



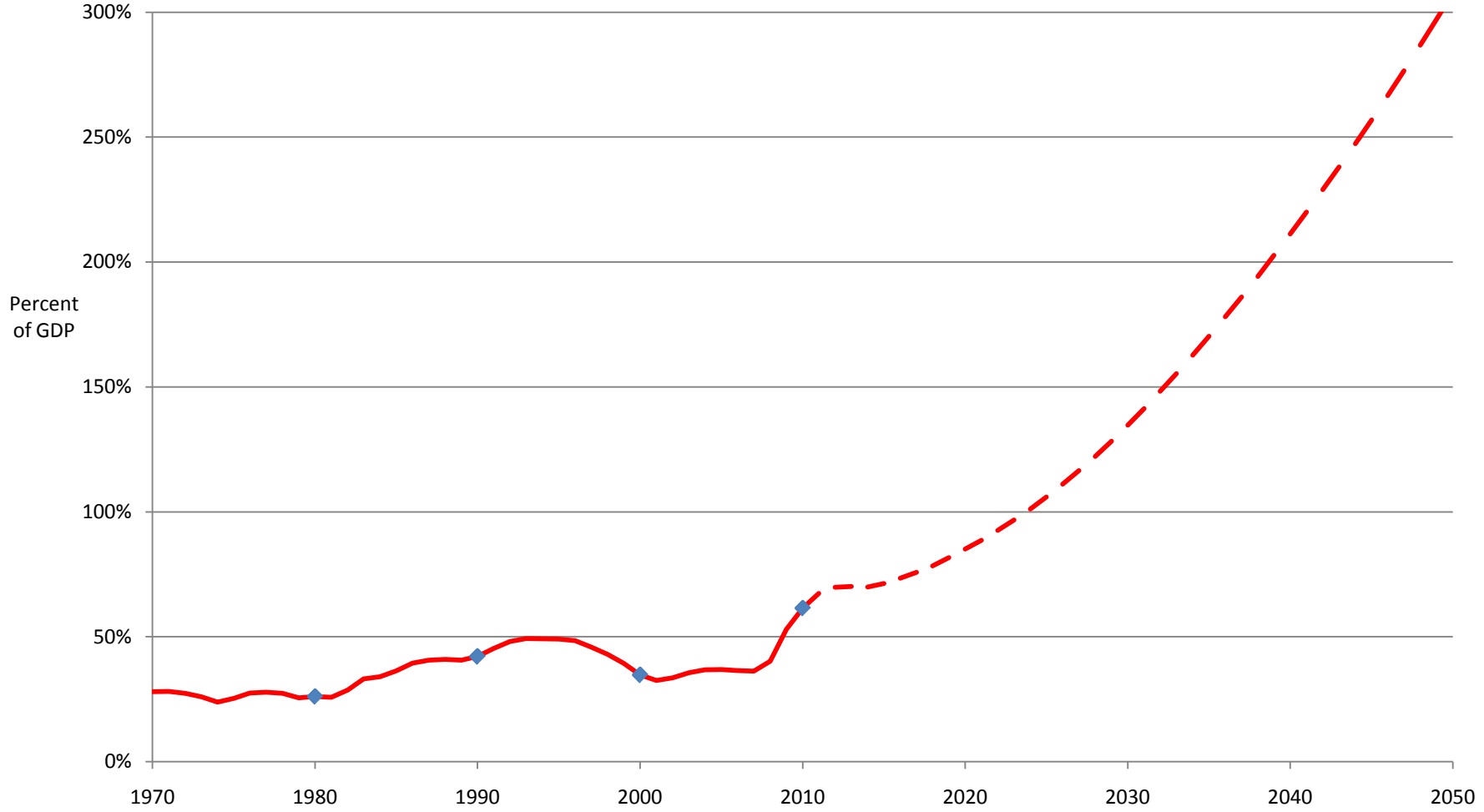
BIPARTISAN POLICY CENTER

**Domenici-Rivlin
Debt Reduction Task Force**

Restoring America's Future

Released November 17, 2010

Debt Held By The Public



Source: CBO "Alternative Fiscal Scenario" constructed from the August 2010 Budget and Economic Outlook, additionally assuming that troops in Iraq and Afghanistan are reduced to 30,000 by 2013.

