

**Floor Statements by Senate Budget Committee Chairman Kent Conrad (D-ND)  
and Ranking Member Judd Gregg (R-NH) on Bipartisan Fiscal Task Force  
September 18, 2007**

Senator Conrad

I rise today to introduce, along with Senator Judd Gregg, the ranking member of the Senate Budget Committee, legislation we have called the Bipartisan Task Force for Responsible Fiscal Action. We are introducing this legislation because, as the chairman and ranking member of the Budget Committee, we understand that we are on an unsustainable fiscal course; that we confront a budgetary crisis of unprecedented proportions if we fail to act. That crisis will be caused by a combination of our current budget deficits and enormous Federal debt, combined with the explosion created by the baby boom generation.

Here is the outlook we confront with respect to the demographic tidal wave coming at us. We see, in 2007, we are at about 40 million people who are of retirement age, and that will grow to 80 million by 2050, dramatically changing the budget circumstance for this country.

We know we face enormous challenges with Medicare and Social Security. You can see the long-term cost of Medicare. The shortfall over 75 years is now estimated at \$33.9 trillion. The shortfall in Social Security over that same period is \$4.7 trillion. These are staggering amounts, a shortfall in Medicare of almost \$34 trillion, a shortfall in Social Security of over \$4.7 trillion.

Looked at another way, Medicare and Medicaid spending, according to experts, if it stays on the current course, will consume as much of our national economy as the entire Federal budget does today. Let me repeat that. If the trend lines continue, by 2050 we will be spending as much, just on Medicare and Medicaid, of our national income as we spend for the entire Federal Government today. This fundamentally threatens the economic security of the country.

At the same time, we have tax cuts in place. If they are extended, according to the President's proposal, it will drive us right over the cliff. This chart shows the Medicare deficits in purple, the Social Security deficits in green, and the cost of extending the President's tax cuts in red. We can see the combined effect is to take us right over the fiscal cliff, deep into debt and deficit in a way that is unprecedented.

The Chairman of the Federal Reserve said this about our budget outlook in January: *"[O]ne might look at these projections and say, 'Well, these are about 2030 and 2040 and so...we don't really have to start worrying about it yet.' But, in fact, the longer we wait, the more severe, the more draconian, the more difficult...the adjustments are going to be. I think the right time to start is about 10 years ago."* The Chairman of the Federal Reserve has it right.

Senator Gregg and I are coming to our colleagues today and calling for this bipartisan task force for responsible fiscal action.

What would it do? Simply, it would be given the responsibility to address our unsustainable long-term imbalances between spending and revenue. Everything is on the table. The task force would consist of 16 members, 8 Democrats, 8 Republicans, all of them Members of Congress, except for 2 representing the administration. The Secretary of the Treasury would chair the task force. The obligation of this group would be to submit a report on December 9, 2008. It would take 12 of the 16 members to report a blueprint for our fiscal future. They would be given the responsibility to find ways to address the shortfall in Medicare and Social Security and the ongoing and endemic budget deficits.

These 16 members, 8 Democrats, 8 Republicans, would have the opportunity and the responsibility to develop a plan for our fiscal future, but it would take 12 of the 16 to report a plan, and the plan would only come at the beginning of the next administration. This would not be part of election year politics. This would be part of a serious plan to address our long-term fiscal imbalances.

If 12 of the 16 agreed to a plan, it would then receive fast-track treatment in the Senate. It would come to a vote without amendment after 100 hours of debate. Final passage would require a supermajority, 60 votes in the Senate, 60 percent of the House of Representatives.

Senator Gregg and I have worked on this all year. We have discussed this with many Members in both the House and the Senate. This is our best judgment of how best to proceed. We believe this would give the Congress and the country an opportunity to write a better fiscal future, one that would strengthen America, reduce our dependence on foreign capital and put us in a position to keep the promise that has been made to the American people of a country that is strong and fair, that respects those in retirement and, at the same time, gives maximum opportunity to those working to strengthen their families and this country.

I thank my colleague Senator Gregg, the ranking member of the Budget Committee, for the extraordinary time and effort he has put into developing this proposal.

