

MINORITY VIEWS OF RANKING DEMOCRATIC MEMBER
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This GOP budget process bill (S.3521) is really an acknowledgment by the Republican Majority that they have failed to lead the nation on fiscal matters. They have squandered the surplus and run up large deficits. So now they are turning to a budget process proposal to appear fiscally responsible.

Republicans seem to forget that they are in control in Washington right now. It has been their policies of repeatedly reducing revenues while increasing spending that have turned record surpluses into record deficits and debt. Adopting budget process changes will have little impact on the deficit if we continue to follow these failed fiscal policies.

This proposal really represents an abdication of responsibility – multi-year caps on discretionary spending that the GOP has disregarded in the past, automatic spending cuts without regard to priorities or fairness, partisan entitlement and spending commissions that do the work of Congress (considering issues meant for elected, accountable representatives), budgeting every two years instead of one, a line item veto that allows the President to make decisions for Congress, and a series of changes to the budget resolution and reconciliation process that would restrict bipartisan input and further undermine budget transparency and fiscal responsibility.

If Republicans were serious about reining in the record deficits and debt, a real bipartisan effort of elected lawmakers and the President would be under way. Instead, they have come up with this budget process proposal. In other words, instead of governing and making the hard choices that are necessary, the Republican Majority wants to put the government on auto-pilot, with automatic mechanisms and decision-making done by others.

This proposal also represents a direct threat to Social Security and other vital entitlement programs. It would remove protections for Social Security and put in place a fast-track process that could result in the privatization of the program.

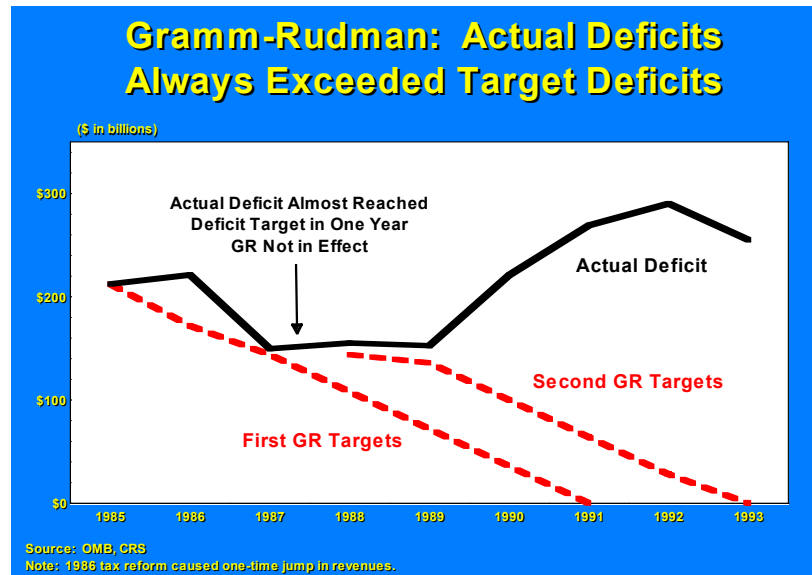
At the same time, this proposal fails to include the one budget process item that has a track record of success - paygo. The paygo, or pay-as-you-go, rules were crucial in turning deficits into surpluses in the 1990's. There is no excuse for the Majority's failure to restore a strong paygo rule in this proposal.

The Majority's budget process proposal puts in place three years of caps on discretionary spending. This simply repeats the Majority's practice of adopting spending caps to look fiscally responsible and then repealing or waiving those caps when it comes time to enforce them.

Just consider what happened this month. In passing a deeming resolution on the supplemental bill, the Majority repealed budget enforcement provisions and repealed and increased for 2007 the spending caps they put in place in last year's budget resolution. Spending caps absent a willingness to actually enforce them mean nothing.

The Majority's budget process proposal would also return to the failed Gramm-Rudman strategy of enforcing fixed deficit targets with automatic cuts in spending, known as sequesters. This strategy failed in the past and is

likely to fail again. When Gramm-Rudman was in effect in the late 1980's, the actual deficits always exceeded the target deficits. In fact, in the one year that the actual deficit almost reached the Gramm-Rudman target, Gramm-Rudman was not in effect.



Gramm-Rudman simply failed to reduce the deficit. The deficit in 1986, the first year Gramm-Rudman was in effect, was \$221 billion. The deficit in 1990, the last year Gramm-Rudman was in effect, was the same, \$221 billion. The original Gramm-Rudman target for 1990 was a \$36 billion deficit – demonstrating just how meaningless those targets were.

