

# WebMemo



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## Bipartisan Entitlement Commission Needed to Control Spending and Debt

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A bipartisan group of seven Senate Budget Committee members, including Chairman Kent Conrad (D–ND) and ranking member Judd Gregg (R–NH), have declared that they will refuse to support an increase in the debt ceiling unless a bill to create a bipartisan fiscal reform commission is included. They see such a commission as essential to tackling the coming tsunami of entitlement spending and deficit red ink that threaten the economy.

The commission idea has surfaced because these members, like others in the Senate and House, have lost patience with the inability of the legislative system to deal with the prospect of runaway entitlement spending and staggering federal debt. They recognize that they, too, are caught up in the procedural and political briar patch that today makes it impossible for Congress to take firm action on spending and debt. They are right to demand a change in the way Congress deals with the problem.

**Necessary, but Not Sufficient.** The unfunded promises of the federal government are equal to a mortgage on future generations of \$57 trillion, or \$184,000 for every man, woman, and child in the U.S. And yet despite this, Congress has been sharply increasing spending and the deficits—which reached a new record in October—and is rushing to add an enormous new health care entitlement.

Creating an entitlement commission, properly designed and with clear boundaries, is a critical element to enable Congress to make hard decisions instead of systematically avoiding them. And it

needs to go in tandem with other important steps, such as:

- Full disclosure during the annual budget process of the unfunded obligations so Americans can see the dire long-term situation and be provoked to demand action. Currently these obligations are largely hidden from public view and absent in the budget debate.
- Ending “autopilot” provisions for certain entitlement programs, such as Medicare and Medicaid, which automatically increase spending without congressional action, and putting them onto real, long-term (say, 30-year) budgets with automatic steps to rein in costs if they exceed those budgets.
- A “bank it first” requirement, which would make spending for each year of a new program partly financed by projected savings—such as the proposed health reform—and contingent on those savings having been achieved and “banked” beforehand.

**First Step: Recognize the Problem.** What a commission does is provide a vehicle for representatives of both parties to discuss and agree on steps

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that are needed and for that agreement to be given expedited consideration by Congress. It does not bypass Congress, but it does make it politically and procedurally easier to enact steps that the parties agree on after hard bargaining.

Bipartisan measures have been introduced in both houses to create a fiscal or entitlement commission. In the House, the SAFE Commission Act (H.R. 1557) is sponsored by Representatives Frank Wolf (R–VA) and Jim Cooper (D–TN). This bill has also been introduced (S. 1056) in the Senate by Senators George Voinovich (R–OH) and Joseph Lieberman (ID–CT). These proposals are in addition to the remarks by Conrad and Gregg.

Some might argue that enacting a commission is merely punting the issue and that it would be better to take strong action now. There has been bipartisan agreement for years that it would be preferable for Congress to tackle the problem directly and immediately—and in that time, the problem has only gotten worse.

However, supporters of the commission proposal and other measures that should accompany it recognize that the political and procedural barriers to immediate fiscal action are simply too great to overcome. The commission and other procedural measures would create the conditions needed for action to be accomplished. Like an alcoholic recognizing that he or she has a problem, a commission is only the first of several necessary steps, but without it there will be no treatment for the root problem itself.

**Making the Commission Palatable.** Still, the design of the commission is also critically important if it is to work and if it is to be trusted by lawmakers as a vehicle to redesign politically sensitive programs. And several design issues are particularly important.

*A Public Mandate Procedure.* Lawmakers often resist commissions because they think a commission will meet behind closed doors and then push through changes with little or no public discussion that will infuriate their constituents. This concern is quite understandable in an era in which congressional leaders now routinely unveil huge bills and try to force them through with little

time for Members, let alone the public, to see what it is in them.

Thus liberals fear that a commission will make what they consider ill-advised cuts in programs for the weakest Americans. Meanwhile, conservatives fear a commission will be nothing more than a device to lock in new tax increases while doing little to restrain spending. Moreover, say conservatives, recent experience underscores their concern that a bargain including new revenues would simply remove any remaining restraint on new spending.

To help allay such fears, and thus garner wide political support, legislation to create a commission must provide for two stages in the process. The first should be a period of public engagement and discussion about the scope of the problem and the parameters of a solution that would be acceptable to Americans—call it a “National Fiscal Wake-Up Tour.”

The SAFE Commission Act provides for such a public discussion stage. In town-hall meetings and televised or cyber-conversations with Americans held over several months, the commission would lay out the long-term picture and the menu of options for addressing it and seek guidance on which should be adopted. This would be the opportunity for advocates of different approaches to fiscal control to make their case to the public and for Americans to make their views known.

Only after the commission had conducted this “sounding” of the American people, and received clear guidance on broad steps to take, should it meet to nail down a specific plan within those parameters. Indeed, it is only with a commitment to such public support that a commission could expect Congress, in advance, to approve expedited consideration.

*The Fast-Track Procedure.* The expedited or “fast-track” procedure needs to be designed carefully so that it passes constitutional muster. It must also provide an opportunity for alternative measures that achieve the same fiscal goals to be considered alongside the commission proposal. And a range of long-term projections on the likely results of proposed reforms—not merely projections from the Congressional Budget Office—must be presented to Con-

gress. Without these elements, many lawmakers will understandably oppose a commission.

**A Critical Step.** America faces not just a long-term economic crisis because of autopilot entitlement programs that are forcing up spending and deficits to unprecedented levels, risking unacceptable national indebtedness and eroding international confidence in this nation's ability to repay that debt. It also faces a legislative crisis because even

lawmakers who recognize the fiscal problem are paralyzed into inaction.

That is why a commission—together with other procedural actions to acknowledge the problem and change the way Washington spends money—is the first and necessary step on the road to recovery.

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