

**Transcript of Remarks by Chairman Kent Conrad (D-ND)  
at Senate Budget Committee Hearing on Bipartisan Fiscal Task Force  
October 31, 2007**

I want to welcome everyone to today's Budget Committee hearing on the Bipartisan Task Force for Responsible Fiscal Action Act, which Senator Gregg and I introduced just last month. This hearing is designed to give the Budget Committee feedback on the proposal from key leaders and policy experts.

I would like to welcome especially the distinguished witnesses we have here today:

House Majority Leader Steny Hoyer has done an outstanding job in his leadership role in the House and has been a strong advocate for paygo, fiscal discipline, and addressing our long-term fiscal challenges. We are honored to have him with us today.

In addition, we have former House Budget Committee Chairman, OMB Director, and White House Chief of Staff Leon Panetta. He brings an unparalleled level of government experience and knowledge to the table. In his role as Co-Chairman of the Committee for a Responsible Federal Budget, Leon Panetta continues his commitment to a sound fiscal future for the country.

We also have with us today the Government Accountability Office Comptroller General, David Walker, who has truly driven the national agenda on this issue, and we are indebted to him for his leadership. His convening of the Fiscal Wake Up Tour is providing a tremendous public service, and is getting a very strong response from around the country. We can't thank him enough for his efforts and for being here today.

The AARP CEO, Bill Novelli, brings another important voice to the table. As the leader of AARP, Bill Novelli represents the 38 million members of his organization – age 50 and older. We very much appreciate Bill Novelli and the vision and the leadership that he has brought to these issues.

And, we also have with us the Concord Coalition Executive Director, Bob Bixby. Bob has joined Comptroller General Walker and Leon Panetta on the Fiscal Wake Up Tour and has been another leading voice in the fight for fiscal responsibility.

I thank all of these witnesses.

Let me begin by just briefly outlining the problem as we see it and the key elements of the legislation Senator Gregg and I are proposing.

We are facing a demographic tidal wave. The number of retirees is projected to climb to roughly 80 million people by 2050.

Rising health care costs are compounding the problem by exploding the cost of federal health programs. By 2050, if nothing changes, more than 20 percent of our gross domestic

product will be spent on Medicare and Medicaid alone. That's more than we now spend on the total federal government.

We don't just have an entitlement spending problem. A lot of the emphasis on this hearing today I've noticed is about entitlements, and clearly they are at the center of what needs to be done. But, we also have a larger imbalance between revenues and expenditures. If all of the 2001 and 2003 tax cuts are made permanent without offset, the cost will explode at the same time that the cash surpluses in Social Security and Medicare become deficits. In other words, the tax cuts will dramatically worsen an already deteriorating long-term budget picture. That's if they are not offset either by spending reductions or by other revenue.

Clearly, we have to act and we have to act sooner rather than later. Here is a quote from the Federal Reserve Chairman, Mr. Bernanke, making exactly this point. He said: "... [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."

And the reality we confront is that whatever option is chosen we must have bipartisan support. These problems are simply too big to be tackled by one party alone. The former Treasury Secretary, John Snow, made this point earlier this year. He was quoted in the *Wall Street Journal* as saying: "You can't do health care reform or Social Security reform ... without a bipartisan consensus.... If we made a mistake, it was not approaching it in more of a bipartisan way." Clearly, we must do this on a bipartisan basis.

That is why Senator Gregg and I believe our legislation is an approach that could work. Here is a summary of how it works:

- It creates a bipartisan task force designed to address the unsustainable long-term imbalance between spending and revenues, with a special focus on the long-term entitlements.
- Everything will be on the table.
- It will be made up of 16 members – 8 Democrats and 8 Republicans. The Senate Majority Leader and the Speaker of the House will select the eight Democratic Members. The Senate and House Minority Leaders will choose six Republican Members. And the two additional Republicans will include the Secretary of the Treasury, Henry Paulson, who would chair the group and another Administration representative selected by the President.
- All task force members must be currently serving in Congress or the Administration.
- The task force would submit its report on December 9, 2008 – to be acted upon by the incoming 111<sup>th</sup> Congress. This will come after the November election, so Presidential

politics should not play a part in the outcome.

- To ensure a bipartisan result, three-quarters of the task force – 12 of the 16 members – must agree to the report. Each side will have to move off of their hardened positions to reach an agreement.
- To ensure timely action, the legislative recommendations will be given fast-track consideration in the Senate and House.
- And to again reinforce the bipartisan nature of the legislation, final passage will require a supermajority – three-fifths of both the House and Senate. A strong bipartisan vote for the legislation will help ensure that it receives wide support from the public and is not overturned by a future Congress and Administration.

I believe the stakes are enormously high for this country. I believe our nation's fiscal future is on the line. We simply cannot ignore the coming crisis and hope the future will somehow solve these problems unaided by congressional and administrative action. The longer we wait, the harder the choices will become. The time for action is now.

I know these are difficult subjects because I have had colleagues come to me and express concern about the direction we are taking, concerned about what committee of jurisdiction would be affected, concerned about one aspect of this, the timing of it, the make-up of the group. All of those are legitimate concerns, and that's why we're having this hearing, to try to get on the table what are serious concerns that could be addressed constructively.

With that, I want to turn to my colleague Senator Gregg, who has been such an able partner in this effort. While Senator Gregg and I sometimes disagree on matters before this Committee, on this we are absolutely joined at the hip. We believe strongly that this is an opportunity to address these long-term fiscal concerns.

I also want to welcome our colleague Senator Voinovich, who is not a member of the Committee, but who has asked to sit in today and we certainly welcome him. He has been a leader on these issues in the United States Senate, somebody who recognizes the long-term dangers of inaction, and we certainly welcome Senator Voinovich to be with us today.