter, I say look to history. Ask the Germans about post WW I and the impact of deficits and debt on their economy. And look to our own history and the benefits of the Clinton Administration's balancing the budget and the economic benefits that flowed from that with record job creation, economic growth and reductions in poverty.

Of course deficits and debt matters at some point. As debt rises so do interest costs as interest rates also rise. We are already spending more on interest costs than on our children. If current trends continue, in a few short years, we will be spending more on interest than on our national defense or on Medicare.

Our three major trust funds: Social Security, Medicare and Highways are within ten years of insolvency according to their trustees. If we fail to act, Social Security recipients will face a 24% cut by 2033. Tell them then that deficits and debt don't matter.

Our national debt is very close to reaching a record level as a share of our GDP. We already have a gross debt of over 122% of our national income. We need to act now. Unfortunately, our current political system seems ill equipped for the challenge. The parties are too divided, the special interests too strong and the incentives to attack whoever proposes solutions that entail sacrifice too inviting.

Fortunately, there is an alternative. A Fiscal Commission can help create a setting for Democrats, Republicans and Independents to work together to address our nation's fiscal and economic challenges.

Commissions have worked in the past. The Greenspan Commission helped save Social Security from insolvency 40 years ago and the BRAC commissions helped improve our military efficiency and preparedness and Simpson-Bowles, which I served on, helped bridge budgetary log jams at the time.

It's true, our 2010 proposals were not fully adopted. But we put forward a comprehensive plan to fix the debt with a bipartisan vote of 11 of our 18 members. That plan had a major impact on the Budget Control Act of 2011. Many of our proposals, from discretionary spending caps to various premiums and user fees, were ultimately put into law.

The strength of commissions lies in their ability to bridge partisan divides, offering a platform for working together to solve problems. To be effective, a commission must start by putting everything on the table.

Let me be clear, when I say everything must be on the table, that means everything including entitlements and revenues. Realistically, we have to recognize we cannot fix this problem without fixing Social Security, Medicare and our revenue system. We have kicked these cans down the road for far too long. One thing that is clear, the longer we wait, the more draconian the solutions will have to be. That is a mathematical certainty.

It must also be truly bipartisan. The Simpson-Bowles Commission included sitting Members from both chambers and parties and outside experts. Recommendations should be given the assurance of an up or down vote.

We are at a critical juncture in our economic future where a commission may be our best opportunity to get back on track. Our partisan divide appears as intractable as our fiscal landscape is unsustainable. But all parties can be part of the solution. A bipartisan commission is perhaps our most promising opportunity to secure a stable fiscal future for our nation and ensure we do not leave future generations with insurmountable burdens. Thank you for holding this important hearing, and I look forward to your questions.

Chairman ARRINGTON. Chairman, thank you so much.
We now yield five minutes to Chairman Womack.

**STATEMENT OF HON. STEVE WOMACK, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ARKANSAS, FORMER
CHAIRMAN OF THE HOUSE COMMITTEE ON THE BUDGET**

Mr. WOMACK. I thank the Chairman and the Ranking Member. And what an awesome, very humbling experience this is for me to sit with these luminaries, these distinguished gentlemen from the Senate, Senator Portman, Senator Conrad, and my dear, dear, dear friend, John Yarmuth, and the work that he did and the work that we did and the absolute cooperation and respect that we gave each other. Mr. Chairman, I am so proud of you.

For those that don't know, when I was asked to co-chair the Joint Select Committee on Budget Process Reform, when Speaker Ryan called me in his office and asked me to do this, I said, I am willing. He gave me the structure that had been provided for by law, and I knew that there were going to be four members of the House, four of the Senate, each party, and I said, but in order to do this, I am going to ask, just have one request, and that is that this is like hiring a coach. I need to bring an assistant with me that I know and can trust, and he said, who do you want, and I said, well, I want Jodey Arrington, but he is a freshman. I want Jodey Arrington, and, Jodey, you never disappoint. I am so, so very proud of you.

And Brendan Boyle, remarkable person, dear friend, and the work that you are doing. So thank you.

And to the other panelists, some that served with me when I was Chairman of this Committee that are still here today, and I am eternally grateful for the work that all of you do and have done.

I am encouraged by the recent public support for the fiscal commission that would address the challenges our Nation is facing, and as has been mentioned, some of the themes that I will trumpet here this morning have already been covered and deserve to be repeated. One of the biggest challenges is the size of the sovereign debt and the fact that it is growing. Truly one of the greatest threats to American prosperity, and while some would argue the greatest threat, I would hasten to remind everybody in here that in my strong opinion, the greatest threat to the Republic as we know it is the division in the body politic, and Exhibit A is what is going on right now.

This Congress is going to have to muster the courage to fix this, and we can no longer hide behind the politics of everything. We have to come together. It is a national security issue, it is an economic security issue, and the American public is relying on us to fix this.

We are having long and drawn out food fights, as I call it, over discretionary spending. This has been going on since I have come to Congress. That is not our problem. It is what we fight most about on spending, but it is not our problem. Without reforms, without considering everything on the table, as Senator Conrad has just articulated, the trust funds of Medicare and Social Security, the two biggest programs, face insolvency, and we need to tackle

the fiscal dysfunction, and I believe a fiscal commission is part of that.

Now, Mr. Chairman, I will also tell you that in order for this to be successful we have to win the hearts and minds of the people we serve, and somehow we have to make our constituents subject matter experts on our situation, because it is not happening to them as we speak, unless, of course, they are recognizing the inflationary spirals that are happening, the fact that now home mortgage rates are in the A handle. That is when it begins to dawn on people, but then it becomes too late. So we have to find a way to educate the people we serve. So I am a strong believer in a Fiscal State of the Union. In my opinion, a Fiscal State of the Union would serve a far greater purpose than our annual State of the Union.

Now, this Joint Select Committee that Jodey and I and my Ranking Member served on did a lot of great work, and the good thing about the work is, while it didn't get across the finish line, it is still great work and it still provides at least a blueprint for where we can go from here. The ideas and the changes and the reforms that were advocated for, biennial budgeting, annual appropriations, annual reconciliation, all of those things and others that didn't make it into the proposal, they are still fresh and they will still work if we can just muster the courage to take them on. That final proposal, developed with input from Members and all stakeholders across the board, the co-chair and I agreed to the base text, additional amendments were added, bipartisan ideas were found, proposals were explored for future reformers, and we went to vote. I don't know if you remember this, Mr. Yarmuth, but the request was that we needed to pause on the vote because of expedited procedures in the Senate and get some assurance that nothing was going to be placed into the proposal that had nothing to do with the proposal. You remember, we never got that assurance, and so when the final vote was taken, as I recall, there were five Republicans, the minimum needed, that were for it, and there were two Democrats, one of them sitting right here to my left, that were for it, but four Members on the Democrat side voted present. They loved the ideas, but they needed assurance that this was not going to be a vehicle by which other non-germane issues were going to be attached.

That is the problem with Washington, and that is what we need to fix.

I have strayed from my prepared remarks because I get really emotional about these things, but I will say, as Senator Conrad said, that whatever we do and however we proceed, every single possibility has to be on the table. For to remove a proposal or an option from the table only increases the draconian cost, if you will, of the remaining items, and Senator Portman said that the good news is we have a little time, which is the absolute worst thing you can say to the United States Congress.

I will finish this way. This is a matter of urgency. It is imperative that the Congress begin to act immediately, and the failure to do so could indeed signal the end of the Republic as we know it.

With that, Mr. Chairman, I yield back the balance of my time.
[The information follows:]

Opening Remarks

Chairman Arrington, Ranking Member Boyle, and members of the Budget Committee, thank you for inviting me to testify before you today.

I am encouraged by the recent public support for a Fiscal Commission that would address the fiscal challenges our nation faces, and it's a privilege to provide insights from my time as House Budget Committee Chairman and Co-chairman of the Joint Select Committee on Budget and Appropriations Process Reform.

As everyone here is aware, one of the biggest challenges we face as a nation right now is our \$33 trillion sovereign debt. It is one of the greatest threats to American prosperity, security, and the economic success of future generations.

We have not meaningfully addressed the real driver of our debts and deficits – mandatory spending. Congress has taken strides in controlling discretionary spending, but that can only take us so far, and the truth is, it still would not be enough.

Mandatory spending accounts for nearly 73% of federal spending. Seventy-three percent.

It is way past time to say enough is enough and have Members of Congress take the tough votes that will strike at the scourge of mandatory spending.

Without reform, the trust funds for Medicare and Social Security will face insolvency by 2031 and 2033 respectively. Congress must prioritize the reform of our mandatory spending programs in a way that addresses the spending these programs incur while preserving them for future generations.

We need to tackle the fiscal dysfunction, and I believe a fiscal commission would help deliver the needed policy solutions to

chart a responsible way forward in addressing our spending problem.

Now, that being said, we need to remember, the process is not the problem, the problem is the problem.

We already have two bodies dedicated to solving our spending problem – the House and Senate Budget Committees.

I want to commend you, Chairman Arrington, for producing a budget for Fiscal Year 2024. I appreciate your leadership and hope it will help spur some of our reluctant members along.

As members of the Joint Select Committee on Budget and Appropriations Process, Chairman Arrington and I saw firsthand the desire of members on both sides of the aisle in both chambers of Congress to improve the nation's fiscal outlook.

We ultimately produced a bipartisan package of reforms, including moving to a biennial budget, while maintaining annual appropriations and annual reconciliation; ensuring realistic deadlines for Congress to complete its budget and appropriations work; and requiring a joint Budget Committee hearing on the fiscal state of the nation.

The Committee obtained bipartisan and bicameral support for a number of proposals, but the final vote did not reach the required supermajority threshold. Some members voted “no” and some “present.”

However, the final proposal was developed with input from all the Members, the Co-Chair agreed to the base text, and additional amendments were added during the markup with a supermajority vote – some with a unanimous vote. Bipartisan ideas were found, and those proposals should continue to be explored by future reformers.

From the minute I was appointed by Speaker Ryan, my goal was for our Committee to be bipartisan in everything we did. I think any successful commission will need to focus on bipartisanship as well.

While the Committee did not ultimately achieve success, I believe by taking the time to evaluate the efforts of past committees, such as mine, Congress can establish a Commission that is able to address the fiscal challenges of today and establish economic stability for the future generations of tomorrow.

Some other suggestions I'd offer for a fiscal commission include requiring a bipartisan supermajority for the recommendations to be reported, expedited legislative procedures in the Senate, and the mandate to look at EVERYTHING – mandatory spending, revenues, discretionary spending – EVERYTHING.

Thank you again for inviting me to testify today. I look forward to a productive discussion.

Chairman ARRINGTON. Chairman Womack, thank you for your remarks.

I will now yield to the good gentleman from the Commonwealth, Chairman Yarmuth, for five minutes.

STATEMENT OF HON. JOHN YARMUTH, FORMER U.S. REPRESENTATIVE FOR ARKANSAS, FORMER CHAIRMAN OF THE HOUSE COMMITTEE ON THE BUDGET

Mr. YARMUTH. Thank you very much, Chairman Arrington, Ranking Member Boyle, Members of the Committee.

Let me echo and underline the kind comments that Mr. Womack has made and Senator Conrad and others and say it is a great honor for me to be part of this panel, even though I am going to be that proverbial object in the punch bowl and say that when I was Steve Womack's Ranking Member, and then he was my Ranking Member, and I can't imagine having had a more mutually respectful, collegial, and serious partnership than the two of us have had and still have, and I was proud to come and say a few remarks when his portrait was unveiled here, and I hope he will return when I am here to unveil my portrait.

But anyway, I am honored to be here before the Committee I once chaired to discuss proposals to create another—and I say that with purposeful skepticism—commission on the Federal fiscal condition. Having served in Congress during a period that saw at least four different attempts to assist Congress with doing one of its most fundamental jobs, I can only characterize this new commission proposal as the proverbial definition of insanity, doing the same thing over and over and expecting a different result. As has been discussed, I spent a large amount of time in 2018 as a Member of the Joint Select Committee on Budget and Appropriations Process Reform under the very thoughtful leadership of Mr. Womack. I was constantly impressed with the seriousness of the Committee's discussions and hearings. Many well meaning people from outside and inside of Congress offered their thoughts on how we could reform our budgeting process and appropriations process, primarily, I think, with the implicit goal of reducing our annual deficits and the national debt.

While some of the other Members of that Committee, and we have two of them here, may take issue with my evaluation, I believe the process illuminated one fairly obvious but unavoidable truth: the problem is not the process, it is the people. In other words, if Members of Congress are not willing—and this phrase has already been used—to muster the determination and courage to take on our fiscal challenges, even the best ideas will never be implemented. I would argue the same conclusion could be reached about the Domenici-Rivlin task force and Simpson-Bowles Commission, and even those who think the 2011 Budget Control Act was effective must remember that the only reason it was enacted was because it avoided a default on our debt, and that virtually every year we waived the budget caps because they were impractical and unpopular, and there was bipartisan relief when that law expired in 2021. Plus, the commission established under that law could not reach a consensus on any new course of action, and by the way, the

national debt doubled during the ten years the budget caps of the 2011 Act were in effect.

Of course, every one of these efforts stems from the presumption that our debt and deficits are unsustainable. I heard that argument every one of the 16 years I served in this body. I am sure that back during the Lincoln Administration, when the national debt reached \$1 billion dollars, people were warning that they were leaving an unsustainable burden on their grandchildren. I know they were saying that when the debt reached \$1 trillion dollars during the Reagan years. Correct me if I am wrong, but I don't know one grandchild who has ever been asked to repay a penny of that debt. I have two young grandsons and the last thing I worry about for them is that they will have to pay back some of the national debt.

If you believe, as most do, that it would be better for us not to have trillion dollar annual deficits and \$33 trillion in debt, the course of action is not a mystery. You either cut spending or raise revenues or both. Doing that is Congress' job and not a commission's or task force's, not even the Bipartisan Bicameral Committee we had in 2018. So I would like to offer some other suggestions.

Why not have the Oversight Committee actually do oversight on some of the more expensive government activities and see where money can be saved rather than holding wasteful hearings on Hunter Biden and his laptop? Why not have the Ways and Means Committee meaningfully explore the Social Security and Medicare programs to see how their fiscal conditions can be strengthened? And let me say as an aside on Social Security, everybody says there are only three courses of action on Social Security: raise revenues, raise the retirement age, or reduce benefits. There is another answer. The only reason the trust fund is an issue is because the law says that benefits have to be paid out of the trust fund. Congress can change the law, say that benefits are paid out of the general fund. Then the trust fund issue goes away like that. There is another way that Congress can act because Congress basically sets the interest rate that the Social Security trust fund gets from the government. So the premiums come in, Social Security payments come in, Treasury issues bonds to the trust fund. They are not normal government bonds, they are bonds, a special issue that can't be marketed, and they bear an interest rate that Congress sets the formula for. Congress can change that. So there are options available to us, but it takes serious thoughts on the ways of Congress.

What else can we do? The Energy and Commerce Committee can do the same thing with Medicaid, and while they are at that one, they can passionately look at the oil subsidies that cost us billions. Same with sugar subsidies that not only have direct costs, but enormous indirect healthcare costs.

And finally, maybe this Committee can actually analyze the national debt issue to determine whether the debt we have and will have is really unsustainable or not, and how can we judge that moving forward? It can't be just looking at a graph with a constantly rising line and getting scared.

One final thought is that commissions and task forces don't have souls. Hopefully, Members of Congress do. A government without a soul is not a functioning government, regardless of how much or how little it costs.

I look forward to your questions.
[The information follows:]

**Statement of John Yarmuth to the House Budget Committee
October 19, 2023**

Chairman Arrington, ranking member Boyle, and members of the committee, I am honored to be here before the committee I once chaired to discuss proposals to create another, and I say that with purposeful skepticism, commission on the federal fiscal condition.

Having served in Congress during a period that saw at least four different attempts to assist Congress with doing one of its most fundamental jobs, I can only characterize this new commission proposal as the proverbial definition of insanity: doing the same thing over and over and expecting a different result.

I spent a large amount of time in 2018 as a member of the Joint Select Committee on Budget and Appropriations Process Reform, under the thoughtful leadership of Mr. Womack. I was constantly impressed with the seriousness of the committee's discussions and hearings. Many well meaning people, from inside and outside of Congress, offered their thoughts on how we could reform our budgeting and appropriations processes, primarily with the implicit goal of reducing our annual deficits and the national debt.

While some of the other members of that committee might take issue with my evaluation, I believe the process illuminated one fairly obvious but unavoidable truth: the problem is not the process; it's the people. In other words, if members of Congress are not willing to muster the determination and courage to take on our fiscal challenges, even the best ideas will never be implemented.

I would argue the same conclusion could be reached about the Domenici-Rivlin task force and the Simpson-Bowles Commission. Even those who think the 2011 Budget Control Act was effective must remember that the only reason it was enacted was because it avoided a default on our debt, and that virtually every year we waived the budget caps because they were impractical and unpopular, and there was bi-partisan relief when the law expired in 2021. Plus, the commission established under that act could not reach a consensus on any new course of action. And, by the way, the national debt doubled during the 10 years the budget caps of the 2011 Act were in effect.

Of course, every one of these efforts stems from the presumption that our debt and deficits are unsustainable. I heard that argument every one of the 16 years I served in this body.

I am sure that back during the Lincoln administration, when the national debt reached a billion dollars, people were warning that they were leaving an unsustainable burden on their grandchildren. I know they were saying that when the debt reached a trillion dollars during the Reagan years. Correct me if I'm wrong, but I don't know of one grandchild who has ever been asked to repay a penny of that debt. I have two young grandsons, and the last thing I worry about for them is that they will have to pay back some of the national debt.

If you believe, as most do, that it would be better for us not to have trillion dollar annual deficits and \$33 trillion in debt, the course of action is not a mystery. You either cut spending or raise revenues or both. Doing that is Congress's job, and not a commission's or task force's, nor even the bi-partisan, bicameral committee we had in 2018.

I would like to offer some other suggestions. Why not have the Oversight Committee actually do oversight on some of the more expensive government activities and see where money can be saved, rather than holding wasteful hearings on Hunter Biden?

Why not have the Ways and Means Committee meaningfully explore the Social Security and Medicare programs to see how their fiscal conditions can be strengthened?

Same with the Energy and Commerce Committee on the Medicaid program. And while they're at that one, dispassionately look at the oil subsidies that cost us billions. Same with sugar subsidies that not only have direct costs, but enormous indirect health care costs.

