



A Fiscal Commission Could Help Congress Work Together, but Broader Budgetary Reforms Are Also Needed

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Key Takeaways

- Momentum is building for a bipartisan fiscal commission to help Congress address the nation's \$40 trillion debt, but its work should be complemented by additional budget and oversight reforms.
- Better cost estimates and enforceable budget rules would give lawmakers a clearer picture of the long-term costs of legislation, including interest costs and economic effects, while strengthening spending restraints and accountability for federal programs.
- Regular reviews of federal programs, eliminating budget gimmicks, and strengthening accountability could deliver savings for taxpayers regardless of whether a fiscal commission succeeds.

Introduction

The House Budget Committee's September 21 [Debt Summit and field hearing](#) in Dallas brought together lawmakers from both parties to discuss how a fiscal commission could help address the nation's mounting debt. With gross federal debt topping \$40 trillion, the discussions also highlighted the need to improve budget rules and the information Congress relies on to make fiscal decisions.

National Taxpayers Union and NTU Foundation (NTUF) participated in the committee's Debt Summit and followed up with a [joint letter](#) urging lawmakers to work together to set the federal budget on a sustainable path. A commission could help Congress negotiate a plan to stabilize debt relative to the economy and improve the solvency of major trust funds, but it cannot guarantee an agreement or congressional approval.

Congress also needs broader budget reforms, whether or not a fiscal commission is successful. Additional reforms recommended by NTUF's Taxpayers' Budget Office (TBO) would complement the commission's work by giving lawmakers a fuller picture of the cost of legislation, strengthening spending restraints, and improving accountability. More complete cost estimates, enforceable budget rules, and measures to end budget gimmicks and review outdated programs would help Congress make lasting improvements to the federal budget.

What the Hearing Revealed

House Budget Committee Chairman Jodey Arrington (R-TX) kicked off the hearing by [urging both parties](#) to take responsibility for the mounting debt and work together on an "achievable and enforceable bipartisan plan." He stressed that promoting growth and rooting out waste are important, but Congress must also address mandatory spending and reform entitlement programs to restore fiscal stability and improve the solvency of Social Security and Medicare.

The hearing featured three witnesses, a Democrat, an independent, and a Republican, all with extensive experience in federal budgeting. Leon Panetta, who served as House Budget Committee Chairman, Office of Management and Budget (OMB) Director, and Defense Secretary, [warned](#) of the seriousness of the federal debt and urged lawmakers to cooperate and take action. Drawing on the budget agreements of the 1990s, he emphasized the leadership and enforcement needed to achieve lasting reforms.

Former Senator and West Virginia Governor Joe Manchin, who left the Democratic Party to become an independent in 2024, [pointed](#) to budget deadlines that Congress routinely misses without consequences. He also criticized Congress for repeatedly weakening spending caps and urged lawmakers to make difficult budget choices now rather than continuing to leave the consequences of the growing federal debt to their children and grandchildren.

Former OMB Director and Senator Rob Portman (R-OH) [stressed](#) that a fiscal commission should be established in law with presidential and bipartisan support, rather than by an executive order. He also emphasized that a public education campaign is needed to raise awareness of the risks of rising debt and that amendments on the fiscal commission's reform package should be limited.

Panetta agreed, reminding the panel of the Base Realignment and Closure process from decades ago as a useful precedent: Congress considers the recommendations as a complete package rather than amending individual base closures. A similar approach could help preserve the compromises underlying a fiscal commission's bipartisan agreement.

Lawmakers already have proposals to build on. The bipartisan Fiscal Commission Act, introduced by Representatives Bill Huizenga (R-MI) and Scott Peters (D-CA) as [H.R. 3289](#) and Senator John Curtis (R-UT) as [S. 4012](#), would [establish](#) a commission and provide for expedited

congressional consideration of its recommendations. The House Budget Committee advanced an earlier version in the previous Congress. The Committee has also examined Rep. Steve Womack's (R-AR) Budgeting for a Better America Act ([H.R. 9452](#)) which combines a fiscal commission with [additional budget process reforms](#) including two-year budget resolutions and expanded reporting on the long-term unfunded obligations of entitlement programs.

