

**Transcript of Remarks by Senate Budget Committee Chairman Kent Conrad (D-ND)
During Press Conference Phone Call
on Senate Consideration of FY 2010 Senate Budget Resolution
March 30, 2009**

We start the budget resolution this week. As you know, it passed the Committee last week 13 to 10. And we believe we've made adjustments in the President's budget to take account of the change that the Congressional Budget Office made in the forecast. As you know, we lost \$2.3 trillion from what was in the earlier forecast in terms of revenue. And that required us to make a series of adjustments to preserve the President's key priorities of reducing our dependence on foreign energy, focusing on excellence in education, and providing for major health care reform.

I think all of us know those priorities are the key priorities for the country. The President has got that exactly right. It is absolutely essential we reduce dependence on foreign energy. Oil prices are not always going to be at these more favorable levels. If we are not the best educated, we're not going to be the strongest country in the world very long.

And major health care reform is essential to bringing costs in health care to more reasonable levels. Right now, we're spending 17 percent of our GDP on health care. We're headed for 37 percent of our economy going to health care if we stay on the current trend lines. So, obviously, major health care reform is essential, and this budget provides for it.

So this budget provides for all three of those major initiatives in reserve funds that are deficit neutral.

In addition, we had to make significant changes in order to get the deficit down to 3 percent of GDP by the fifth year. We do a little better than that. Three percent is the key number according to economists because, at that level, you stabilize the debt. That means we needed to reduce the deficit by two-thirds, and we've done that over the five years.

Just briefly, I would like to address a controversy that has been raised in reporting. I saw David Broder had a column, David Rogers had a column on this question of 10 years versus five years, and the suggestion that something is being hidden. I really don't think that's the case in this circumstance. Here's why. I was very critical of the Bush administration for only putting out five-year budgets so that you couldn't see the effect of the second five years of their tax cuts. But in this circumstance, the Obama administration put out a ten-year budget, and we have full scoring of that ten-year budget. So I just don't think anything is being hidden from anyone.

Our budget is a five-year budget because that is what Congress has done in 30 of the 34 years that Congress has written a budget. Congress has done five-year budgets largely because the out years are so uncertain. If you look at the forecast, very small changes now make very big differences in the second five years. And since we already had a ten-year forecast...

(FYI: Technical issue caused Sen. Conrad to momentarily stop)

Question: (regarding Democratic floor amendments)

Answer:

You know, Emily, I have not heard because, as you know, I have been in North Dakota Friday, Saturday, and Sunday. So I have not met with staff, and I really don't know what amendments will come on our side.

Question: (followup)

Answer:

No, nobody talked to me last week. We were going through markup in the Committee. I fully expect there will be Democratic amendments, but I really don't know what they will be.

Question: (regarding reserve funds)

Answer:

Thank you for giving me the opportunity. Reserve funds impose a certain discipline because they can only be triggered if they meet the conditions. And the conditions are set out in the reserve funds, and they are deficit neutral. So if the committees write legislation, for example, energy legislation or they write legislation on health care, they have to be paid for.

And

that exerts a certain discipline.

Second, the strength of reserve funds, from my perspective, is you give the committees full flexibility to write the best legislation they can. You know, I think there is always this misunderstanding about the power of the Budget Committee. The Budget Committee gives, as you know, the Finance Committee a certain amount of money to raise. Appropriations Committee tells them how much money they can spend. But we do not have the authority to tell them how to do it.

So, for example, on climate change, the President puts forward a budget that assumed cap-and-trade. In talking to committees and talking to colleagues, there are many who felt we shouldn't be that prescriptive. That's not really the role of the Budget Committee. We ought to leave it to the committees of jurisdiction. We ought to give them the flexibility to write climate change legislation and the requirement to do it in a way that is deficit neutral.

