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August 10, 2011

6 Republicans Named to Deficit Reduction Panel

By ROBERT PEAR

WASHINGTON — The top Republicans in the House and the Senate appointed six lawmakers on Wednesday to a powerful new Congressional committee that is supposed to find ways to reduce federal budget deficits by at least \$1.5 trillion over 10 years.

Two of the Republican appointees have a history of working with Democrats. All oppose tax increases, but at least one supports eliminating tax breaks like the subsidies for ethanol.

The speaker, John A. Boehner, chose the three House Republicans: Jeb Hensarling of Texas and Dave Camp and Fred Upton, both from Michigan.

Mr. Hensarling, the chairman of the House Republican Conference, will be co-chairman, along with Senator Patty Murray, Democrat of Washington.

The Senate Republican leader, Mitch McConnell of Kentucky, chose Senators Jon Kyl of Arizona, Rob Portman of Ohio and Pat Toomey of Pennsylvania for the 12-member panel.

The panel, the Joint Select Committee on Deficit Reduction, is supposed to come up with recommendations by Nov. 23. If it fails, or if its proposals are not enacted, the government will automatically cut spending across the board to ensure savings.

If just one panel member crosses party lines, the committee can send its recommendations to the floor of the House and the Senate for up-or-down votes without amendments. If a deal is to be struck in the middle, it is likely to involve Mr. Portman, Senator John Kerry of Massachusetts and perhaps Senator Max Baucus of Montana, Congressional aides said.

People who favor a "grand bargain" say they hope panel members will feel pressure to be less dogmatic than usual because of several factors: the recent downgrade of the United States government's credit rating, the weakness of the American economy, the plunge in the stock market and a loss of public confidence in federal officials — what Standard & Poor's described as the weakening of "American policymaking and political institutions."

Robert L. Bixby, executive director of the Concord Coalition, a nonpartisan budget watchdog group, said the nine members named so far did not inspire optimism. "I would not call it a dream team for a grand bargain," he said.

"If the joint committee does anything serious," Mr. Bixby added, "it will have to include changes in taxes and entitlement programs" like those recommended by the co-chairmen of President Obama's deficit reduction commission, Erskine B. Bowles, a Democrat, and former Senator Alan K. Simpson, a Republican.

Three members of the new panel — Mr. Baucus, Mr. Camp and Mr. Hensarling — were members of the Bowles-Simpson group and voted against its proposal, Mr. Bixby said.

Changes in Medicare, Medicaid, Social Security and tax policy are all on the table for the new panel.

Mr. Camp is chairman of the Ways and Means Committee, which has authority over taxes, Medicare and Social Security. Mr. Upton is chairman of the Energy and Commerce Committee, which has authority over Medicaid and parts of Medicare.

Senate Democrats on the new panel, besides Mrs. Murray, are Mr. Baucus and Mr. Kerry. Representative Nancy Pelosi, the House Democratic leader, has until Tuesday to fill the remaining three slots on the panel.

Mr. Kyl, the No. 2 Senate Republican; Mr. Toomey, a former president of the Club for Growth; and Mr. Hensarling, a former chairman of the Republican Study Committee, are among the most conservative members of Congress and rarely vote with Democrats on issues that split the parties. Mr. Toomey voted last week against the bill that raised the debt limit, saying it did not do enough to cut spending.

In more than two decades in Congress, Mr. Upton, a moderate conservative, has often shown an independent streak. He supported expansion of the Children's Health Insurance Program, for example. But last fall, under fire from conservatives, he tacked to the right in his successful effort to become chairman of the Energy and Commerce Committee.

Mr. Portman, a House member from 1993 to 2005, was White House budget director and United States trade representative under President George W. Bush. In Congress, he has worked well with Democrats — on pension and tax issues, for example — even as he has voted consistently with other Republicans.