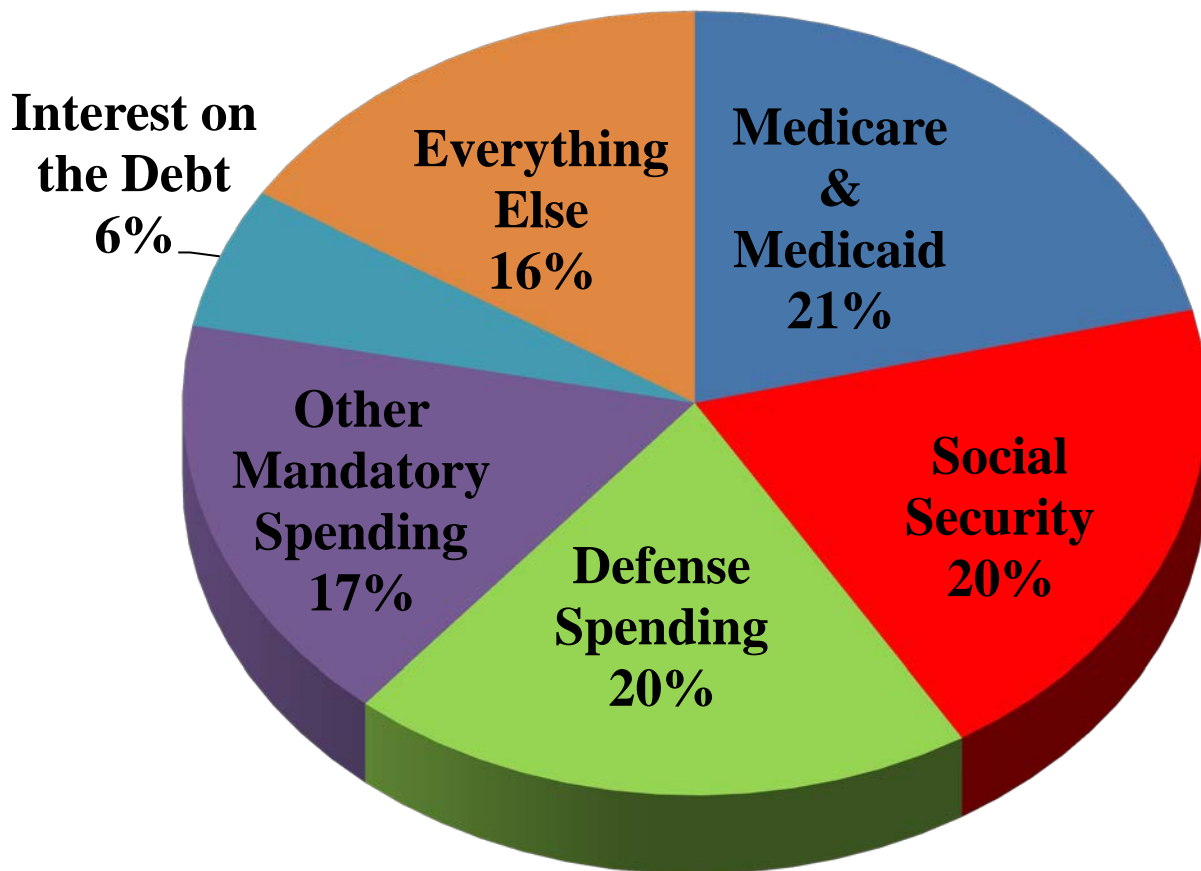


Producing a bipartisan, comprehensive solution

BPC's Debt Reduction Task Force

- **Co-chaired by:**
 - **Senator Pete Domenici (R-NM)**, former Chairman of the Senate Budget Committee
 - **Dr. Alice Rivlin**, OMB Director under President Clinton, founding CBO Director, and former Vice-Chair of the Federal Reserve
- The **Task Force members** are former White House and Cabinet officials, former members of Congress, former governors and mayors, business and labor leaders, economists and budget experts. They are **Democrats**, **Republicans**, and **Independents**:
 - *Robert Bixby*
 - *Gov. James Blanchard*
 - *Sheila Burke*
 - *Dr. Leonard Burman*
 - *Robert Campbell*
 - *Sec. Henry Cisneros*
 - *Sec. Carlos Gutierrez*
 - *Dr. Bill Hoagland*
 - *Gov. Frank Keating*
 - *Karen Kerrigan*
 - *Maya MacGuineas*
 - *Dr. Donald Marron*
 - *Edward McElroy*
 - *Dr. Joe Minarik*
 - *Mayor Marc Morial*
 - *William Novelli*
 - *Mayor Anthony Williams*