The hearing also highlighted the importance of growth. Responding to Ways and Means Chairman Jason Smith, Portman argued that negotiations must be broad enough to produce an agreement while warning against tax provisions that damage the economy. As our [letter](#) emphasized, tax hikes could discourage investment and job creation, ultimately undermining the growth needed to help improve the debt outlook.

Ranking Member Brendan Boyle (D-PA) raised a legitimate concern: Congress already has responsibility for fiscal decisions, and a commission could become an excuse to delay them. Similar arguments against a fiscal commission are made on the grounds that Congress should address the debt through regular order. But decades of missed budget deadlines and mounting debt show that business as usual is not working; a bipartisan fiscal commission could provide a needed path toward action.

Supporters of a fiscal commission should take these concerns seriously by insisting on a deadline, a concrete legislative proposal, and a process that brings it to a vote. Congress would retain the responsibility to approve or reject the result. More directly to Ranking Member Boyle's point, Congress can also address these concerns by considering TBO's recommended reforms to strengthen the budget process and improve fiscal discipline under regular order alongside a fiscal commission.

A commission would work with the same CBO budget estimates Congress uses today. Those estimates should provide a fuller picture of borrowing costs, economic effects, and long-term obligations. Many of their limitations stem from the rules Congress requires CBO to follow when constructing its baseline and preparing cost estimates. NTUF's [testimony on CBO reform](#) identified several ways to improve those rules to give lawmakers better information.

Include Debt Service in Cost Estimates

Congress should require estimates to show the impact on debt, including additional interest costs. Rep. Michael Cloud's (R-TX) Cost Estimates Improvement Act (H.R. 991) would require CBO to include debt service effects in its official cost estimates. Currently, official legislative scores generally omit these costs, understating the cost of deficit-financed policies and leaving out an important benefit of spending reductions: lower future interest payments. NTUF has illustrated this gap using CBO's interactive debt tool.

Expand Dynamic Scoring for Major Legislation

Dynamic scoring should also be used more consistently for major proposals. Conventional estimates already incorporate many behavioral responses; dynamic analysis adds effects on the overall economy and their feedback into the budget. Congress needs to understand how changes in investment, employment, and output affect a proposal's fiscal results. While House rules already require this analysis for certain major legislation, Congress should establish a broader, permanent requirement in law.

Show Fiscal Burdens across Generations

Generational accounting would add another perspective by estimating how fiscal policies distribute net tax burdens across current and future generations. This would help translate concerns raised by Governor Manchin about passing debt onto the shoulders of our children and grandchildren by providing information about the long-term consequences of major legislation before voting. It would also reveal costs that fall beyond the usual ten-year budget window. These projections should clearly explain their assumptions and show how different economic and demographic trends could affect the results.

Enforce Fiscal Targets with a Mandatory Sequester

Better budget information must be paired with policies to rein in spending. A mandatory spending sequester would trigger automatic cuts when Congress misses fiscal targets, giving lawmakers an incentive to agree on reforms before the cuts take effect. To make this effective, Congress must limit exemptions and stop waiving or postponing enforcement. Spending restraints provide little protection for taxpayers if lawmakers routinely suspend them.

Reduce Spending through a Penny Plan

Senator Rand Paul's (R-KY) [Penny Plan](#) offers another approach by gradually reducing spending from the previous year's level. Its original concept would trim one cent from each dollar of spending, excluding interest. Given today's much larger debt, Congress would need updated estimates to determine the reductions required and how broadly to apply them. The key is a sustained decline in spending from year to year over the short term as opposed to policies that include offsets much later in the budget window that could eventually be undone by a future Congress before those savings ever kick in.

Use Stand-Alone Rescissions to Deliver Real Savings

Under current practice, lawmakers rescind unspent funding as part of larger spending deals to count as phantom offsets. Congress should regularly use rescissions to cancel unnecessary, unobligated budget authority through stand-alone legislation. Lawmakers should judge these proposals by the outlays actually avoided. Canceling funds that were never expected to be spent can produce a large headline with little improvement in the deficit.

