

## COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, DC 20515

March 16, 2011

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. I am writing to advise you that the Committee Democrats do not concur with many of the statements and priorities presented in that correspondence and to provide you with our perspectives on budget priorities within our Committee's jurisdiction.

In February, the economy created 222,000 private sector jobs and the national unemployment rate dropped to 8.9 percent. These are encouraging signs, but families are still struggling with deep unemployment as job creation is too slow. Two months after taking control of the House, Republicans have yet to offer a single piece of legislation focused on creating jobs. Instead, they have abandoned workers negatively affected by globalization by allowing the Trade Adjustment Assistance program to expire and proposed a continuing resolution for 2011 that will recklessly cost jobs -- from schools to police departments -- and has hundreds of economists now warning against it.

We believe the Committee's priorities should include promoting job-creating tax policies, extending proven job-creating tax policies that have expired, reviewing tax reform proposals, protecting Medicare and Social Security, overseeing implementation of the Affordable Care Act and continuing efforts to strengthen our health care system, increasing economic opportunity, assisting unemployed workers and struggling families, and expanding and shaping international trade to maximize the benefits and minimize the downsides of globalization, while at the same time overseeing expanded programs to assist workers negatively affected by globalization as they transition through economic uncertainty to new employment opportunities.

## Trade

The Democratic Members of the Committee support expanding and shaping international trade to create equitable, broad-based growth for all Americans, and to raise living standards both here and abroad. Democrats are extremely disappointed that the Committee has allowed the 2009 bipartisan reforms to the trade adjustment programs to expire, leaving workers, firms, farmers, and communities negatively affected by international trade with fewer meaningful options to regain their footing. Democrats will continue to press for immediate, long term renewal, as well as the immediate long term renewal of the Andean preference program, and the Generalized System of Preferences.

The Committee should also focus on eliminating foreign trade barriers and unfair trade practices that affect U.S. producers and service providers, including by supporting meaningful trade agreements. In December 2010, the Obama Administration addressed major deficiencies in the 2007 Korea-U.S. Free Trade Agreement (KORUS) by obtaining concessions from South Korea to open its historically closed auto market. With that achievement, the Committee should work with the Administration on passage of KORUS, which is the most commercially significant free trade agreement concluded in almost two decades, without delay. Committee Democrats also support efforts by the Administration to meaningfully address outstanding issues with the Panama and Colombia Free Trade Agreements. With respect to Colombia, this requires resolving long standing, serious concerns about a labor regime that suppresses the ability of workers to be represented in the workplace, and unaddressed violence against workers, which together, create a climate that, to date, makes it impossible for many workers to exercise their basic labor rights. The time frame for consideration of these FTAs is contingent on resolution of the important outstanding issues, as Ambassador Kirk recently testified before the Committee.

The Committee should also focus on eliminating foreign trade barriers through the use of U.S. law, and addressing currency manipulation in a manner consistent with our WTO obligations, as was done in legislation passed by the 111th Congress. The Committee should continue its oversight responsibilities related to the World Trade Organization (WTO), both with respect to the on-going negotiations and accessions, as well as decisions by the WTO's Appellate Body. The Committee has a duty to provide active oversight to ensure U.S. rights under such agreements, including the ability to address unfair trade, are not curtailed. The Committee should also work with the Administration to ensure it has the tools and resources necessary to effectively address practices by our major trading partners, such as the People's Republic of China, which distort trade and investment.

The Committee should play an active role in providing guidance for and oversight of the Trans-Pacific Partnership Agreement negotiations.

The Committee should continue to oversee the budget and activities of the trade-related agencies, and to ensure the effective functioning of the advisory committees established under the Trade Act of 1974. Committee Democrats look forward to continuing the bipartisan work begun last

Congress on the Customs and Trade Agency Reauthorization bill. The Committee should also explore ways to improve the efficacy of U.S. preference programs, including to better address the needs of the poorest countries. The Committee should also restore its bipartisan work on legislation to temporarily suspend duties on products not produced domestically to make U.S. companies more competitive – work that has been derailed by House Republicans' misinterpretation of such legislation as an "earmark." Finally, the Committee should work with the Administration as it implements its National Export Initiative and seeks to address global trade imbalances.

