INTERNATIONAL FEDERATION OF
PROFESSIONAL & TECHNICAL ENGINEERS
AFL-CIO & CLC

501 3rd Street, NW, Suite 701, Washington, DC 20001
202-239-4880 • FAX 202-239-4881 • www.ifpte.org

MATTHEW S. BIGGS
President

GAY HENSON
Secretary-Treasurer

Congress Must Reject Any Proposal to Create a Fiscal Commission – It's a Fast Track to Cutting or Privatizing Social Security, Medicare, Medicaid, and Slashing Federal Employee Benefits

Overview: The fiscal commission is a deeply troubling and untransparent process that could lead to devastating cuts to federal programs that Americans count on. In recent months, some Members of the 118th Congress have proposed legislation to create a fiscal commission to reduce the federal deficit. Any such commission would begin by considering changes to Social Security, Medicare, and Medicaid, as well as considering imposing damaging limits on federal spending levels. These bills, which include the Fiscal Commission Act (H.R. 5779) and the Fiscal Stability Act (S. 3262), create a "fast track" process where a select group of lawmakers and handpicked policy experts make recommendations that are voted on by Congress without any opportunities for amendments on an expedited timeline. The commission's closed-door deliberations will be conducted without public transparency or Congressional hearings to examine the recommendations and the impact of these changes.

Congress should not abandon its responsibility to constituents nor depart from the regular legislative process on these important policy questions. While U.S. debt levels are at historic highs, Congress has several commonsense solutions for repairing our tax policies to raise revenue support economic prosperity, and strengthen Social Security, Medicare, and Medicaid.

Fiscal Commissions Have Historically Recommended Extreme Measures and Overlook Reasonable Solutions. Past fiscal commissions have proven how disastrous the recommendations that emerge from these closed-door deliberations can be. In 2001, the President's Commission to Strengthen Social Security failed to agree on a recommended solution but instead recommended three options for partially privatizing Social Security and cutting benefits. Congress thankfully did not go any further on those ill-considered Social Security privatization schemes. In 2010, the National Commission on Fiscal Responsibility and Reform (the Simpson-Bowles Commission) could not agree on a recommendation to Congress, but 12 out of 18 members proposed a combination of increasing the retirement age for Social Security, reducing benefit levels, and using the "chained CPI" inflation calculation to cut cost-of-living-adjustments (COLA) for Social Security benefits, veterans benefits, and other federal programs.

In 1983, the Greenspan Commission, which is cited as the one instance where a bipartisan fiscal commission was successful, was unable to reach a consensus and issue recommendations. However, the pressure to cut benefits created by the commission resulted in enacted legislation that increased the full retirement age from 65 to 67, cut benefits for middle-income earners, and included the Windfall Elimination Provision (WEP), which unfairly reduced benefits of 2 million federal, state, and local government employees. While the commission was created to address the shortfall in Social Security's trust funds, it did not include a fast-track process, and the legislative compromise was deliberated and negotiated in Congress.[1]

These misguided commissions all failed to send consensus recommendations to Congress, but they show how the process constantly targets public benefits, creating political pressure and public discourse on the need to cut or privatize benefits that have the support of an overwhelming majority of Americans,

[1] "Statement of Staff to the 1981-83 National Commission on Social Security Reform (So-called Greenspan Commission) - Widespread Misinformation About the Greenspan Commission is Distorting the Social Security Debate" Nov 8, 2023.

regardless of their political affiliation.[2] Recently, Members of Congress have proposed various ways to cut benefits, coverage, and the economic security of retirees and low income families, including: raising the retirement age to 70; turning Medicare into a voucher program, capping Medicaid funding to states by making it into a block grant program; cutting back the Medicaid eligibility expansion that was part of the Affordable Care Act, and reducing the annual COLA increases for beneficiaries.

