

## COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, DC 20515

February 26, 2013

The Honorable Paul Ryan  
Chairman  
Committee on the Budget  
207 Cannon House Office Building  
Washington, DC 20515

The Honorable Chris Van Hollen  
Ranking Member  
Committee on the Budget  
B-71 Cannon House Office Building  
Washington, D.C. 20515

Dear Chairman Ryan and Ranking Member Van Hollen:

Today Ways and Means Committee Republicans forwarded to you and your colleagues a letter transmitting the "views and estimates" of the Committee on Ways and Means as required by Section 301(d) of the Congressional Budget Act of 1974. Because the letter failed to mention a number of key priorities for our Committee and included some statements we do not fully agree with, we are writing to provide our additional perspectives on budget priorities within our committee's jurisdiction.

Our top budget priority is to invest in our economic recovery, creating jobs and opportunities for Americans across the country. As we know from the 1990s, a growing economy is a powerful deficit-reduction tool. The Congressional Budget Office recently estimated making arbitrary sequestration cuts in 2013 will reduce GDP growth by 30 percent, costing Americans jobs and opportunities and making our fiscal challenges harder, not easier. Americans deserve a responsible budget, one that will stabilize our debt in a balanced way while keeping our promises and growing our economy, not an ideological statement that puts their well-being at risk.

Although our challenges are significant, we have a good foundation to build on. Since 2011, we have enacted legislation to reduce our budget deficit by \$2.4 trillion. The Affordable Care Act is already bringing health costs down, reducing federal spending and making Medicare more secure for the future. After shedding jobs for 10 years, our manufacturers have added about 500,000 jobs over the last three years. We believe our Committee has a number of opportunities to build on that record within a responsible budget.

## Tax

The Republican letter cites the “anti-growth” tax code as an obstacle to economic recovery and calls for reform and simplification. The desire to simplify and reform the tax code is shared by both parties. The Republican letter makes reference to the over twenty hearings the Committee has held on reforming the individual and corporate tax systems, but the Committee Republicans have yet to engage in any meaningful debate on a realistic proposal. To date, Committee Republicans have simply presented individual and corporate tax cut “targets” without any discussion of how those rates would be achieved. Additionally, the work products that have been released by the Committee to date do not adequately provide a framework for how these tax cuts would be achieved.

Notably absent from the Republican discussion of taxes is any mention of the role the tax code will need to play in raising revenue to address long-term deficits. Passage of the “American Taxpayer Relief Act of 2012” has, for the first time in over a decade, provided certainty to millions of taxpayers with respect to many of the provisions of the tax code, and finally demonstrated the Congress’ commitment to raising revenue as part of the solution to our budgetary situation. The President has indicated that the solution to our budgetary problems requires a balanced approach, involving both revenue increases and spending cuts, and any tax reform must consider that important obligation of the Congress while ensuring our tax code promotes economic growth and does not harm hardworking Americans. Creating jobs and promoting growth by providing targeted tax cuts for businesses and tax incentives for infrastructure construction and the development of green technologies are among the principal policy objectives of both Congressional Democrats and the President.

## Trade

The Democratic Members of the Committee are working to ensure that U.S. trade policy serves the following key objectives, among others: addressing global trade imbalances and insisting upon greater reciprocity in trade; spreading the benefits of trade more broadly (instead of contributing to growing economic inequality); and maintaining U.S. leadership and reasserting market principles as a counterpoint to the disturbing trend toward greater state control over trade flows.

While we agree with many of the views expressed in the Republican letter, we wish to clarify our views on three important issues. First, the Republican letter states that the Committee intends to consider legislation to provide a framework for Congressional consideration and implementation of trade agreements. In our view, and consistent with the Committee’s past practice (see, for example, the Omnibus Trade and Competitiveness Act of 1988), trade negotiating authority should be considered as part of a comprehensive discussion of how to make the United States more competitive in the global market, and any legislation should serve that broader purpose, as well as the core objectives described above. While we should begin those discussions soon, it is important to recognize that the expiration of trade negotiating authority has not handicapped the United States in ongoing trade negotiations.

The Republican letter also states that the Committee will consider the budgets and activities of agencies within the Committee's jurisdiction. Committee Democrats have long supported additional funding for the trade agencies, including the Office of the U.S. Trade Representative, to strengthen the enforcement of U.S. trade agreements and laws. Funding for enforcement is particularly important today, as countries such as China become more assertive in pursuing "forced localization" and other mercantilist policies. The executive order establishing an Interagency Trade Enforcement Center is a promising step toward improved enforcement, but Congress needs to fully fund that important initiative. In considering agency authorization legislation, we also need to insist that Customs and Border Protection fully enforce laws against unfairly traded imports. We urge our Republican colleagues to work with us on these important trade enforcement initiatives.

Finally, we were disappointed that the Republican letter ignored the fact that the Trade Adjustment Assistance (TAA) program expires at the end of this year. For decades, that program enjoyed broad bipartisan support, as well as the support of business and labor leaders. In fact, just a few years ago, Chairman Camp described TAA as providing "a coherent, rational, accountable, and cost-effective system for training trade-affected workers and putting them back to work quickly and at better jobs." We urge our Republican counterparts to once again support this important job program.

