RSC
Republican Study Committee

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Budget and Spending Task Force
Weekly Report

Congressman Jim Jordan (R-OH), Chairman **January 20, 2010**

Senate Action on Debt Limit Moved to Next Week

The Senate has pushed back consideration of a debt limit increase until next week (the measure was originally scheduled to be considered today). The Senate's debt limit increase proposal is expected to increase the limit by as much as $1.4 trillion—which would put the debt limit at almost $13.8 trillion. This will be the *sixth* such increase in 3 years. Since January 2007, the debt limit has increased by a total of $3.4 trillion or 38.2% (and this does not include the increase that will probably be enacted before President's Day). The most recent $290 billion debt limit increase was enacted in December 2009, which was only enough money to stave off the need for another increase by two months. Senate Democrats have been having trouble winning the needed votes for what would be the sixth debt limit increase, with some Senate Democrats insisting that some form of "debt commission" be attached to any legislation increasing the debt limit.

White House Announces Deal on "Debt Commission"

The White House and Congressional Democrats have agreed on a so-called "debt commission" that will, according to news reports, have the aim of reducing the deficit to 3% of GDP by 2015. In other words, the goal would be to reduce the deficit to slightly more than **$600 billion** within *five years*. Prior to 2009, no deficit in U.S. history exceeded $459 billion. To further put this goal in perspective, the largest deficit of the Bush Administration was 3.6% of GDP, and the last deficit prior to the Democrat takeover of Congress (FY 2007) was 1.2% of GDP.

The commission would have the power to recommend changes to entitlements, but also to submit recommendations for tax increases. 12 of the 18 members of the commission would be appointed by Democrats (6 by Congressional Democrats, 6 by the President). The commission would be created by executive order, which means that there would be no requirement for the recommendations to be considered by Congress. Finally, none of the commission's recommendations would be voted on until after the 2010 election (at the earliest)—which means that the commission could serve as an excuse to delay spending reforms that would lower the deficit.

Quote of the Week: "One thing is clear, voters do not want the trillion-dollar health care bill that is being forced on the American people. This bill is not being debated openly and fairly. It will raise taxes, hurt Medicare, destroy jobs, and run our nation deeper into debt. It is not in the interest of our state or country - we can do better."

-Senator-Elect Scott Brown, 1/19/10

Conservatives may have several potential concerns with the proposed commission, including:

- Democrat appointees would outnumber Republican appointees by a 2:1 margin.
- The commission would have the power to recommend tax increases—something that would be very likely given the proposed commission's Democrat majority.
- The commission would only be tasked with getting the federal deficit down to $600 billion by 2015. Most conservatives would argue that $600 billion deficits are unsustainable. Furthermore, unlike other legislative proposals, the commission would not be tasked with putting the federal budget on the path of long-term solvency.
- The commission could serve as an excuse to delay doing anything about spending for the remainder of this year, and the commission's recommendations would not come before Congress until after the election at the earliest (if ever—there would be no requirement that the recommendations be considered at all).