Finally, maybe this committee can actually analyze the national debt issue to determine whether the debt we have and will have is really unsustainable or not, and how we can judge that moving forward. It can't be just looking at a graph with a constantly rising line and getting scared.

One final thought is that commissions and task forces don't have souls. Hopefully members of Congress do. A government without a soul is not a functioning government, regardless of how much or how little it costs.

I look forward to your questions.

Chairman ARRINGTON. I thank the Chairman, and we need to make sure that we have attainable aspirations in this Committee, so to suggest that we are going to need Members of Congress to have a soul is a really difficult start to this conversation.

I am not going to ask any questions. I want to make a comment, and then I am going to defer to my colleagues.

It is so unfortunate, but our conferences have called meetings at 11:00, both sides, and I hate that because this is the beginning of a very important conversation, and I just want you to know that my desire and what I will work towards accomplishing is inviting both the Democrats and Republicans in our conference more broadly in an auditorium to have a bipartisan discussion and panel Q&A with you all here. So we will have more time for discussion, but we have to break. I will probably stay till 11:15. Some Members will leave, so just understand that is what that is about.

I am going to resist actually making any more comments. I appreciate the diverse opinions and the contrarian views. Now let's debate and let's seek the counsel of our gentlemen in front of us.

I am going to defer to Mr. McClintock for my set of questions. Can I do that? Can he ask my questions and I will just go?

Mr. BOYLE. I think so.

Chairman ARRINGTON. Let me do that. I yield five minutes, but let's try to make it as quick as we can to let everybody have their time to ask their questions.

Mr. McClintock.

Mr. MCCLINTOCK. I am not going to take five minutes.

I don't want to shock everybody, especially myself, but I agree with what John Yarmuth said. He has either gotten a lot wiser since he left Congress or I have gotten a lot dumber, but one way or another, we have had a meeting in the minds. Shakespeare put it best: "the fault, dear Brutus, lies not in our stars, but in ourselves, that we are underlings." You know, all the CYA commissions we can think of won't work without people willing to make hard decisions. There is no substitute for leadership and courage and common sense. The budget process only works when the House leadership is willing to exercise that courage and common sense and make fiscal responsibility an absolute priority and insist on it throughout the House.

Under Newt Gingrich and John Kasich we had that leadership and we had that determination and we had a President who was willing to work with them, and we balanced the budget four years in a row and set this country back on course toward fiscal balance. The Chairman is correct, we haven't done our jobs. So it is just easier to blame the process and now propose to hand that hot potato off to an unelected commission, presumably exercising super-human wisdom that we haven't been able to summon, and when our constituents complain, we just have to say, hey, it is in the hands of a bipartisan commission, and they will figure it out. Well, we missed the central point. The ultimate bipartisan commission in this Nation is called the Congress, and this Congress, as imperfect as it is, is where these decisions must be made. Passing the buck is simply not the answer, because the buck stops here. A dollar cannot be spent by this government until and unless this House says that it can be spent. So there is no substitute for Congress,

and if it hasn't worked recently, we need to look at ourselves and not farm it out to others.

There is no shortage of experts and think tanks left, right, and center, with every conceivable solution to our problems. Some are really good, some are really bad, and it is our job to know the difference and to act accordingly. There has been a House rule since 1836 that forbids any expenditure of funds not authorized by law. That provision requires exactly the oversight and review that Mr. Yarmuth recommends, but we always waive that rule, throw billions of dollars at programs whose authorization has expired decades ago, and then go about our business as if nothing has happened. The budget process that is in place offers a logical step by step process for responsible, serious budgeting if we would simply use it, and it did work when Congress used it and insisted on it.

It is true, we are badly divided by partisanship because the American people are badly divided by partisanship, and what is Congress but a reflection of the people? Madison said if every Member of Congress were a Socrates, they would still behave like a mob. Our fiscal situation is dire because of bad decisions made here over many years and it can only be corrected here. It is becoming so dire that it cannot be ignored much longer. Reality, I think, is about to catch up with us, and we are going to, as Lincoln once said, need to rise with the occasion, to disenthral ourselves and then save our country.

Anything you would like to add Mr. Yarmuth? I never thought I would be inviting this, but your testimony is spot on.

Mr. YARMUTH. Well, I appreciate that.

No, I never thought we would agree on anything either, and Steve Womack mentioned this as well, if you go back and look at Greenspan, you are talking about 1981. It was a different world in 1981 in terms of the geopolitical climate in this country. We had liberals and conservatives in both parties. So there was always something you could find common ground with in the other party. That doesn't exist anymore, and on most issues, we default to our party's position and we don't take the time to really—

Mr. MCCLINTOCK. But the process does work, after a fashion. The reason we built that beautiful building was to do one thing and one thing only, it was to talk out our differences, and we need to get back to that, and not in a commission, but here.

Mr. YARMUTH. We absolutely do, and we can't—I haven't been out of it so long that I can't say we still, but Congress can be the role models that will help the people change their perspective on what they want us to be.

Chairman ARRINGTON. I thank the gentleman from California. His time has expired.

I now recognize Ranking Member Boyle from Pennsylvania for any questions.

Mr. BOYLE. Yeah, thank you.

Mr. Chairman, first, I ask—I have quite a laundry list here, so bear with me. I ask unanimous consent to include into the record the following, a statement for the record from Max Richtman, President and CEO of the National Committee to Preserve Social Security and Medicare, Congressional testimony. Statement for the record from AFGE, the American Federation of Government Em-

ployees, a letter to both of us from AFSME, a letter for the record from the Bipartisan Policy Center, a piece from the Center on Budget and Policy Priorities, written by Sharon Parrot and Joel Friedman, and finally, a letter to the both of us from Strengthen Social Security.

Chairman ARRINGTON. With regard to all the above, without objection, so ordered.

[The information follows:]



**STATEMENT FOR THE RECORD
MAX RICHTMAN
PRESIDENT AND CEO
NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE
U.S. HOUSE OF REPRESENTATIVES
BUDGET COMMITTEE
HEARING ON SOUNDING THE ALARM:
EXAMINING THE NEED FOR A FISCAL COMMISSION
October 19, 2023**

Dear Chairman Arrington and Ranking Member Boyle,

My name is Max Richtman, and I am the President and CEO of the National Committee to Preserve Social Security and Medicare. The National Committee is a grassroots advocacy and educational organization dedicated to preserving and strengthening the programs which are vitally important to the well-being of our nation's seniors.

On behalf of our millions of members and supporters, I am honored to submit this statement for the record strongly opposing the establishment of any fiscal commission that includes directives to propose changes to Social Security.

As Congress grapples with the implications of a federal debt currently topping \$33 trillion, pressure by fiscal conservatives inevitably turns to finding "savings" in Social Security, even though this critical social insurance program for America's workers does not contribute a single penny to the national debt.

Finding "savings" in Social Security is code for cutting Social Security, which poses significant political risks to elected officials who vote to cut the already modest, earned benefits of workers contributing to this extremely popular program. This is why the notion of creating a Commission to advance unpopular benefit cuts repeatedly resurfaces, in the hopes a bipartisan commission could help shield proponents of cutting the program from political accountability.

Commissions are designed to squeeze every possible dollar of savings out of Social Security without consideration for the adequacy of benefits during their deliberations. They are intended as a vehicle for enacting deep cuts to Social Security and Medicare that could never pass Congress on their own because of their unpopularity with the voting public. They are inevitably designed to avoid political accountability for enacting cuts to earned benefits that will unravel the foundation of economic security for generations.

Many commission proponents cite the National Commission on Social Security Reform, better known as the Greenspan Commission, as an example of a successful commission that could be replicated to solve Social Security's long-range financial imbalance. The Greenspan Commission was appointed by

President Ronald Reagan and the Congress in 1981 to study and make recommendations on the short-term financing crisis that Social Security faced at that time.

There are significant differences in both the economic and political times of the 1980's compared with today that argue against the creation of a commission of any kind charged with proposing changes to Social Security. Perhaps the most important difference lies in the economic insecurity facing workers. Today's workers approach retirement age markedly more insecure than the workers of the 1980s.

Few workers today are covered by traditional pensions, depending instead on savings plans like 401(k) plans and IRAs invested in the often-volatile stock market to provide enough savings to support them in retirement. During the decades since the Greenspan Commission, wage growth for middle- and low-income workers has stagnated, while prices have continued to increase, making it much more challenging for any but the wealthiest to set aside enough money to ensure a comfortable retirement. This problem is especially acute for younger Americans, who enter the workforce saddled with unprecedented levels of student loan debt, making it difficult for them to accumulate enough resources to buy a first home, let alone begin saving for retirement.

This financial insecurity is reflected in poll after poll taken of American workers, who strongly oppose cutting Social Security's already modest benefits and instead overwhelmingly support expanding benefits. Politicians who today openly support benefit cuts are clearly acting against their constituents' best interests and risk their political futures.

The role of the Greenspan Commission itself in developing the blueprint that secured full funding of benefits for the decades since their enactment into law in 1983 is debatable. According to many insiders, including one of the main architects of the amendments, former Social Security Commissioner Robert M. Ball, it was the work of a small group of senior representatives from the White House and Congress who negotiated the framework of the proposal. The willingness of President Reagan and Congressional Republicans to raise taxes in order to keep the program solvent was instrumental in the project's success, a position that clearly does not exist in today's Republican leadership. The proposal itself, developed by this small group and endorsed by the full Commission, then went through "regular order", including public hearings and the ability to debate and amend the legislation in the Committees of jurisdiction and on both the House and Senate floors.

This adherence to "regular order" is designed to provide the public with the opportunity to fully understand the effect of the changes that are being proposed, and allow them to hold accountable the members of Congress voting to make the changes.

In his book, *The Greenspan Commission: What Really Happened*, Robert Ball issued a warning to future Congresses against relying on similar commissions that we would be well served to heed: "To suggest that the Greenspan Commission provides a model for resolving questions about Social Security's future would be laughable if it were not so dangerous... A commission is no substitute for principled commitment. Above all, we should not allow ourselves to fall into the trap of expecting miracles from another Greenspan Commission by deluding ourselves into believing, mistakenly, that the first one was a great success."

Appointing Commissions as a way to “kick the can down the road” on challenging issues is nothing new for Congress – it has funded stacks of reports gathering dust from previous Commissions on a wide range of issues. Make no mistake about it, the Commissions being proposed today bear little or no resemblance to these ineffective Commissions of the past. Today’s Commissions are supercharged – designed to rush their recommendations through Congress under a cloak of darkness so they can be enacted before the American people have a chance to study them and understand how they would be affected.

The most recent Commission proposal, which was included in the resolution providing short-term funding for the government recently considered by the House of Representatives, in many respects ‘says the quiet part out loud’ – it would have established a Commission that was not permitted to issue its report until after the elections in 2024. The recommendations would then be fast-tracked through a lame-duck Congress with mere days for debate and no ability to amend the bill or slow down the process. Many of the members of Congress who would be casting their votes to change this critical program would presumably have already been voted out of office or retired and therefore would no longer be accountable to the public. Although the resolution failed and received no votes from Democrats, it was supported by all but 21 House Republicans.

Even without such a dramatic fast-track process, commissions can face pressure to issue recommendations that are extremely unpopular but appear to reflect a bipartisan consensus. The most recent example of such harmful proposals are reflected in the December 2010 recommendations of the National Commission on Fiscal Responsibility and Reform, co-chaired by Erskine Bowles and Alan Simpson. This Commission’s recommendations for Social Security and Medicare failed to reflect a balanced approach in addressing the nation’s fiscal imbalances. Their proposal relied far too heavily on benefit cuts which would hurt millions of Americans.

Many of these proposals, even though they were not approved by the required majority of commission members and only appeared in a report issued by the co-chairmen, continue to surface in conservative circles and can be expected to again be considered by any new commission. Included are provisions which would:

- **Cut Social Security by Raising the Retirement Age to 69** – The report called for a gradual increase in the full retirement age to 68 by 2050 and 69 by 2075, with further increases indexed to longevity. The plan also recommended parallel increases in the early retirement age from 62 to 64. Increasing the retirement age is a benefit cut pure and simple and would harm the retirement security of generations of Americans. Similar retirement age increases to age 70 and beyond are clearly contemplated to be part of any new recommendations.
- **Cut Social Security by Reducing Cost-of-Living Adjustments (COLAs)** – Bowles-Simpson proposed adoption of a different method of calculating the cost-of-living adjustment that would almost immediately result in smaller COLAs, impacting even current retirees. This proposal was estimated to lower benefits by approximately 3 percent after 10 years of retirement and 6 percent after 20 years of retirement. The National Committee believes the formula currently used to calculate benefits *underestimates* the costs seniors face and strongly supports switching to the CPI-E, which better reflects the basket of goods and services utilized by older Americans.

- **Cut Social Security by Altering the Benefit Formula** – Bowles-Simpson proposed massive changes to the benefit formula that would substantially reduce benefits for millions of future retirees. The cuts, described as “moving to a more progressive benefit formula”, would have cut benefits for workers beginning with \$38,000 in median lifetime incomes in 2010 dollars. Similar proposals have been advanced and could be expected to cut benefits, not for the truly wealthy, but for the heart of the middle class.
- **Cut Medicare by Increased Cost Sharing for Seniors** – Their report included proposals that would lead to hundreds of billions of dollars in new Medicare cuts, over \$100 billion of which would come **directly** out of the pockets of seniors in the form of increased cost-sharing. The average senior is already spending nearly 30 percent of his/her Social Security benefit on Medicare out-of-pocket costs alone; these proposals would increase that amount.
- **Cut Medicare by Reducing Provider Reimbursements** – Bowles-Simpson included a new round of cuts in Medicare provider reimbursements, which could leave seniors without access to affordable health care (as providers may stop treating Medicare beneficiaries).

Social Security did not contribute to the federal debt and deficit. Furthermore, neither Social Security nor Medicare should be the targets of so-called reform measures that cut vital earned benefits simply for the purpose of balancing the budget. In fact, according to the National Committee’s most recent nonpartisan polling, Americans across all ages and party affiliations are solidly against cutting Social Security and Medicare to reduce the deficit.

The National Committee believes Social Security must be reformed, its benefits updated to meet the needs of today’s and tomorrow’s beneficiaries and its financial solvency assured for future generations. But the process to achieve that goal must be deliberative and fully accessible to the public. Commissions on steroids forcing changes to hard-earned benefits will not fool American voters – President Biden has called them “death panels” for Social Security for good reason.

Additional Reading:

Commissions are a back-door way to cut Social Security <https://www.ncpssm.org/documents/social-security-policy-papers/commissions-are-a-back-door-way-to-cut-social-security-as-part-of-a-budget-deal/>

The TRUST Act: Setting the stage for cuts to Social Security and Medicare while avoiding political accountability <https://www.ncpssm.org/documents/social-security-policy-papers/viewpoint-the-trust-act-setting-the-stage-for-cuts-to-social-security-and-medicare-while-avoiding-political-accountability/>



CONGRESSIONAL TESTIMONY

**STATEMENT FOR THE RECORD BY
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO
BEFORE THE
HOUSE BUDGET COMMITTEE
ON**

“Examining the Need for a Fiscal Commission”

OCTOBER 18, 2023

Chairman Arrington, Ranking Member Boyle and Members of the Committee:

The American Federation of Government Employees, AFL-CIO (AFGE), which represents over 750,000 federal and District of Columbia employees in 70 agencies, thanks the Chairman and Ranking Member for holding this hearing, “Examining the Need for a Fiscal Commission.” AFGE urges the Committee to conclude a commission is **not** necessary and would serve only to usurp the power and duty of the Committee itself to, in its stated role as an “institutional check on federal spending,” and provide an independent means to analyze the Presidential budget, reconcile it with congressional plans, and develop a fiscal policy of its own.”

While this hearing does not address a specific piece of legislation, we note legislation has recently been introduced, H.R. 5779, the “Fiscal Commission Act of 2023” that would establish a 16-member “Fiscal Commission” appointed by Congressional leaders. Twelve commissioners would be members of Congress, and four would be “outside experts.”

The Commission would be asked to recommend how to “balance the budget at the earliest reasonable date,” to “address the growth of direct spending,” and to “improve solvency” of Social Security and Medicare “for a period of at least 75 years.” Commission recommendations for reducing spending and likely slashing Social Security and Medicare benefits would be delivered to a lame duck Congress just after the November 2024 election, with the requirement that each chamber conduct an immediate up-or-down vote on approval, with no opportunity for amendment and only minimal discussion.

The growth of the national debt over the last quarter century largely reflects other factors, including military conflicts whose costs were not offset through revenue increases, repeated tax cuts focused on corporations and the wealthy, and one-time extraordinary spending measures related to the pandemic and the subprime mortgage crisis. So-called “direct spending” – spending on federal agencies and programs – is a relatively minor part of the federal budget whose growth, if any, has largely lagged the rate of inflation for many years. Federal civilian

employment today is less than it was in the 1960s, even as the U.S. population has almost doubled.

The idea of a fiscal commission is not new. In the aftermath of the subprime mortgage crisis, then-President Obama established what became known as the Simpson-Bowles Commission with a charter to “identify policies to improve the fiscal situation in the medium term and to achieve fiscal sustainability over the long run.” In the end, the Commission’s recommendations, such as raising the Social Security retirement age – embodied in a 2010 final report entitled “The Moment of Truth” - mostly languished. However, some of the Commission’s most punitive recommendations, such as a multi-year federal civilian pay freeze and cutting the value of federal pensions, did come to pass. These unfortunate changes made an utterly insignificant contribution to deficit reduction (dwarfed by the magnitude of the 2017 tax cuts) but they continue to harm federal employees to this day.

Legal contrivances like a fiscal commission bypass the role of a democratically elected Congress in formulating and debating legislation and tax policy. A commission is an extra-Constitutional gimmick designed to force unwise and unpalatable decisions onto an unwilling Congress. Should a commission carry out its deliberations in open public meetings during an election year, it will invite political accusations intended to bend the commission’s recommendations toward those with the loudest bullhorns and deepest pockets. Conversely, a commission that meets behind closed doors and embargoes any recommendations will open the door to wild speculation and behind-the-scenes deals that benefit only the deepest pockets.

