



November 28, 2023

The Honorable Jody Arrington  
Chairman  
Committee on the Budget  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Brendan Boyle  
Ranking Member  
Committee on the Budget  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Arrington, Ranking Member Boyle, and Members of the Committee:

My name is Romina Boccia, and I am an economist and director of federal budget and entitlements policy with the Cato Institute. I would like to thank the Committee on the Budget for convening this Hearing on Examining the Need for a Fiscal Commission: Reviewing H.R. 710, H.R. 5779, and S. 3262, on November 29, 2023, and for providing the opportunity to express my views regarding this topic. In particular, I am writing to discuss the important criteria Congress should consider in establishing a fiscal commission that can succeed.

Members of Congress have indicated that they wish to be in the driver's seat on correcting America's rapidly deteriorating fiscal situation. This is apparent from recent fiscal commission bills, such as the House Fiscal Commission Act [H.R. 5779] and its companion bill the Senate Fiscal Stability Act [S. 3262], both of which would require that members of Congress make up a majority of commission members, and that Congress vote on a final package. Previous bills, including the Sustainable Budget Act (H.R. 710) would only allow members of Congress to serve on a fiscal commission.

Unfortunately, this very same approach has failed several times in US history, including recently in the form of the Simpson-Bowles commission and the Budget Control Act Supercommittee. Even the Greenspan commission initially failed and was only successful due to the immense pressure on Congress to avert automatic benefit cuts to Social Security. The one commission that was an overall success was the Base Realignment and Closure (BRAC) commission.

In light of Congress wanting to play a more active role in resolving the US fiscal crisis, instead of relying exclusively on independent experts as was the case for BRAC, what if members of Congress could have their fiscal commission and taxpayers could secure a fail-safe mechanism in the event Congress's plan went belly up?

Enter what I call the "fail-safe commission approach."

Instead of relying entirely on one commission to come up with a plan to stabilize the debt, Congress could establish two fiscal commissions, working along parallel tracks, to increase the chances of a working proposal emerging from either or both.

One of the commissions would be a congressional commission, with members of Congress at the helm, guided by a competent staff and perhaps some outside experts. The other commission would be an independent commission, composed entirely of outside experts, guided by

competent staff, and including perhaps some former members of Congress (who do not intend to run for re-election again, ever).

The two commissions would work in parallel, coming up with their respective proposals for stabilizing the US public debt at no higher than the economic product of the country, or 100 percent of GDP, and ensuring the long-term solvency of old-age benefit programs: Medicare and Social Security.

If the congressional commission succeeds in advancing a proposal that meets these goals, and Congress passes said proposal via expedited procedures in both the House and Senate, the congressional proposal would save the day. We should hope for such an outcome. It would be a relief to see Congress responsibly and sensibly address the growing US fiscal crisis by reforming politically popular and economically unsustainable old-age benefit programs, guided by re-establishing generational equity and securing a prosperous future for all Americans.

But we shouldn't put all our eggs in this one basket. We can't afford it.

If the congressional committee failed, either in devising a working proposal or in passing it, the independent commission's proposal could advance through silent approval. This means the independent proposal would become law if the president approved it and Congress did not pass a resolution of disapproval within 45 days.

As such, this fail-safe congressional fiscal commission plan would establish both a congressional commission, with expedited voting procedures to smooth the path to adoption, and a BRAC-like fiscal commission, modeled after the successful BRAC commission, composed of independent experts whose proposal would be fast-tracked to the president with silent approval by Congress.

This is not an entirely new concept. In a joint Brookings and Committee for a Responsible Federal Budget paper, from January 2017, titled "Redesigning the Budget Process: A Role for Independent Commissions?" Stuart Butler and Maya MacGuineas propose what they coin an "inside-outside" approach for how Congress might stay within a long-term budget for entitlements. The "outside" part would establish an independent commission whose recommendations would be the default mechanism to set the long-term budget for entitlements. The "inside" part would simultaneously set up a congressional super committee that could override the independent commission's package and whose proposals would be eligible for an expedited vote.

As described by Butler and Timothy Higashi in a separate October 2018 Brookings paper, titled "Redesigning the budget process: A role for independent commissions?":

"In this way, the commission would, in effect, force the issue but the congressional leadership would not in practice concede the details to the commission."

Washington politicians have long known that current spending policies are unsustainable. Yet they've failed to act to avoid a debt crisis that's now closer than ever. Previous commissions, relying primarily or exclusively on members of Congress to fix the debt, have failed. Even when they've succeeded in coming up with a plan, they haven't been able to pass it in Congress.

Interest costs are rising. Treasury will need to refinance about one-third of all publicly held debt in the next year, at now far higher rates. The large size of the US public debt, approaching \$27 trillion entails higher interest costs as well. Additional borrowing to the tune of \$2 trillion in 2023 further adds to the problem, crowding out other private sector investments and pushing up rates further.

Americans can no longer afford to wait on Congress to step up to the challenge. It's time for a new approach. Pairing a congressional fiscal commission with an independent fiscal commission that's modeled after BRAC will establish a fail-safe approach. It will put additional pressure on Congress to do the right thing and bail us out should lawmakers fail us yet again.

Sincerely,

Romina Boccia  
Director  
Federal Budget and Entitlements Policy

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