

**Remarks by Senator Kent Conrad (D-ND) on
Democratic Alternative Budget Process Proposal at
Senate Budget Committee Markup of GOP Budget Process Bill
June 20, 2006**

The amendment that I am offering with Senator Feingold is the alternative to the mark before us. Our mark is designed to lead to meaningful deficit reduction. It puts in place those measures that have been proven to work in the past.

Let me quickly walk through, if I could Mr. Chairman, the provisions in our budget process alternative. Our proposal includes 11 proposals to restore fiscal discipline. Let me highlight a few of those provisions.

One, we restore a strong Senate paygo rule and reinstate statutory paygo enforced with sequestration. This paygo measure proved to be very effective in reducing deficits previously. It says to colleagues who want to increase mandatory spending you can only do it if you pay for it. It says to colleagues who want additional tax cuts, you can do them, but only if you pay for them. And if you can't pay for them, then you have got to get a supermajority vote.

It allows reconciliation for deficit reduction only. In recent years, the reconciliation process has been hijacked to increase deficits, which was never the purpose.

Third, we require the President to budget for the war, something we took action on last week in the Senate.

Fourth, we reaffirm protections for Social Security by ensuring the off-budget status of Social Security, and prohibiting fast-track changes to the Social Security program.

Next, we save Social Security first by creating a new 60-vote point of order against new mandatory spending or revenue legislation that increases the deficit until the 75-year Social Security solvency is restored.

And we initiate a real bipartisan effort to reduce the deficit, with the President and lawmakers. Instead of having a commission, we call on those who have the responsibility now to do their jobs.

Restoring strong paygo rules enforced with sequestration should be a central component of any serious plan to restore fiscal discipline to our budget process. Yet, time and again, colleagues on the other side have rejected efforts to restore strong paygo rules and have failed to include it in their own comprehensive budget process bill.

According to Norm Ornstein of the American Enterprise Institute, "...Republicans have rejected the one device that has been proved in the past to bring fiscal discipline, the pay-as-you-go provisions that governed fiscal policy through the golden years in the 1990's. Instead, they are pushing a sham version of the line-item veto.."

I believe Mr. Ornstein is right. A strong paygo rule is the one budget discipline that has proved extraordinarily effective.

Let's go to this next chart. This tells the story about as clearly as anything could. We had strong paygo in effect from 1991 to 2000 and the deficit was reduced each and every year. Weakened paygo was put in place in 2000 and we started the long slide back into deficit. So, when we've had strong paygo in effect, deficits were reduced every year until we actually achieved balance, and, in fact, we achieved surpluses sufficiently great that the raid on Social Security was stopped. In 2000, weakened paygo was put in place and every single year since the deficit situation has become worse, or at least not improved.

Our Democratic Alternative restores a strong Senate paygo rule and reinstates statutory paygo, paygo enforced with sequestration. It also ensures the reconciliation process is only used as it was originally intended -- to reduce deficits, not increase them. Under our amendment, the Senate can still pass bipartisan legislation to cut taxes or increase spending which increases the deficit. But, debate on that legislation must occur under regular order in the Senate, and cannot be fast-tracked with a simple majority vote.

I would point out that 60 votes is not a high threshold for broadly supported tax and spending legislation. As the Chairman said in 2002: "So, as a practical matter, you can get 60 votes on the floor of the Senate, fairly quickly for most things that make sense."

Since 2001, according to CBO and the Joint Committee on Taxation, the GOP majority has used the reconciliation process to add \$1.7 trillion to the deficit and debt of the country -- \$1.7 trillion of debt and deficits has been added through the reconciliation process. Reconciliation was designed to reduce deficits, not increase them. In 2001, they added \$1.35 trillion to the deficit through reconciled tax cuts. In 2003, they added another \$350 billion to the deficit. They added roughly \$30 billion more to the deficit through the reconciliation process in 2005. These fast-track deficit increasing measures have got to stop.

