

**Floor Statement by Senate Budget Committee Chairman Kent Conrad (D-ND) Responding to GOP Criticism of Paygo, the Higher Education Reconciliation Bill, and the CHIP Bill
September 12, 2007**

I have come to the floor because at the end of last week the ranking member of the Budget Committee made a speech on pay-go in which he suggested it is a meaningless exercise and that it makes no contribution to fiscal responsibility. I come to the floor because I beg to differ, and I think I have a responsibility, as chairman of the Budget Committee, to give the other side of the story.

The Senate pay-go rule says that any new mandatory spending or tax cuts must be offset or get a supermajority vote. So if you want new spending or new tax cuts, you can have them, but you either have to pay for them or get a supermajority vote. That is the Senate rule. It is a good rule, and it has been effective at contributing to fiscal discipline.

If we look back in history, here is what we see, as demonstrated on this chart. We had a strong pay-go rule in effect from 1991 to 2000, and the deficit was reduced each and every year. In fact, we moved into surplus -- in fact, a surplus so large that for 2 years we stopped using the Social Security trust fund to fund the operating expenses of the Federal Government. That is what happened with a strong pay-go rule.

Then our colleagues on the other side took control of both Chambers, took control of the White House, weakened the pay-go rule, and look what happened to deficits afterward. The surplus was squandered. We moved into deficits that grew year after year after year to record levels. Now we have restored pay-go, and we are moving back toward a balanced budget.

Pay-go, in fact, is working. The Senate pay-go scorecard shows a positive balance of \$450 million. So, in fact, pay-go is working. Every bill coming out of conference this year has been paid for. Every one that has come out of conference has been paid for, or more than paid for. Pay-go also has provided a significant deterrent, preventing many costly bills from ever being offered.

Let me say I know that because as the Budget Committee chairman, I am besieged by Members who want to somehow get around pay-go. When we tell them: No, we are going to insist that things be paid for, it is quite remarkable how many of these things go away or are reduced so that they can be paid for.

Now, Senator Gregg himself, in a previous incarnation, was a strong supporter of pay-go. Here is what he said previously: "The second budget discipline, which is pay-go, essentially says if you are going to add a new entitlement or you are going to cut taxes during a period, especially of deficits, you must offset that event so that it becomes a budget-neutral event that also lapses. If we do not do this, if we do not put back in place caps and pay-go mechanisms, we will have no budget discipline in this Congress and, as a result, we will dramatically aggravate the deficit which, of course, impacts a lot of important issues, but especially impacts Social Security." Senator Gregg was exactly right then. Why he has done a U-turn I don't know. The fact is pay-

go has been a useful discipline in this Congress, and he previously -- even he has acknowledged that fact.

Now, the Senator from New Hampshire also criticized the use of the reconciliation process that was just used to extend assistance to college students. He said that was an abuse of reconciliation. I would remind him and our colleagues on the other side of the aisle of what they did when they controlled the reconciliation process. In the bill we just passed, we paid for it completely, and had over \$700 million of deficit reduction. That is what reconciliation is intended to do -- to provide for deficit reduction.

Here is what they did when they controlled the reconciliation process. They adopted legislation that was not paid for, tax cuts that were not offset, and they added \$1.7 trillion to the debt using reconciliation, which was designed to reduce deficits and reduce debt. They stood the whole process on its head and used those special rules, those fast-track procedures to explode the deficits and debt.

In using reconciliation, we have not only been able to increase the assistance that will go to college students in this country, but paid for it completely.

In the 2005-2006 budget reconciliation our friends on the other side controlled, they increased the deficit by \$31 billion. It is true they had some spending cuts, but they had even more tax cuts, so once again, they added to the deficit and debt.

So let's be clear. In the Senate reconciliation rule we have adopted, we have said reconciliation -- which is a special fast-track procedure that has a limited time for discussion and debate and limits amendments -- that special procedure can only be used if deficit reduction is the result. That is not what they did with reconciliation. They used it to explode deficit and debt. But on our side, we use the reconciliation process for the reason intended. There is a 60-vote point of order against any reconciliation bill that would increase the deficit or reduce a surplus.

The higher education reconciliation bill that was criticized by my colleague on the other side -- which, by the way, passed here with an overwhelming bipartisan vote -- but that bill increased the Pell grant to \$5,400 by 2012; cut the student loan interest rates in half; and reduced the deficit by \$752 million. That is in keeping with the spirit of reconciliation that is for deficit reduction. We compare and contrast that with what the other side has done. When they had the control of reconciliation, they used that fast-track procedure not to reduce deficits, which was the whole reason for reconciliation; they instead used it to explode deficits and debt.

Our colleague on the other side also attacked the children's health insurance legislation that will cover 4 million additional children and is paid for. Let's review what that legislation does. It provides health care coverage to 4 million additional children. It is fully paid for over both 6 and 11 years, as required under pay-go. It is a 5-year reauthorization; Congress will reauthorize in 2012 with new policies and new offsets.

Hopefully, by then we will have enacted reform of health care in America and we will

have provided coverage, universal coverage. I think there is a growing bipartisan consensus that any health care reform should provide universal coverage, because that is the way we can most effectively run a health care system. It also provides important coverage to kids, while spurring action on broader health care reform.

Let me get back to the simple fact. This bill is paid for. The reconciliation bill for education was paid for. It was paid for because we put in place a pay-go requirement that says: If you are going to have new spending, you have to offset it or get a supermajority vote. We might have been able to get a supermajority vote without paying for these things. We didn't choose to do that. We chose to be fiscally responsible. We chose to pay for an expansion of children's health care. We chose to pay for additional assistance to our young men and women going to college. That was the right thing to do.

I might add, if you compare and contrast what they are complaining about, which is the outyear potential funding for children's health insurance, I am talking about this little line out here. This is what they are complaining about, this little tiny gap, and that is a theoretical gap. It is fascinating, because these tax cuts they want to extend without paying for them creates this chasm. They make no complaint about this chasm. They direct all of their attention to this theoretical gap, this tiny thing you probably can't even see on television. There is no credibility to that complaint. They say nothing about this chasm, and they focus all of their complaint on this tiny difference that is wholly theoretical, because this a 5-year bill. It doesn't extend beyond 2012. They are talking about what is going to happen in the sweet by and by. Nobody can tell us what is going to happen past 2012. We know this bill is paid for until 2012. What happens in the future will be dependent upon the actions of future Congresses.

So as I have reviewed the remarks of my colleague on the other side criticizing pay-go, criticizing the higher education bill that passed here overwhelmingly; criticizing the children's health care insurance expansion that is fully paid for, I don't find much merit. A lot of rhetoric there, but not much merit.