

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

March 4, 2010

The Honorable John M. Spratt, Jr.
Chairman
Committee on the Budget
United States House of Representatives
207 Cannon House Office Building
Washington, DC 20515

Dear Mr. Chairman:

As required by Section 301(d) of the Congressional Budget Act of 1974 (P.L. 93-344), and in response to your letter of January 29, 2010, this letter transmits the Views and Estimates of the Committee on Ways and Means on those aspects of the Federal budget for the fiscal year 2011 that fall within the Committee's jurisdiction.

Congress will consider next year's budget at a time of significant uncertainty for the economy as a whole, and significant hardship for many regions and individuals across the country. The economic situation has improved in the past year, with the crisis in the financial sector stabilizing and growth in the Gross Domestic Product resuming. However, job losses have continued and it is uncertain whether the recession has concluded and a new expansion begun. The Committee believes that the Congress should place a high priority on promoting job creation this year. The recession has also had a significant negative impact on the Federal budget: the deficit has deteriorated dramatically, with the recession leading to both reduced revenues and higher budget outlays.

In addition to the immediate financial and economic disruption, the country continues to face a number of long-term economic and budgetary issues. Examples include: rising health care costs, continuing economic inequality, retirement security is eroding even as an aging population presents new opportunities and challenges, rising concerns about the availability, cost, and environmental impact of energy sources, and projections of growing long-term budget deficits.

Congress, the Administration, and the Federal Reserve have all taken actions to respond to the recession. Some of those actions will continue to have an impact this year and the Committee hopes they will help minimize the duration and impact of the recession. The Committee will continue to monitor the state of the economy and its impact on all Americans, as well as our current and future fiscal outlook, in considering further efforts to create jobs and

encourage economic growth. The Committee will work to promote a healthy economy and fiscal responsibility in its consideration and adoption of appropriate legislation.

The Committee intends to take a bipartisan approach in examining these issues and developing legislation. Such an approach would allow the Committee to benefit from hearing and considering diverse viewpoints. Developing a consensus approach, where possible, will also make the Committee's legislative products more likely to become law and more likely to have a lasting impact.

The Committee's priorities include promoting job creation, strengthening our health care system, extending expiring tax provisions, addressing the growing burden of the Alternative Minimum Tax, considering energy tax provisions, reviewing tax reform proposals, considering the tax gap, examining retirement security and continuing oversight of Social Security and Medicare, increasing economic opportunity, reauthorizing and improving the Temporary Assistance for Needy Families ("TANF") program, 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 impacted by globalization transition through economic uncertainty to new employment opportunities.

I. Legislative Issues with Budgetary Impact

- A. Income Security – The Committee will continue to evaluate the impact of joblessness on American households and monitor the effectiveness of programs that fall under its jurisdiction designed to assist those in need. In particular, it will monitor the Unemployment Insurance system, including federal unemployment benefits provided or extended by the American Recovery and Reinvestment Act. The Committee also recognizes the need to examine the response of the TANF program to the recession and to reauthorize TANF and other related programs before the close of FY 2010.
- B. Health Reform and Medicare – The Committee will continue to pursue legislation to expand health insurance coverage, improve the quality of care and reduce overall growth in health costs. The Committee will continue to monitor the Medicare program to ensure it is functioning effectively for beneficiaries, providers and taxpayers well into the future. In particular, the Committee will continue its efforts to oversee the Medicare Advantage Program, Part D, issues relating to Medicare's physician reimbursement policy, and to ensure the adequacy and accuracy of payments to all providers.

The Committee also intends to work with the Government Accountability Office (GAO), the Office of the Inspector General (OIG), and others to investigate waste, fraud and abuse in Medicare and other programs under our jurisdiction and to pursue changes as warranted. Finally, the Committee will continue its oversight of the implementation of health legislation relating to Health Information Technology and COBRA benefits.

- C. Social Security – The Committee has been closely monitoring the Social Security Administration’s (SSA’s) plan for reducing its substantial backlog of unprocessed disability claims, including reviewing relevant recommendations by the Government Accountability Office and stakeholders. The agency continues to make progress on its multi-year plan to reduce the hearings backlog. However, the substantial increase in new applications due to the economic downturn has posed significant challenges for the agency, and has resulted in an additional large backlog in disability claims at the initial level. These challenges, combined with resource constraints, have also resulted in broader service delivery declines and increasing backlogs in program integrity activities and other agency workloads. The Committee recommends that SSA be provided with at least the level of administrative funding requested in the President’s budget. This funding level is urgently needed to allow the agency to continue to make progress toward reducing the hearings backlog; even at this level, the agency will be able to make little progress toward reducing the initial claims backlog, and backlogs in other agency workloads will continue to grow.

