

**National
Committee to
Preserve
Social Security
and Medicare**



**Barbara B.
Kennelly
President &
Chief Executive
Officer**

February 27, 2007

The United States Senate
Washington, DC 20510

Dear Senator:

The National Committee to Preserve Social Security and Medicare is writing in support of a course of action recommended by Senator Max Baucus, Chairman of the Senate Finance Committee, that Social Security's finances be improved by collecting the money that is currently owed to Social Security through the proper enforcement of the laws which are already on the books.

This idea would begin the process of closing Social Security's funding gap by collecting payroll taxes already owed to Social Security rather than raising taxes or cutting benefits. Although reducing the payroll "tax gap" would not completely close Social Security's 75-year funding gap, we believe this modest step forward would be a good place for President Bush to demonstrate a sincere desire to improve the solvency of Social Security.

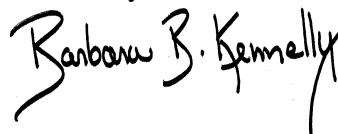
The President has sent Secretary of the Treasury Henry Paulson and Office of Management and Budget Director Rob Portman to Capitol Hill with the message that in discussing Social Security's solvency, everything should be on the table with no pre-conditions. In contrast to this rhetoric, however, he has hardened his position against closing any part of the funding gap through new revenue and has again proposed private investment accounts in his budget.

Regardless of whether or not everything is "on the table," President Bush's proposals to close Social Security's funding gap have been limited to huge cuts in Social Security benefits combined with a private account plan that would make additional cuts in benefits, leave future beneficiaries subject to the vagaries of the financial markets, and add trillions of dollars to the federal debt over multiple decades. This is certainly not a time when the country can afford trillions of dollars in additional debt. Moreover, the notion that Social Security benefits are too high is preposterous. The average Social Security benefit is about \$12,000 a year. Women, and especially widows, receive even smaller benefits. President Bush is proposing over time to reduce benefits by as much as two-thirds.

Unfortunately, when Senator Baucus provided an opportunity to begin to address the Social Security funding gap merely by implementing current law, the response from the White House was to reject his proposal out of hand. Instead of taking this first step toward strengthening Social Security, the White House again insisted that any improvements in solvency be accomplished through benefit cuts. Intransigence is the only signal being sent by the President and his men. Senator Baucus has offered a sound way forward which would improve the solvency of Social Security without raising taxes or cutting benefits. The President's support for such a course of action would demonstrate his good faith and signal to American seniors that he is not just interested in pressing for a plan which cuts benefits drastically and undermines Social Security's protections.

The National Committee recommends that you follow Senator Baucus' lead and asks that you urge President Bush to support reducing the payroll tax gap as a good faith first step toward a solution to Social Security's long-range funding challenge.

Cordially,

A handwritten signature in black ink that reads "Barbara B. Kennelly". The signature is written in a cursive, flowing style.

Barbara B. Kennelly
President and CEO