This performance led the Government Accountability Office (GAO) to conclude that Gramm-Rudman was ineffective. In a 1992 report, GAO wrote: “GAO has criticized the [Gramm-Rudman] procedures for leading not to meaningful deficit reduction, but rather to a whole generation of off-budget and other misleading practices that hid the true magnitude of the deficit problem. When even these practices failed to avoid sequestration, the deficit targets were simply revised, and the date for achieving a balanced budget was postponed. Thus, instead of the government reaching a balanced budget in fiscal year 1991, the original [Gramm-Rudman] target, the deficit reached record levels.”

And former Senator Hollings, who was one of the original authors of the Gramm-Rudman procedures, later came to reject the strategy and called it a failure. In a 2003 Senate floor statement, Senator Hollings said: “...[W]e failed with Gramm-Rudman-Hollings. ...[I]nstead of using Gramm-Rudman-Hollings to cut back some \$35 billion in spending each and every year, we were using it as a cover to increase spending \$35 billion each and every year. So I said give me a divorce from that. I don't want my name connected with it.”

Making matters even worse, the bill would put Social Security back “on-budget” for the purpose of setting and enforcing its new fixed deficit targets. It would ignore current requirements that prohibit including Social Security surpluses in deficit and enforcement calculations. This policy change would mask the true size of the deficit and call into question the GOP's commitment to protecting Social Security.

The Majority's budget process bill would also create partisan entitlement and spending commissions that would essentially be charged with doing the job of Congress, coming up with proposals to reform our entitlement programs and conducting oversight and review of federal agencies and programs.

The commission proposals, even if they would privatize the Social Security program or gut the Food and Drug Administration, would be given fast-track protections in Congress, with limited opportunity to debate or amend. The regular rules of the House and the Senate, including protections of minority rights, would be set aside.

Consider some of the controversial proposals that have come out of commissions in the past:

The National Bipartisan Commission on the Future of Medicare, in place in 1998 and 1999, proposed:

- Increasing the eligibility age for Medicare from 65 to 67; and,
- Capping the government contribution to health insurance for the elderly and disabled – forcing beneficiaries into cheap HMO's.

And the President's Commission to Strengthen Social Security, in place in 2001, proposed:

- Creating private accounts funded by borrowing trillions of dollars; and,
- Cutting the traditional benefit 46 percent by implementing price indexing, rather than wage indexing.

These controversial proposals clearly do not deserve fast-track consideration.

Notably, by giving fast-track status to the proposals of the entitlement commission, the Majority would be circumventing the current Social Security protections that prohibit changes to Social Security from being adopted under fast-track procedures. We should not be weakening these Social Security protections.

The Majority's budget process proposal would also implement biennial budgeting. This would be a profound mistake. One of the most important responsibilities of Congress is to set the budget priorities of the federal government, and it should be done every year.

Here are some of the problems with biennial budgeting:

- There is too little attention on our nation's fiscal condition right now. Biennial budgeting would mean even less attention on it.
- It would lead to more supplemental spending, especially in the second year. There would be a temptation for budget writers to low-ball spending needs in the second year to make deficit projections look better, and then provide for those needs with supplementals.
- While the President is calling for biennial budgeting, his own budgets for 2006 and 2007 failed to provide discretionary spending policy details beyond the first year.
- It would require Congress to rely on more speculative, long-term projections, resulting in less accurate forecasts and outdated assumptions. Under biennial budgeting, agencies would have to begin working on their budgets as much as 28-30 months in advance, rather than 16-18 months under an annual budget cycle.
- It would reduce Congressional ability to respond to changing budget, economic, and fiscal conditions.
- And, it would weaken Congressional oversight of the Executive Branch through the budget and appropriations process.

Why would we want to move to a biennial budgeting process that raises so many concerns: less public attention to our fiscal situation, more supplemental spending bills, less reliable assumptions for Congressional decisions, less ability for Congress to respond to changing conditions, and less Congressional oversight of the Executive Branch?

The Majority's budget process bill would also give the President line item rescission authority. Giving the President this authority will not solve our budget problems. It is President Bush's own policies of continually reducing revenues while increasing spending that have driven us into this deficit ditch. And since the President took office, he has yet to issue a single veto. There is no reason to believe that granting him this additional authority would have much of an impact in halting the growth in our nation's debt. Although the GOP proposal fixes some of the problems with President Bush's line item rescission proposal, it is still seriously flawed and should be rejected.

