

# COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, DC 20515

March 11, 2009

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 30, 2009, 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 2010 that fall within the Committee's jurisdiction.

Congress will consider this 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 economy has been in recession for more than a year, following a six year expansion that was the fifth longest on record. The economy has shrunk in recent months, with a longer period of job losses and declining values of both housing and financial assets. The budget 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 and the Administration have responded to some of these concerns with enactment of an economic recovery package that the Committee hopes 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, the effectiveness of the recovery package, and our current and future fiscal outlook and consider whether further action is necessary. 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 strengthening our health care system, addressing climate change issues, addressing the growing burden of the Alternative Minimum Tax, 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 carefully evaluate the impact of the recession on American households and monitor the effectiveness of programs that fall under its jurisdiction designed to assist those in need. It also will review the implementation of the unemployment insurance benefit changes and other provisions that were included in the recently enacted American Recovery and Reinvestment Act, as well as the implementation of the 2008 Fostering Connections to Success and Increasing Adoptions Act. The Committee recognizes the need to reauthorize TANF and other related programs before the close of FY 2010.
  
- B. Health Reform and Medicare – The Committee will pursue legislation to expand health insurance coverage, improve the quality of care and reduce overall growth in health system 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 and Part D, to address 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 and address waste, fraud and abuse in Medicare and other programs under our

jurisdiction. Particular GAO reports that have been called to the Committee's attention involve the Medicare Advantage and Part D programs, as well as the durable medical equipment (DME) industry. The OIG has also repeatedly noted serious concerns about both DME and Part D's vulnerability to fraud and abuse. The Committee intends to follow the work of these agencies and pursue changes in Medicare as warranted.

- 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 is generally on track with its multi-year plan to reduce the hearings backlog. However, due to growing claims receipts due to the economic downturn and resource constraints, this progress is at the cost of service delivery declines and increasing backlogs in program integrity activities and other agency workloads. The Committee recommends that SSA be provided with sufficient administrative funding to allow the agency to process increased claims and make significant progress toward reducing the disability claims backlog and the backlog in program integrity activities, while still providing adequate service to the public in other areas.

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 its related work incentives. The Committee intends to carefully monitor SSA's use of additional resources provided for modernizing information systems, equipment and facilities. The Committee also will oversee and review the importance of Social Security for American workers and their families, the essential role it plays in ensuring economic security, and how best to manage the challenges and opportunities presented by an aging society. 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 growing burden of the Alternative Minimum Tax in a broad context, proposals to address climate change, the tax gap and Internal Revenue Service (IRS) administration of the tax

laws, transportation financing, 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 and eliminating foreign trade barriers through use of U.S. law. The Committee will consider 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 extending and overseeing implementation of the recently expanded trade adjustment assistance programs for workers, farmers, firms and communities. The Committee will continue its oversight responsibilities with respect to the World Trade Organization negotiations, accessions and disputes and bilateral and regional free trade agreements. The Committee will continue to oversee the budget and activities of the trade-related agencies, review the operation of the advisory committees established under the Trade Act of 1974, and explore ways to improve the efficacy of U.S. preference programs.

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 House's paygo rule.

## II. The Fiscal Year 2010 Budget

The Committee is reviewing the President's Fiscal Year 2010 Budget, which assumes the deficit will increase dramatically in the current year (FY2009) 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 (although falling below that level from 2013 onwards 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.

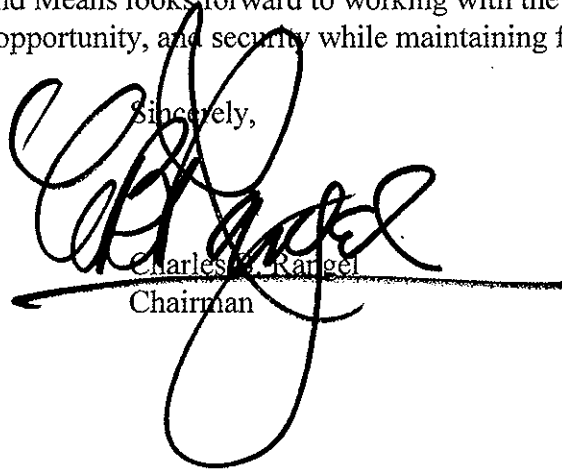
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III. The Public Debt Limit.

The current statutory public debt limit is \$12.104 trillion. Current budget projections from the Office of Management and Budget indicate that the debt will reach that limit in Fiscal Year 2009. 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, the timing and scale of any additional steps to stabilize the financial system, 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 large, stylized handwritten signature in black ink, which appears to be "C. Rangel". The signature is written over a horizontal line that serves as a separator between the signature and the printed name below it.

Charles W. Rangel  
Chairman