The U.S. Constitution is plain. The preeminent function of Congress is to “lay and collect taxes, duties, imposts and excises, to pay the debts and provide for the common defense and general welfare of the United States” Congress has carried out this function for more than 230 years through a deliberative and transparent process that involves committee hearings, oversight meetings, consultation with constituents, and good-faith negotiation and compromise among legislators who are directly accountable to voters for the legislation they write and pass. Outsourcing this function in order to make it easier for legislators to vote for measures that could include deep cuts to Social Security, Medicare, Medicaid, the federal civil service, and any

number of other essential programs and services is, fundamentally, an abdication of Congress's constitutional duty to take ownership of its work product from inception to passage. A likely key focus of a fiscal commission – raising the Social Security retirement age and reducing benefits – is particularly poorly timed, as life expectancy for working people actually falls and inflation erodes the ability of seniors and the disabled to afford basic necessities.

AFGE urges this Committee to heed its charge to debate sound budget policy, keeping Medicare and Social Security adequately funded, as the bedrock of middle-class health, security, and dignity in old age. Further, sound budget policy must keep federal salaries, which already lag the private sector by an average of 24% as competitive as possible to ensure a capable and qualified civil service. The last time Congress ceded its charge to a fiscal commission, the extra-Constitutional entity failed to reach agreement and its only enacted legacy was a three-year federal pay freeze and a permanent 3.6% levy collected to this day against federal wages, ostensibly to pay for retirement benefits. No other group of American citizens was asked to sacrifice in this way.

The resurgence of the prospect of an outside commission has its origins in Congress's inability since the start of the 118th Congress to overcome partisanship and pass appropriations measures in a timely manner, yet its success depends on the same dysfunctional Congress to adopt its recommendations. If Congress cannot restore regular order to the appropriations process, no commission will succeed in its place. To the topic of this hearing, the answer is “no,” there is not a need for a commission; there is a desperate need for legislative leadership.

Thank you for considering AFGE's views on the creation of any so-called “Fiscal Commission.”



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Elissa McBride
Secretary-Treasurer

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Mike Yestranski
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October 18, 2023

The Honorable Jodey C. Arrington
Chair, Committee on Budget
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Brendan F. Boyle
Ranking Member, Committee on Budget
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Arrington and Ranking Member Boyle:

On behalf of the 1.4 million members of the American Federation of State, County and Municipal Employees (AFSCME), I write to request that this letter be included in the record of the October 19 hearing on "Examining the Need for a Fiscal Commission."

The federal budget decisions made by Congress each year, concerning both investments and revenues, are vital to growing the middle class, ensuring that the economy is strong, ensuring that our communities are safe and prosperous and that federal, state and local public services can operate effectively. When Congress considers the fiscal challenges of the nation and the best path toward economic sustainability for all Americans, we urge the focus to be on three core areas:

- The economics and urgency of staffing the front lines of state and local governments.
- Preserving and strengthening Medicare, Medicaid and Social Security while safeguarding against any benefit cuts.
- Raising revenues to support investments in public services and infrastructure and not just deficit reduction which puts the unequal burden on discretionary and entitlement programs.

We are concerned that fiscal commissions are created as part of gamesmanship over the budget with intentions to make deep cuts to vital public services, infrastructure, needed investments and benefits that assist working families and those struggling to make ends meet. Moreover, the special one-time legislative fast-track process typically proposed for these commissions is extremely problematic. Fast-tracking obliterates regular order, limits public input, excludes the traditional committee process, and has often proposed draconian cuts in benefits for bedrock programs like Social Security, Medicare and Medicaid without amendment or full debate.

Investment Economics and the Role of Government

Investments made by the federal government stimulate significant economic activity in every state, county and town and create and sustain millions of jobs. Pursuing a deficit reduction strategy that relies on spending cuts will dampen economic activity and harmfully reduce demand. Federal grants to state and local governments play an indispensable role in

American Federation of State, County and Municipal Employees, AFL-CIO

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ensuring health care, public education, public safety, child care, nutrition assistance, public transit, water infrastructure, housing assistance and other government functions that build strong communities and drive economic growth. Failing to recognize this critical role of federal investments in our national, state and local economies could likely result in economic stagnation and recession. Historically, robust federal investments made in roads, schools, airports, urban transit, education, water treatment facilities, health clinics, job training, energy sustainability and climate resilience have paved the way for a healthy economic future, and Congress should continue on this successful path to prosperity.

Medicare, Medicaid and Social Security are Vital to Retirement and Health Security

For nearly six decades Medicare has given peace of mind to seniors because they know they can see a doctor, go to the hospital, and get the health care they need when they need it. Medicare provides health care and economic security through health insurance coverage to 65 million people in the U.S., including 57 million older adults and nearly 8 million younger adults with disabilities.

Social Security benefits lift more people above the poverty line than any other program in the United States. It helps workers to earn a benefit to allow them to retire with dignity, provide for their spouse and dependent children when they die, and to have insurance in case a disabling long-term illness or injury strikes before they retire. About 66 million people, or about one in every five U.S. residents, collected Social Security benefits in February 2023. [Social Security reduces poverty dramatically among older adults](#) and it is vital for children under age 18 because its benefits help lift more than [1 million children](#) out of poverty.

Looking at the facts, Social Security does not add to federal deficits. It has its own dedicated revenue source – payroll contributions from workers and their employers. Harmful cuts in Social Security must be rejected, including raising the full-retirement age to 70, which is nothing more than a benefit cut, since many people will not actually work until age 70, especially if they are in failing health, work a strenuous job or cannot find a job. We reject reducing benefits and calls for privatization of the Social Security program.

Medicare is also not the problem. Congress has passed laws to slow the pace of Medicare costs for health care, such as the recent Part D changes made in the Inflation Reduction Act which will hold down costs in the future and help beneficiaries better afford the costs of prescription drugs. But further limitations of coverage or provider payments could leave beneficiaries at risk for access to care. Indeed, there are strong arguments to be made for increasing Medicare benefits.

Both Medicare and Social Security are tremendously important programs that touch every American. They both provide invaluable social insurance to workers and are essential to the U.S. economy, providing millions with monthly benefit checks and health care. AFSCME is deeply concerned about a focus on reducing Social Security and Medicare as a primary deficit reduction strategy, especially proposals that would fundamentally change their character as universal insurance programs.

Rather than focus on cutting benefits as the sole means for strengthening Medicare or Social Security's fiscal health, it is vital to consider additional sources of financing, such

as is proposed in the Medicare and Social Security Fair Share Act (H.R. 4535), introduced by Ranking Member Boyle. H.R. 4535 would extend the solvency of the trust funds for both Medicare and Social Security by more than 75 years with no cuts to benefits.

Medicaid represents \$1 out of every \$6 spent on health care in the U.S. and is the major source of financing for states to provide health coverage and long-term services and supports (LTSS) for low-income residents. It covers more than 4 in 10 births nationally and the majority of births in several states, and the Medicare premiums for more than 12 million people who are enrolled in both programs. Some [5 in 8](#) nursing home residents depend on its coverage. Moreover, Medicaid is an economic countercyclical which is an economic stabilizer.

AFSCME is concerned that proposals to radically change Medicaid into a capped grant program would be advanced by a Fiscal Commission and would harm beneficiaries and send economic shock waves through the health care industry and state budgets. Cutting federal funding for Medicaid would force states to make Medicaid eligibility changes that would make it harder to qualify for and enroll in Medicaid coverage. States would also likely consider capping or limiting enrollment, cut critical services and cut payments rates, making it harder for people with Medicaid to access care.

Revenue Considerations

It would be wrong for Congress to establish a fiscal or debt commission to focus exclusively or mostly on the investment and spending side. New revenues are needed to invest in America, grow the middle class and must be included in any discussion of reducing the deficit and debt. Indeed, the nonpartisan Congressional Budget Office [estimates](#) that extending the 2017 tax cuts, which contributed disproportionately to the deficit, would add \$3.5 trillion to the deficit through 2033.

Summary

It is important to review our nation's fiscal policies to ensure they align ongoing needs and the capacity to deliver public services. Cuts in America's safety net is not the answer, nor should Congress be asked to balance the budget on the backs of working and low-income Americans through across-the-board cuts in discretionary investments in community and public services. Congress must identify and create new, progressive ways to pay for important investment needs and vital public services, including those that meet the retirement security and health care needs of the nation. New revenues must be part of the solution to meet our present and future needs.

Sincerely,



Edwin S. Jayne
Director of Federal Government Affairs

ESJ:LB:ei



October 19, 2023

The Honorable Jodey Arrington
Chairman
Committee on the Budget
United States House of Representatives
Washington, D.C. 20515

The Honorable Brendan Boyle
Ranking Member
Committee on the Budget
United States House of Representatives
Washington, D.C. 20515

Letter for the Record: Hearing on “Sounding the Alarm: Examining the Need for a Fiscal Commission”

Dear Chairman Arrington, Ranking Member Boyle, and Members of the Committee:

The Bipartisan Policy Center commends the committee’s leadership on efforts to strengthen the U.S. fiscal outlook on a bipartisan basis, and we thank the committee for convening this important hearing.

The country’s fiscal house is not in order. Debt held by the public now exceeds \$26 trillion—nearly the size of annual U.S. economic output—and it is growing rapidly. Interest paid on the debt is the fourth largest expenditure of the federal budget today, behind only national defense, Social Security, and health care. Within the next three decades, net interest costs are expected to be the government’s largest expenditure. Even stabilizing the federal debt-to-GDP ratio at its current level of approximately 100% would require a combination of spending reductions and revenue increases of more than \$7 trillion in the next decade—a figure that assumes any extensions of expiring provisions of the Tax Cuts and Jobs Act are fully paid for.¹

It is past time for elected leaders to get serious about addressing the nation’s fiscal health. A new bipartisan fiscal commission could be the first step on that path while also helping to rebuild Americans’ fundamental trust in their government.

Bipartisan leadership will be key to any future commission’s success. The president and congressional leadership, regardless of party, must be directly involved in making the case to the public, interest groups, and the business community that debt is a first-order problem for the country and that fiscal responsibility is necessary in the years ahead. A fiscal commission should seek first and foremost to define the challenge and explain its importance to the American public. Legislators will not make difficult decisions in the future unless their constituents see a need and a reason to act. A commission should also establish key principles for bipartisan debt reduction and advance specific policy options worthy of congressional consideration.

For years, BPC has worked to bring members of Congress from both sides of the aisle together to address the largest drivers of our nation’s unsustainable fiscal trajectory. In January 2010, we launched the Debt

¹ Congressional Budget Office, “The 2023 Long-Term Budget Outlook,” June 28, 2023. Available at: <https://www.cbo.gov/publication/59014>.



Reduction Task Force co-chaired by the late Senator Pete Domenici (R-NM) and former OMB Director Dr. Alice Rivlin and comprised of 19 former elected officials and experts with diverse backgrounds from across the political spectrum.² The proposals produced by the task force offered proof that, in the face of political headwinds, a bipartisan group could craft a comprehensive and viable blueprint to tackle the nation's most serious economic challenges.

The task force's consensus report increased awareness of the nation's severe fiscal problems and helped lead Congress to pass multiple recommendations from the task force into law—most notably, the caps on discretionary spending contained in the Budget Control Act of 2011.³ In 2012, BPC and the task force co-chairs released an updated plan to keep pace with the evolving fiscal outlook, recommending a balanced package to promote economic growth, curb discretionary spending, shore up entitlement programs, and reform the tax code.⁴

The task force's takeaways were clear: First, the nation's debt trajectory cannot be sustained and poses grave danger to the economy. Second, any realistic solution must include structural reforms to entitlements and comprehensive tax reform that promotes economic growth and raises additional revenue.

Now more than ever, a new fiscal commission must target its efforts on these issues. Non-defense discretionary spending comprises only 15% of the federal budget in 2023 and will shrink to just 12% by 2053.⁵ At that point, Social Security and mandatory health care programs are on track to comprise 66% of the federal budget. Moreover, the trust funds for these programs are headed for depletion in the early 2030s, which means absent reforms, benefit cuts will affect tens of millions of beneficiaries.⁶

BPC stands ready to work with you and the committee as they examine a possible fiscal commission. We thank the committee for considering BPC's perspective and for convening this important hearing.

Sincerely,

Shai Akabas
Executive Director, Economic Policy Program
Bipartisan Policy Center
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ATTACHMENT (1):

Restoring America's Future: The Domenici-Rivlin Debt Reduction Task Force Report (Summary)
Senator Pete Domenici and Dr. Alice Rivlin
BPC Debt Reduction Task Force
November 17, 2010

² Pete Domenici and Alice Rivlin, "Restoring America's Future: Reviving the Economy, Cutting Spending and Debt, and Creating a Simple, Pro-Growth Tax System," BPC Debt Reduction Task Force, November 17, 2010. Available at: <https://bipartisanpolicy.org/report/restoring-americas-future/>.

³ P.L. 112-25, August 2, 2011. Available at: <https://www.congress.gov/112/plaws/publ25/PLAW-112publ25.pdf>.

⁴ Pete Domenici and Alice Rivlin, "Domenici-Rivlin Debt Reduction Task Force Plan 2.0," BPC Debt Reduction Task Force, December 3, 2012. Available at: <https://bipartisanpolicy.org/report/domenici-rivlin-debt-reduction-task-force-plan-20/>.

⁵ Congressional Budget Office, "The 2023 Long-Term Budget Outlook," June 28, 2023. Available at: <https://www.cbo.gov/publication/59014>.

⁶ Social Security and Medicare Board of Trustees, "A Summary of the 2023 Annual Reports," March 31, 2023. Available at: <https://www.ssa.gov/oact/TRSUM/>.

AN OPEN LETTER TO THE AMERICAN PEOPLE

November 17, 2010

To Our Fellow Citizens:

We believe that America is facing two huge challenges that can only be surmounted if both political parties work together: recovery from the recession and restraining the soaring federal debt. We also believe that these two challenges must be addressed simultaneously. Strong action to curb the mounting debt will reinforce the recovery, not impede it.

The federal budget is on a dangerous, unsustainable path. Even after the economy recovers from this deep recession, federal spending is projected to rise substantially faster than revenues and the government will be forced to borrow ever-increasing amounts. Federal debt will rise to unmanageable levels, which will push interest rates up, endanger our prosperity, and make us increasingly vulnerable to the dictates of our creditors, including nations whose interests may differ from ours.

This alarming prospect was created by the actions of both political parties over many years, with strong public approval. Promises to provide benefits and services through Medicare, Medicaid, Social Security and many other spending programs, as well as reductions in taxes, were extremely popular and both parties took credit for them. But now, with an aging population and increasingly expensive health care, federal spending will rise much faster than revenues if those popular policies are not changed. However, the actions needed to reduce the growth of national debt and bring deficits back to manageable levels are all unpopular. Neither party can take the required actions alone without suffering adverse political consequences. The only hope is for the two parties to come together around a bipartisan plan – which liberals, moderates, and conservatives alike see as fair – and work together to make it a reality.

On January 25th, 2010, the Bipartisan Policy Center – founded by former Senate Majority Leaders Howard Baker (R-TN), Tom Daschle (D-SD), Bob Dole (R-KS), and George Mitchell (D-ME) – launched a Debt Reduction Task Force to develop a long-term plan to reduce the debt and place our nation on a sustainable fiscal path. The BPC asked us to co-chair the Task Force and we were honored to accept.

The two of us share strong beliefs that America must learn to live within its means, that the current budget path endangers the future of our country, and that bipartisan action is urgently needed. Each of us played a significant role in the successful bipartisan efforts that brought the federal budget into surplus for four years in a row starting in the late 1990s and reduced the debt held by the public. Senator Domenici was a leader in bipartisan negotiations that crafted the Budget Enforcement Act of 1990 and the Balanced Budget Act of 1997. Alice Rivlin was part of the

Clinton Administration's effort, working first with a Democrat-led and then a Republican-led Congress that achieved those surpluses.

We know from personal experience that bipartisan budget agreements are extremely difficult to create – neither side gets what it wants – but they are possible. The budget outlook is even more threatening today than it was then, but we have faith that our political leaders will see the urgency of working together to take the difficult actions that will restore America to economic health and constructive world leadership.

Our Task Force – 19 Americans from across the country, with diverse backgrounds and views – has examined a broad range of spending and revenue options for the federal government. Today we are releasing our plan, "Restoring America's Future." We believe that it provides a comprehensive, viable path to restore our economy and build a stronger America for future generations and for those around the world who look to the United States for leadership and hope.

We offer this plan as proof that a group of Republicans, Democrats, and Independents can work together to create a balanced package of spending cuts and revenue increases that solves the debt crisis. Other groups might prefer other combinations of policies to reach the same ends. We created this plan to show that it can be done – and thereby encourage others from both political parties to bring their ideas to a constructive, respectful, and ultimately successful dialogue.

Co-Chair Senator Pete V. Domenici

Senior Fellow, Bipartisan Policy Center
Former Chairman, Senate Budget Committee (R-NM)

Co-Chair Dr. Alice M. Rivlin

Senior Fellow, Brookings Institution
Former Director, Office of Management and Budget, Clinton Administration
Founding Director, Congressional Budget Office
Former Vice Chair, Federal Reserve Board

Summary of Recommendations

1. Revive the Economy and Create Jobs

- Enact a “payroll tax holiday” for one year (2011) – excusing employers and employees from paying the 12.4 percent tax into the Social Security Trust Funds.
- Under Congressional Budget Office (CBO) assumptions, this will **create between 2.5 and 7 million new jobs**.
- The tax holiday will not impact the solvency of the Trust Funds, which will be reimbursed in full from general revenues at the same time that they would have received payments in the absence of the holiday.

2. Reduce and Stabilize the Debt

- By 2020, reduce and stabilize the federal debt below 60 percent of GDP, an internationally recognized standard for fiscal stability, and reduce annual budget deficits to manageable levels.
- The plan will balance the primary budget (the budget other than interest) by 2014.
- On a “unified budget basis,” which includes interest, the plan will ensure that future budget deficits are small and manageable. But, above all, it will ensure a strong economy for future generations of Americans.
- Reduce federal spending from a projected 26 percent of GDP to 23 percent by 2020, with revenues at 21.4 percent.
- These fiscal changes will enable the Federal Reserve to hold interest rates down longer in order to strengthen the economic recovery.

3. Create a Simple, Pro-Growth Tax System

- Cut tax rates; broaden the tax base; boost incentives to work, save, and invest; and ensure, by 2018, that nearly 90 million households (about half of potential tax filers) no longer have to file tax returns.
 - ✓ Cut individual income tax rates and establish just two rates – 15 and 27 percent – replacing the current six rates that go up to 35 percent.

