

**Floor Statement by Senate Budget Committee Chairman Kent Conrad (D-ND)
on McCain Budget Alternative Amendment to FY 2010 Senate Budget Resolution
April 2, 2009**

First, I thank and congratulate the Senator from Arizona for producing a budget and a budget alternative. That was not done on their side until he did it, and I commend him for it.

I also commend him for producing a budget that in its overall totals is very close to the budget resolution I have advanced through the Budget Committee. In fact, if you compare Senator McCain's 5-year totals with my 5-year totals, compare his revenue to my revenue, his spending to my spending, they are 98 percent alike. In addition, the size of the deficit in 2014 is virtually the same. Mine is 2.9 percent of GDP, his is 2.8. And the debt, mine is 98.7, his is 98.3, virtually identical in 2014. So there is some commonality here, and that is something perhaps we can build on.

Of course, there are differences, and differences do matter. Largely they appear in two places. The Senator from Arizona appears to reduce mandatory spending by \$350 billion over 5 years. But where does he do it? Does he show savings in Medicare? No. Does he show savings in Medicaid and the health care accounts? No. Does he show savings in Social Security? No. Does he show savings in agriculture? No.

He does not do it in any of those places that are the major pots of money for mandatory spending. Instead, he takes all of the \$350 billion in savings in Function 920. That is the general overhead function for all of those categories. So, in effect, what he has is an across-the-board cut in Medicare, Medicaid, Social Security, agriculture, and that is how this budget would work. I do not know if that is the intention, but that is what would happen. In fact, excluding debt service, 85 percent of the claimed savings are from function 920, no specific savings at all.

Where are the remaining 15 percent of the savings? Largely, they are in the international affairs budget. Relative to the budget resolution before us, and that is before we adopted the Kerry amendment yesterday, he reduces spending on international accounts by \$44 billion over the 5 years. The Senator from Arizona assumes an increase of 1.3 percent in 2010 and less than 1 percent over the remaining 5 years. That runs counter to what the Secretary of Defense has asked of us because he has asked that we plus-up the international accounts so that things that really ought to be done in the international accounts, instead of the Defense Department accounts, be shown there.

Disturbingly, next year, when we will still be recovering from the worst recession since the Great Depression, the budget advanced by the Senator from Arizona would cut nondefense discretionary spending, compared to the resolution before us, by \$23 billion. Those cuts would affect virtually every discretionary function, although not defense and not veterans. I commend him for holding them harmless, but that means everything else has to be cut more. That means education, the health care accounts -- all of those would have to be cut.

In terms of looking at a budget in a fair and balanced way, while I commend the Senator for producing a budget, it is a budget without detail, a budget without specificity, a budget that is

almost "paint your own picture." Because he has this \$350 billion of savings in function 920, because he doesn't specify, that would have to be done across the board. That means all of these other functions -- Medicare, Social Security, agriculture, all of the other mandatory accounts -- would have to take significant across-the-board cuts.

I commend the Senator from Arizona for offering an alternative, but I think the difference between his plan and my plan in overall numbers is very small, but the differences that do exist matter a great deal.

One other point I want to make: As with many of my GOP colleagues' amendments, the McCain amendment would create 60-vote points of order against future budget resolutions, threatening the ability to maintain the disciplines that come through the budget process. Caps on discretionary spending, allocations to committees, the supermajority points of order against excessive spending -- all of that would be put at risk in the name of preventing the growth of deficits and debt.

While I share the basic idea and the basic value of trying to control deficits and debt, as an unintended consequence, the cure here is worse than the disease. When the answer is to make it harder to do a budget resolution, you actually lose the disciplines we could employ in order to reduce the growth of deficits and debt.

It is a curious thing, if one thinks about it. The way to prevent the growth of debt is not to do a budget or make it harder to do a budget. Unfortunately, around here one of the few things we have to discipline spending is a budget. That is where all the points of order lie when we go to the appropriations process. If it were successful, if you were able to prevent doing a budget resolution, you would then immediately go to appropriations bills and you would have no points of order, no 60-vote hurdles against excessive spending. We want to think carefully whether that is the answer.

My own view is, we would be much better off doing some kind of special process where all of the major players are at the table, everything is on the table, and we have a special process to get whatever plan they develop to the floor for an actual vote. My own belief is, after 22 years of this, the only real hope for changing the underlying policies, for disciplining entitlements, for fundamental tax reform, the only way to do that is some sort of special bipartisan process where everybody is at the table, everything is on the table, and the work of that group comes to the floor for a guaranteed vote. That is the best hope we have.

With that, I yield the floor and retain the remainder of my time.

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With respect to Senator McCain's amendment, his substitute, I want to again indicate there is virtually no difference between the debt at the end of the 5 years under his amendment and the amendment that has come through the Senate Budget Committee. The debt as a share of GDP on the budget that is on the floor is 98.7 percent of GDP in 2014. In the substitute amendment offered by the Senator from Arizona, it is 98.3 percent. There is virtually no difference in the debt levels under the McCain amendment and the budget I have offered our

colleagues.

With respect to deficits, in 2014, the deficit as a share of GDP in the budget that is before us is 2.9 percent. Under the McCain amendment, it is 2.8 percent.

So I say to my colleagues, if you rack up, if you look at his revenue compared to my revenue: 98 percent the same. His spending versus my spending: 98 percent the same. Where have we heard that figure before?

I think the point that needs to be made, though, is that there are differences, and the differences do matter. The big difference here is the Senator from Arizona saves \$350 billion out of the mandatory accounts, but he does not say where. He does not say where. He does not say it is out of Medicare. He does not say it is out of Social Security. He does not say it is out of agriculture. He does not say it is out of the other mandatory accounts. He puts all \$350 billion in section 920, which is an across-the-board cut in all of them -- \$350 billion.

Colleagues, if you want to be voting for cuts that could be \$350 billion in Medicare and Social Security, vote for the McCain alternative. If you do not think that is a real good idea, stick with the budget that is before us. Because we have been specific about where the revenues are, about where the spending is, and we have tried to be disciplined about getting down to virtually the same levels on deficits and debt that are in the McCain amendment.

I yield the floor.

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The Chairman's mark that was referenced increases discretionary spending not by 8 percent but by 5.3 percent. That is all domestic discretionary spending is increased -- by 5.3 percent. It averages nondefense discretionary spending at a 2 1/2-percent increase over the 5 years.

The McCain offer and the Chairman's mark are almost identical with respect to deficit levels and debt levels. In 2014, the debt is 98.3 percent of GDP under the McCain amendment; 98.7 percent under the Chairman's mark. Virtually no difference.

But there are differences. He takes \$350 billion in savings out of mandatory programs and doesn't specify whether it comes out of Social Security or Medicare or agriculture -- \$350 billion. Where does it land?

If you want to risk cutting Social Security and Medicare by \$350 billion, vote for the McCain substitute. If not, vote no.