Mr. Kyl, who delves into the details of legislation and policy, is a member of the Finance Committee and participated in deficit reduction talks with Vice President Joseph R. Biden Jr. in

May and June. He has resisted cuts in military spending and in Medicare payments to doctors and health maintenance organizations.

In 2004 and 2005, Mr. Hensarling proposed an overall cap on spending for most entitlement programs other than Social Security.

Lobbyists for older Americans, veterans and poor people opposed the idea, saying that it could lead to deep cuts in such programs.

Mr. Toomey served three terms in the House, from 1999 to 2005, when he became president of the Club for Growth, which champions low taxes, free markets and limited government. He said Wednesday that the new panel would have to bridge an ideological gulf.

"If this committee is going to be successful," Mr. Toomey said, "it absolutely has to have bipartisan support. This has to be done in a cooperative fashion. It has to be an exercise in finding common ground between Republicans and Democrats."

Mr. Toomey said he had voted to eliminate ethanol subsidies and added: "If we tackle tax policy, and I hope we will, the goal should be to broaden the base and lower rates so we can create an environment that's more conducive to economic growth. That will also generate more revenue. A stronger economy always does."

Mr. Baucus, the chairman of the Finance Committee, has fought to "end the Bush tax cuts for the wealthy." He says high-income people should not receive an extension of tax cuts scheduled to expire on Dec. 31, 2012.

Mr. Baucus has also tried to end tax breaks that benefit oil and gas companies and hedge fund managers.

The nine panel members have experience in the ways of Washington and would not be expected to deviate much from the priorities of their party leaders.

Mr. Camp has been investigating how to overhaul the tax code to promote economic growth, but has opposed what he calls "job-killing tax increases."

He and Mr. Upton have sometimes joined Democrats in supporting legislation to help the unemployed. "Being from Michigan, where families have endured 31 consecutive months of double-digit unemployment," Mr. Upton said, "I know how important it is to get our economy back on track and get Americans back to work."

Posted at 04:50 PM ET, 08/24/2011

Debt supercommittee reviews previous proposals

By Felicia Sonmez

The co-chairs of the bipartisan "supercommittee" charged with working out a plan to reduce the federal debt said Wednesday that members are engaged in "serious discussions" on devising a meeting schedule and are reviewing the work of previous debt-reduction commissions.

"We have been working together to ensure that the committee we help build is given every opportunity to succeed," Sen. Patty Murray (D-Wash.) and Rep. Jeb Hensarling (R-Texas) said in a joint statement.

"In our capacity as co-chairmen, we are engaging in serious discussions to determine what set of rules will govern the committee's operation, examining a schedule of potential meetings and exploring how to build a committee staff that will help us achieve success," the co-chairs added.

"Additionally, most of the committee members are reviewing the deficit reduction work that many others have engaged in over the past several years. We are confident that most Americans will agree that when building an organization from the ground-up with a short time-table for success, it's important to get it right the first time."

The 12 members of the bipartisan panel have until Thanksgiving to work out a plan to achieve \$1.5 trillion in deficit savings over the next decade. If they don't, Congress will be forced to pull the "trigger" on a \$1.2 trillion across-the-board cut, split evenly between defense and domestic discretionary spending.

Vice President Biden told reporters aboard Air Force Two this week that the debt panel faces "very, very difficult" odds.

Among the hurdles is a wide ideological gap between the parties on tax increases and entitlement reform. Another obstacle is the committee's timeline: during the four-week period from Oct. 17 to Nov. 14, for instance, the House and Senate are in session at the same time for only four days.

That means members of the bipartisan panel may be forced to stay in Washington even as their House or Senate colleagues return to their home states and districts for recess.

Despite the difficulties, Murray and Hensarling struck an optimistic, bipartisan note in their statement Wednesday.

"We are excited that committee members and staff from both sides of the aisle are eager to engage one another as we begin our work," they said. "We encourage our colleagues to participate in active and useful dialogue across the aisle and among our respective caucuses as we continue to work through this process."

