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October 14, 2011

The Honorable Jeb Hensarling
The Honorable Patty Murray
Co-Chairs
Joint Select Committee on Deficit Reduction
825B Hart Senate Office Building
Washington, D.C. 20510

Dear Representative Hensarling and Senator Murray:

Section 401(b)(3)(A)(ii) of the Budget Control Act of 2011 authorizes each committee of the House and Senate to make recommendations for changes in law that are needed to reach the deficit reduction goal. Our committee did not take formal action on proposed changes but as chairman, I appreciate the opportunity to submit guidance.

First, I commend you for the work you are doing on the deficit reduction committee. You have a difficult task ahead of you. With your efforts, we can begin to rein in the skyrocketing national debt and put the federal government on a more stable fiscal path. This is a critical component of our larger efforts to foster economic growth and help get Americans back to work. I stand ready to assist you in any way, and I will continue to offer the resources and expertise of our committee. The committee staff welcomes the discussions we have already had on policy, savings, and Congressional Budget Office scoring, and we look forward to continuing this dialogue.

Among the policies and programs that fall within the committee's workforce jurisdiction, I am aware of ongoing discussions to reform the Pension Benefit Guaranty Corporation (PBGC), including proposals to raise the insurance premiums that plan sponsors are required to pay and alter the manner in which those premiums are determined. Should the Joint Committee consider any pension-related proposals, I urge you to avoid those that discourage participation in our voluntary pension system. Moreover, I urge the Joint Committee to be particularly wary of proposals that would impose unreasonably high PBGC premiums, or that would cede Congressional authority for determining future premiums. Instead, I encourage you to consider only those proposals that would ensure the long-term strength and stability of our private pension system.

The Honorable Jeb Hensarling & The Honorable Patty Murray

October 14, 2011

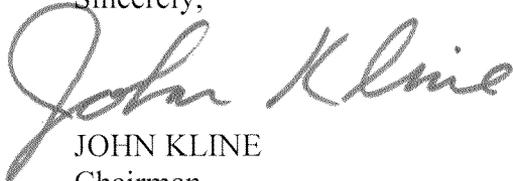
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Among the policies and programs that fall within the committee's education jurisdiction, I understand the Pell Grant program is also under review. The Pell Grant program is the foundation of our nation's commitment to assist low-income students in accessing higher education, and it is in need of thoughtful reform. Unfortunately, legislation passed in recent years, combined with the economic downturn, has put the Pell Grant program on a path to bankruptcy. Funding for Pell Grants has grown substantially over the last five years and is expected to cost approximately \$31.7 billion in Fiscal Year 2012 – an amount almost equal to the entire discretionary budget of all other K-12 and higher education programs run by the U.S. Department of Education. Accordingly, I advise the Joint Committee to review the Pell Grant program reforms contained in the recent draft Labor, Health and Human Services, and Education funding bill. These proposals represent a responsible way forward to ensure Pell Grants are available for low-income students for generations to come.

I encourage you and the members of the Joint Committee to focus on a leaner, more effective government. Following the recent Government Accountability Office report, "Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue," my committee has worked to consolidate and eliminate duplicative education and job-training programs. In today's challenging budget climate, Congress and the federal government have a responsibility to end waste and protect taxpayer dollars. As such, I urge the Joint Committee to support those efforts, especially where there are redundant and ineffective programs across the federal government.

In conclusion, thank you for your work and thank you for consulting with us in this process. We all want the Joint Committee to succeed and we stand ready to support that success.

Sincerely,

A handwritten signature in cursive script that reads "John Kline". The signature is written in dark ink and is positioned above the printed name and title.

JOHN KLINE
Chairman