I ask unanimous consent to print comments in the Record about this proposal: Support for it from David Walker, the Comptroller General of the United States; support from the Concord Coalition, the bipartisan Concord Coalition that is well known for its support of a fiscally responsible future; and from the Committee for a Responsible Federal Budget.

Again, I recognize my colleague, the very able Senator from New Hampshire, the ranking member of the Senate Budget Committee.

Senator Gregg

Let me begin by thanking the Chairman of the Budget Committee, Senator Conrad, for moving forward with this extremely important effort to try to reach conclusion and progress on the most significant issue this nation faces beyond our fight of Islamic terrorism.

You know, in the post-Katrina world, if the country knew that a Category Five hurricane was headed for us, and we knew where it was going to hit, and we knew the size of the hurricane, and we knew the damage it was going to do, the government would be absolutely irresponsible not to respond to that.

Well, what we have coming at us is a Category Five fiscal hurricane. We know when it's going to hit and that's when the Baby Boom generation retires. It begins to retire next year and it reaches peak in its retirement size by about the year 2025. We know the size of the problem, that there's \$62 trillion, trillion with a T, dollars of unfunded liability which will be generated by the retirement of the Baby Boom generation to pay for the benefits under Medicare, Medicaid, and Social Security.

To try to put it in context, that number is more than the entire net worth of all Americans -- all of our homes, all of our cars, all of our stocks, all of our assets. That's how big this liability is. And we know the effect of this Category Five fiscal hurricane. We know that it's going to basically wipe out the ability of our children and our children's children to have as high a quality of life as we have had, because the cost of paying for this fiscal tsunami will be so high.

So we need to begin trying to address this looming threat. As the Comptroller General said today, we've got a Category Five hurricane headed at us and people are still playing on the beach as if the wave isn't going to arrive. Well, the wave is going to arrive.

What the Chairman of the Budget Committee has put forward today, and I'm honored to have the opportunity to participate in this effort, is a proposal to move forward with substantive and definitive legislation which will result in action. And that's what we need, action. It's like that old Fram oil filter ad: "You can pay me now or pay me later." If we act now, the cost will be less than if we act later.

So this proposal, which has been put together after a lot of thought and a lot of effort on behalf of myself and Senator Conrad, is basically built around three concepts. First, that there must be absolutely bipartisanship, and so as Senator Conrad has outlined, the task force when it meets must have a three-quarters vote in favor of whatever proposal they bring forward.

Second, that everything has to be on the table, that nothing can be off the table. That in order for this to work, you've got to be willing to address not only reform and how you deliver better benefits at a lower cost under Medicare and Medicaid, and better benefits at a reasonable cost under Social Security, but you also have to address the tax side of the ledger. So everything has to be on the table.

And third, that for this to work, there has to be an action-forcing mechanism. We've seen report after report, commission after commission -- and a lot of them have done excellent work, but on these issues which are such hot buttons, what happens is a commission will make a report and all the interest groups will attack it from this side, that side, and the other side. And so this proposal is structured so that there's an action-forcing event, specifically fast-track approval of

the final report of the task force, which again has to be by a supermajority of Congress.

And so this truly is an opportunity to move forward to address this issue. And our failure to do so would be truly ironic, because the problem which we confront as a nation -- which I say is probably the single biggest issue we confront after fighting the war against Islamic terrorism, is that this fiscal tsunami, this fiscal Category Five hurricane which is headed toward us which is essentially going to wipe out our children's opportunity to have a lifestyle equal to ours -- is totally the responsibility of the present generation that's governing, the Baby Boom generation. We are the generation of governance today.

And so before we pass our problem on to the next generation, we have a responsibility to address it and to try to improve the effort. And I know, as I look around this chamber and I look at this Administration, that there are people of goodwill who, if given the right structure, which this task force is, would be willing to come together and make the difficult decisions. And they have the expertise to know how to make those decisions to move to, maybe not a complete resolution of these issues, but a significant resolution of these issues down the road, so that the next generation does not have to bear the whole burden of resolving these problems.