- ✓ Cut the top corporate tax rate to 27 percent from its current 35 percent, making the United States a more attractive place to invest.
 - ✓ Eliminate most deductions and credits and simplify those that remain while making them better targeted and more effective.
 - ✓ Replace the deductions for mortgage interest and charitable contributions with 15 percent refundable credits that anyone who owns a home or gives to charity can claim.
 - ✓ Restructure provisions that benefit low-income taxpayers and families with children by making them simpler, more progressive, and enabling most recipients to receive them without filing tax returns.
- Establish a new 6.5 percent national Debt Reduction Sales Tax (DRST) that, along with the spending cuts outlined in this plan, will reduce the debt and secure America's economic future.
 - These reforms, taken together, will make the tax system more progressive.

4. **Restrain Rising Health Care Costs** (Savings through 2020: \$756 billion, excluding interest)

- Incentivize employers and employees to select more cost-effective health plans:
 - ✓ Cap the exclusion of employer-provided health benefits in 2018, and then phase it out over 10 years.
- Control Medicare costs in the short term:
 - ✓ Gradually raise Medicare Part B premiums from 25 to 35 percent of total program costs (over five years).
 - ✓ Use Medicare's buying power to increase rebates from pharmaceutical companies.
 - ✓ Modernize Medicare's benefits package, including the copayment structure.
 - ✓ Bundle Medicare's payments for post-acute care to reduce costs.
- Preserve Medicare for the long term:
 - ✓ Transition Medicare, starting in 2018, to a "premium support" program that limits growth in per-beneficiary federal support (to GDP-plus-1 percent, as compared to current projections of GDP-plus-1.7 percent). The new system maintains traditional Medicare as the default, but will charge higher premiums if costs rise faster than the established limits. Alternatively, beneficiaries can opt to purchase a private plan on a health insurance exchange. Competition among plans will improve the quality of care and increase efficiency.

- Control Medicaid costs in the short term:
 - ✓ Apply managed care principles in all states to aged Supplemental Security Income (SSI) beneficiaries.
- Control Medicaid costs in the long term:
 - ✓ Beginning in 2018, reduce the amount by which Medicaid is growing faster than the economy (that is, reduce annual per-beneficiary cost growth by 1 percentage point).
 - ✓ There are various approaches to achieving these savings. One option would be to reform the shared financing arrangement between the federal and state governments, which has led to gaming of the matching payment system and rising health care costs. Through a federal-state negotiation, allocate program responsibilities between the federal government and the states, so that each will fully finance and administer its selected components of the Medicaid program. This will restore incentives for cost containment, and slow future program spending growth.
- Reform medical malpractice laws:
 - ✓ Cap awards for noneconomic and punitive damages for medical malpractice.
 - ✓ Start large-scale testing of systemic reforms, including safe harbors for practices that conform to accepted guidelines, specialized malpractice courts, and administrative proceedings to resolve disputes.
- Help reduce long-term health care spending to treat obesity-related illnesses – including diabetes, heart disease, cancer, and stroke – by imposing an excise tax on the manufacture and importation of beverages sweetened with sugar or high-fructose corn syrup.
- The Task Force plan accommodates a permanent fix to the sustainable growth rate (SGR) mechanism that currently requires unrealistic automatic cuts in physician payments (which Congress has been annually delaying).

5. Strengthen Social Security

In order to guarantee that Social Security can pay benefits for the next 75 years and beyond:

- Gradually raise the amount of wages subject to payroll taxes (currently \$106,800) over the next 38 years to reach the 1977 target of covering 90 percent of all wages.

- Change the calculation of annual cost-of-living adjustments (COLAs) for benefits to more accurately reflect inflation. (This is a technical change that will be applied in all government programs that use COLAs, including the indexation of tax brackets.)
 - Slightly reduce the growth in benefits compared to current law for approximately the top 25 percent of beneficiaries.
 - Increase the minimum benefit for long-term, lower-wage earners, and protect the most vulnerable elderly with a modest benefit increase. The former is particularly targeted to address the needs of long-time laborers who are unable to remain in the workforce due to the demanding nature of their work.
 - Beginning in 2023, index the benefit formula for increases in life expectancy and require the Social Security Administration to ensure that early retirees understand that they are opting for a lower monthly benefit. These changes will increase the incentive to work longer, while not changing either the age of full retirement or the early retirement age from those in current law.
 - Cover newly hired state and local government workers under the Social Security system, beginning in 2020, to increase the universality of the program.
6. **Freeze Domestic Discretionary Spending** (Savings through 2020: \$1 trillion, excluding interest)
- Freeze domestic (i.e., non-defense) discretionary spending for four years and cap at GDP thereafter.
 - Implementing the freeze will require policymakers to terminate ineffective programs and set priorities across the broad range of government programs. Savings can also be achieved through adopting state and local best practices, modernizing the federal government's regional office structure, and sharing human resources, procurement, and other services across federal agencies.
 - Enforce the freeze through statutory spending caps, which, if exceeded, trigger automatic across-the-board cuts in all domestic discretionary programs.
7. **Freeze Defense Spending** (Savings through 2020: \$1.1 trillion, excluding interest)
- Freeze defense discretionary spending for five years and cap at GDP thereafter (baseline assumes reduction of troop levels deployed in combat to 30,000 by 2013).

- Among the options for achieving the required savings are streamlining military end strength, prioritizing defense investment, maintaining intelligence capabilities at a reduced cost, reforming military health care, and applying the savings from Secretary Gates' efficiency measures to deficit reduction.
- Implement the freeze through statutory spending caps, enforceable through automatic across-the-board cuts in all defense programs.

8. Other Savings (Savings through 2020: \$89 billion, excluding interest)

- Reduce farm program spending by eliminating all farm payments to producers with adjusted gross incomes greater than \$250,000, imposing limits on direct payments to producers, consolidating and capping 16 conservation programs, and reforming federal crop insurance.
- Reform civilian retirement by calculating benefits based on a retiree's annual salary from his or her highest five years of government service; and reform the age at which career military can retire to be consistent with federal civilian retirement.
- Achieve other cost savings by raising fees for aviation security, actuarially adjusting flood insurance subsidies for risk, adjusting Pension Benefit Guaranty Corporation fees to better cover unfunded liabilities, and adopting a more accurate inflation measurement to calculate COLAs for all federal programs.

9. Enforce the Budget, Reform the Process

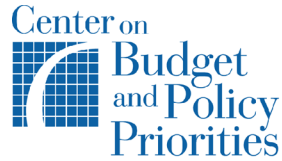
- Enforce the four-year domestic discretionary freeze and the five-year defense discretionary freeze, and the limits in annual growth in the years thereafter, by imposing statutory caps on both categories of spending.
 - ✓ Exempt emergency spending from the caps – but strictly limit such emergencies to specific situations, subject to certification by the President and Congress.
 - ✓ Require the Office of Management and Budget (OMB), by law, to impose across-the-board cuts in all programs within the relevant category (i.e., domestic or defense programs) if spending exceeds the caps in any fiscal year.
- Prevent new tax cuts or new entitlement spending from worsening the fiscal situation by enacting a strict, statutory “pay-as-you-go” (PAYGO) requirement:

- ✓ Require policymakers to fully offset new tax cuts, expansions of existing mandatory spending, or new mandatory spending with increases in revenues or reductions in mandatory spending.
- ✓ Trigger fully offsetting automatic cuts in predetermined mandatory programs if policymakers violate the requirement.
- Convert the federal budget process from annual to biennial budgeting.
- Enact explicit long-term budgets for the major entitlement programs.
- ✓ Create a Fiscal Accountability Commission that will meet every five years to assess whether program growth is remaining within the long-term budgets and, if not, to propose measures to restore long-term sustainability.

(Fiscal Years, Billions of Dollars)	Cumulative Savings:			
	2012- 2020	2012- 2025	2012- 2030	2012- 2040
TOTAL: SPENDING POLICY REDUCTIONS	\$2,677	\$5,728	\$10,197	\$25,895
TOTAL: TAX EXPENDITURE CUTS	\$1,873	\$4,046	\$7,483	\$17,160
TOTAL: NEW REVENUES	\$435	\$1,487	\$2,738	\$6,389
TOTAL DEBT SERVICE SAVINGS	\$877	\$3,184	\$8,271	\$34,160
TOTAL DEBT REDUCTION*	\$5,866	\$14,498	\$28,852	\$84,171

* The budget savings from covering newly-hired state and local workers under the Social Security program is included in this total, but not in any of the subtotals because it is a coverage provision.

A note on the data: For assumptions about the path of deficits and debt under current federal policies, the Task Force adopted the “Alternative Fiscal Scenario” of the Congressional Budget Office (CBO), based on CBO’s August 2010 Budget and Economic Outlook. In addition, the Task Force adopted CBO’s assumption that the number of U.S. troops deployed in combat would fall to 30,000 by 2013. All tax estimates have been provided by the Tax Policy Center and Social Security estimates by the Chief Actuary of the Social Security Administration.



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5 Reasons Why a Debt Commission Is the Wrong Prescription

By Sharon Parrott and Joel Friedman

The House Budget Committee has scheduled a hearing tomorrow to consider creating a fiscal commission, noting the nation's growing level of debt. But a commission is the wrong prescription for the country.

Raising revenues is central to any responsible effort to reduce deficits, but there is no sign that long-standing Republican resistance to raising revenues has reversed or even softened. Moreover, a fiscal commission is likely to focus narrowly on reducing deficits, ignoring other important policy challenges — from addressing climate change to broadening opportunity and reducing hardship. Ignoring these and other important issues could lead a commission to recommend policies that would reduce deficits but harm the country in important ways.

House Republicans' lack of serious interest in finding bipartisan solutions to the nation's fiscal challenges is exemplified by the House Budget Committee proposing to create a commission in a budget resolution that lays out extreme fiscal policies and that was adopted with only Republican support. The budget resolution calls for large-scale deficit reduction to be achieved by taking health care, food assistance, and other assistance from people with low incomes; slashing funding that supports a wide range of basic government functions; and making massive cuts through unspecified "government-wide savings." The fiscal blueprint fails to identify a single revenue increase and includes a provision intended to allow for an unlimited amount of new, unpaid-for tax cuts.

Indeed, every Republican budget — congressional or presidential since 2011 — has prioritized deep cuts in government investments and program areas that are critical to people, communities, and the economy, but has refused to consider raising revenues to meet national needs.¹ Republicans have not supported significant tax increases since the 1990 bipartisan budget agreement, while pushing through significant, unpaid-for tax cuts in 2001, 2003, and 2017.

Here are five reasons why a debt-focused commission is the wrong way for the nation to face our serious policy and fiscal challenges.

¹ Richard Kogan and Joel Friedman, "Five Things to Look for in the House Republican Budget Resolution," CBPP, September 18, 2023, <https://www.cbpp.org/research/federal-budget/five-things-to-look-for-in-the-house-republican-budget-resolution>.

1) The only way to responsibly reduce deficits without slashing investments in people and the economy or turning our back on commitments made in Social Security, Medicare, and Medicaid is to raise revenues as a central component of any plan. But long-standing Republican resistance to raising revenues has prevented a bipartisan agreement to do so.

The Congressional Budget Office's long-term debt projections have long shown debt rising relative to the size of the economy in coming decades; while it's not clear what level of debt would pose significant economic concerns, policymakers likely will need to adjust fiscal policy in the future to bring down projected debt levels. Debt is a problem to the degree that the cost of servicing the debt crowds out addressing other priorities, or when it weakens our ability to respond to crises.

Policymakers and others have proposed various fiscal targets for commissions, including limiting the debt to the size of the economy by 2033, as Reps. Scott Peters and Bill Huizenga proposed in their fiscal commission bill.² This is a challenging fiscal target to hit but would require far less deficit reduction than trying to balance the budget by 2033, as the House Budget Resolution purports to do.

To stabilize the debt ratio as Peters and Huizenga propose but without raising revenues and without cutting Social Security, Medicare, defense, and veterans' benefits — program areas some Republicans say they will shield from cuts — would require cutting everything else in the budget by *30 percent*. If policymakers extend the 2017 tax cuts that are slated to expire in 2025 without offsetting their cost with other revenue-raisers, then the cuts would have to be deeper still — 43 percent.

That would almost certainly mean taking food assistance and health coverage away from people with low incomes, including children and people with disabilities, and slashing investments in areas such as education, basic research, law enforcement, food and drug safety, transportation and ports, and substance use disorder treatment, to name just a few. The cuts would drive up poverty and the number of people without health coverage, narrow opportunity, and hurt the economy, which depends on investment and a skilled and healthy workforce. Such cuts would also preclude addressing the areas where *more* investment is needed, such as climate change or child care.

Alternatively, of course, policymakers could decide to substantially cut Social Security and Medicare, defense, or veterans' benefits to lessen the cuts in other areas while forgoing raising revenues — this too would be irresponsible and highly unpopular among both policymakers and the public.

The need to raise revenues is clear, but Republican budgets have repeatedly demonstrated that there is no support among Republican lawmakers to countenance serious revenue increases.³ Indeed, congressional Republicans have consistently pushed damaging cuts in IRS funding, including efforts in this Congress to roll back the badly needed investment in IRS modernization, weakening the agency's ability to even just collect the taxes that are already legally owed.

² Fiscal Commission Act of 2023, <https://scottpeters.house.gov/cache/files/5/a/5a3e52b5-0116-4e94-8ea5-2f316204339e/8FEFA816ADA93537358756796BA050626.fiscal-commission-xml.pdf>.

³ Kogan and Friedman.

2) The nation faces a series of significant challenges in addition to its debt level, and a commission focused only on debt could embrace policies that would worsen other challenges.

A commission focused only on the “math problem” — the difference between revenues and spending — could prioritize solutions that would reduce projected deficits and debt but *exacerbate* our under-investment in people, communities, and the economy, particularly in the absence of a commitment to raise revenues. Cutting health care, education, investments in children, and incentives for energy transition may result in a near-term reduction in the fiscal deficit, but such cuts would exacerbate our investment deficit and have harmful long-term consequences on both individuals and the country as a whole.

Commissions are not well designed to consider the broad array of challenges facing the country, which are at the heart of fiscal policymaking. Without that broader focus, a debt commission risks making recommendations that, while trying to address one problem, could be harmful to the country overall. Indeed, it is somewhat ironic that members of Congress would consider delegating policymaking responsibility to a commission, when congressional committees, with their deep and broad expertise, are better suited to the task.

3) Without a basic agreement that raising revenues must be central to any deficit-reduction plan, the commission would be set up for failure, even if it focused just on the debt.

It has been more than three decades since Republicans voted for any significant revenue increases, in the 1990 Budget Enforcement Act. Those revenue increases were only possible because a Republican President and congressional leaders from both parties committed upfront to raise revenue. Absent such a commitment, any fiscal commission would be set up for failure — if not in the commission itself, then if its recommendations face a vote in Congress.

The last fiscal commission — the 2010 National Commission on Fiscal Responsibility and Reform established by President Obama and chaired by Erskine Bowles and Alan Simpson — developed a series of recommendations for revenue increases and spending reductions. While a majority of commission members — including all Senate Republicans but no House Republicans — supported the commission’s recommendations, it failed to reach the threshold for support for the plan to be formally sent to Congress. Republicans’ willingness to endorse revenue increases has only fallen in the time since.

The Bowles-Simpson Commission didn’t lead to legislation, but it served as a backdrop to the 2011 budget negotiations between Speaker John Boehner and President Obama. In those negotiations House Republicans rejected revenue increases. The negotiations led to the 2011 Budget Control Act (BCA), which included a set of spending cuts and effectively created another commission — dubbed a “supercommittee” — made up of members of Congress and charged with developing legislation that would produce over \$1 trillion in deficit reduction. In large part because members didn’t agree on revenues, the supercommittee failed, triggering even larger spending cuts under the BCA.

While the Bowles-Simpson process firmly embraced an approach that included significant new revenues, only spending cuts became law through the BCA. Even after policymakers moderated the cuts on a bipartisan basis, they imposed real damage on one part of the budget: public services largely outside of entitlements.⁴

Some might justify a new commission with promises that it will “put everything on the table.” But such tepid promises are of little consequence if Republicans have not agreed that higher revenues must be a central part of the recommendations that would emerge from a debt commission.

The Base Realignment and Closure Commission's Success Shows Importance of Agreement on Core Policy Questions

Policymakers often point to the Base Realignment and Closure Commission (BRAC) as an example of a successful commission, but that commission was fundamentally different from one on the federal debt. Its mandate was narrow: closing military bases. And the BRAC process was established with broad, bipartisan agreement that there were excess military installations and that some needed to be closed.

Recognizing that no member of Congress wants a base closed in their district or state, Congress established an expert panel and criteria to use to make recommendations for base closures — recommendations that would take effect automatically unless Congress explicitly overturned them. The BRAC's task was tailored to implement a bipartisan consensus of *how* to close bases, not *whether* to close them. But the power that was delegated to the commission would be inappropriate in the context of broad budget and tax decisions.

4) Setting a commission up for failure could cause harm.

Some will argue that a fiscal commission is worth trying even if its chances of success are slim to none. But another failed commission can breed further distrust in government. Policymakers will undoubtedly justify their support of the commission by touting its expected positive impact. Those with no intention of supporting needed tax increases can look like they are serious about fiscal propriety by pushing for and serving on the commission. And then when the commission fails, the public will view this as another failure of government.

As troubling, while the commission discussion is underway, it is almost certain to confine its focus on basic deficit math, instead of focusing on what the country needs to spend to meet its obligations at home and abroad; broaden prosperity and opportunity; address climate change; and help people who face challenges affording the basics such as food, rent, health care, and child care — and then how to responsibly finance those investments. This misdiagnosing of the problem can affect the public's view about whether policymakers are focused on the issues that matter to them.

⁴ David Reich and Richard Kogan, “Congress Should Reject Proposals to Cut Non-Defense Program Funding,” CBPP, March 8, 2023, <https://www.cbpp.org/research/federal-budget/congress-should-reject-proposals-to-cut-non-defense-program-funding>.

5) Rather than setting up a commission that's both a distraction and doomed to fail, policymakers should focus on the coming expiration of the individual provisions of the 2017 tax cuts and take steps to ensure that, at a minimum, they are not extended in ways that worsen our fiscal challenges.

The expiration of the 2017 tax cuts in 2025 will set the stage for the next major debate on fiscal policies affecting our long-term outlook. Extending all of them would cost more than \$3 trillion in the ten years after their scheduled expiration. Many Republican policymakers have said the tax cuts should all be extended without raising other revenues to cover the costs; indeed, many are interested in adding still more tax cuts on top. These expiring provisions are in addition to the very expensive, permanent corporate tax cuts that were also enacted in 2017.