Here are some of the problems with the GOP's line item rescission proposal:

- It represents an abdication of congressional responsibility.
- It shifts too much power to the Executive Branch and would likely have little impact on the deficit.
- It requires Congress to vote on the President's proposals within 10 days.
- It provides no opportunity to amend or filibuster proposed rescissions.
- It allows the President to cancel new mandatory spending proposals passed by Congress, such as those dealing with Social Security, Medicare, veterans, and agriculture.
- The tax provisions are narrowly drawn, allowing the President to rescind only those tax measures JCT specifies treat taxpayers differently; while the spending provisions are broadly drawn, allowing the President to rescind any spending increase.

This line item rescission proposal is really just a distraction from the Bush administration's failed fiscal record. Here is how an editorial in Virginia's *Roanoke Times* summed up the proposal: "...[T]he president already has the only tool he needs: The veto. That Bush has declined to challenge Congress in five-plus years is his choice. The White House no doubt sees reviving this debate as a means of distracting people from the missteps, miscalculations, mistruths and mistakes that have dogged Bush and sent his approval rating south. The current problems are not systemic; they are ideological. A line-item veto will not magically grant lawmakers and the president fiscal discipline and economic sense."

American Enterprise Institute scholar Norm Ornstein even called the proposal "shameful." In a *Roll Call* column, Ornstein wrote: "The larger reality is that this [line item veto proposal] gives the president a great additional mischief-making capability, to pluck out items to punish lawmakers he doesn't like, or to threaten individual lawmakers to get votes on other things, without having any noticeable impact on budget growth or restraint. More broadly, it simply shows the complete lack of institutional integrity and patriotism by the majority in Congress. They have lots of ways to put the responsibility on budget restraint where it belongs - on themselves. Instead, they willingly, even eagerly, try to turn their most basic power over to the president. Shameful, just shameful."

And many analysts have noted that the primary result of the President's proposal would be to shift power from the Legislative to the Executive Branch. Columnist George Will wrote the following in a March column in the

Washington Post: "It would aggravate an imbalance in our constitutional system that has been growing for seven decades: the expansion of executive power at the expense of the legislature."

The GOP budget process bill would also make several changes to the congressional budget resolution and reconciliation process. The proposed changes would restrict bipartisan input and further undermine budget transparency, and fiscal responsibility. The proposed changes include:

- Potentially eliminating the right to amend budget resolutions and reconciliation bills;
- Installing "one man rule" for enforcing Gramm-Rudman deficit targets, where the Budget Committee Chairman alone could give directives to authorizing committees to cut spending – without review by the Budget Committee or the full Senate;
- Allowing even more abuse of the reconciliation process by weakening the Byrd rule and ignoring the full cost of reconciliation proposals; and,
- Eliminating detail from the budget resolution, which would allow the GOP to conceal specific cuts being proposed.

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While the Majority's budget process proposals are deeply flawed, there are a number of other budget process changes that we should implement that would make a profound difference in restoring fiscal discipline. That is why I offered a comprehensive 11-point alternative budget process bill. My alternative included the following:

- Restore a strong Senate paygo rule and statutory paygo enforced with sequestration;
- Allow reconciliation for deficit reduction only;
- Budget for the war - require the President to include war cost in his budget;
- Reaffirm protection for Social Security – ensure the off-budget status of Social Security and prohibit fast-track changes to the program;
- Save Social Security first - create a 60-vote point of order against new mandatory spending or revenue legislation increasing deficit until the 75-year Social Security solvency is restored;
- Restore for 2006 the 60-vote point of order against considering tax, spending, and debt limit legislation without a new budget resolution;
- Allow Congress to strip earmarks and other items inserted in conference reports, which are now unamendable;
- Require a 48-hour layover period and CBO score of conference reports;
- Require CBO and JCT longer-term revenue and outlay scores to enforce the Byrd rule for reconciliation, and to show the fully-phased-in ten-year cost of legislation;
- Enforce the discretionary spending limit; and,
- Initiate a real bipartisan effort to reduce the deficit with the President and lawmakers, instead of passing the buck to a commission including unelected individuals.

This GOP budget process bill is not the answer to our nation's fiscal problems. We need to begin by putting a stop to the failed fiscal policies that have driven us into the deficit ditch over the last six years. And in the end, there will have to be the political will, from both parties, to come together and make the tough choices that are needed. That is the only way we are really going to put our fiscal house back in order.