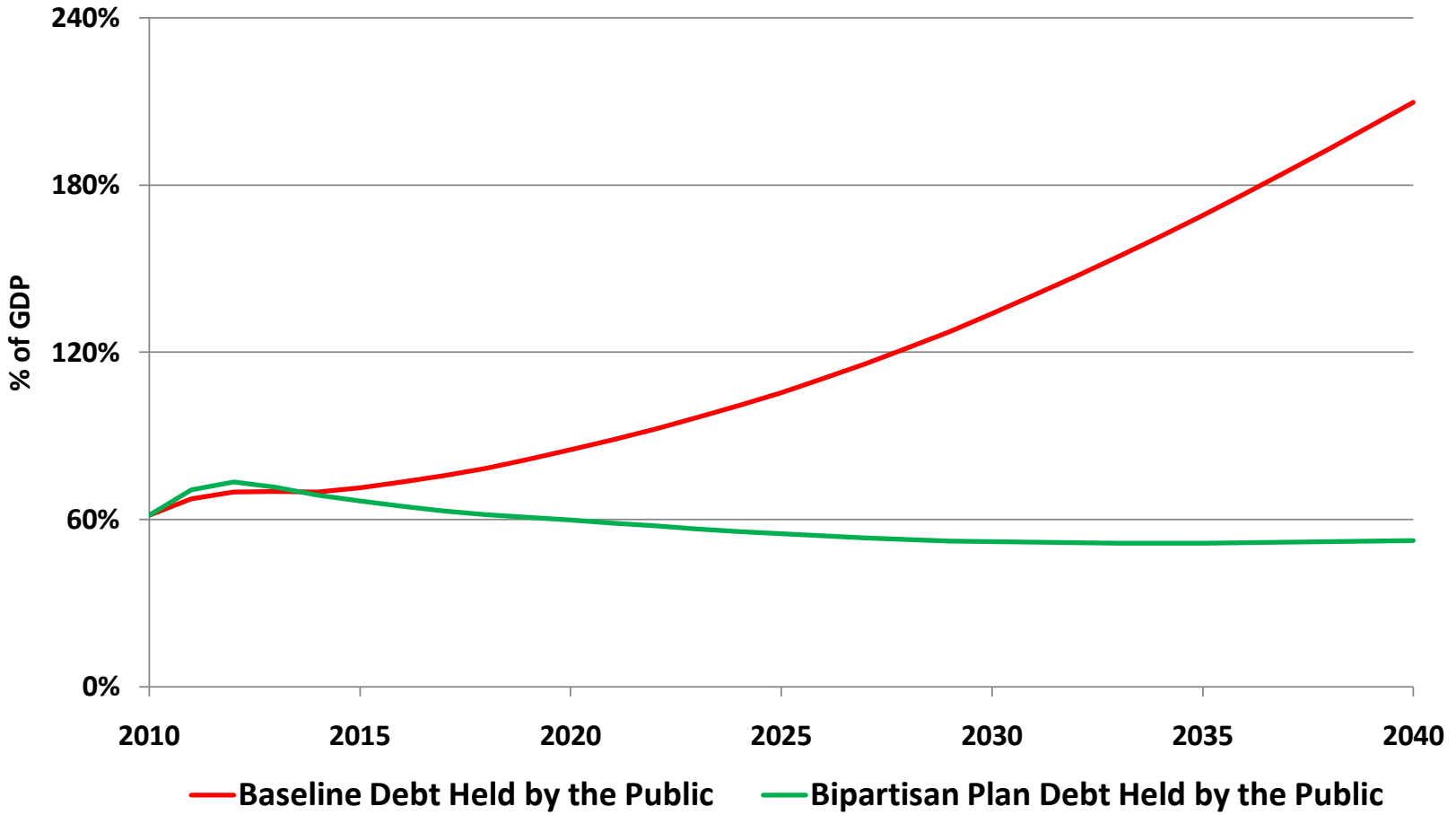
The Federal Budget in FY 2010



- All domestic discretionary programs that are funded annually (including education, veterans' health care, homeland security, law enforcement, etc.) make up only 16% of federal spending.

- There is no feasible way to tackle our budget problem without making difficult choices regarding Medicare & Medicaid, defense, Social Security, and revenues.

Debt Drops Dramatically Under Bipartisan Plan



Source: CBO's "Alternative Fiscal Scenario" constructed from the August 2010 Budget and Economic Outlook, additionally assuming that troops in Iraq and Afghanistan are reduced to 30,000 by 2013.



Restoring America's Future: An Overview

The consensus, bipartisan plan will:

- Balance the primary budget in 2014, reduce total annual deficits to manageable levels, and **stabilize the debt below 60 percent of GDP within a decade.**