These expensive and regressive tax cuts have failed to deliver on their proponents' "trickle down" promises.⁵ Policymakers concerned about deficits and debt should commit to not extending any tax cuts without paying for them, identifying the tax cuts that are unnecessary or wasteful and shouldn't continue, and raising additional revenues for critical national needs or deficit reduction. This would put the responsibility where it belongs — on high-income people and profitable corporations who benefit tremendously from government investment and often pay low effective tax rates because of the many ways they can shield income from taxation. Enacting thoughtful tax law is work that would pay off for the country. Rather than be distracted by a commission, policymakers should focus their attention on this imminent fiscal challenge.

Conclusion

Fiscal policy is about far more than the difference between revenues and spending. It is about whom and what we invest in, whom and what we leave behind, and how we raise the resources needed to make the investments that we value. A commission focused narrowly on deficit math — particularly one that does not start with a commitment to raise revenues — cannot grapple with these questions in responsible ways.

⁵ Chuck Marr and George Fenton, "Corporate Lobbying Campaign Against Biden Tax Proposals Is Inaccurate, Unpersuasive" CBPP, September 10, 2021, <https://www.cbpp.org/research/federal-tax/corporate-lobbying-campaign-against-biden-tax-proposals-is-inaccurate>.

STRENGTHEN SOCIAL SECURITY

...don't cut it.

October 18, 2023

The Honorable Jodey Arrington
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Brendan Boyle
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Arrington and Ranking Member Boyle,

The Strengthen Social Security Coalition is a broad-based alliance of over 350 national and state organizations, including women's, labor, aging, disability, veterans, and civil rights groups representing more than 50 million Americans. We write in strong opposition to the formation of a debt commission — a proposal which will be discussed at Thursday's House Budget Committee hearing, a proposal we view as a threat to the future of Social Security.

All of the options for restoring Social Security to long-range actuarial balance are fully understood. Indeed, several legislative proposals with numerous cosponsors have been introduced in this Congress alone. The only reason to make changes to Social Security via a closed-door, fast-track commission is to cut already modest benefits — something the American people overwhelmingly oppose — while avoiding political accountability.

As currently structured, the commission's recommendations would have priority over other legislative business. They couldn't be amended. Indeed, Congress would be required to vote on the commission's recommendations right after the upcoming election, which will allow incumbents running for re-election to deny their support of drastic cuts to Americans' earned benefits — and then vote for those highly unpopular and unwise cuts in the lame duck Congress.

There is nothing bipartisan about this commission. Eighty-three percent of Democrats, 73 percent of independents, and 73 percent of Republicans want to expand Social Security and pay for it by making the wealthy contribute their fair share. That's the real bipartisan solution.

Some have made statements comparing this commission to the so-called Greenspan commission that preceded the enactment of the Social Security Amendments of 1983. However, they are nothing alike. The recommendations of the Greenspan commission were simply recommendations. What was proposed went through regular order, with hearings and the ability to amend and debate, both in committee and on the floors of both the House and Senate.

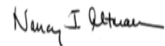
More fundamentally, the late Robert M. Ball, who represented then-Speaker Tip O'Neill both on the commission and in negotiating with the Reagan White House, wrote, "to suggest that the Greenspan Commission provides a model for resolving questions about Social Security's future

would be laughable if it were not so dangerous." (He wrote this just before his death in 2008, in response to the efforts of then-Senator Kent Conrad and others to establish a commission.)

In short, Congress should not resort to a commission about the debt, but should make the hard decisions itself through its committees. It has a process for doing so, known as reconciliation. Revealingly, Social Security cuts are excluded from the reconciliation procedure, because it is totally self-funded, cannot pay benefits or associated costs, without the revenue to cover the costs, and so, does not add a penny to the deficit. Consequently, if a debt commission with jurisdiction over Social Security were to be formed, the purpose would be clear: to cut its modest benefits, while avoiding political accountability.

Again, anyone voting for a debt commission designed to report after the upcoming election will be voting to cut Social Security or worse. Please understand that those groups who do electoral work will do all we can to make sure that the constituents of those who vote to establish such a commission know that their representatives have indirectly voted to cut Social Security.

Sincerely,



Nancy J. Altman
Chair
Strengthen Social Security Coalition

Cc: Members of the House Budget Committee

Mr. BOYLE. Thank you, Mr. Chairman.

So following your lead, and given the unfortunate timing that both of our caucuses have called for internal meetings beginning at 11:00, I will defer my questions then and yield to Mr. Higgins.

But before I do, I will just say one thing. I want to underscore something that Chairman Womack said, and it is beyond just this Committee. Our internal divisions as a Congress, and increasingly as a country, is a massive national security threat, and all of us as elected officials have a real responsibility, a solemn responsibility, to not play into that or exacerbate it, but to attempt to heal the divide, because if not, we are going down a very dangerous road.

And with that, I will yield to Mr. Higgins.

Chairman ARRINGTON. We will give Mr. Higgins his full five minutes.

Mr. HIGGINS. Thank you, Mr. Chairman, thank you, Ranking Member, and thank you, distinguished panel here.

I would prefer to look at this issue from a position of strength. The United States is five percent of the world's population, we are 25 percent of the world's economy. You look at every measure, and it is reported clearly in *The Economist* magazine, about the growth of American prosperity within a world context. In 1990, America represented 40 percent of the wealth, the top seven economies in the world. Today, it is 58 percent. You look at productivity, you look at the workforce in America, it far exceeds that in the last 20 years of Europe, of China, of Japan, and the American economy does best when we invest in the growth of the American economy.

So when we look at debt and deficit, we have to look at the contemporary history, and America grows down its debt and deficit when the economy grows. So finding ways to expand the middle class is essential to dealing with debt and deficit over the longer term. Peter Drucker, the great Harvard economist in the 1960s and 1970s, said that the whole purpose of creating an economy is to create a middle class. They pay our taxes, they fight our wars, they protect our neighborhoods, they teach our children, they take care of our people in terms of healthcare, and the strength of a society generally is viewed based on the size of your middle class. So I think that is essentially important.

You think about all of the difficulty that we have overcome as a Nation, particularly in the age of the pandemic, you know, nobody was lining up for Russian and Chinese vaccines, they were lining up for American vaccines, and the messenger RNA technology that was developed with taxpayer dollars, with taxpayer dollars over a 30 year period. It is the genetic material that tells a cell to make a protein which is the active ingredient in the vaccine. It saved a million people and helped cure another 45 million people.

12 of the top universities in the world, of the 15 top universities in the world, are in the United States. We are a dynamic economy, we are an innovative economy, we are a destination for people all over the world that want to experience the American dream, and when they succeed, we succeed as a nation.

So I appreciate all the talk about how horrible things are, but let me tell you something, they ain't all that horrible, and

Bloomberg Analytics in February of this year had 15 economists focus in on 15 areas of the American economy. They said, not me, that Joe Biden is on his way to being the greatest jobs producing President in the history of the United States. The unemployment rate is at a 54 year low. Last year at this time, inflation was at 8.1 percent, now it is down to about three percent and continues to come down. So Democrats and Republicans, many of whom here profess to be concerned only about the American people and the American economy—and I believe that, I believe that—but I think all of us would be much better off focusing in on the strength of America as a basis from which to grow and to deal with our problems and stop pointing fingers because, historically, each party has played a role in the responsibility for the decline, but each party should also be embracing and celebrating the great economy that is built and that of which is America.

So, Mr. Yarmuth, I would say to you, as the former Chair of this Committee, your views about how we can use the strength of the American economy and the dynamic nature of the American economy within the context of the global economy to continue to grow and create opportunities for the American people.

Mr. YARMUTH. Well, I appreciate your comments, Mr. Higgins.

And what I would say is I think when you look at the American economy, this is the question that everybody should ask when we are talking about debt and deficits, because \$33 trillion, the vast majority of that \$33 trillion represents investments that the government has made in the American people. That money has gone into the economy, it has gone into the American people's hands, and until the Fed began raising interest rates just a year and a half or so ago, you can make a pretty strong case that the national debt grew by a significant amount without any negative impact on the economy, on the strength of the dollar, on the interest rates, and on inflation, and the pandemic changed everything and created a situation which will take years to analyze, but we went from basically 2008 to 2020 with a huge growth in the federal debt and again, no negative impact on any of those key factors.

So that is why I suggest that before we start talking about whether the debt and deficits are problems, we ought to actually try to get a really good look at what is sustainable and what is not, and we are a sovereign currency, we can print all the money we want to serve the people whom we serve. I don't know what the right measurement is. Japan has national debt that is 240 percent of their GDP. They issue bonds from their government with statutory zero percent interest rate, and people buy them. So we can answer the question, why are we paying interest on the money we borrow? And why do we borrow money anyway? We can print it and put it in the Treasury.

So I just think there is a lot of analysis that we need to do to look at how the money system works in this country and whether we really have something to worry about.

And again, with the strong economy, I think you can make a pretty strong case that our debt is not holding us back at this point.

Chairman ARRINGTON. Thank you, Mr. Chairman. The gentleman's time has expired.

We are going to move to three minute Q&A period for each of the Members that are remaining. Again, I know there are a lot of folks in here who wanted to share their thoughts and ask you questions, but we will have to do this again.

Mr. Grothman from Wisconsin.

Mr. GROTHMAN. Yeah, I guess we are a divided country. I heard some of the comments from the other side of the aisle. I don't know if they show up. Some of the people I hang around with, they say signs of America's greatness are its universities and its COVID response, I will tell you, there is a whole other world out there that does not feel that our universities are right now what they should be and I think the COVID response is good, and as far as helping the middle class, I think the difficulty in buying a house or buying a car today are about the toughest I can remember in my lifetime. It really threatens the middle class, but I will ask a question, too. We will talk to Mr. Portman. When I look at the problems we have—first of all, I agree with Mr. Yarmuth on Social Security. We should begin to look at the general fund. I kind of look at the budget as a whole. As far as the people saying, I think Social Security is the one thing we can't cut, because we have made certain promises to the American people. I know there are some politicians who like to brag, look at me, I am so tough, I am going to cut Social Security. I think it is the one thing we can't cut.

What I am going to ask you whether in your experience here, people have at all talked about getting back to our Constitution, and I realize it might be a relatively small overall percent of our budget, some of the programs, but when I look at all the people around here who think it is the Federal Government to deal with housing, or the Federal Government's responsibility to deal with education or income transfer payments or commerce, it just drives me up a wall, because, of course, our forefathers never would have guessed to this degree we get involved in these things. In any of the things that you have been involved with, have you looked what the deficit would be if we just transferred all this stuff back to the states and said, look at constituents, these may be good programs, they may not be, but we are broke, and you should talk to your state legislature about them and see where we would wind up if we took all these programs and just said, here states, you decide whether you want to raise the revenue for them.

Mr. PORTMAN. Well, first, thanks for your good question.

You saw in my testimony I talked about looking at the role of the Federal Government, and that is for the reason you just stated. It has grown dramatically, as you know, over time to the point that our spending as a country has gone from, when I last testified before this Committee, which was about 16 years ago, to today, we were spending \$2.6 trillion then, we are spending about \$6.3 trillion now.

Mr. GROTHMAN. Right. Do you think the American public is persuadable that there are certain things that are state and local, the Federal Government has got to get rid of and we balance the budget that way?

Mr. PORTMAN. Well, I think there are, but we have to remind ourselves that although we ought to do that, and I said that in my testimony, and I believe it, about 70 percent of the spending today

is on autopilot, and so it is not part of that 30 percent. Now, that includes interest on the debt, but significantly, as we said earlier—

Mr. GROTHMAN. Oh, some of that autopilot, though, is unconstitutional, too, but go ahead.

Mr. PORTMAN. Yeah, but we just have to realize that, that we are not going to solve the problem there, but it is a big part of what I think any commission ought to do, is do a top to bottom review of everything and look at what the Federal role is, and in some cases, the states should take a bigger responsibility, and I think you look historically, that has been the case.

I will also say, in terms of your comment on interest rates, you are absolutely right, and it is not just a coincidence. I mean, look at what Fitch and Moody's have said. Fitch has already downgraded our debt, Moody's has threatened to do so, and that raises long-term rates to the point that, as you indicate, we now have constituents—you have constituents who are paying eight percent on their mortgage and their car payments are out of control. So this is directly related to this problem.

Both Fitch and Moody's, by the way, said that dysfunction in Washington and the fiscal crisis, the fiscal impending crisis, is what influenced them to say, I am not sure this American debt ought to get a high rating anymore. So it directly relates to interest rates and therefore to your constituents and others who are suffering in this economy because of high inflation and high interest rates.

Mr. GROTHMAN. Thank you.

Mr. MOORE [presiding]. The Chair now recognizes Ms. Schakowsky.

Ms. SCHAKOWSKY. Thank you, Mr. Chairman.

I admire the tone that has predominated in this meeting. I do not feel as sanguine, and it seems to me as we talk about a fiscal commission, and I agree with my dear friend, John Yarmuth, that when we have a functioning Congress, when we have a functioning House of Representatives, enough tools to be able to deal with these questions.

I want to focus mostly on Social Security and Medicare, which always seems to come up as a target, along with—we were both on the Simpson-Bowles Commission, Senator. I have my own position, because I was worried about Social Security and Medicare, offered my own proposal. We didn't get one at all. Social Security right now is so modest. We are talking about an average of \$17,536 a year and about \$2,000 less for women. So modest, barely making it, and Medicare, right now there are 57 million Americans, older Americans, and eight million people with disabilities that rely on it, and I agree totally with our Ranking Member that what we ought to do if we come up with a fiscal answer is just ask the wealthiest Americans to pay a bit more, not to cut what we call an entitlement. Really? Social Security, people pay every single paycheck to get that money when they retire and to call it an entitlement is just absolutely wrong.

So I want to ask you, my friend John Yarmuth, our former Chair of this Committee, what is your view on how we deal with those

issues that affect everyday Americans in the deepest sense, and what do you think that we should do?

Mr. YARMUTH. Well, I certainly don't have all the answers, but I think, again, as a Congress, in my 16 years here, we spent virtually no time actually analyzing the way government operates, the services that we provide, the funding mechanisms. I was on the Oversight Committee my first term in Congress, we never did oversight on any one program. We were busy investigating, and I had a ball doing it. I loved doing—but investigating the Bush Administration, and then of course, we had the financial crisis in 2008 and we spent a lot of time on that, but this Congress does not do nearly enough to analyze the activities that we do.

And I think we all complain about taxes. I know a lot of people resist raising taxes, but we have one of the lowest tax burdens as a Federal Government than any developed country in the world. Politically, we don't like doing that. We have a complicated problem because we have states, some states that have very heavy tax burdens, some that have none. So that adds to the total impact on our citizens, but by and large, again, the \$33 trillion that we are in debt is investments we made in the people, and the people rely on those investments, they rely on Social Security. As you said, two-thirds of the people who get Social Security, that represents more than half their income. A third of them, it is their entire income, and I think the one thing we have to look at also is in terms of Medicare, Medicare, there are actually some very positive signs going on in Medicare as we drive prescription drug prices down. Actually, research is making a lot of diseases that were very costly, more manageable and so forth.

So again, I think it is just Congress' responsibility to spend more time focused on what we do and how we do it.

Ms. SCHAKOWSKY. Thank you.

Mr. MOORE. Thank you, and I will now recognize myself for some brief comments.

First, I would like to submit for the record for unanimous consent, several organizations have provided input, including the Committee for a Responsible Federal Budget, of the importance of a bipartisan fiscal commission.

[The information follows:]



COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

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TIM PENNY

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MICHAEL NUTTER
JUNE O'NEILL
MARNE OBERNAUER, JR.
RUDOLPH PENNER
FRANKLIN RAINES
ROBERT REISCHAUER
REID RIBBLE
CHARLES ROBB
ISABEL SAWHILL
ALAN K. SIMPSON
JOHN SPRATT
GENE STEUERLE
DAVID STOCKMAN
JOHN TANNER
TOM TAUKE
CAROL COX WAIT

September 18, 2023

Dear Speaker McCarthy, Leader Jeffries, Leader McConnell and Leader Schumer,

We write to encourage the establishment of a bipartisan fiscal commission to help address the nation's many budgetary and economic challenges.

Though the recent Fiscal Responsibility Act improved the nation's fiscal outlook, the national debt continues to approach record levels, major trust funds remain at risk of insolvency, and rising interest costs are increasingly crowding out other priorities.

Efforts to truly improve our budget outlook will require leadership from both political parties and will need to put all parts of the budget and tax code on the table. Rather than waiting for another looming default or threat of a shutdown, a bipartisan commission can help facilitate agreement on thorny fiscal issues without undermining our nation's economic strength.

Throughout the nation's history, commissions have provided a critical platform for bipartisan solutions by facilitating bipartisan discussions, generating innovative policy ideas, and changing the national conversation on important issues. Over the last forty years, commissions have yielded useful policies to shore up Social Security, strengthen national and homeland security, address military base closures, and develop frameworks for tax reform, among other areas. However, it has been over a decade since any bipartisan commission specifically tackled the nation's budgetary challenges, and our fiscal trajectory has substantially worsened in that time.

Members of Congress from both sides of the aisle have come out in favor of a commission-based approach, and we encourage you to consider the ideas they and others have put forward. We look forward to working with you on the establishment of a national bipartisan commission to address some of our nation's major fiscal, economic, and budgetary challenges.

Sincerely,

Maya MacGuineas
Committee for a Responsible Federal Budget

Jason Fichtner
Bipartisan Policy Center

Ben Ritz
Progressive Policy Institute

Jim Kessler
Third Way

Paul Winfree
Economic Policy Innovation Center

Pete Sepp
National Taxpayers Union



Cori Kramer
Center Forward

Bob Bixby
Concord Coalition

William Gale
Brookings Institution

Adam Brandon
FreedomWorks

William Glass
Millennial Debt Foundation

The views expressed in this letter represent those of the signers and not necessarily the organizations or individuals with whom they are affiliated.

I'm in my second term, so I ascended to the Chair pretty quickly. This is the only reason I am here. I sat and watched for 20 years. I agree, I absolutely agree, this is the place we should fix this. The Congress is the bipartisan group that should actually do this. I am not going to sit around and watch for another 20 years, us not be able to do it. A bipartisan fiscal commission will not be easy for any single person on this side of the aisle or this side of the aisle to vote for, but the fundamental problem is that we haven't had a chance to vote on it yet. The Members on the lower part of the dais, we all want to fix this, we all want to be a part of the solution here, right. We need a catalyst to get it so it comes to the floor, and as I have talked in every speaker debate, the battle that I have had, I didn't expect to have so many conversations about this in nine months, but every single time I said we have to have a debt commission because Congress has failed to do this.

