



BIPARTISAN POLICY CENTER

August 15, 2011

The Honorable Max Baucus  
511 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Baucus,

We want to take the opportunity to congratulate you on your appointment to the Joint Select Committee on Deficit Reduction. It is clear that our country currently faces many financial challenges. The recent debate over the increase of the debt limit illustrated how difficult it is to find solutions to these complex issues. But it must be done. You and your colleagues have a historic opportunity to come to a broad bipartisan solution that will control debt and ensure America's future prosperity.

We hope that this committee of twelve members of Congress can build on the recommendations of the Bipartisan Policy Center's Debt Reduction Task Force, which we proudly co-chaired, as well as the President's Commission on Fiscal Responsibility and Reform. Our plan included important recommendations that we strongly feel should be considered by the committee. The Task Force pushed for the creation of a simpler, pro-growth tax code that lowers rates and raises additional revenues to reduce our mounting debt. We also proposed extensive reform of the entitlement programs, including a complete solvency package for Social Security and an update of the Medicare benefit structure to make coinsurance rates more uniform and provide catastrophic coverage. Our work has shown that a bipartisan compromise on Medicare can retain existing Medicare while moving to a defined contribution plan. Finally, we are concerned about maintaining a strong economy as debt is brought under control. We recommend a large payroll tax holiday up front that would spur the economy and help to produce that growth that is such a vital component to any deficit reduction strategy.

We believe that the Congress, through the cuts they have already approved, fully meets the recommendations our task force made in discretionary appropriations accounts. We strongly urge the Joint Select Committee to now move beyond these accounts and to the real drivers of our debt crisis - - revenues and entitlements.

It is clear that much work still needs to be done in order to restore our nation to fiscal discipline. We strongly believe that America must learn to live within its means, that the current budget path endangers the future economy and that bipartisan action is urgently needed. We encourage you and your colleagues on the

Joint Committee to do everything possible to stabilize the debt and bring this crisis under control. As the Select Committee on Deficit Reduction begins their work in the coming weeks, we stand ready to help in any way we can, and we urge the group to tackle these challenges in a real, meaningful way.

Very Truly Yours,

A handwritten signature in black ink that reads "Pete V. Domenici". The signature is written in a cursive, slightly slanted style.

Senator Pete V. Domenici  
Co-chair, BPC Debt Reduction Task Force

A handwritten signature in black ink that reads "Alice M. Rivlin". The signature is written in a cursive, slightly slanted style.

Dr. Alice M. Rivlin  
Co-chair, BPC Debt Reduction Task Force

cc: Members of the Joint Select Committee on Deficit Reduction