Question: (regarding reconciliation)

Answer:

Well, I don't want to do the negotiation of the conference through the media. But I have been as clear as I can be, publicly and privately, that I don't think reconciliation is the right way to write fundamental reform legislation. It wasn't designed for that purpose. It was designed for deficit reduction, and it creates, as you know, a lot of technical issues if you are in a reconciliation mode. And so I would strongly prefer not to do it that way.

One of the things I have said to colleagues is, look, the Budget Act contemplates a second budget resolution, only ten hours in duration on the floor. And so one could go through this year, at least most of this year, on this budget resolution without reconciliation instructions and then, if it proved absolutely essential, if there were no Republican cooperation on writing major health care reform, you could run a second budget resolution. It would only take a day on the floor and you could put reconciliation instructions there.

And it seems to me that would be far more preferable than starting with reconciliation. And, again, I believe there will be Republican cooperation, certainly there will be many who will not. We know that. But I believe there are a group of Republicans who fully intend to help write major health care reform legislation, and they've said so publicly and privately. And we, I think, ought to engage them.

Question: (followup)

Answer:

I don't control the outcome of the conference. You know? I am a participant, but I don't control the outcome. And so, I have stated by strong preference is not to have reconciliation. I will argue that position strongly in conference, but I can't control the outcome. And one thing I have learned around here I'm not going to commit to outcomes that I can't control.

Question: (regarding White House auto announcement)

Answer:

The truth is I don't know enough about it to give an intelligent response. All I know is the stories I read in the morning papers. And I just don't know enough about it to really give you an intelligent reaction.

Question: (regarding cap-and-trade reconciliation)

Answer:

Well, the House budget resolution does not carry a reconciliation instruction for cap-and-trade. Beyond that, if you think about it, in reconciliation, there are additional rules that apply. That is, there can only be one reconciliation instruction that deals with revenue, one that deals with spending, one that deals with debt. So, obviously, health care would have both revenue and spending. Cap-and-trade would have both revenue and spending. Education would have spending, perhaps, revenue as well. So if all three were in, you would have to write the legislation as one bill. You would have to write a bill that would have major health care reform, it would have climate change legislation and education reforms all in one bill. Now, that's not a realistic prospect. That is not a realistic prospect.

Question: (regarding auto aid in budget)

Answer:

Well, the White House did not have money for the auto industry in their budget, so if there are additional funds required – unless they were intending to use TARP II funds for that purpose – they would have to come before Congress with an emergency request. You know, you can't really budget for things that aren't present. There is no request on the table and no plan that has come to us outlining for funds would be used.

Question: (regarding recap of opening statement and vote prediction)

Answer: You know, I always hesitate to predict a vote outcome. I have not done any whip checks, so I really don't know what the outcome would be.

In terms of my opening remarks, what I said was we have produced a budget that preserves the President's key priorities of supporting reducing our dependence on foreign

energy, focusing on excellence in education, providing a pathway to major health care reform, and at the same time dramatically reducing the deficit by two-thirds by the fifth year to less than three percent of GDP, which the economists say is the critical test because, at that level, you stabilize the debt.

I also addressed this question of a five-year budget versus 10-year. And I've read the criticisms of that in David Broder's column and David Rogers, both of whom I have great respect for. I think, in this circumstance, it is somewhat different than they see it, and here's why. I was very critical of the Bush administration for not laying out 10-year budgets, and I thought they were hiding the full effect of their tax cuts. In this case, the Obama administration laid out a 10-year budget, fully scored by CBO, when it comes to the question of what Congress does.

So there is no hiding of anything here. The Obama administration has laid out clearly their 10-year plan. It's been scored. We know exactly what it does. But as to Congress, of the 34 budgets that have been written by Congress under the Budget Act, 30 of them have been five-year budgets. And the reason for that is very simple. When you get to years six through 10, the forecasts are notoriously, notoriously unreliable. And I do think it's important for a President, if they have long-term plans that have substantial impact in the out years, to lay out a 10-year budget. And the Obama administration did that. We have got a CBO score. We know what the effect is. So I don't see anything being hidden here.