I sat there for 20 years as I was kind of, like, watching, right, like, what in the world, why can't we get this figured out? Utah has a rainy day fund, we have a balanced budget every single year, and I get Federal Government is different than state government, I get it, folks, but we have not fixed the problem. We knew that baby boomers were going to start retiring at a very rapid rate in 2008, and so what did we do the years prior to that? We bickered back and forth and we didn't solve the problem. We did not prepare for when baby boomers were going to start to enroll in Social Security and Medicare at a rapid rate, and if you look at it, from 1994 to 2008, there was a few hundred thousand that were added. From 2008 to beyond it is like two million almost a year, right. So we have got a fundamental problem that we didn't prepare for. This fiscal commission is going to force us. It is going to bypass leadership, it is going to get to the floor and actually be able to be voted on, and guess what? All the work that was done from all of you on this panel will be included in it because you had amazing thought, you had the right direction. We just have to make action happen, and it has to be uncomfortable for every single one of us.

Senator Portman, the question that I did have when I had five minutes, I don't have as much, anything to the structure of this that will create the right type of outcomes that we want to do? Like, could you speak to anything that you have watched this from past? You have an amazing record of working in a bipartisan manner to solve some of these problems. Anything that you would like to just mention that needs to be structurally sound with this commission so we can actually get something done?

Mr. PORTMAN. Well, first, I appreciate your passion for this issue and specifically the fiscal commission, but much more importantly that you realize that Congress has not been able to solve these problems. To your colleagues who said, why can't we just do it? We have tried, we have tried, and people say, well, when John Kasich was Chairman of this Committee, we had a balanced budget. I was on the Committee during that time. I was the leadership rep to the Budget Committee. Ladies and gentlemen, it was an entirely different situation. Forget the fact that Republicans and Democrats were working better together, we were not in the fiscal hole we are in now. I mean, we are talking about a \$2 trillion deficit likely this year versus a zero deficit. Think about that. We were looking then

at about 60 percent GDP, today you are 120 percent of GDP. It is a totally different ballgame. So we are in a situation, I believe, where if we don't fix it, we are going to have to make some very tough adjustments to these really important entitlement programs, but our economy, the interest rates, and the inflation over time is going to eat up more and more of our paychecks from our constituents, but interest rates alone, think about this if we are talking about eight percent long term rates, what is that going to do to the debt and deficit? It just explodes it. So we have got to do something, and my sense is yours, which is we need a catalyst. I guess the worst case scenario is the commission works on a bipartisan basis, is not able to come up with something, but at least we have got this issue raised and we are talking about it. The second worst case is it comes to the floor of the House and Senate and can't pass. At least you are talking about it. At least it forces you to deal with this issue, and I think all of you on this Committee ought to be for that because this is the Committee that wants that issue to be front and center, and again, I said earlier, I applaud you all because a lot of you have taken a lead on these issues and come up with your own policy proposals.

I see Mr. Peters, and I want to hear from him because he is one of them that has. It takes some guts to do it, and I appreciate your passion. Hope you continue it.

Mr. MOORE. I will reserve some of my questions later. I am now the Chair, so I guess I can do whatever I want.

Mr. PETERS. Just go to five minutes.

Mr. MOORE. And we will go to Representative Peters from California.

Mr. PETERS. I hate when they say something I do takes guts. That is probably a bad signal, but I appreciate all the witnesses being here, and I will try to deal with my three minutes as well.

Look, I am frustrated with our inability to deal with this in this Congress. I came to Congress to work on things like that. I thought it would work better. The budgets I have been—and 75 percent of the Congress, this is how new we are, came in with me in 2013 or after, after Simpson-Bowles. So they are not familiar in the way you said, Senator, that we talk about these things, that there was sort of common parlance maybe back in 2011. We all post date that, and since I have been here, the budgets are political. As a difficult Member, you have a difficult race, whatever it was, the instruction was always to vote against it. Mr. Arrington produced a budget, it is a political document. I think we just have to acknowledge that. If we do budgets at all. Sometimes we don't even do budgets, right. So it is not working here. It is just not working, and I don't think the American people would give us much talk back about that. So, yes, we have the power to do it, but we don't seem to have the will to do it, and I am worried we don't have the capacity to do it.

I think we have gotten out of the mechanics of doing deals here that seem natural to me, even as a trial lawyer, is to settle cases. That was part of what we did. That doesn't happen here. It just doesn't happen here. Then we will make speeches about what the best answer is, and then we will go walk our own way. We have made our record, we haven't made progress.

It is a different situation here now. Now we are borrowing almost \$2 trillion a year just to pay our expenses. We are putting groceries on the credit card, and as a result of that, this year we are spending \$663 billion in interest. That is not investment, that is not money that is going into any good use. That is paying for what we already did in the past. By 2027, we will be spending more on interest than we are on defense. As a Democrat, I really want to do the Child Tax Credit. I can tell you, I think that is one of the most important anti-poverty, pro children investments we can do. It is expensive. I can't afford it if we spend all the money on interest. I can't make that argument.

I also say, finally, that the answer has got to be bipartisan. It just is obvious to me that politics is as much of a fact here as science or numbers or arithmetic or anything else. You need 218, you need 60, and here is why I think Democrats should be interested in a commission like the one I proposed, but there are other variations, one is on Medicare and Social Security. I think that there are people who want to cut Medicare and Social Security. I am on Jan's side, Jan Schakowsky's side. I want to preserve that program, but current law doesn't provide for general fund funding, current law doesn't provide for the good integrity proposal that Mr. Boyle proposed or that Mr. Larson has proposed. Current law is going to cut benefits by 23, 25 percent when the lines cross, and if you want to cut Medicare and Social Security, what you do is nothing because you are already on track to win that battle if that is what your real goal is. If you want to save it, the sooner you do it, the better off we are. I don't see that happening without a commission. That is why we have to have it.

The other thing is, finally, on tax cuts, I railed against the Republican tax cuts in 2017, which were projected and have proven out to cost \$1.9 trillion. Right. Which, by the way, every year we are borrowing that amount. So that wasn't all that much of an unusual event, and we are going to see the same pressure from Republicans to extend those in 2025, and if we don't have a cop on the beat, this commission, we are going to have the same conversation where I am told that these things pay for themselves. I am tired of that. Democrats need to push back on that. To do that, we need people in the room dealing with facts. I don't see a way to do it other than a commission. I hope we will get around to that. I really think it is the only practical way to deal with this problem, because I think we have proven over 20 years that this doesn't work, and people come to me now and they say, back in 1993, we did it this way, back in 1983, we did it this way. Are you kidding me? This is not that place, and I have been here long enough to see we are not making deals, we are not talking facts.

I am going to say, finally, this Chairman and this Ranking Member have been really good, set a good example for how to not be performative, but we are still not getting the job done here, and I think we need a kick in the pants. We need the support of people in the room dealing with facts, outside experts and members working together. I think we should give it a shot.

And I yield.

Mr. BOYLE. If it is okay, I know Mr. Doggett is being recognized, can I just be—yield 30 seconds? I just want to point something out. I apologize, Lloyd.

But just to make ourselves feel a little bit better about ourselves, everyone cites kind of Reagan, Tip O'Neill shaking hands, saving Social Security back in 1983. The part of the story, which is a wonderfully inspiring story and I appreciate it, the part of the story that is sometimes left out, they were weeks away from missing Social Security checks. That is how dire it was. So to a point you made maybe an hour and a half ago, the fact that we do have about a decade until 2033, it helps us in terms of the numbers right now, but given human nature, it actually hurts us. So as we remember fondly, the past, let's not forget that actually they did wait until pretty much the last minute before they finally acted.

And with that, I yield back.

Mr. MOORE. I recognize the gentleman from Texas, Mr. Doggett.

Mr. DOGGETT. Thank you very much.

Well, I share the Chairman's concern and that of most of the witnesses about our soaring national debt and the need for this Congress to do more, to put us on a sound financial footing. I am a progressive Democrat. I believe we are not doing enough on childcare, on educational opportunity, from pre-K to post grad, to combating the climate crisis, to ensuring retirement security, and a number of—healthcare, of course, but all of those things cost money, and I believe in paying as you go, and that we cannot shift the cost of doing all those things onto future generations.

I understand the skepticism that Chairman Yarmuth voices, and I share it based on the prior experience with these commissions. I think they primarily, as Senator Portman said, have elevated the discussion and kept the issue out there, but I don't see all that much accomplished from them, and I am certainly strongly against any commission that has as its primary objective to remove accountability or minimize accountability for Congress for cutting Medicare and Social Security.

And that, of course, is against a background where the one time we did achieve a balanced budget and were on a path to significantly reduce the federal debt in the Clinton Administration, that didn't take a commission. It took some political courage and it was fairly costly to some of the people who had the courage to vote to help us get on a balanced budget path. I think that there are a number of proposals. Representative Peters just referenced Congressman Larson's idea on Social Security. I think it has some good points and some flaws. I have one, the President has a proposal out about the future of Medicare and how to finance it, but I am not sure there is the will in Congress to get this job done, and that is why I am open at least to the idea of a fiscal commission. I think it has to be a commission that quite clearly puts revenue on the table, because if revenues are not on the table, it is a commission to cut Social Security and Medicare, as the Ranking Member pointed out with some of the statements that he has filed and something I care about deeply.

And I guess my question to the Senators is, is a commission based on your experience there with Simpson-Bowles, is it a mechanism—it is impossible for our Republican colleagues to coun-

tenance any kind of revenue increase for any purpose, it seems—is such a commission a place where we might find common ground not only at looking at areas of excessive government spending growth, but looking at the revenues to help us get true balance?

Mr. CONRAD. Can I just respond quickly, Mr. Chairman, and say when Simpson-Bowles went down, a group of six of us in the Senate, three Democrats, three Republicans, were asked by leadership to see if we couldn't come up with a way forward to adopt the principles of Simpson-Bowles and make whatever changes are necessary to actually be in a position to pass something. We worked for two years, three Democrats, three Republicans. At the end of that time, we put out a proposal that had significant revenue, it also had savings on the spending side.

I was asked by President Obama and Vice President Biden to come up and explain to them, how did you get this kind of result? How did you get Republicans to agree to revenue. I said, you know, we spent two years going over all of the options and the effects on the people that we represent, and at the end of the day, we had some of the most conservative Republicans in the United States Senate agreeing to substantial increases in revenue. You had Democrats, some of the most progressive Democrats in the United States Senate, agreeing to savings on the spending side.

So to me, the need for—you know, I completely agree with Mr. McClintock, this is a responsibility of Congress. They are not doing it. Let's deal with reality. They are not doing it. I agreed entirely with Mr. Higgins' statement about the greatness of America, the strengths of America. I agree with every word he said, but at the end of the day, we are headed for a 24 percent cut to every Social Security beneficiary. That is what is going to happen. Now, we could avoid that, we could adopt what Chairman Yarmuth has suggested. That is a serious alternative, but that isn't the law. The law is everybody is going to get cut 24 percent. Now, when are we going to do something about it?

Mr. MOORE. Thank you, Mr. Doggett.

I will briefly recognize myself again to ask a dear friend, de facto mentor, and former Chairman, Mr. Womack, a quick question, but I wanted to just highlight one thing. Folks, we have something good going on here right now. We have got one of the senior members of our side, on the Republican side, saying we don't need this, we have members from the Democrats side, we do need this. This is good. This is healthy, and I think the point of a catalyst, because we have watched it play out, we are in a different situation than we were in 1983. We are in a different situation, and the question, Mr. Womack—two questions. Mandatory spending now is representing over 70 percent of our budget. That wasn't the case 20, 30, 40 years ago. It is a fundamentally different scenario that we are in now. This is not post World War II when we could just reduce defense spending and all of a sudden get our debt-to-GDP back on track. So just share some context with the change in where we are now, and then a question that I did not have prepared for you. I was going to talk about interest rates and stuff, but we have kind of covered that. Give me your sense for where the Republican Conference is on this right now. I have seen a lot of discussions on a potential of a debt commission, knowing it is not going to be a

perfect, pristine bill that is going to be tough for everybody. Give me your sense. Do you feel something similar? Do you think that there is an urgency and a willingness to engage in this? And I will defer to you.

Mr. WOMACK. Thanks for the question.

Willie Sutton, the famous bank robber, when asked why he robbed banks, said, because that is where the money is, and we—as I said in my opening, we spend an enormous amount of time and spend a lot of political capital talking about the discretionary budget. Chairman presiding, Mr. Moore, you are correct, if you go back to 1965, discretionary spending was clearly the largest piece of the federal budget, 65 ish percent, give or take, and then now here in 2023, it is completely flipped, it is 70 plus percent on mandatory. So that should illustrate to everyone that has just basic fifth grade arithmetic, that if you are going to fix a \$2 trillion deficit and indeed quit digging this hole deeper, you can't do it on discretionary spending. You can barely scratch the surface. The discretionary budget that we are debating right now is in that trillion and a half dollar range, and we know that the debt deficit this year is going to be upwards of \$2 trillion. We know that net interest on the debt is going to be north of \$650 billion. So we are going to have to muster the courage to be able to deal with it.

Now, your question about where Republicans stand on it, let me just cover both sides of the aisle. One side of the aisle would like to take the option off the table of any cuts or any reforms. Let me push back against that. Not necessarily any reforms, but any reform that is proposed, and when I did my Fiscal Year 2019 budget, not in this room, but in this Committee that balanced in a nine year window, remember the one thing that we did that never made it to the floor but made it into our budget, we just tried to do something really simple, and that is equalize the age of Medicare eligibility with Social Security. Move the retirement age from 65, the qualification age, from 65 to 67. You would have thought I canceled a day of the week.

So my argument is, if you can't do something like that, then what, pray tell, can you do to fix the bigger problem? Then when you look to my friends in my caucus, when you start talking about any additional revenues, well, that is hands off. That is why when Senator Conrad said—and man, I totally agree, and look, I know when this is over and it is published that the next ad against me is going to be, yeah, this guy wants to raise your taxes. No, what I am simply saying is when you are this deep in the hole, you better consider every available option on the table or else you are never going to fix the problem, and that is why it is going to require the courage of the American people. That is why I said that we have to make our constituents subject matter experts, because I believe in my heart this, that if our constituents knew, across the spectrum of this great country, that this was the near-term biggest national security and economic challenge facing our country, they would step up to the plate and say, I will do my part. That is what Americans do. I will do my part, but they don't trust this Congress because we always have some way around it, we always have an exit ramp, we always have some other way of deferring the challenge.

So again, Chairman Moore, I would tell you that if we can educate our constituents and make them subject matter experts, whether it is a commission or a Fiscal State of the Union or any other mechanism, then I think we would be on the road to solving the problem and being able to take the heat that the Members will fade, away, whether it is restructuring or whether it is revenues or any other available option.

Sorry to belabor the point.

Mr. MOORE. Thank you, Chairman. I would like to add that every town hall you come to for me in my district, there is a five or six slide presentation that we do—it is my former consultant coming out—where I really do try to educate and make people understand why we are in the situation that we are, and I just avoid rhetoric and just tell people the facts, and when I do, they actually appreciate it. So I am trying to do my part, 30 to 40 person town halls at a time.

Chair recognizes my good friend from California and son of the leader who last balanced our budget, part of that group that last balanced our budget, Mr. Jimmy Panetta.

Mr. PANETTA. Thanks, Blake. Thank you, Mr. Chairman. Gentlemen, thank you very much for being here.

Yeah, Chair Womack, I completely agree with you, and that is something that obviously that I heard plenty of times from that swarthy Italian that is depicted in that portrait over there, is that everything needs to be on the table. I completely agree with you.

The problem is, and what I have seen in my limited time here and what I try to convince my father, is that I do believe it, despite some brains that are in this room. We have lost the art of legislating. We have not got to the point where we have really given that time needed to develop the policy upon which then we can educate the people, and that has a lot to do with leadership and so many other things that we can go on and on about, but I think that really is to our detriment, because when we don't have policy to rely on, then we are left with politics, and then we don't have that will to lean in to the policy and politics sort of dictates what we do.

So that is why I am a firm believer in the fiscal commission. It is why I am concerned about our increasing debt and deficits, and I am committed to working across the aisle to put our country on the path of fiscal responsibility, and like Chairman Yarmuth said, and like many of you are stating, there just isn't the political will to get our fiscal house in order when we use regular order unfortunately. You have got Democrats who are opposing spending cuts, you got Republicans who are opposing tax increases, and we end up increasing our spending and passing tax cuts and ballooning our deficits. Meanwhile, we have a lack of action to shore up our trust funds. It means that we are facing steep cuts to Social Security and Medicaid in a decade.

That is why I am a strong supporter of the commission. That is why I am proud to introduce the legislation that Scott and Bill put together in regards to this commission and as members of the Bipartisan Fiscal Forum.

I do want to make something clear, as we heard, I do think everything should be on the table, and that includes revenue. The

United States is a low tax country, ranking 32nd out of 38 in OECD countries in terms of tax-to-GDP ratio. I just think we will never come to an agreement if we take one half of that equation, revenue, off the table.

Now, Brian Riedl, Manhattan Institute, said something that I believe in, that commissions can be useful if both parties are truly committed to achieving an outcome rather than just checking the box, and I think, unfortunately, the way we legislate or don't legislate these days is we just check the box, and that is why I think we need to have this commission to help us get past the politics and help us actually focus on policies that will affect the future.

I am out of time. I do have questions, but I will yield back. Thank you.

Mr. MOORE. Thank you.

The Chair now recognizes the gentleman from Maryland, Mr. Trone.

Mr. TRONE. Thanks very much for this time and your efforts here together, and it is a really distinguished panel.

I am probably the only business guy in the room that has 12,000 employees and owns a \$6 billion business, and I couldn't agree more with what Mr. Womack had to say. Everything he said, I agree with 100 percent, and Mr. Panetta, time to develop policy and not just keep developing politics. I mean, totally on board. We have got to look at the whole piece. I mean, the revenue side, I mean we have got to have that on the table. The C corp rate, 32, 38, I hadn't heard that stat, but we were at 35 percent on C Corps, now we are 21, effective rate is roughly 12 percent. The G7's effective rate is 23, yet we are only taxing at 12. We have given C Corps just a complete free ride. It is \$2 trillion in ten years, \$200 billion a year that we should have for that Child Tax Credit. That is the kind of thing I think we should be doing, is helping folks that are really struggling, children in poverty. That is where we need to get money to drive, but we have got to drive the revenue side.

