



An S.O.S. to Keep America's Fiscal Ship Afloat

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As the majority party on Capitol Hill shifts from Republican to Democrat in the 110th Congress, the deficit and the long-term fiscal challenges facing the government will continue to be hot-button issues for Congress.

Federal spending poses a serious problem to our children's economic future. On the discretionary side of the ledger, the use of emergency spending during the annual appropriations process has risen dramatically. In recent years, Congress has passed appropriations bills containing "emergency" spending above budget allocations and controls for items and events that are predictable and recurring. Emergency spending is considered "free money," because it is not controlled or offset in relation to other federal spending. Instead of offsetting the spending by reducing other spending or increasing revenue, emergency spending is charged straight to the government's credit card, with future generations paying the interest.

However, these short-term deficits pale in comparison to the much more serious problem of entitlement spending – programs such as Social Security, Medicare and Medicaid that grow automatically each year and require no annual review by Congress. The retirement of the massive Baby Boom generation, which begins in 2008, combined with skyrocketing health care costs, creates a fiscal and demographic tsunami. With fewer workers contributing for each retiree, the burden on our children becomes astronomical. Over the next 10 years, the growth in mandatory spending programs will accelerate and by 2016, the cost of Social Security, Medicare and Medicaid alone will absorb 56 percent of total federal spending. By 2030, these three programs will exceed the total cost of government today.

The average American family lives on a budget, and avoids making big purchases or long-term financial commitments it cannot pay for. There is no reason Congress cannot do the same. With more than \$66 trillion in unfunded government obligations over the next 75 years, serious spending restraints are long overdue. Something must be done, and soon.

Within the last year, Congress took a first swing at this by passing the Deficit Reduction Act (DRA), a bill that works to slow the growth of entitlement programs by nearly \$40 billion over the next five years. However, that action was merely Congress dipping its toe in the water of what looms as a pending financial disaster for future generations.

Building on the success of the DRA, I introduced a comprehensive package of reforms that provides common sense ways to slow the runaway train of government spending. The Stop Over-Spending Act of 2006, or "S.O.S.," would put in place procedures that would force Congress to make policy decisions on how to limit spending. The bill, co-sponsored by nearly 30 Senators and endorsed by a number of blue-ribbon

economic organizations in the private sector, would re-establish an honest and straightforward approach to how the government spends the people's money.

To address annual discretionary spending, the S.O.S. Act reinstates discretionary spending caps in law. If Congress exceeds these limits, the overage must be offset by an across-the-board reduction. By establishing reasonable limitations on emergency spending within the caps, the bill eliminates the excessive misuse of emergency spending, which has created "shadow budgets" in recent years.

The bill includes a line item veto/expedited rescission process to allow the President to identify wasteful discretionary spending and to get an up-or-down vote without amendment. It also creates a commission to identify and eliminate agency duplication and programs that have outlived their usefulness.

To address the deficit, the S.O.S. Act requires the deficit to be measured and considered as its share of economy, or the Gross Domestic Product (GDP), and requires the deficit to decline from 2.75 percent of GDP next year to .05 percent of GDP by 2012. If these deficit targets are not achieved, congressional committees are required to "reconcile" and write laws to achieve savings. If these committees do not make the necessary decisions, then an across-the-board sequester of entitlement programs kicks in.

To address long-term entitlement spending, the bill creates a commission to ensure the solvency of entitlement programs, such as Social Security, Medicare and Medicaid. The commission has attracted outrageous attacks from the other side of the aisle, who falsely claim it is designed to harm Social Security. Such statements are simply an election-year scare tactic. Instead, the commission is a 15-member, bipartisan group. Two-thirds of the commission, a bipartisan majority, must agree to any solvency recommendations before they can be reported to Congress. The Committee's report is subject to amendments, is ensured 50 hours of debate, and requires a 60-vote bipartisan majority to proceed to final passage of a bicameral conference report.

While Democrats seem to think that Pay-Go is the solution to reducing spending, it is simply a mechanism that encourages the growth of government and allows a "tax-and-spend" method of governing to thrive. It requires the tax relief currently driving economic growth to be offset, but not the nearly \$400 billion in expiring mandatory programs that are expected to be extended in the new Congress. And worse, Pay-Go doesn't address the deficit or long-term entitlement spending.

I am hopeful that we can work in a bipartisan manner to address the entitlement issue, to better position our economy to handle the tsunami of fiscal obligations we are facing in the very near future. I plan to continue to push for the S.O.S. plan in the 110th Congress and call on my Democratic colleagues to join me in this effort.

Regardless of which party is in power, it is time for the elected officials of this government to stop looking at the next election and instead look at the next generation. We must stop playing politics and have an open and honest debate about how to tackle our fiscal problems. Our children deserve a government they can afford, and we cannot continue to pretend these issues will resolve themselves.

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