Posted at 11:41 AM ET, 08/30/2011

Debt supercommittee co-chairmen name Prater as staff director

By Felicia Sonmez

The co-chairmen of the bipartisan debt supercommittee named Mark Prater as the panel's staff director on Tuesday.

Prater is deputy staff director and chief tax counsel for Senate Finance Committee Republicans.

In a joint statement, Sen. Patty Murray (D-Wash.) and Rep. Jeb Hensarling (R-Texas), said that Prater's "know-how and experience" are "exactly what we agreed must be the top priority for the staff serving all the members of this Committee.

"Mark has a well-earned reputation for being a workhorse who members of both parties have relied on," Murray and Hensarling said. "We look forward to working with him and are confident that his approach and expertise will be valuable as we weigh the difficult but necessary choices ahead."

Prater is a 1981 graduate of Portland State University and received his law and master of law degrees in taxation from the University of Florida, according to the release from Hensarling and Murray. He has worked for the Senate Finance Committee for more than two decades.

News of Prater's selection was met Tuesday with bipartisan praise.

Senate Minority Leader Mitch McConnell (R-Ky.) called Prater one of the most knowledgeable, trusted and professional staffers on Capitol Hill" and said that "his expertise and years of involvement on tax, finance and economic issues make him an excellent choice."

Sen. Orrin Hatch (R-Utah), the top Republican on the Senate Finance Committee, echoed the sentiment in a statement: "Mark's encyclopedic knowledge, intellect and leadership make him a natural fit for this position. An honest broker who has garnered the respect and admiration from both sides of the aisle, he'll ably and effectively handle the tremendous work before this deficit reduction committee. I look forward to welcoming him back once his job there is done."

A Democratic aide noted that Prater has worked on "big, bipartisan deals in the past that have included revenues," including the 1990 and 1997 budget deals and the 2007 Children's Health Insurance Program reauthorization.

"If anyone knows how to create a fair, balanced solution that can make everyone a winner in a difficult situation like this, it's Mark Prater," said the aide, who was not authorized to speak publicly about Prater's selection.

The 12-member bipartisan supercommittee was formed as part of this month's debt-ceiling deal between the White House and Congress. Its members have until Thanksgiving to come to an agreement to achieve \$1.5 trillion in deficit savings over the next decade or else face an across-the-board \$1.2 trillion cut to defense and domestic discretionary spending.

So far the members have not held any meetings, although Hensarling and Murray said in a statement last week that most members have begun to review the debt-reduction plans put forth by previous bipartisan groups

New Congress deficit panel sets first meeting

WASHINGTON | Fri Sep 2, 2011 5:39pm EDT

(Reuters) - A newly-formed congressional panel on deficit reduction next week will kick off months of arduous negotiations that will be closely watched by financial markets hoping for a deal that puts the United States on an improved fiscal path.

The opening meeting of the bipartisan "super committee" will be held on September 8, the co-chairs announced on Friday. It will convene just hours before President Barack Obama unveils his latest job-creation initiative to a joint session of Congress.

That initiative and the super committee's work are both aimed at healing a U.S. economy that has been struggling to grow after a deep recession which began at the end of 2007.

The United States is still suffering the after-effects of that recession with high unemployment -- 9.1 percent in the latest government estimate.

Washington's ability to deal with joblessness and slow economic growth will have an impact on the outcome of the November 2012 presidential and congressional elections.

The deficit-reduction panel will also hold its initial public hearing on September 13, when it will review the history and causes of the growing U.S. debt, said co-chairs Democratic Senator Patty Murray and Republican Representative Jeb Hensarling.

Congressional Budget Office Director Douglas Elmendorf is scheduled to testify.

The committee is tasked with finding at least \$1.2 trillion in new government savings over the next decade and has a November 23 deadline for doing so.

At its meeting, which will be open to the public, the committee will consider rules under which it will operate, according to a press release.

