

CHARLES B. RANGEL, NEW YORK,
CHAIRMAN

FORTNEY PETE STARK, CALIFORNIA
SANDER M. LEVIN, MICHIGAN
JIM McDERMOTT, WASHINGTON
JOHN LEWIS, GEORGIA
RICHARD E. NEAL, MAINE
MICHAEL R. McNULTY, NEW YORK
JOHN S. TANNER, TENNESSEE
XAVIER BECERRA, CALIFORNIA
LLOYD DOGGETT, TEXAS
EARL POMEROY, NORTH DAKOTA
STEPHANIE TUBBS JONES, OHIO
MIKE THOMPSON, CALIFORNIA
JOHN B. LARSON, CONNECTICUT
RAHM EMANUEL, ILLINOIS
EARL BLUMENAUER, OREGON
RON KIND, WISCONSIN
BILL PASCRELL, JR., NEW JERSEY
SHELLEY BERKLEY, NEVADA
JOSEPH CROWLEY, NEW YORK
CHRIS VAN HOLLEN, MARYLAND
KENDRICK MEEK, FLORIDA
ALLYSON Y. SCHWARTZ, PENNSYLVANIA
ARTUR DAVIS, ALABAMA

JANICE MAYS,
CHIEF COUNSEL AND STAFF DIRECTOR

Congress of the United States

U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS

1102 LONGWORTH HOUSE OFFICE BUILDING
(202) 225-3625

Washington, DC 20515-6348

<http://waysandmeans.house.gov>

JIM McCREERY, LOUISIANA
WALLY HERGER, CALIFORNIA
DAVE CAMP, MICHIGAN
JIM RAMSTAD, MINNESOTA
SAM JOHNSON, TEXAS
PHIL ENGLISH, PENNSYLVANIA
JERRY WELLER, ILLINOIS
KENNY C. HULSHOF, MISSOURI
RON LEWIS, KENTUCKY
KEVIN BRADY, TEXAS
THOMAS M. REYNOLDS, NEW YORK
PAUL RYAN, WISCONSIN
ERIC CANTOR, VIRGINIA
JOHN LINDER, GEORGIA
DEVIN NUNES, CALIFORNIA
PAT TIBERI, OHIO
JON PORTER, NEVADA

BRETT LOPER,
MINORITY STAFF DIRECTOR

February 28, 2007

The Honorable John M. Spratt, Jr.
Chairman
Committee on the Budget
U.S. 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 23, 2007, 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 2008 that fall within the Committee's jurisdiction.

The economy is in its sixth year of expansion following a recession in 2001. In addition, the budget deficit has fallen for the last two fiscal years, with current estimates indicating that a third consecutive year of deficit reduction is possible.

While these are positive trends, the current economic expansion is already the fifth longest on record, income inequality remains a concern, retirement security is eroding even as an aging population presents new opportunities and challenges, and estimators project growing budget deficits in the long-term. Thus, 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. 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 energy tax legislation, addressing the growing burden of the Alternative Minimum Tax, considering the tax gap, strengthening our health care system, retirement security and continued oversight of Social Security and Medicare, increasing economic opportunity and reducing poverty, and expanding and shaping international trade to maximize the benefits and minimize the costs of globalization and economic integration, including by assisting those for whom globalization has brought increased economic uncertainty.

I. Legislative Issues with Budgetary Impact

- A. **Income Security** - The Committee will evaluate proposals to improve economic opportunity and security, including suggestions to reward and promote work, improve economic mobility, and respond to the effects of job loss. The Committee will oversee and review current programs related to providing assistance to low-income families, protecting vulnerable children, enforcing child support, assisting the low-income disabled and elderly, and providing unemployment compensation to dislocated workers. This oversight will include an examination of the implementation and impact of changes included in the Deficit Reduction Act, as well as the potential impact of relevant proposals in the President's Fiscal Year 2008 Budget.

- B. **Medicare and Other Health Issues** - The Committee will examine the Medicare program to ensure it is functioning effectively for providers, beneficiaries, and taxpayers well into the future. In particular, the Committee will continue its efforts to monitor the implementation of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. The Committee will consider proposals to modify reimbursement policy for physicians and conduct oversight of Medicare Parts C and D. The Committee plans to review health-related programs currently being administered through the Department of the Treasury. The Committee will look into health systems issues broadly, including improving quality of care, lowering cost, and expanding insurance coverage.

- C. **Social Security** - The Committee will examine proposals to improve the implementation and effectiveness of the Social Security Administration's Ticket to Work program and its related work incentives. The Committee may evaluate proposals to better protect individuals from identity theft related to the proliferation of use and misuse of the Social Security Number. 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. The Committee will examine the Social Security Administration's operational challenges, including reducing its backlog of unprocessed disability

claims and program integrity activities, and monitor new procedures for adjudication of applications for disability benefits to ensure fairness and efficiency. This oversight will include an examination of the potential impact of relevant proposals in the President's Fiscal Year 2008 Budget.

- D. Tax - As part of its agenda, the Committee will examine climate change and energy tax proposals, including provisions to encourage investment in renewable energy sources, as well as the promotion of energy efficiency. The Committee will consider the growing burden of the Alternative Minimum Tax in a broad context, the tax gap and Internal Revenue Service administration of the tax laws, and retirement security. The Committee will examine provisions to promote affordable housing, and the effects on the current tax structure on the economy in terms of both individual and corporate taxpayers.

- 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 to U.S. farm products, industrial goods and services, including by supporting meaningful trade agreements and eliminating foreign trade barriers through use of U.S. law. The Committee will seek to assist those whose circumstances are negatively affected by international trade by extending and improving trade adjustment assistance programs for workers and firms. The Committee will continue its oversight responsibilities with respect to the World Trade Organization negotiations, accessions and disputes and bilateral free trade agreements. The Committee will continue to oversee the budget and activities of the trade-related agencies, 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 new paygo rule.

II. The Fiscal Year 2008 Budget

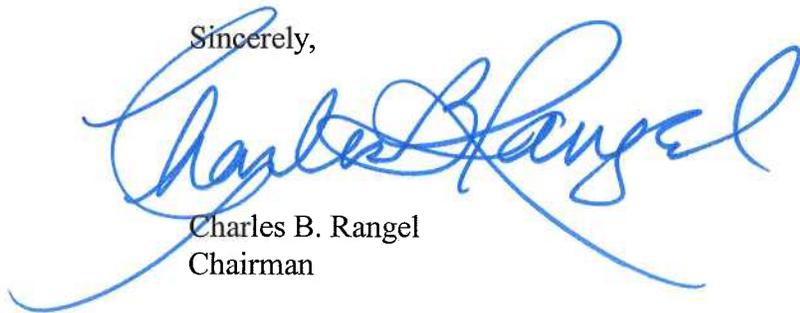
The Committee is reviewing the President's Fiscal Year 2008 Budget, which assumes the deficit will continue to fall over the next few years, reaching a surplus in Fiscal Year 2012. The budget proposes significant changes in a number of areas within the Committee's jurisdiction. Over the course of the 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 \$8.965 trillion. The Committee discussed this matter at its February 6 hearing with Secretary of the Treasury Henry Paulson. At that hearing, Secretary Paulson indicated that the limit will likely be reached sometime this fall. 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 blue ink, reading "Charles B. Rangel". The signature is fluid and cursive, with a long, sweeping underline that extends to the left and then curves back under the name.

Charles B. Rangel
Chairman