It is time to act. And I congratulate the Chairman of the Budget Committee for being the force behind getting this effort going. It's a very positive initiative. I think it will be received very well on our side of the aisle, and I believe strongly that the Administration will receive it well. And therefore, I think we've got a great opportunity here to move forward in a way which will make sure that our children and their children have as good a country and as strong a country from the standpoint of fiscal policy as we have.

Senator Conrad

I again thank my colleague, Senator Gregg, who has been incredibly engaged in this effort. He is very fairminded in the structure of this proposal and I think visionary in terms of understanding the need for action.

I say to my colleagues or staffs who may be listening, all those who recognize we are headed for a fiscal cliff and that we need to take action, this is our opportunity. This is it. Those who say we have to do something, here is our chance. This is completely bipartisan, eight Democrats, eight Republicans. It takes 12 of the 16 to make a report, a supermajority; that is, to assure it is bipartisan in result. This is a task force of Members of Congress and representatives of the administration, 14 Members of Congress, 2 representatives of the administration. It is not outside experts, people who would not be responsible or be held accountable for the outcome. These will be people who are accountable, who are responsible for the outcome. This is a measure that will lead to a vote.

I say to my colleagues, this will assure that the work of this group will come before the Congress if 12 of the 16 agree. Because if they do, there will then be 100 hours of debate but no amendment permitted, and there will be a vote up or down. Those who recognize it takes us

working together to face up to these difficult problems, I ask them to join with us, Republicans and Democrats. Absent this, I suspect what will happen is further delay, further divisiveness, and no real result. That will mean even tougher choices in the future.

I urge my colleagues to think carefully of this moment. This will not be considered until after the election. We have done everything we can to take election politics out of this, understanding it is highly unlikely that a matter of this import would be considered in an election year and that perhaps the best opportunity is at the beginning of a new administration. None of us know whether the new administration will be a Republican or a Democratic administration. None of us can know the makeup of the next Congress. What we do know is we face a ticking timebomb. The faster we act, the better for our Nation.

Senator Gregg

I think the Senator made an excellent point that we are now in a Presidential election. This Commission is a gift to those candidates because they can come forward and point to this Commission as taking on some of the most complicated issues they are going to face. Because this timebomb – which is an appropriate description, using the Senator's words -- is going to start to explode, and the explosion will be rather large during the term of the next Presidency.

So this is an opportunity to give those candidates for President a forum and a procedure where these issues, which are so critical to the success of the next Presidency, can actually be moved down the road toward resolution. Is that not true?

Senator Conrad

I thank the Senator. I had a number of my colleagues, as the Senator knows, come to me with great concern. Their concern was: Gee, you are putting the Presidential candidates in an awkward position. How are they going to react to this? My reaction was: This is a gift to all the Presidential candidates, this is a gift to the next administration because this will provide them a bipartisan blueprint on how to proceed with some of the most vexing issues facing this country.

So I see absolutely no downside for either side, Republican or Democratic -- for Presidential candidates on either side or candidates for Congress on either side -- because this is a process leading to a proposal that would have bipartisan support if it is to proceed.

If I were an incoming administration, I would welcome a bipartisan plan to deal with Social Security, with Medicare, with the growth of deficits and the debt, and not to have it come in the middle of an election but to only be presented after the election but before the next Congress meets and the next administration takes on its responsibilities.

I see it as not only a gift to the candidates but, more importantly, as a gift to the American

people to take on some of the greatest challenges facing our country and to do it in a bipartisan way and to do it in a way that actually leads to a result and action.

Senator Gregg

I once again congratulate the Chairman of the Budget Committee for his exceptional leadership in this area. This is the first step in a bipartisan effort which, hopefully, will lead to a bipartisan solution that America will see as fair and which will pass on to our children a stronger and more vital nation. Thank you.

Senator Conrad

I again thank my colleague. This is the beginning of an effort. I ask colleagues on both sides, please, join us in this effort. Let's do what we all know must happen -- that we must take on these issues, that we must come up with solutions, and we must do it sooner rather than later.

I thank my colleagues.