But with Democrats and Republicans jockeying for best position in the run-up to the 2012 elections and with the two political parties holding vastly different views on how to fix the economy, the panel's work will not be easy.

The special committee -- with six Republicans and six Democrats from both houses of Congress -- was created by legislation enacted in early August that cleared the way for raising the U.S. debt limit and avoiding a likely default on government loans. The debate on that legislation was bitter.

The measure included \$917 billion in spending cuts over 10 years to help tame budget deficits that have been hovering well above \$1 trillion annually.

The super committee is expected to consider a mix of spending cuts and possibly tax increases to reach additional government savings of at least \$1.2 trillion. U.S. credit rating agencies are hoping for savings well beyond that figure.

It is unclear whether cuts in benefits to Medicare, Medicaid and Social Security recipients would be proposed.

If a majority of the new committee cannot agree on a deficit-reduction package, automatic spending cuts of at least \$1.2 trillion would be triggered in 2013. They would be divided equally between defense and domestic programs.

In announcing that its first two gatherings would be open to the public, the special committee is responding to criticisms that deficit-reduction negotiations earlier this year were always behind closed doors.

WASHINGTON -- Congress' so-called "super" committee -- given the task of finding \$1.2-trillion in deficit reduction measures by Thanksgiving -- will hold its first meeting Thursday, the same day President Barack Obama is set to speak to a joint session of Congress on jobs.

Michigan has two members on the 12-member committee: House Ways and Means Chairman Dave Camp, of Midland, and House Energy and Commerce Committee Chairman Fred Upton of St. Joseph. Both are Republicans.

The committee is equally divided between senators and representatives, Democrats and Republicans. They have to find \$1.2-trillion in revenue increases, spending cuts or a combination of the two, or across-the-board cuts, equally divided between defense and other spending, will kick in beginning in 2013.

Thursday's meeting will be an organization one, beginning at 10:30 a.m. The following Tuesday, on Sept. 13, the committee will meet again in a hearing where the director of the Congressional Budget Office, Douglas Elmendorf, will speak on the history and driving forces behind the nation's debt.

The first meeting will be held in a House office building, with the second in a Senate building.

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Congressional deficit committee faces a rough road

Lawmakers are reluctant to volunteer for what most predict will be a thankless job, though lobbyists are already gearing up to pounce.

August 03, 2011 | By Kathleen Hennessey, Tom Hamburger, Los Angeles Times

Reporting from Washington — Hours after Congress and the White House agreed that a yet-unformed "super committee" from the House and Senate should decide how to slash the deficit in coming months, a Washington parlor game began: Who will the 12 "super members" be?

Speculation ran rampant on Capitol Hill, although congressional leaders, weary from the bruising debt ceiling battle, kept quiet about whom they might tap. Instead, they gamely offered up the necessary qualifications for the potential candidates. Each one must be "serious," "open-minded," "principled" and, perhaps, a "glutton for punishment."

Given the partisan acrimony dominating Congress, and the start of a presidential campaign that will center on the nation's economic woes, few raised their hands in the wake of this week's debt ceiling agreement for what most predict will be a thankless job. With six Democrats and six Republicans, the committee is widely thought to be destined to deadlock on key issues, and thus guaranteed to deliver frustration, criticism, high pressure and long meetings.

Some of the most prominent prospects quickly appeared to be running in the other direction.

"I treasure my August with my family," said Sen. Jon Kyl, the retiring Arizona Republican and Senate minority whip, adding that he could come up with "lots of reasons" why he wouldn't want to serve. "I'm not that much of a glutton for punishment. My bladder isn't that strong. This is going to take an odd kind of person to serve on the committee."

Still, that odd person could end up with considerable power — at least briefly.

Creation of the committee was mandated by the debt ceiling measure signed into law Tuesday by President Obama. The panel could recommend significant cuts to almost any part of the federal budget and also could propose changes to the tax code. And if its members agree on a plan, both houses of Congress would be required to give it an up or down vote — no amendments — giving the committee's choices huge import.