And I am going to tell you, as a business person, I don't make a decision on opening a new business—and I opened up my company, did probably 20 new businesses this year, and we will do 25 next year based on the tax rate. No one has ever asked that question. Never. We base it on our competition, can we beat them, and can we then create a P&L that pencils out? And that is how we look at it. We don't say 35 or 21. That was Donald Trump. He is a pathetic businessman, he is a fraud, he is a failure. Everybody in the business world has always known that, that he is a fraud and a failure, and why every developer I have ever met said, never do business with him. He is crazy, he is untrustworthy. Why would we touch him? Obviously, he doesn't even use American banks because no American bank, who have plenty of lending capacity, would lend to him. That is how he ended up at Deutsche Bank.

So bottom line is we have got to look at those things, drive the revenue side, but John Larson's proposal, Social Security. I love that proposal. Good step, but we got to look at everything. It can't just be one side or the other side.

But I guess I have one quick question. I got 30 seconds.

Mr. Yarmuth, I have always loved working with you. What is holding us back from a serious bipartisan discussion? Is it special

interest, the PACs, or Members afraid of a primary challenger? What is holding us back from talking about policy?

Mr. YARMUTH. I think it is—as someone who, by the way, is one of your best customers.

Mr. TRONE. Thank you.

Mr. YARMUTH. And founder and former co-chairman of the Bourbon Caucus, no, I think it is a combination of all those things, Mr. Trone, and I think by and large, I think Mr. Womack has hit it on the head, the American people just are not savvy enough or knowledgeable enough about budget terminology, budget dimensions. It is easy to say, hey, we have got \$33 trillion worth of debt when they have a net, a family has a net worth of maybe \$10,000, and not expect them to think that things are out of hand. We just don't know, and I know there are economists, and I am not an economist, who will say, yeah, this is out of hand, interest rates are going to go here, but if you look at the baby boomers, I am one of them, we are going to disappear from the scene. How does that change the long term outlook? I just don't think—the American people don't have enough information and I don't think we have enough information to actually accurately portray where we are, and if we can't do it, then the American people are not going to—they are going to be much more vulnerable to these rhetorical arguments and the exaggerations and so forth. That is, unfortunately, what they get now.

And——

Mr. TRONE. Got to bring a lot more truth back to the matter and not a lot of such rhetoric and hyperbole.

Mr. YARMUTH. And just let me say——

Mr. TRONE. Truth is what matters.

Mr. YARMUTH. I totally agree with you about business people making decisions based on tax rates. I come from a family of business people. My father ran a Fortune 500 company, my brothers have been very successful. They have never made a decision based on the tax rate.

Mr. TRONE. Thank you. I yield back.

Mr. MOORE. Thank you, and given Chairman Yarmuth's handicap, I would have thought you would have been a golf club salesman, but interesting to find that out.

The Chair now recognizes the gentleman from Virginia, Mr. Scott.

Mr. SCOTT. Thank you. Thank you, Mr. Chairman.

Mr. Chairman, first of all, I want to dispel the idea that this is a both sides do it problem and remind people that every Democratic Presidential Administration since Kennedy has left for their Republican successors a better deficit situation than they inherited, without exception, and every Republican Administration has left for their Democratic successors a worse deficit situation than they inherited, without exception, and President Trump was on the way to fulfilling that trend before the pandemic. One of the reasons is that under Republicans, they don't pay for tax cuts, and so every time there is a tax cut, it just ruins their budget.

One thing I get—I was here in 1993, Senator Conrad, you were here, and I think, Rob, you voted on the 1993 budget. You had just gotten here. It was contentious, it was down to the wire. Not a sin-

gle Republican voted for it, and when it passed, it put us on a trajectory to not only balancing, but creating surpluses sufficient to paying off the national debt by 2008, putting all the money back in the trust funds by 2013. When they talk about the historic balanced budget agreements in the mid 1990s, they ignore the fact that Gingrich, when he came in in 1995 as Speaker, shut the government down trying to dismantle the budget and couldn't do it because Clinton wouldn't budge and the budget continued to succeed, went on to balance and a surplus, and if you wanted to know what the Republicans had in mind, we found out in 2001 when they had the trifecta, the House, Senate, and President, when you had massive tax cuts, two wars not paid for, tax cuts not paid for, prescription drug not paid for, and all of that budget projection of paying off the national debt evaporated.

One of the reasons of the differential between Democrats and Republicans is unpaid for tax cuts. So I would ask Representative Womack if you would agree as a condition of starting the commission, an agreement that we would go to PAYGO for tax cuts.

Mr. WOMACK. I believe in any mechanism that can be enforced without Congress deciding that we are not going to enforce it, and I think we can go back to PAYGO and we can have a long conversation about whether PAYGO was actually enforced.

Mr. SCOTT. Let me just say—reclaiming my time—under the Democrats, we pay for new spending and we pay for tax cuts. Under Republican rule, you pay for new spending, but you do not have to pay for tax cuts.

Mr. WOMACK. Well, I mean, I would agree that, principally if you are going to have any impact on the budget in a negative way, that you need to have a mechanism in place that either provides an offset that you will honor—

Mr. SCOTT. Well, I am talking about starting a commission. I have no time left, so let me just pose some questions. If you all want to answer them, fine, but I think they just ought to be posed anyway.

The Ranking Member pointed out that the public, given the choice of taxing people over the present limit of \$160,000 on Social Security, would rather do that than suffer benefit cuts. On commission, one of the problems with the commission might be that dealing with short-term budget problems, how do you deal with long-term problems like climate change, investments we need to be making? How would they be? They would not be well reflected, and a concern that there is a difference between talking about doing something and actually doing something. The commission may give the many people an opportunity to pretend that they are doing something and delay the inevitable. We have tough choices to make, we just need to make them.

And with that, if anybody wants to comment, otherwise I yield back.

Mr. MOORE. Sir, for you, Senator.

Mr. CONRAD. Just very briefly, I would say this to the Congressman, who I enjoyed working with very much back in the day. It just strikes me that we have got an opportunity to take this on in a structure that gets both people at the table focusing on the issues, whether it is climate, whether it is revenue, whether it is

spending, that you have an opportunity to be at the table to have these serious discussions. We all know the way the budget process works now, you really don't have that opportunity. We are both locked into a partisan struggle that avoids the real tough discussions that we need to have, and will it work? I have no idea. The one thing I know for sure is that what is happening now is not working, and it strikes me that let's have an opportunity to try something else, let's have an opportunity to try something different. That is what I would say to the gentleman.

Mr. WOMACK. Mr. Chairman and Mr. Scott, two points I want to make. This is going back to the Joint Select Committee on Budget Process Reform. We went into the process reform process recognizing that it was a process, it was designed to change the process. It was not based on developing some kind of outcome, i.e., what we are going to do at the end of this thing is going to create some outcome. What we wanted was to improve the process, and the process involved a number of things that are included in my testimony this morning.

The other thing that we were able to put in this package was realizing that a balanced budget amendment is problematic for the Congress for a lot of reasons, that we installed a debt-to-GDP target, which we thought would be very important, debt-to-GDP, meaning that in these larger policy discussions, climate change, et al, you look at those policies in terms of what is it going to do to the economic condition of the country if you do it or don't do it, and does it fit within the debt-to-GDP range so that we could start to encourage—you know, Mr. Yarmuth talked about how you either cut spending or you raise taxes. Well, actually, there is a third option out there, grow your economy, and that is what happens when you have the larger policy discussion. So debt-to-GDP became our metric to use, and by the way, that was a Sheldon Whitehouse recommendation.

So I think if we could get back to the inconvenient truths of where we stand and make our constituents subject matter experts, it makes it a lot easier for us to enact meaningful legislation.

Mr. PORTMAN. Chairman, just briefly, and, Bobby, we worked together closely when I was in the House and also in the Senate. I have always enjoyed working with you.

And reflecting on your comments and Mr. Peter's comments, Mr. Panetta's comments, Mr. Trone's comments, this is about finding common ground. That is what we have lost, that art, the art of the deal that was talked about earlier, and if you have an objective that everybody agrees to, which you get out of a commission, you have to sign up to an objective—I mentioned earlier there needs to be some fiscal metric. That may be the hardest thing this commission has to do. Once you agree to that and everybody is on board—and this requires the leaders of Congress, Republicans and Democrats, to put the right people on this commission who actually want to get to an answer because it is too easy not to get to an answer around here and be benefited by it politically. Whether it is the way the media treats you, because you can get on Meet the Press if you are going to be out there rabbleroising, you can raise more money online the way the political system is working in terms of our primaries. We have got to get back to a system where we are

serving the people, and that means agreeing on that objective. I think the commission is a vehicle to do that. Kind of along the lines of what my friend Kent Conrad just said. It will require this serious discussion, it will force the Congress to deal with these issues rather than talking past each other, which is, in my experience, what is happening more and more over the past 30 years I have been in public service.

So I sense you have an open mind, my friend. I hope you do, because I think this could be very important.

Mr. SCOTT. I posed the question—I did want to make a quick comment about the balanced budget amendment. I think we ought to discuss whether that process would actually make it easier or harder to actually balance the budget.

My view is the parameters of the balanced budget amendment would make it virtually impossible to ever get control of the budget.

Thank you, Mr. Chair.

Mr. MOORE. And from that exact point, I will just highlight what Chairman Womack said. I mean he focused on debt-to-GDP. If we could make the focus on debt-to-GDP, we could actually have substantial ground that we could gain in this direction. If we make it—you know, we even did—I mean we—there are some in this Committee that don't feel comfortable waiting for ten years to get to a balanced budget. What we put the marker on, it is very difficult, ten years. I mean, goodness, that is so far away for a lot of people. If we could get to a point where we were talking debt-to-GDP and putting those markers in place and establishing the guardrails so we could make that case, I think that is in addition to this piece.

Using my newfound power as Chair, I want to just make one quick comment to your first point. I have numerous times acknowledged that President Clinton was a key aspect, particularly with Mr. Panetta, a good friend, of finding a way to get to that balanced budget when a Democrat lead, but we cannot also dismiss the fact that oftentimes when there is a Democrat that takes the White House, what follows is a Republican Congress, and that friction also creates good outcomes for us to be able to make movements here, and so that happens—and then it moves the other way when there is a Republican, and so to say that Republican Presidents haven't cared about this, I don't think is fully accurate, and I am willing to address it on both sides.

The point I would like to quickly make, what we have gotten to the point, where we have gotten in Congress, is this once in a generation type of legislating that happens when you have the trifecta. When you have the White House, House, and Senate in one party, we have this knee jerk reaction to go big, and that is not ultimately the best 2030 long term approach to legislating. So 2017, I think the Tax Cuts and Jobs Act did an exceptional job of growing the economy, but we didn't take much advantage of finding areas to reduce our spending, and that is a criticism I have of our own party, and the 2021 experience that I had when the trifecta existed in the Democrat Party, we had a \$1.9 trillion bill in ARPA with no offset spending that—whether you blame it on inflation, all on that, I don't. I said there is a lot of factors that contributed to it, but I

agree with Larry Summers when he said this was a huge contributor to our inflation.

So we get into these modes of, we have to go big now because we have the trifecta, we got White House, House, and Senate, and we can bypass the filibuster, so we got to go big. Instead, we are trying to do the opposite here and make something 30 years out.

I have four kids, ten and under. That is all I care about. I care what they are going to be doing. If they are sending a dollar of tax and 50 cents of it goes to paying the interest when they get their first job, I will have failed my job right now, and I don't want to fail this job.

So I just like to add some context there that we have these moments in split government to actually make some progress here.

So thank you.

With that, I appreciate the latitude that I gave myself, apparently.

To yield now to Mr. Espallat, the gentleman from New York to recognize him.

Mr. ESPALLAT. Thank you, Mr. Chairman.

Budgets are political documents. They pretty much state what our values are, what do we believe in, how do we look at the state of the economy in America. Budgets have a heartbeat, they have a pulse, and part of the problem in developing a fair and transparent budget that reflects the condition of America, hunger in America, people's inability to pay rent in America, the struggles of working families in America, is the fact that many of my colleagues in Congress are millionaires, and so as a result, they are unable to penetrate and reach out of the bubble and see what the American people are going through on a daily basis.

And so, for example, the Child Tax Credit program was referred to here as an entitlement. \$2,000 for a 17 year old or under, that results to \$166.66 a month for a mom. Is that going to break our back? That is something that we cannot do for somebody that maybe is on a hunger line trying to feed their families? The Earned Income Tax Credit for poor families that are making under \$59,000 a year, just a little push so they could maybe buy Pampers, milk, and maybe be able not to fall back on their rent, is that going to break our backs? And so we propose a commission here. Some folk call that the paralysis of analysis. America is smart. They read through stuff. You know what they say out there, those that cannot go outside of the bubble because they just have so much money in their bank accounts that they don't have a clear vision. You want to kill a good idea? Build a commission. You want to stop innovativeness? Give it to a task force. You want to have deep cuts that cut to the bone like they try to do this year? Study it, create a study group.

This year we had an agreement between the leader of our House and the President. Some of us felt that they usurped appropriators like myself that Constitutionally have the power of the purse, and that wasn't enough. They broke the agreement and they came here and they wanted to cut it to the bone. That mom that wants \$166.66 per month through a Child Tax Credit, they wanted to cut what some of you call entitlements to the bones.

Now, revenue. Revenue is at the center of this because the Trump tax cut benefited the very wealthy, the very rich, not the police officer, not the teacher, not the civil servant, the very rich. That is an entitlement, a corporate entitlement, and that is right at the core and it is not talked about, debt and deficit.

So, Mr. Yarmuth, thank you for still having a failed grade in your lapel, and I want to hear from you, if you may, what is the role of these Trump tax cuts for the very rich in the current fiscal condition facing the Nation?

Mr. YARMUTH. Talking about tax cuts—thank you, Mr. Espallat, for that question.

I go back to my brother who has been very successful in business and always voted Republican because he wanted to pay less tax. Well, back in 2008, he called me and he said, John, you will be happy to know that Judy, his wife, Judy and I are maxing out to Barack Obama and we are voting for all Democrats this year, and I said, that is great, Bob, what was your epiphany? And he said I finally—he is in the barbecue business, barbecue restaurants—he said I finally figured out that if nobody can afford barbecue, it doesn't matter what my tax rate is.

And I think in terms of Chairman Moore's comment about debt-to-GDP ratio, there are an awful lot of economists now who say that is not a meaningful ratio, it doesn't really reflect the sustainability or indicate the sustainability of our debt. So my fear about a commission is, yes, you could take the position that there is no harm in doing a commission, it does promote conversations, but there is some danger with a commission that makes recommendations that fail because then the commission has failed, Congress has failed once again.

So if you said we are going to do a commission which actually analyzes the question of debt sustainability and doesn't get into recommendations for cuts or increases and so forth and really provides some education as opposed to suggestions, I might be much more inclined to accept that, because I think that would be a valuable thing for the country to have. Exactly what is the impact of our debt? Does it matter? How much can we live with? But again, if you are going to get into recommendations that ultimately are going to prove very difficult politically, then I think there is a real risk in doing the commission and that is why I am concerned about it.

Mr. MOORE. And that is why I love that there are so many economists out there because I oftentimes love to disagree with them, and I will vehemently disagree the debt-to-GDP isn't a strong indicator of what we need to continue on, and to just make the point as I move to our last questions here, the Tax Cut and Jobs Act was actually the—it doubled our Child Tax Credit. So we have to recognize as making that point, the Child Tax Credit was doubled under the TCJA, right? So this is something that gets blamed in saying it was only for the rich when it targeted the middle class and making sure with the standard deduction as well. That is just facts that there was there, and I get it. Like I have said, I have criticized everybody in the last 20 years and that everybody falls into that, but I do think that is an important point to make, and moving on to our final speaker, and I think folks, and if we have to—Mr.

Yakym from Indiana is now recognized, and someone that has been an absolute breath of fresh air just a month or two behind me on this and part of this group that really wants to tackle this issue. So thank you and you will be our final questions today.

Mr. YAKYM. Thank you, Mr. Chairman.

I ask unanimous consent to submit a Washington Post article by George F. Will into the record.

Mr. MOORE. Without objection, so ordered.

[The information follows:]

Opinion A fiscal crisis awaits. Here's a provocative idea for heading it off.



By [George F. Will](#)
Columnist | [+ Follow](#)

August 4, 2023 at 7:00 a.m. EDT

When astrophysicist [Arthur Eddington](#) (1882-1944) was told that some people believed that only three scientists understood Albert Einstein's theory of general relativity, [he quietly said](#): "I'm just wondering who the third might be." At the opposite end of the intelligibility spectrum, there is broad understanding of the obvious: This nation is slouching into the most predictable fiscal crisis in its history.

There is no mystery about what the crisis is; there is clarity about what broadly must be done. There is, however, fatalism about the political system's inability to do it. The fatalism is refutable, but with a mechanism that should make constitutionalists queasy: Should we protect the nation's fiscal future by further diminishing Congress, which would exacerbate the braided problems of a rampant executive and an unaccountable administrative state?

Demography is destiny for today's entitlement state, which functions primarily to transfer wealth to the elderly. America's population is aging, life expectancy is increasing, [a quarter of Medicare spending](#) is on services in the last year of life, and 40 percent of that 25 percent on the last 30 days. Furthermore, the U.S. birthrate is declining, and immigration will not be liberalized nearly enough to adequately replenish the long-term workforce that must fund entitlements.

Without politically excruciating changes, the [two principal drivers of federal deficits](#) — Social Security and, especially, Medicare — will produce ever-higher government spending and ever-larger deficits. This certainty influenced Fitch's recent [lowering of the nation's credit rating](#). Within a decade, [Medicare providers](#) and Social Security recipients are set to face 11 percent payment cuts and 20 percent benefit cuts, respectively. They will not happen. General revenue (including borrowed money) will be poured into both programs to protect incumbent legislators and prevent social upheaval.

Absent entitlement reforms, [interest rates will rise](#), reducing private investments and economic growth, and federal revenue. What can be done to prevent risk-averse politics from producing this self-reinforcing doom loop? The [Cato Institute's Romina Boccia has a suggestion](#): "a BRAC-like fiscal commission."



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After the Cold War waned, the Base Realignment and Closure commission accomplished what the political class flinched from doing: five rounds (from 1988 to 2005) of closures of military facilities crucial to communities' prosperity. The BRAC recommendations automatically took effect unless, after approved by the president and submitted to the House and Senate, Congress passed a joint resolution disapproving the recommendations in their entirety.