## Health

Committee Democrats will continue to protect the Affordable Care Act and its implementation. This law stands as major entitlement reform for Medicare. It lowers cost-sharing, extends Medicare solvency, improves benefits, slows program expenditures, and modernizes the health care delivery system. The law also slows growth in national health expenditures and shrinks the deficit by \$109 billion in the first ten years. It extends coverage and protects individuals from insurance company abuses and denials of care. The Republican letter sets forth a plan to monitor ACA implementation. The Republican oversight plan should be expanded to include the uninsured, as absent the Affordable Care Act, their ranks will grow by 27 million.

The Republican letter describes the work the Committee plans with regard to Medicare, stating it will "look for ways to reform the Medicare program to ensure its sustainability for current and future beneficiaries." We fear that this suggests various efforts to shrink the Medicare benefit and increase beneficiary cost-sharing under the rubric of redesigning the fee-for-service benefit or Budget Chairman Ryan's plan to convert Medicare to a voucher program. We note that the Affordable Care Act strengthens the Medicare program's financial future for beneficiaries and taxpayers, improves benefits, advances program innovations to better reward high quality and coordinated care, and authorizes new fraud-fighting tools. Committee Democrats will defend the Medicare program against any attacks that attempt to dismantle it, cut benefits or shift costs onto beneficiaries.

The Committee must also pursue a fix to the Medicare physician payment system, which faces a cut in payment rates of -25 percent in 2014. Legislation passed in the House of Representatives in the 111<sup>th</sup> Congress offered a comprehensive solution to this perennial problem. Unfortunately,

only one Republican joined us in voting for that bill. In the 112<sup>th</sup> Congress, Republicans wasted an opportunity to repeal the sustainable growth rate formula once and for all when they refused to use savings from the diminished war effort to pay for a permanent fix to the physician payment system. We now have another opportunity to repeal SGR given historically low cost estimates to do so. We hope to work with the Republican majority to develop a real solution to this problem that encourages efficient delivery of care, recognizes the importance of primary care, and does so without burdening beneficiaries with higher costs. Additional efforts of the Committee must focus on ongoing oversight of programs within our jurisdiction as well as efforts to combat fraud, waste and abuse. We look forward to continued review of the President's anti-fraud proposals.

### Human Resources

The U.S. labor market has shown substantial improvement over the last few years, as our economy recovers from the worst recession since the Great Depression. Nevertheless, there are still over 12 million Americans looking for work, over two million of whom depend on federally-funded Emergency Unemployment Compensation. To help jobless workers, Democratic Members of the Committee support both a strong unemployment insurance (UI) system and job placement and training services. This means maintaining the Federal role in providing assistance to laid-off workers as the economy continues to recover, rejecting devastating cuts to job training programs included in past Republican budget plans, and evaluating proposals to address solvency issues within the UI system.

Democrats on the Committee also recognize the need to reauthorize the Temporary Assistance for Needy Families (TANF) program to better enable it to support struggling families and promote work. Democratic Members oppose efforts to cut this program, including the decision by the Republican majority during the last Congress to allow the TANF Supplemental Grants to expire for 17 States. Finally, Democrats on the Committee will continue to oppose slashing assistance for our most vulnerable elderly and most at-risk children, including past Republican proposals to completely eliminate the Social Services Block Grant.

### Social Security

Protecting Social Security is a top priority for Democrats, as it is for the 160 million American workers who are paying into Social Security and the 57 million seniors, widows, disabled workers, and children who depend on Social Security's earned benefits now. We consider keeping Social Security's promise to Americans one of our highest obligations as elected officials.

Social Security currently has a Trust Fund surplus of \$2.7 trillion. We take seriously our responsibility to safeguard taxpayer contributions to Social Security, and were deeply concerned last year when House Republicans refused to provide previously agreed-to funding for proven strategies to fight waste, fraud, and abuse, despite clear evidence that taxpayers save more than \$6 for every dollar invested.

We look forward to continuing our bipartisan efforts to oversee the Treasury Departments effort to transition to electronic payment of Social Security benefits and protect Americans' Social Security numbers from identity theft. We are, however, very concerned by our Committee's failure to hold hearings on the impact of multi-year operating budget cuts at SSA, which have led to office closings, reductions in office hours, fewer staff to serve the public when offices are open, longer telephone wait times, and delays in providing earned benefits, particularly for disabled workers. After several years of bipartisan efforts to provide SSA the necessary funds to reduce disability backlogs and waiting times – resulting in a drop in waiting times for a disability appeals hearing from 532 days in August 2008 to 340 days in October 2011 – the cutbacks in agency funding have now begun to erode this improvement, and wait times are again on the rise.

#### The Public Debt Limit

The public debt limit does not prevent us from taking on new obligations. Rather, it controls the Treasury's ability to issue debt to pay for spending Congress has already authorized and services we have already received. Our experience in the summer of 2011 made it very clear that even threatening to default on the full faith and credit of the United States has really consequences for our economy. The 2011 brinksmanship by some Republicans in Congress led to a historic downgrade of our credit rating and the worst job creation month in three years. Economists continue to warn us that the ongoing uncertainty about default is delaying private sector investment and suppressing job growth. We appreciate that the Majority agreed not to default in February, and we hope they will now work with us to provide the certainty needed to spur investment and job creation.

Sincerely,



Sander M. Levin  
Ranking Member