Facing that prospect, lobbying shops on Washington's K Street are scrambling to target what they've dubbed "The Dirty Dozen" before they've even been drafted for duty.

"Once the 12 super committee members are named, it is going to instantly create a new breed of super lobbyists," said David DiMartino, a Washington media and political consultant and a Capitol Hill veteran.

The Republican members, three from each chamber, will be chosen by House Speaker John A. Boehner and Senate Minority Leader Mitch McConnell. Their Democratic counterparts, Nancy Pelosi and Harry Reid, respectively, also have three selections each. The leaders have two weeks to make their picks, and the committee has until Nov. 23, just before the Thanksgiving recess, to do its work.

Many in Washington believe the deficit committee will take its place in history as yet another in a long line of budget-cutting failures.

"I was not a fan of creating a new committee. I believe that we already had a sufficient number of commissions and committees — that the issues are pretty well-defined," said Sen. Susan Collins (R-Maine).

But Collins, who is known for working with Democrats, isn't exactly at the top of the short list. On the heels of a bitter battle in which both sides fought to defend their top priorities — entitlement spending for Democrats versus no tax increases for Republicans — it seems unlikely that either side will appoint a member prone to compromise.

"It's going to be junkyard types," said budget expert Stan Collender. "Negotiators whose basic word is, 'No.'"

Although they've been tight-lipped, leaders have shown little sign of stepping back from their positions. Pelosi (D-Calif.) said this week that House Democrats would go into the committee recognizing "that you can't accomplish what you set out to do without considering revenues in a very strong way."

House Majority Leader Eric Cantor (R-Va.) has repeated his assertion that "the House is not going to support an increase in taxes."

Committee members risk political blow-back from deadlock. So it is widely expected that none of the Senate members will be people facing reelection in 2012 and that the House picks will hail from safe seats.

Expertise on budget issues could make House Budget Committee Chairman Paul D. Ryan (R-Wis.) and his Democratic counterpart, ranking member Chris Van Hollen (D-Md.), favored contenders.

Sen. Rob Portman of Ohio, a former director of the Office of Management and Budget and a Republican not up for reelection until 2016, is also a running favorite.

Perhaps the most important credential is loyalty to party leadership. The committee is essentially usurping the roles of the most powerful committees in Congress.

"They'll want people who understand they're not free agents," Collender said.

That could rule out lawmakers such as Sen. Tom Coburn of Oklahoma, a conservative who recently joined Democrats on the Gang of Six proposal for deficit reduction. It might not bode well for "tea party" champions, such as Sen. Rand Paul, a freshman from Kentucky.

Leaders won't be the only ones meddling in the committee. Washington lobbyists predict the committee will inaugurate one of the most intense periods of influence peddling in the city's history.

Already, major trade associations and lobbying firms have begun putting together strategic plans.

"The power of the entire Congress is being placed in the hand of just 12 members," DiMartino said. "You are going to see [campaign contribution] checks and requests for meetings flying furiously."

One lobbyist, Dirk Van Dongen, president of the National Assn. of Wholesaler-Distributors, said the stakes are as big as he has ever seen them, particularly for healthcare and defense sectors that could face automatic cuts in spending if a deal is not reached.

"The committee members are going to be under constant, 360-degree pressure" from interest groups, Van Dongen said. Already he has begun to revitalize the Tax Relief Coalition, which boasts more than 1,000 corporate members and seeks to coordinate business lobbying on tax reform.

And so Washington will wait while congressional leaders try to persuade their ranks to take one for the team. It remains a formidable task, as Sen. John Thune, a rising Republican star from South Dakota, demonstrated this week with a blunt declaration.

How much do you not want to be on the committee?

"A sufficient amount," he said.

kathleen.hennessey@latimes.com

tom.hamburger@latimes.com

lisa.mascaro@latimes.com

Staff writers Melanie Mason and Kim Geiger in Washington contributed to this report.