The Committee will monitor any proposed procedural changes to the disability determination process to ensure that they do not have an adverse impact on due process, program integrity, quality, or efficiency. The Committee will continue to advocate for full compensation of SSA’s expenses related to verification of Social Security numbers for non-Social Security programs, and to ensure that this workload does not otherwise undermine Social Security programs. The Committee will conduct oversight of the implementation and effectiveness of SSA’s Ticket to Work program and related work incentive programs, including examining programs that will need reauthorization at the end of FY 2010. The Committee intends to carefully monitor SSA’s use of additional resources provided for modernizing information systems, equipment and facilities, including its multi-year project to replace its aging data center. The Committee also will oversee and review the importance of Social Security retirement, survivor and disability benefits for American workers and their families, how best to manage the challenges and opportunities presented by an aging society, and the essential role Social Security plays in ensuring economic security, particularly in an economic downturn. Finally, the Committee will continue to monitor the general operation of the agency, including reports made by its Inspector General, to prevent waste, fraud and abuse.

- D. Tax - The Committee will consider issues such as the expiring tax cuts that affect American families, the growing burden of the Alternative Minimum Tax in a broad context, energy-related tax provisions, the tax gap and Internal Revenue Service (IRS) administration of the tax laws, transportation financing, the President’s proposal to recover the costs of assistance to the financial sector, and retirement security. The Committee will examine the effects of the current tax structure on the economy in terms of both individual and corporate taxpayers, and

continue its efforts to examine possible reforms. The Committee's Oversight Subcommittee will continue its activities to monitor IRS operations, including enforcement, collection, taxpayer services, returns processing, information systems, and programs to assist taxpayers experiencing economic difficulties.

- E. Trade – The Committee supports expanding and shaping international trade to create equitable, broad-based growth for all Americans, and to raise living standards both here and abroad. The Committee will focus on eliminating foreign trade barriers and unfair trade practices that affect U.S. producers and service providers, including by supporting meaningful trade agreements, eliminating foreign trade barriers through use of U.S. law, and addressing currency manipulation in a manner consistent with our WTO obligations. The Committee will continue to examine the trade aspects of domestic climate change proposals, including concerns about carbon leakage and the international competitiveness of affected U.S. industries and workers. The Committee will seek to assist those whose circumstances are negatively affected by international trade by continuing to oversee implementation of the recently expanded trade adjustment assistance programs for workers, farmers, firms and communities, and seeking to extend their authorization. The Committee will continue its oversight responsibilities with respect to: the World Trade Organization negotiations, accessions and disputes; pending and new bilateral and regional free trade agreements, including the negotiation of a Trans-Pacific Partnership Agreement; and the Administration's review of international agreements on investment. The Committee will continue to oversee the budget and activities of the trade-related agencies, ensure the effective functioning of the advisory committees established under the Trade Act of 1974, and explore ways to improve the efficacy of U.S. preference programs. The Committee will also continue its work on legislation to temporarily suspend duties on products to make U.S. companies more competitive. Finally, the Committee will work with the Administration as it implements its National Export Initiative and seeks to address global trade imbalances.

While it will be difficult for the Committee to find offsets within its jurisdiction, the Committee intends to finance legislation in the above areas, in compliance with the recently-enacted statutory paygo law. That law includes full or partial exemptions to continue a number of existing provisions which the budget baseline assumes will expire. The Committee intends to seek appropriate offsets for any legislation with costs greater than those exemptions.

II. The Fiscal Year 2011 Budget

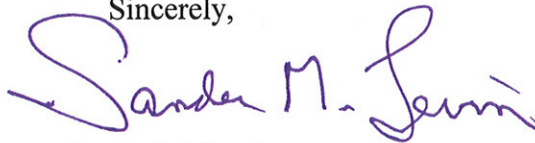
The Committee is reviewing the President's Fiscal Year 2011 Budget, which assumes the deficit will remain at a historically high level in the current year (FY2010) as a result of the recession and financial crisis, and then decline for the next four years. However, it would remain above the 2008 level through the next decade, even when measured as a share of the economy. The budget proposes significant changes in a number of areas within the Committee's jurisdiction. Over the course of the year, the Committee will continue to examine and consider the proposals and assumptions in the President's budget.

III. The Public Debt Limit

The current statutory public debt limit is \$14.294 trillion. Current budget projections from the Office of Management and Budget indicate that the debt will reach that limit in Fiscal Year 2011. The level of public debt and precise time at which the statutory limit will be reached will depend on the level of incoming federal receipts, the outlay rates of both discretionary and mandatory spending, and the cost of any new legislation that is enacted. The Committee notes that it has been the practice of the House to pass a resolution raising the debt ceiling to the level necessary to accommodate the assumptions of the budget resolution for its first fiscal year. The Committee will continue to monitor the level of outstanding debt, and will take any necessary action to ensure the consistent financing of government operations.

The Committee on Ways and Means looks forward to working with the Committee on the Budget as we promote prosperity, opportunity, and security while maintaining fiscal prudence.

Sincerely,

A handwritten signature in purple ink that reads "Sander M. Levin". The signature is written in a cursive style with a large initial "S" and a long, sweeping underline.

Sander M. Levin