Next, our Democratic Alternative requires the President to budget for the ongoing costs of the war. The administration has belittled suggestions that the war could be costly. Here's what Secretary Rumsfeld said about war costs back in 2003. This was on ABC's *This Week* show. Mr. Stephanopoulos asked him, "What should the public know right now about what a war with Iraq would look like and what the cost would be?" Secretary Rumsfeld: "...The Office of Management and Budget estimated it would be something under \$50 billion." Stephanopoulos: "Outside estimates say up to \$300 billion." The Secretary: "Baloney."

Well, let's look. Now we don't have to rely on somebody's representation. We can look at the record. Here's the record of supplementals for the Iraq war and the war on terror: in 2003, \$63 billion; in 2004, \$65 billion; in 2005, \$101 billion; in 2006, \$118 billion; in 2007, \$50 billion so far and counting. Way over \$300 billion, and we all know the war has cost over \$300 billion.

The costs of Iraq and Afghanistan and the war on terror have now reached nearly \$400 billion. It's been provided for outside of the budget in a series of supplemental spending bills

allowing the President to mask the size of the deficit in his budget and forcing Congress to take up supplemental appropriations bills that are ripe for fiscal abuse, and I think we all know it has happened.

Supplemental war funding, as I indicated, each and every year since 2003. We can't know with precision how much will be required in any given year to fight these wars, but we do know one thing – it will cost more than nothing. The Democratic Alternative remedies this problem by requiring the President to budget for the war.

The Democratic Alternative also strengthens and improves protections for Social Security. In his 2002 budget the President promised to protect Social Security. He said at the time, “None of the Social Security surplus will be used to fund other spending initiatives or tax relief.”

Well, again, we can look at the record now and see what has actually happened. And what has happened is every dime of Social Security surplus has been taken to pay for other things and to offset tax relief. In the period 2007 to 2016 the President is proposing to take every dime, under his plan, of Social Security money that's available and use it for other purposes.

Now the Chairman has put forward a bill that further erodes protection for Social Security. Under this bill, the Chairman has created a new fast-track procedure which can be used to cut Social Security benefits, raise Social Security taxes, and privatize Social Security. Benefit cuts that effect current Social Security beneficiaries could also be fast-tracked. Under current law, a 60-vote point of order lies against any changes to the Social Security program in a reconciliation bill.

The expedited consideration procedures created as part of the Chairman's entitlement commission creates a new fast-track procedure, different from reconciliation, for making changes to Social Security, which circumvent the existing 60-vote point of order. I think that is a mistake. That's why I have included provisions in this alternative to strengthen protections for Social Security.

The amendment is simple. It strengthens protections for Social Security by ensuring that no Social Security changes can be made in any fast-track or expedited manner with less than 60 votes. Second, it calls on Congress to make certain that saving Social Security is our top priority before new spending or new tax cuts. Under this provision there would be no new mandatory spending or tax cuts until the 75-year solvency of Social Security is restored unless the legislation is paid for or the legislation gets 60 votes. Third, the Democratic Alternative reaffirms the off-budget status of Social Security and creates a 60-vote point of order against putting Social Security back on-budget. This provision clarifies that Social Security surpluses cannot be used to mask the true size of the deficit.

The Democratic Alternative includes a number of other provisions. But let me end with a description of the final provision of the bill. Our alternative includes a call to action to the President and Congress to undertake a bipartisan effort to solve the current long-term fiscal balances facing our country. Our alternative recognizes the only way a solution can be achieved

is if the President and members of Congress of both parties put their best ideas forward. These efforts should not be made by commissions of unelected, unaccountable officials.

Our comprehensive alternative is the only option that I believe will lead to meaningful deficit reduction on a bipartisan basis. I believe that's what is required. I want to just say that in addition to the provisions I have already mentioned, we also require the 48 hour layover of any conference report with spending or revenue, and a CBO scoring so we're not in this position of having a 600 or 800 page bill dumped on our desks and we're told we're going to vote for it two hours later and nobody knows what is in it. And we also require the Congressional Budget Office and Joint Committee on Tax to provide longer-term revenue and outlay scores to enforce the Byrd rule for reconciliation.

We also enforce the discretionary spending limit. The two things that have worked in the past have been paygo and discretionary spending limits. They are in this proposal. I think they are critical to any successful approach, and with that I end my presentation on the Democratic Alternative.