Congress Must Raise the Debt Ceiling Before January 2025 Without Agreeing to Cuts to Social Security, Medicare, Medicaid, or Federal Employee Benefits. Before January 1, 2025, Congress must extend the debt ceiling to avoid an unprecedented debt default that would harm the economic security of Americans and lead to a global recession.[3] The debt ceiling, or debt limit, is an artificial legislative limit set by Congress that restricts the U.S. Treasury from paying for expenditures that Congress has already approved. During the 2011 debt ceiling crisis, when Congress waited until two days before the August 2 debt ceiling deadline to extend the debt limit, the Treasury had a contingency plan to pay interest on its debt and postpone payments to federal agencies, Social Security beneficiaries, and disabled veterans, Medicare providers and states' Medicaid programs, and other obligations. Federal employees, armed service members, and agencies, and government contractors that provide essential services and national security would not have been paid on time, had Congress not acted.[4] Raising the debt limit has become highly political, as some lawmakers are willing to threaten the U.S. economy in order to extract cuts to government programs that working families, retirees, and Americans in all states and Congressional districts count on.

Congress Should Address Debt by Raising Revenue – Pass Fair Tax Policies and Legislation to Strengthen Social Security, Medicare, and Medicaid. Much of the legislation to achieve a commonsense approach to reducing the federal debt has already been introduced in Congress. Some of these solutions involve undoing the provisions of the Tax Cut and Jobs Act of 2017 (TCJA) or allowing those provisions to expire in 2025. TCJA not only increased U.S. debt but also gave massive tax breaks to the wealthiest Americans and corporations and incentivized offshoring of profits and American jobs.[5] It also included a $10,000 cap on the State and Local Tax (SALT) deduction, which unfairly increased the tax burden on middle-class taxpayers in high-cost states.

Legislative Request:

1. **Oppose the inclusion of a fiscal commission in any appropriations legislation or legislation to extend the debt ceiling.**
2. **Pass a clean debt limit increase before January 2025, without any conditions to cut entitlement programs, cap federal spending levels, or establish a fiscal commission.**
3. **Pass the No Tax Breaks for Outsourcing Act** (H.R. 884, S. 357), sponsored by Rep. Lloyd Doggett (D-TX) and Sen. Sheldon Whitehouse (D-RI). This bill raises $770.b billion over 10 years by closing several offshore tax loopholes, including adding a 15% global minimum tax rate, repealing the 10% tax exemption on profits made from overseas investments, and combating "tax inversion" practices where corporations lower their U.S. tax bill by moving profits overseas.
4. **Increase the corporate tax rate to at least 28%,** as proposed by President Biden. In 2017, the TCJA lowered the top 35% corporate tax rate to a flat 21% tax rate, which has added to the U.S. debt.
5. **Strengthen Social Security and Medicare** by passing the Social Security 2100 Act (H.R. 4583, S.2280), the Medicare and Social Security Fair Share Act (H.R. 4535, S. 1174), or the Social Security Expansion Act (H.R. 1046, S. 393), all of which are endorsed by IFPTE and will shore up and improve these entitlement benefits for current and future beneficiaries.
6. **Pass the Social Security Fairness Act of 2023** (H.R. 82, S. 597) to repeal WEP that was the result of the 1983 Greenspan Commission and has unfairly denied Social Security benefits to retired federal, state, and local government employees.

---

[2] "KFF Health Tracking Poll March 2023: Public Doesn't Want Politicians To Upend Popular Programs," Kaiser Family Foundation, Mar 20, 2023

[3] In June 2023, Congress and President Biden agreed to pass and enact the Fiscal Responsibility Act, which suspended the debt ceiling until January 2025 in exchange for capping government spending levels for Fiscal Years (FY) 2024 at FY 2023 levels and FY 2025 spending at 1% above FY 2023 levels, a $80 billion spending cut for the IRS, increasing the work requirement age for recipients of SNAP recipients from 49 to 54, but it spared cuts to federal entitlement programs.

[4] "How Worried Should We Be if the Debt Ceiling is Not Lifted," Brookings Inst., Apr 24, 2023; "Default Would Have a Catastrophic Impact on the Economy," Center for American Progress, May 11, 2023

[5] Tax Cuts Are Primarily Responsible for Increasing Debt Ratio, Center for American Progress, Mar 27, 2023