Phase Out Unauthorized Spending

Sunsetting programs with expired authorizations would create an incentive for the authorizing committees to review the costs and effectiveness of agencies within their jurisdiction. Rep. Kat Cammack's (R-FL) Unauthorized Spending Accountability Act ([H.R. 143](#)) would establish a process to gradually phase down funding for these programs over three years unless Congress reauthorizes them. CBO [identified](#) \$494 billion in FY 2026 appropriations associated with 512 expired authorizations of appropriations. While an expired authorization of appropriations does not generally make subsequent funding illegal, it indicates an overdue opportunity for congressional oversight rather than continued funding out of habit.

Revive Performance Reviews of Federal Programs

Congress should also revive a comprehensive performance review system modeled on the [Program Assessment Rating Tool \(PART\)](#), developed under President George W. Bush's OMB. This would help address Rep. Beth Van Duyne's (R-TX) concerns at the hearing about agency accountability. PART evaluated programs' purpose, planning, management, and results. Establishing a similar process in law, drawing on GAO and inspector general findings, would help authorizing committees determine which programs should be continued, reformed, or eliminated. But assessments must lead to action: Congress often continued funding programs that PART reviews had identified for cuts.

Make Spending Extensions Transparent in the Baseline

Budget baselines and scoring rules need attention as well. The No Bias in the Baseline Act ([H.R. 8569](#) and [S. 4372](#)) introduced by Rep. Ben Cline (R-VA) and Sen. Roger Marshall (R-KS) would require CBO's baseline to more closely reflect current law instead of assuming that expiring spending programs will continue and discretionary spending will rise with inflation. This would make the costs of extending spending more transparent to lawmakers and taxpayers. CBO already publishes alternative fiscal scenarios with assumptions that can provide a more realistic picture of outlays and revenues than those required in the baseline. The House version of the No Bias in the Baseline Act would require CBO to include these scenarios in its annual Budget and Economic Outlook.

End Gimmicky Budget Offsets

NTUF has documented the repeated use of [customs user fee extensions](#) or [selling down the stockpile of the Strategic Petroleum Reserve](#) as offsets for unrelated programs. A fiscal commission's recommendations should face the same scrutiny: claimed savings should reflect lasting improvements in the fiscal outlook.

Eliminate Earmarks

Congress should eliminate earmarks that help secure votes for costly legislation. NTUF's databases of FY2027 earmark requests identified 6,693 projects totaling [\\$8.68 billion](#) in the House and 11,472 distinct projects totaling [\\$46.47 billion](#) in the Senate, after accounting for duplicate Senate submissions.

Overhaul the Congressional Budget Process

Congress should pursue these reforms as part of a broader effort to revise or replace the Congressional Budget Act of 1974. The budget process needs enforceable deadlines, regular review of federal programs, transparent cost estimates, and consequences when lawmakers exceed spending limits. CBO provides the information, but Congress must set the rules and follow through.

Prevent Government Shutdowns

Preventing government shutdowns is an important part of that effort. The bipartisan Prevent Government Shutdowns Act ([H.R. 5870](#) and [S. 4632](#)) was introduced by Chairman Arrington alongside lead co-sponsor Rep. Jimmy Panetta (D-CA) in the House and Sens. James Lankford (R-OK) and Maggie Hassan (D-NH). This reform would continue operations at existing funding levels during a lapse while keeping lawmakers focused on completing appropriations. Shutdown disruption is a poor substitute for spending reform and imposes avoidable costs on taxpayers.

Conclusion

The House Budget Committee's Dallas Debt Summit underscored both the urgency of addressing the debt and the need for bipartisan cooperation. While a fiscal commission could help lawmakers work together on difficult reforms, it cannot guarantee an agreement or congressional approval.

To improve the budget process and long-term fiscal outlook, Congress should also implement reforms to provide for better cost estimates, regular reviews of programs, and enforceable budget rules. These reforms would strengthen Congress's work under regular order and support lasting spending restraint.

Lawmakers do not need to wait for a commission to begin these reforms. Advancing them now would improve oversight and help ensure that future budget agreements deliver real savings for taxpayers. With debt topping \$40 trillion, a commission could provide a path toward agreement, but Congress must make and follow through on the decisions needed to put the budget on a sustainable path.



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