Boccia proposes a similar entity, "composed of independent experts," tasked with what she mildly calls the "clear and attainable objective" of stabilizing the nation's debt at a size not exceeding gross domestic product. Leave aside the unsettling echo of progressives' (Woodrow) Wilsonian aspiration to constrict politics by expanding the sphere of "independent" expertise. Boccia has the courage of her conviction that the alternative is even worse than this aspect of her proposal: The commission's recommendations must be "self-executing upon presidential approval, without Congress having to affirmatively vote on their enactment."

With a bracing candor reminiscent of another realistic child of Italy (Machiavelli, in "The Prince"), Boccia says: Making the commission's recommendations self-executing without Congress's having to endorse them is necessary to give legislators "political cover to vocally object to reforms" vital to the national interest but impossible to enact by normal procedures.

Is there a paradox of sovereignty? May a legislature, exercising its sovereign lawmaking power, enact a law that divests itself of lawmaking power? Congress frequently does essentially this by granting to executive agencies discretion so broad that it arguably violates the "nondelegation doctrine." That is, it delegates essentially legislative power, in violation of the Constitution's first substance word — the first after the preamble: "All legislative Powers herein granted shall be vested in a Congress" (emphasis added).

Boccia notes that Sen. John McCain supported the BRAC mechanism even though, he said, "Congress has probably abdicated its responsibilities." The brute fact, he said, is that Congress is "incapable of acting in any other way." And Boccia knows that the stakes in the base closings were trifling compared with those in entitlement reform, concerning which Congress's abdication of responsibility is ongoing.

Adopting Boccia's recommendation — "a new mechanism for forcing action" — would be an admirable acknowledgment by Congress of an unadmirable weakness. Call it the Odysseus measure:

Confessing his weakness regarding the temptation of the Sirens' voices, Odysseus told his ship's crew, "Bind me, to keep me upright at the mast, wound round with rope. If I beseech you and command to set me free, you must increase my bonds and chain even tighter."

Mr. YAKYM. Thank you to our witnesses for being here today. To both of our former U.S. Senators, to our current Member, who happens to be my assigned mentor in Congress, Mr. Womack. I could not have asked for a better one. Thank you, and to our former Member as well. I also have a few of my constituents who are here. Thanks for being here today.

Our Federal debt currently stands at over \$33.5 trillion dollars. That equates to a debt-to-GDP ratio of 124 percent. No one can look at these numbers and believe that the Fiscal State of our Nation is sound. These spending habits have led to serious economic problems, including inflation at a 40 year high under the Biden Administration. This has made it much harder for the Hoosiers that I represent and for all Americans to provide for their families and plan for the future.

Like many of us, I came to Washington to help build a better future for my constituents, but passing policies that consistently increase government spending is not building a better future. I fully support establishing a fiscal commission, but we need to carefully design it so that we don't actually do nothing, but we actually change this Nation in the course of our fiscal stability.

The last thing we need is another report outlining the problem while failing to make any tangible changes. We know what the problem is: the Federal Government spends too much money without regard to our national debt. Our fiscal house is not in order, and at a time of nearly \$2 trillion in annual deficits, it is continuing to get worse. We need to restore fiscal responsibility immediately.

Each of you served on one of the previous commissions aimed at taking control of our spending and restoring fiscal responsibility. My question is this, in your experience, what were the biggest hurdles that you faced in implementing the recommendations of previous commissions, and what would you recommend that we do differently to ensure that the commission's recommendations actually become law?

I would like to start with my House mentor, Mr. Womack.

Mr. WOMACK. Well, you raise a good question, and as I have said a couple of times in my testimony here today, the challenge with Congress is that we create commissions and we create task forces and we look at problem sets, and we develop potential solutions, and then there is no real mechanism to give them the force of law, and so as a result of those, we look at them, they become shiny objects, and we acknowledge and brag about our great work, and it goes into our resume, but it never becomes the law of the land, and so there has to be some mechanism in place that gives it the force of law.

Congress just has too many areas, and we defer, defer, defer. We defer past milestones, we defer past holidays, we defer past elections. We defer, defer, defer, and it makes it easy. They call it kicking the can down the road. It makes it really easy to move it to the next milestone. Right now, we are on a continuing resolution till November the 17th. That is the next milestone, and we will do something that will move us past that milestone, and then the next milestone is going to be the holidays, and then the next milestone is going to probably be the 2024 election, and so we just have to

have some ability to be able to constrain Congress from moving past the moment to some future milestone and give it the force of law today.

So if that can be accomplished, then I think we are well on our way to solving for the crisis.

Now, the other thing I will say and then I will finish, and that is so much of what we are talking about today becomes what I call an inconvenient truth, and the American public just—we are afraid to tell the American public the inconvenient truth because if you tell them what the problem is, they are going to want to know what the solution is, and as soon as you advocate for a solution, that trial balloon gets shot down before it gets six inches off the ground, and then you become a marked target.

So those are the issues that we have to settle within ourselves, both sides of the aisle, and give us an opportunity to put this issue behind us because it is a growing threat to our country.

Mr. YAKYM. Thank you, Congressman Womack, and Senator Portman, same question. What would you recommend that we do differently to ensure that the next commission that is set up actually makes recommendations that become law?

Mr. PORTMAN. Good question. By the way, I appreciate your comments on not just laying out a problem, but actually coming up with a solution.

The problem is pretty easy to describe, and everybody on both sides of the aisle is kind of railed on the problem from a different perspective, but the question is, how do you actually, again, come up with a metric that makes sense, whether it is a ten year balanced budget, whether it is debt-to-GDP, and then have the objective of everybody there on that commission dedicated to trying to get there, to find that common ground. If you don't have that, it is not going to work. So I think that is maybe the most important thing.

Second, I will say just to the comment that some of these commissions or groups don't end up getting passed, again, 60 percent of Simpson-Bowles ended up getting passed by roughly 2015. I was on this Super Committee. I said it wasn't too super. Almost all of our suggestions ended up getting incorporated over time. It is amazing because Members of Congress were desperate to find some proposals and, well, the Super Committee looked at this even though the Super Committee itself failed to get a majority vote, the ideas and the research that was done was very helpful, and then finally, as we talked earlier, just raising the visibility of this issue, forcing Congress to deal with it, but I would say to answer your question more directly, the other most important aspect, other than having this objective, having the commitment to find that common ground, would be having an up or down vote. So I think you have got to have the ability to have an expedited procedure in the United States Senate and then to have a vote. As you know, the Senate is a tougher body to deal with, with regard to the rules than in the House, not just the 60 votes, but the fact that things can get hung up. So you have to have an expedited procedure and eventually force a vote, force the ability of this Congress to come together and make a tough vote, tough decisions. I said earlier, I think what the commission gives you is hopefully trust, it builds

trust by choosing the right people and the right experts and just being straight like you are in Indiana and the Midwest and just telling people this is what it is about.

Second is I do think it provides some knowledge, information that maybe not everybody has, because you will have people who are really targeted and focused on this issue, and I think Mr. Yarmuth and others have talked about that, that would be a good thing about it, and then third, you know, if you have a commission that is going to report, it does provide a little political cover, and people say, well, maybe we don't need political cover in here. Well, obviously we do, because nothing else has worked, and the cover is, hey, is this imperfect? Not what I would have done exactly, but on the other hand, \$33 trillion, your four boys, your kids and grandkids. I mean, this is something that we have to suck it up and do the right thing for the country.

So I think those are the ingredients for success.

Mr. YAKYM. Thank you, Senator Portman, and Mr. Chairman, thank you for chairing this Committee hearing today on the biggest domestic——

Mr. WOMACK. Mr. Yakym, could I interject one thing?

Mr. YAKYM. Please.

Mr. WOMACK. This whole discussion about the budget process, this whole discussion about the debt commission, this whole discussion about the fiscal condition of our country, and back to your question about what we can do to put some teeth into it and to constrain Congress. It reminds me of the cab drive I had in Cairo, Egypt, when I was deployed back in 2002, right after 9–11. We were driving down the road in the cab and it is all over the road, and it is a three wide lane and there is four wide traffic, and I asked the cab driver, I said, hey, man, do you not see the lines in the road? And he looked at me and he said, those are merely a suggestion, and that is exactly how I would describe the process that the U.S. Congress uses to manage its budgets and precisely why we are in the condition we are in.

I yield back.

Mr. YAKYM. I could not agree more, and thank you, Congressman Womack.

Mr. Chairman, I yield back.

Mr. MOORE. And I couldn't come up with better comments to end on than all of that. Very clear statements about the need for this and putting it into perspective.

So thank you all. Thank you, Senators Portman and Conrad and Chairmen Womack and Yarmuth, all dedicated public servants and willing to have made a mark on this place and continuing to do so. So thank you all very much.

Please be advised that Members may submit written questions to be answered later in writing. Those questions and your answers will be made part of the formal hearing record. Any Members who wish to submit questions for the record may do so within seven days, and with that, the Committee stands adjourned.

[Whereupon, at 2:58 p.m., the Committee was adjourned.]

Committee on the Budget
Hearing: “Sounding the Alarm: Examining the Need for Fiscal Commission”
October 24, 2023
Questions for the Record Submitted by Representative Bob Good (VA-05)

Subject 1: Questions for Hon. Robert Portman

Background: Since 1980, there have been 14 fiscal commissions established yet only 6 have been able to see their recommendations enacted by Congress.

Questions:

- **How can a fiscal commission's recommendations complement, strengthen, or enhance the budgeting functions of OMB and Congress?**
- **What authorities, resources, and expertise could a Fiscal Commission bring, beyond the efforts of the House Budget Committee, that would help effect real change and address our \$33 trillion national debt?**
- **Do you believe that Commissions need more power? For example, the authority to draft legislative text, rather than just offering aspirational recommendations?**
- **Would it be beneficial for legislative text approved by the commission to receive privileged floor consideration?**
- **There have been 14 fiscal commissions since 1980 but only 6 have succeeded in getting their recommendations enacted; how can a new Commission avoid the pitfalls of the past and enact true reform?**

Subject 2: Questions for Rep. Steve Womack

Background: When calculating the financial burden of illegal immigration on the American taxpayer, estimates range from [\\$150.7 billion](#) to nearly [\\$200 billion](#) annually according to the Federation for American Immigration Reform. Under current immigration law, immigrants cannot be admitted to the country if they will become a Public Charge. This means that immigrants cannot come if they will be dependent on the public dime for basic needs such as housing, food, and healthcare. Yet, under current law illegals can be granted entry and still enjoy vital social safety programs such as Social Security, WIC, TANF, and SNAP.

In Virginia also, illegals are a significant burden on public resources. In fact, there are 419,000 illegals in VA. And in 2023, the Federation for American Immigration Reform estimated that Virginia had 123,443 illegal children in local schools, with taxpayers paying \$5,038 per illegal alien. In 2023, Virginia taxpayers footed a \$2.83 billion bill for expenses related to illegal immigrants, which amounts to a burden of \$873 per household annually. While some illegals do pay taxes, the revenue collected falls well short of the costs associated with catering to illegals. Illegal aliens only contribute \$32 billion in taxes at the state, local, and federal levels; which is well below the conservative estimated annual cost of \$150.7 billion to taxpayers.

Question:

- In what ways can a Fiscal Commission effectively evaluate and address the costs of illegal immigration?

Subject 3: Questions for Hon. Robert Portman

Background: Interest rates are at the highest point in 16 years, with the 10-year Treasury yield increasing from 1.1 percent to when Biden assumed office, to 4.7 percent today. 3-month Treasury yields have increased from .1 percent to 5.6 percent over the same time, with every 1 percent increase over CBO projections increasing deficits by \$270 billion annually. Ultimately, projected costs for interest payments have more than doubled under Biden, going from \$278 billion to \$663 billion; resulting in a cost of \$58 billion per month. By 2027, interest payments on the debt are projected to surpass national defense spending.

Since taking office, the Biden Administration has issued nearly 850 executive actions (final rules, Executive Orders, and Presidential Memoranda) unilaterally proposing or enacting \$1.5 trillion in spending. Average mortgages have increased from 2.8 percent to 7.5 percent, interest rates on 5-year car loans increased from 5 percent to 7.9 percent, and credit card interest rates increased from 14.8 percent to 21.2 percent. Meanwhile, President Biden can decide to straddle the American taxpayer with \$400 billion in new costs to pay for student loans.

Questions:

- **If a bipartisan fiscal commission were to be created, do you believe that the Biden Executive Branch would be a willing partner in helping the commission identify and enact practical recommendations?**
- **How can Congress effectively make recommendations on federal spending when the President regularly takes unilateral actions to actively increase the deficit and debt, like the student loan transfer scheme that is costing over \$400 billion?**
 - **What actions could a commission take to help ensure or require fiscal accountability on the part of the executive branch?**

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Question:

- In what ways can a Fiscal Commission effectively evaluate and address the costs of illegal immigration?
 - When establishing a Fiscal Commission, it is imperative that it considers all contributors to the fiscal expenditure. While the costs of illegal immigration are substantial, and I agree that Congress must address these costs, ultimately, I believe that a Fiscal Commission will be its most successful if it focuses its efforts on fiscal policy and meaningfully addresses the real drivers of our debts and deficits - mandatory spending.

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Background: Since 1980, there have been 14 fiscal commissions established yet only 6 have been able to see their recommendations enacted by Congress.

Questions:

- **How can a fiscal commission's recommendations complement, strengthen, or enhance the budgeting functions of OMB and Congress?**
 - A fiscal commission's recommendations are more likely to generate consensus and gain public support, since the commission would be bipartisan and have the benefit of outside expertise. Moreover, Congress would have buy-in since Congress would authorize the Commission and would have a chance to approve the overall recommendations.
 - A commission can and should leverage the expertise of OMB so that it can ensure recommendations are based on the best information available.
- **What authorities, resources, and expertise could a Fiscal Commission bring, beyond the efforts of the House Budget Committee, that would help effect real change and address our \$33 trillion national debt?**
 - A commission would be bi-cameral and could somewhat insulate the proposals from political pressure, allowing legislators to review data-driven solutions and policy measures. At the same time, it would be a transparent procedure, with congressional approval and buy-in and consultation with the House and Senate Budget Committees.
- **Do you believe that Commissions need more power? For example, the authority to draft legislative text, rather than just offering aspirational recommendations?**
 - I believe a successful commission needs to offer more than aspirational recommendations. While precise legislation should be written by Congress, a commission should be very specific in policy prescriptions. Vague recommendations by commissions in the past, including promises for future spending cuts, have exacerbated the debt crisis.
- **Would it be beneficial for legislative text approved by the commission to receive privileged floor consideration?**
 - Yes, particularly if such proposals receive a qualified bipartisan majority of commission members. A vote by Congress will provide accountability from the people's duly elected representatives. It will also ensure that a minority of members cannot block consideration of proposals.
- **There have been 14 fiscal commissions since 1980 but only 6 have succeeded in getting their recommendations enacted; how can a new Commission avoid the pitfalls of the past and enact true reform?**
 - I believe Commissions are more successful when they work closely with lay members of Congress, offering very specific reforms and not numerical targets or vague promises of

spending cuts. For example, budget deals in 1982 and 1990 did not offer specific policy reforms, raising taxes in exchange for promises of future spending cuts which never materialized. A commission should specify spending decisions to Congress.

- My former budget staffer, Brian Riedl, examined 14 major deficit-reduction negotiations since 1980, finding that a combination of three ingredients were needed to achieve a successful budget deal:
 - Penalty default: a painful policy that would be automatically implemented if a deal is not enacted by a certain date.
 - Public support for deficit-reduction across parties; consensus on reform.
 - Healthy negotiations: presidents and legislators across parties establishing trust, good faith, and willing to compromise to seek “win-win” solutions.
 - This table summarizes the 14 deals since 1980:
- These make sense to me. This table summarizes the 14 negotiations he reviewed.

FIGURE 5.

Primary Ingredients for Successful and Failed Grant Deals

Case Study	Primary Ingredient			Total Ingredients	Result
	Penalty Default	Public Support	Healthy Negotiations		
1983 National Commission on Social Security Reform (“Greenspan Commission”)	Yes	No	Yes	2	Enacted
1985 Balanced Budget and Emergency Deficit Control Act (“Gramm-Rudman-Hollings”)	No	Yes	Yes	2	Enacted
1990 Omnibus Budget Reconciliation Act (“Andrews Air Force Base Summit”)	Yes	Yes	Yes	3	Enacted
1993 Omnibus Budget Reconciliation Act (“Deficit Reduction Act of 1993”)	No	No	No	0	Enacted*
1994 Bipartisan Commission on Entitlement and Tax Reform (“Kerrey-Danforth”)	No	No	No	0	Failed
1995–96 Government Shutdown	Yes	No	No	1	Failed
1997 Balanced Budget Act and Taxpayer Relief Acts (“1997 Budget Deal”)	No	Yes	Yes	2	Enacted
1998 Clinton–Gingrich Social Security Meetings	No	Yes	No	1	Failed
1999 National Bipartisan Commission on the Future of Medicare (“Breaux-Thomas”)	No	No	No	0	Failed
2005 Social Security Reform	No	No	No	0	Failed*
2010 National Commission on Fiscal Responsibility and Reform (“Simpson-Bowles”)	No	No	No	0	Failed
2011 Obama–Boehner Grand Deal	Yes	No	No	1	Failed
2011 Budget Control Act	Yes	Yes	No	2	Enacted
2011 Joint Select Committee on Deficit Reduction (“Super Committee”)	Yes	No	No	1	Failed

*The White House and both houses of Congress under the control of one party
Source: Author’s calculations

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Questions:

- **If a bipartisan fiscal commission were to be created, do you believe that the Biden Executive Branch would be a willing partner in helping the commission identify and enact practical recommendations?**
 - I cannot speak for the Biden Administration, but we know presidential support is ultimately necessary for successful legislation. I would hope that bipartisan, Congressional support for a Fiscal Commission and popular support for a solution to the debt crisis would encourage the Biden Administration to support the process.
- **How can Congress effectively make recommendations on federal spending when the President regularly takes unilateral actions to actively increase the deficit and debt, like the student loan transfer scheme that is costing over \$400 billion?**
 - **What actions could a commission take to help ensure or require fiscal accountability on the part of the executive branch?**
 - The commission should ensure that its recommendations are binding upon the Executive branch. This will require a careful construction of proposals and enforcement mechanisms.