### Health

Committee Democrats will continue to protect the Affordable Care Act. This law stands as major entitlement reform for Medicare. It lowers cost-sharing, extends Medicare solvency, reduces program expenditures by 0.5 percent of GDP, and modernizes the health care delivery system. The law also slows growth in national health expenditures and shrinks the deficit by \$210 billion in the first ten years and \$1.4 trillion over the first two decades. It extends coverage, lowers group health insurance premiums, 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 33 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 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, advances program innovations to better reward high quality, 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 -29.5 percent in 2012. Legislation passed in the House of Representatives in the last Congress offered a comprehensive solution to this perennial problem. Unfortunately, only one Republican joined us in voting for that bill. We hope that rather than fighting reform, the Republican majority will show newfound interest in seeking a real solution to this problem. 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.

### Social Security

The primary Republican Social Security proposal is Budget Chairman Ryan's plan, which would privatize Social Security and make deep cuts in guaranteed benefits while creating \$1.2 trillion in

new debt by 2056. For this reason, the Majority's plan to "address the financial challenges facing Social Security" during this Congress concerns us. Protecting Social Security for the 54 million senior citizens, widows, disabled workers, and children who depend on it now, as well as the 160 million workers who are paying into Social Security, is a top priority for Democrats. Fortunately, Social Security currently has a Trust Fund balance of \$2.6 trillion and its trustees project that it will be able to pay full benefits until 2037 and about 75 percent of benefits thereafter. We are fully committed to protecting Social Security for current beneficiaries and future generations, and we are concerned that the plan the Majority is considering will harm Social Security, rather than strengthen it.

We look forward to continuing our bipartisan efforts to reduce waiting times for disabled Social Security applicants, support the Social Security Administration's efforts to reduce waste, fraud, and abuse, and protect Social Security numbers. We are, however, very concerned by recent House actions to reduce administrative funding for SSA to a level that would force staff furloughs and delay claims processing, and we hope to work in a bipartisan way to achieve an appropriate funding level.

#### Human Resources

While the labor market has shown steady improvement, a significant jobs deficit remains compared to the start of the recession in December of 2007. Millions of Americans therefore continue to struggle with unemployment. 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 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 program to better enable it to support struggling families and promote work. Additional priorities for the Committee should include extending and improving important child welfare programs, such as the Promoting Safe and Stable Families Program.

#### Tax Policy

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. 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. Committee Democrats have already introduced legislation that includes an extension of the successful Build America Bonds program and other provisions to help finance infrastructure investments and create jobs. The Build America Bonds program alone has helped to finance

more than \$181 billion in infrastructure investment. The Republican letter and their agenda to date do not give any indication that they intend to pursue targeted job creation efforts in the near term.

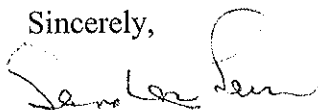
Notably absent from the Republican discussion of taxes, as well, is any mention of the role the tax code will need to play in raising revenue to address long-term deficits. The temporary extension of the Bush tax cuts for the wealthiest Americans passed in December added to the debt and is now forcing painful cuts in critical services, adding to the basic inequity of a policy skewed to the most fortunate. Nearly 80% of the benefit of the extending the upper-income tax cuts went to the wealthiest one-fifth of one percent of taxpayers - those with income over \$1 million. Democrats favor extending tax relief for working families, but any discussion of providing further tax breaks for the wealthiest people must be considered in the context of our country's future revenue needs.

#### The Public Debt Limit

We appreciate that the Majority acknowledged their responsibility to act when we reach the statutory public debt limit over the next several months. We hope this means that they will not take the course advocated by some in their party who would play games with the full faith and credit of the United States of America. To do otherwise would undermine our economic recovery and risk another financial crisis.

We appreciate this opportunity to share our views. We look forward to working with you to craft this year's budget resolution.

Sincerely,

A handwritten signature in dark ink, appearing to read "Sander M. Levin", written in a cursive style.

Sander M. Levin  
Ranking Member