

STATEMENT OF CONGRESSMAN MICHAEL N. CASTLE

I strongly support the findings and recommendations contained in the Commission's letter to President Clinton and the congressional leadership. The three primary recommendations are: One, we must make our spending and tax decisions based on their impact over the next 30 years. Under current policies, the Federal budget deficit will decline in the short term, but after 1999 it will begin to grow sharply. This long-term problem cannot be ignored. Two, we must change our laws to ensure we can meet our future entitlement commitments. In particular, we must ensure that Social Security is there for future recipients. Making these changes will not be easy, which is why the third recommendation is so important; the American people must be fully involved in the decisions necessary to reform the entitlement programs.

As our letter to the President clearly states, the Commission did not reach agreement on the specific details of a plan to achieve the goal of bringing entitlement spending in line with our ability to pay for these programs. Nevertheless, the Commission has agreed overwhelmingly that there is a critical problem which must be addressed soon. This itself is an achievement, because until now, it has been very difficult, if not impossible, to even broach the subject on the need for reform of our entitlement programs. The Commission has advanced the dialogue on this vital issue in a responsible and positive manner. Equally as important, the Commission and its members have proposed a number of options for real reform of our entitlement programs.

Our Chairmen, Senators Kerrey and Danforth, have offered a bold proposal which would offset the growth in entitlement spending until the year 2030 and ensure the long-term solvency of the Social Security System. As alternatives to the plan endorsed by the Chairmen, the Commission Staff has also produced several other packages which would achieve this goal using different methods. Senator Simpson and Congressmen McMillan and Goss have offered a fair and sound alternative plan which meets the Commission's budgetary goals. In addition, Pete Peterson has set forth a comprehensive proposal which would enact changes earlier than the timeframe proposed by the co-Chairs. All of these plans are serious and responsible.

The Commission's mandate to make recommendations by December 15 did not allow enough time for the necessary public comment and debate on the various proposals to produce an agreement among 60 percent of the Commission members. The process begun by the Commission should be continued by Congress and the President. There should be hearings by the appropriate committees on the options presented by the Commission. Those who object to any of these proposals have the responsibility to recommend alternatives that would also avert the fiscal calamity our country faces if we choose to do nothing.

While I do not agree with every element of the Kerrey-Danforth plan, it does establish key principles which should be included in any entitlement reform legislation ultimately adopted by Congress. These

principles include: Fairness and equity — changes must be made in virtually all Federal entitlement programs, including congressional pensions. We have a shared responsibility to put these programs back on a sound financial footing so they can meet the needs of future generations. As part of the effort to be as fair as possible, proposed changes in programs would not begin until the year 2000 and would generally not affect those currently retired or about to retire. In addition, once the changes begin, they would be phased in over a number of years. Americans must have time to adjust to the changes that need to be made. A second key principle is that we must address the aging of our population. While we can debate whether the eligibility age for full Social Security and Medicare benefits should eventually be raised to 68 or 70, it is clear that these options must be seriously considered.

In the critical area of health care reform, the Kerrey-Danforth proposal establishes the important principle that increasing the individual's role in deciding health care expenditures, through greater use of deductibles and copayments, can play a major role in limiting health care costs. I cannot endorse all of the health program changes proposed by the Chairmen without additional review and debate. The health care proposals offered by Senator Simpson and Congressmen McMillan and Goss also deserve serious consideration. The McMillan proposal to create a Medicare/Medicaid voucher system would help reduce the runaway costs of these programs while providing coverage for those who need it. This type of broad reform of Medicare and Medicaid should be studied by Congress.

The Kerrey-Danforth proposal and the Simpson-McMillan-Goss proposal also address the important principle that Americans should be able to save more themselves for their retirement years. I strongly endorse this effort. The Kerrey-Danforth plan would reduce the Social Security payroll tax by 1.5 percent and require that these savings be contributed to a personal savings/IRA account. Senator Simpson approaches this goal in a different manner by making the personal investment plan optional for all workers. A worker could choose to pay lower Social Security taxes now and receive lower benefits in the future. This would encourage higher-wage workers to save more for their own retirement. Low-wage workers would still receive full benefits. I believe Congress should study these proposals to give individuals greater incentives and opportunity to save for their own retirement.

While I am not ready to endorse the proposal to cut all other entitlement programs by 10 percent and cap their growth at CPI plus population growth, all these programs, from Aid to Families with Dependent Children (AFDC) to Federal housing assistance, must be reformed. Congress must adopt comprehensive welfare reform legislation which requires work by able-bodied recipients and places time limits on welfare benefits. The Commission's work can help advance the study and reform of all Federal entitlement programs. We should not take benefits away from those who have earned them or from those in genuine need. However, it is clear that the Federal government must end the automatic uncontrolled growth in the cost of these programs that occurs every year.

Reform of the Federal budget process is a key part of entitlement reform. Congressman Cox and others have called for reforms which would require Congress to vote on each year's spending on entitlement programs. This would provide more accountability for these spending decisions, rather than the current policy of placing over half of the Federal budget on automatic pilot.

I am a strong supporter of the Social Security and Medicare programs for older Americans, and I believe the Federal government has a responsibility to provide assistance to other Americans in genuine need. However, it would be irresponsible to assert that no changes are required in any of these programs, or to argue that we can meet the growth in their costs with occasional tax increases. The American people want to know the facts about these programs. The Commission has laid these facts out and has offered serious proposals to address the problems. This effort must be continued and completed by the President, Congress, and the American people. ★