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**SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT
INFORMATION, FEDERAL SERVICES, AND INTERNATIONAL SECURITY**

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

HEARING: "Tools to Combat Deficits and Waste: Expedited Rescission Authority"

Opening Statement of Senator Thomas R. Carper, Chairman

We are holding this hearing because our nation is on a fiscal path that is not sustainable.

America has accumulated as much new debt in the first eight years of this decade as we did in the first 208 years of our nation's history. Our national debt is approaching \$12 trillion, and this year we likely will add another \$1 trillion to it. As a percentage of GDP, our national debt stands today at about 85 percent, a level exceeded only during World War II during the past 70 years.

As our nation emerges next year from the worst recession since the Great Depression, we need to begin easing off the accelerator with one foot and start tapping the brakes with the other, as we begin to slow the growth in spending and start to grow revenues again.

In this subcommittee, we have examined any number of ways to do this – ranging from closing the tax gap, to recovering improper payments, to reining in DOD cost overruns, to disposing much of the federal government's surplus property.

Today's hearing will look at the spending side of this goal.

Every year, Congress passes a number of spending bills. Not surprisingly, these bills sometimes include spending items many of us would consider wasteful, and which contribute unnecessarily to our rising deficit.

While many in Congress and the President may want to remove this waste, their desire to do so is often pitted against an array of interests intent on protecting it or by a compelling need to pass these bills in order to direct funds to urgent priorities.

So, we accept a little waste as the cost of getting bills passed.

Having said that, we need to find a better way to reduce wasteful spending without jeopardizing the funding for our top priorities.

One of those ways relates – at least in my view – to the President’s ability to get Congress to consider – or reconsider – spending cuts.

Currently, when Congress sends a spending bill to the President, he can sign it and then propose that Congress consider rescinding – or reducing – spending in certain categories of that bill.

The problem is that Congress is under no obligation to consider these rescissions. When Congress receives the rescissions, they are often dead on arrival.

Congress tried to fix this in 1996 by passing the Line Item Veto Act, but that ended quickly with the Supreme Court affirming that the bill was unconstitutional.

I agreed with that decision. The legislation extended extraordinary power to presidents to veto specific spending and revenue measures within legislation unless super majorities of both the House and Senate voted to override a president’s action. The vetoed legislation not only dramatically shifted power from the legislative branch to the executive branch of our government, but it did so permanently.

In this hearing, we will explore the President’s existing rescission authority and try to determine how successful it has been at reducing spending that most of us would consider to be wasteful. We will also consider several ways to change that authority in order to make it more effective.

Before we turn to our witnesses, I want to take a moment to describe one legislative change that 21 of my colleagues and I have proposed to strengthen safeguards against wasteful spending that we can no longer afford in an era of trillion dollar deficits.

We’ve introduced legislation in this Congress – S.907 – that modifies a President’s current rescission authority so that Congress can no longer ignore rescission proposals. We would have to actually vote on them. And, our bill does not make that shift of authority permanent. Rather, it provides for what I call four-year test drive after which the Congress and the President may elect to extend that authority, amend it or allow it to end.

Under our proposal, a president’s rescissions must meet the following criteria:

First, a president’s proposed rescissions would apply to discretionary spending, not to revenue measures or to entitlement spending.

Second, rescissions may not reduce any authorized category of spending by more than 25 percent.

This means the President can recommend rescinding as much as 100 percent of funds for any unauthorized item -- including unauthorized earmarks – but may not propose to rescind more than 25 percent of a spending category that is authorized.

In order for the cuts proposed by a president to become law, they must pass both the House and Senate by a simple majority vote. If the vote fails in one chamber, the proposed rescissions are dead.

Lastly, the authority sunsets after four years, allowing both our legislative and our executive branches to test drive this new power.

As a former governor whose state constitution gave me line-item veto powers, let me be clear. Neither line-item veto powers nor enhanced rescission powers alone will restore fiscal sanity in our federal government.

Entitlement spending must be reined in. Revenues that are owed must be collected, and some new revenues may need to be collected. Programs must be run more cost effectively. There aren't any silver bullets in this business, but there are a number of arrows in our quiver that can help. We need to figure out which ones are most likely to help, and we need to put them to use.

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