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The Honorable Kent Conrad, Chairman
The Honorable Judd Gregg, Ranking Member
Senate Committee on the Budget
United States Senate
624 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Conrad and Senator Gregg:

On behalf of our nearly 40 million members, AARP writes to express serious concerns with the legislation you have introduced to establish a fiscal taskforce. AARP acknowledges that the nation's long-term debt requires attention. We are committed to lending our support to balanced policies that address the nation's long term fiscal challenges while also honoring the contributions of our members and the needs of millions of other Americans who rely on Medicare, Medicaid and Social Security. We oppose, however, providing fast-track authority to a task force that will function with limited accountability outside of the regular order of Congress and with an exclusive focus on debt reduction. We further oppose the establishment of such a taskforce in light of the targeted Medicare savings and proposed Medicare Advisory Board (that would have further authority to reduce Medicare spending) in the pending Senate health care reform legislation.

AARP believes the issues that the fiscal task force is meant to address -- including the revenue gap, health care costs and the long-term solvency of Social Security -- are among the most fundamental challenges we face as a nation. As such, they are issues that Congress itself, through its regular order, should tackle. We recognize that these issues test regular order, as has been demonstrated by the long and difficult debate that has accompanied health care reform. However, an open debate is essential in a representative democracy to resolve issues that have as broad and deep an impact on its citizenry as Medicare, Medicaid, Social Security and tax changes. If a bi-partisan fiscal task force is to be established, we urge that the process be open to public comment and stakeholder participation, and that the recommendations of the task force be subject to amendment and open debate, not a fast-track up or down vote.

A task force that is directed to identify proposals to restore the nation's long-term fiscal health cannot do so without regard to the impact its recommendations would have on individuals. Broad, deep cuts to the nation's health and economic security pillars -- Medicare, Medicaid and Social Security -- could reduce long-term imbalances, but would do so by shifting significant burdens and risks to older Americans and millions of others who rely on these benefits. If a bi-

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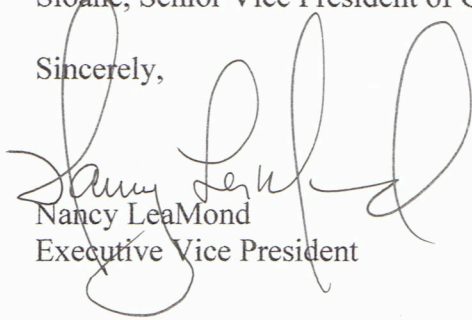
partisan task force is formed to address long-term deficits, it should focus on systemic solutions that balance the twin goals of managing our national debt and ensuring the long-term health and economic security of Americans, not simply on authorizing budget cuts to eliminate the fiscal gap. Furthermore, we urge that Social Security not be considered in the context of deficit reduction—the program does not contribute to the deficit, and its long-term solvency can be resolved by relatively modest adjustments if they are made sooner rather than later.

In addition, any meaningful examination of the nation's long-term fiscal challenges should include a serious assessment of both traditional revenue sources and tax entitlements. The tax code contains a multitude of tax provisions that automatically convey benefits, similar to spending entitlements, and entail significant amounts of foregone revenue. However, unlike Social Security and Medicare, which distribute their earned benefits broadly, tax entitlements are highly skewed to the most affluent. Moreover, the federal tax base has eroded over the past several years. For these reasons, it is both reasonable and fair to expect that a fiscal task force prioritize an examination of revenue policies, and develop recommendations regarding revenues as a key premise of an overall strategy to address long-term deficits.

Given the deepening concern surrounding our national debt, we acknowledge the need for political resolve to address this serious problem. Indeed, AARP is committed to working on a bipartisan basis with Congress to develop and advance responsible policies to address the nation's long term fiscal challenges. However, given the significance of these programs to the well-being of nearly all Americans, AARP believes a full and open debate is essential to ensuring the development of equitable solutions. As such, we oppose legislation that would bypass or short circuit the protections afforded by regular order.

If you have any further questions, feel free to call me, or please have your staff contact David Sloane, Senior Vice President of Government Relations and Advocacy, 202-434-3754.

Sincerely,



Nancy LeaMond
Executive Vice President