Restoring America's Future: An Overview

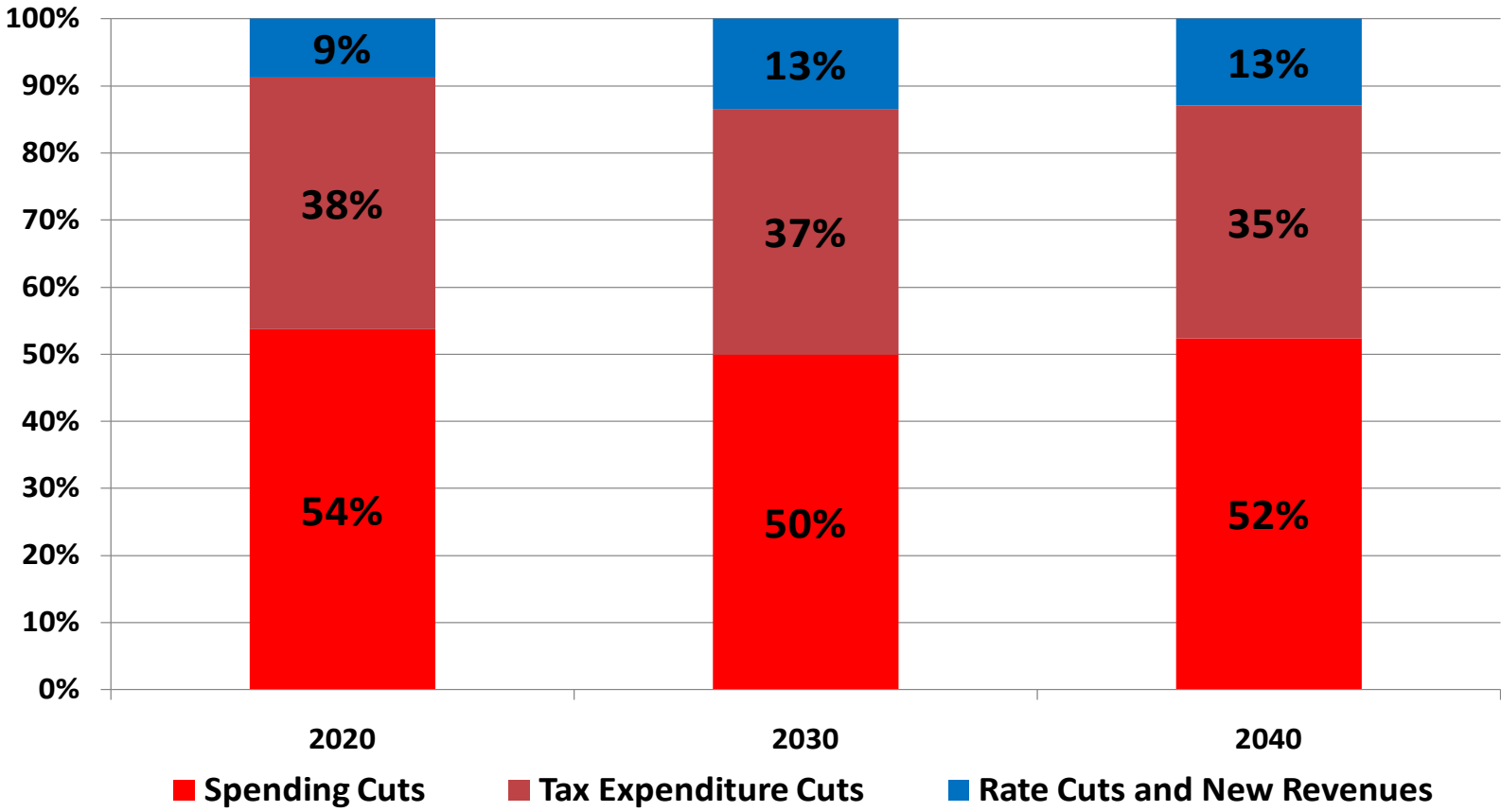
The consensus, bipartisan plan will:

- Reduce the unsustainable rate of growth in health care costs.
- Freeze domestic and defense discretionary spending.
- Strengthen Social Security to ensure that it will pay benefits for 75 years and beyond, while protecting the most vulnerable elderly and maintaining the current retirement age.
- Cut other spending, including farm and government retirement programs.

THE PLAN: Create a Simple, Pro-growth Tax System

- **Overview:** Broaden the base, cut rates, and raise revenues to reduce the debt.
 - Eliminate most **tax expenditures** (deductions and credits).
 - Cut **individual income tax rates** and establish just two rates – 15 and 27 percent.
 - Cut the top **corporate tax rate** from 35 percent to 27 percent.
 - Replace the deductions for **mortgage interest** and **charitable contributions** with 15 percent refundable credits that anyone who owns a home or gives to charity can claim.
 - Restructure provisions that benefit low-income taxpayers and families with children by making them simpler, more progressive, and enabling most recipients to receive them **without filing tax returns**.
 - Establish a new 6.5 percent national **Debt Reduction Sales Tax (DRST)** that, along with the income tax reform and spending cuts outlined in this plan, will reduce the debt and secure America's economic future.
 - These reforms, taken together, will make the tax system **more progressive**.

Sources of Debt Reduction in BPC Plan: Spending Cuts, Tax Expenditure Cuts, and New Revenues



Note: The spending cuts total does *not* include the reduction of interest payments



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