October 25, 2023

Dear Staff Member:

On behalf of our activist community, I urge your member to support the Fiscal Commission Act, H.R. 5779. Introduced by Rep. Bill Huizenga (R-MI) —and cosponsored by a bipartisan group of members that includes Reps. David Schweikert (R-AZ), Jared Golden (D-ME), Kevin Hern (R-OK), and Dean Phillips (D-MN)—the Fiscal Commission Act would establish a bipartisan commission that will make recommendations to put the United States on a stable path.

The recent focus on federal spending in the aftermath of the COVID-19 pandemic, during which Congress ran budget deficits of 14.9 percent in FY 2020 and 12.3 percent in FY 2021, is a welcome discussion. We agree that Congress must return to regular order on appropriations bills, which includes adhering to Sec. 300 of the Budget Act, and that dysfunction has created a cycle of continuing resolutions and omnibus appropriations bills. However, the discussion on deficits and debt has been too centered on discretionary spending. Unfortunately, what's actually driving deficits and debt is almost completely absent from the conversation about deficits and debt.

Discretionary spending has also become such a focus, in part, because it's another way for whichever party controls one or both chambers of Congress to message to their base with populist and often incendiary rhetoric on hot-button cultural issues while ignoring political realities of narrow-majorities and/or divided government. Republicans and Democrats are both guilty of this. We desperately need to take the temperature down in the culture wars, stop using discretionary spending as a proxy war for these issues, and begin to focus on the fiscal crisis that America is staring down.

Discretionary spending in FY 2023 was only 27 percent of federal spending while mandatory spending and net interest represent 62.6 percent and 10.5 percent, respectively. Thirty years ago, discretionary spending was 8 percent of gross domestic product (GDP). Discretionary spending hovered between 6.2 percent of GDP and 6.8 from FY 2014 through FY 2019 and is projected to be 6.5 percent of GDP in FY 2023. From FY 2024 through FY 2033, discretionary spending will average 6 percent of GDP. Recent projections from the Congressional Budget Office (CBO) show that discretionary spending will gradually decline to 5.4 percent of GDP over the next 30 years, as it's crowded out by mandatory outlays.

Ultimately, the drivers of budget deficits and debt is mandatory spending—including Social Security and major healthcare programs like Medicare—and net interest. We've got to focus on solutions that will ensure that the promises of these programs are kept for current beneficiaries while ensuring their solvency into the future. Every president and every member of Congress, past and present, who hasn't focused on addressing the sustainability of Medicare and Social Security is complicit in the coming benefit cuts that these programs face within the next decade when trust funds dry up.

Just ten years ago, mandatory spending and outlays for net interest consumed 13.5 percent of GDP. As our society has aged, and as more people have retired, mandatory spending and net interest outlays jumped to 17.6 percent of GDP in FY 2023. At the end of the 30-year window, the CBO projects that mandatory spending and net interest will consume 23.7 percent of GDP. To put this into perspective, the average of FY 1962 to FY 2021 was 20.4 percent of GDP, and this is discretionary, mandatory, and net interest combined. Putting it in further context, the CBO projects that Congress will spend 23.6 percent of GDP—discretionary, mandatory, and net interest—in FY 2024.

Because of rising interest rates, the associated cost of servicing our debt is expected to rise. Outlays for net interest are projected to average 3.1 percent of GDP over the next ten years, 4.2 percent from FY 2034 through FY 2043, and 5.8 percent from FY 2044 through FY 2053. Net interest will likely eclipse defense discretionary spending within the next ten years and surpass total discretionary spending in FY 2047. Over time, based on current projections, outlays for net interest will surpass outlays for Medicare in FY 2046 and Social Security in FY 2051.

Congress cannot continue to pretend that this isn't a serious and crippling problem. We are entering a make-or-break period. We either address the drivers of deficits and debt now or we will have to bear the weight of the inevitable debt crisis that is just around the corner.

This brings us to the Fiscal Commission Act. This bill would create a bipartisan 16-member commission that will make recommendations to put the United States on a fiscally sustainable path. The "four corners" congressional leadership—the Speaker of the House, the House Minority Leader, the Senate Majority Leader, and the Senate Minority Leader—would each make four appointments to the commission. Three of the four appointments must be colleagues from their respective chambers. The fourth appointment must be a representative from the private sector.

The commission is tasked with proposing recommendations that will balance the federal budget and stabilize America's debt-to-GDP ratio to under 100 percent within the next ten years. The commission must also recommend changes to trust fund programs to ensure their sustainability over the next 75 years.

Recommendations must have a simple majority, but at least three members of each party must be in the majority for a recommendation to be adopted. The commission would be required to vote on the recommendations no earlier than November 6, 2024, and no later than November 15,

2024, for consideration during the lame-duck session after the 2024 election.
Consideration of the commission's recommendations in Congress would be expedited and not subject to amendment. Although the motion to proceed to the recommendations in the Senate would be subject to a simple majority, the cloture motion under Rule XXII, which requires a three-fifths majority (or 60 votes if all senators are present and voting), would still apply.

Addressing the fiscal crisis that faces America requires Republicans and Democrats to come to the table to negotiate viable paths forward, and those recommendations must be bipartisan to have any credibility. This cannot be just another exercise in political messaging. Congress has a responsibility to preserve economic opportunity and prosperity for our children and grandchildren while also protecting current beneficiaries who depend on these programs and ensuring their financial stability going forward. For these reasons, I urge your member to support the Fiscal Commission Act, H.R. 5779.

Sincerely,

Adam Brandon
President
FreedomWorks