

United States Senate

WASHINGTON, DC 20510-1401

December 9, 2010

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, DC 20510

The Honorable Max Baucus
Chairman
Senate Committee on Finance
Washington, DC 20510

The Honorable Chuck Grassley
Ranking Member
Senate Committee on Finance
Washington, DC 20510

Dear Colleagues:

As you continue to work together on negotiations related to a number of expiring provisions during the final days of the 111th Congress, I strongly encourage you to consider inclusion of language addressing expiring elements of Trade Adjustment Assistance (TAA) programs and the Health Coverage Tax Credit (HCTC) in legislation intended for floor consideration prior to the end of the year.

The American Recovery and Reinvestment Act (ARRA) of 2009, as you are each keenly aware, contained a number of modifications to TAA and the HCTC. Many of the HCTC changes were temporary in nature, including an increase in the credit's coverage from 65% to 80% of the cost of qualified health insurance for eligible individuals until the end of calendar year 2010. This augmented assistance has been a considerable help to thousands of American families participating in TAA programs or who receive pension payments from the Pension Benefit Guarantee Corporation. Given the continued challenges many of these beneficiaries face in the current economic climate, I believe that Congress should consider continuing augmented HCTC assistance in the short-term along with corresponding cost offsets.

The Senate should continue other expiring HCTC changes as well, including provisions authorizing coverage funded by voluntary employees' beneficiary associations (VEBAs) as "qualified health insurance" for purposes of the HCTC. I am especially concerned how the loss of VEBA eligibility for the HCTC will affect Hoosier retirees currently able to afford health coverage by virtue of this option, including retired salaried employees of the Delphi Corporation who have lost much of their pensions and other retirement benefits as a result of that company's bankruptcy and the auto industry restructuring overseen by the Obama Administration.

Thank you for this opportunity to share with each of you my interest in this issue.

Sincerely,



Richard G. Lugar
United States Senator

RGL/aca