



BETTER SOLUTIONS

a Compilation of GOP Alternatives

PREPARED BY THE OFFICE OF THE REPUBLICAN LEADER
REP. JOHN BOEHNER (R-OH)

January 29, 2010

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December 9, 2009

President Barack Obama
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

As 2009 winds to a close, we appreciate the opportunity to return to the White House for a bipartisan discussion of the jobs situation in our country, an urgent matter which we believe has too often been neglected this year by policymakers in Washington.

The harsh reality beyond the Beltway is that the American economy continues to suffer and shed jobs at an unacceptable rate. Millions of American jobs have been lost since the “stimulus” legislation was signed into law in early 2009, the overwhelming majority of them private sector jobs, with another 11,000 lost last month. And long-term unemployment in America continues to rise as many Americans simply give up looking for work altogether, a disturbing trend that must be reversed.

As we prepare to enter 2010, the American people face the daunting prospect of what is, at best, a jobless recovery – something quite different from the immediate job creation and lower unemployment rates they were promised when the massive “stimulus” was signed into law. As your administration prepares to enter its second year, Americans are looking back at the events of the past year and asking, “Where are the jobs?” The urgency of their question has been intensified in recent weeks as you and your colleagues in the Democratic congressional leadership have announced plans to enact another “stimulus” bill financed with money borrowed from future generations of Americans.

The truth of the matter is that small business, not government, is the engine of job creation in America. Unfortunately, the policies that have been pursued in Washington throughout the past year too often seem to have it backwards. Millions of private sector jobs have been destroyed during the past year. Yet instead of receiving relief from Washington, small businesses have watched with anxiety as their government has devoted its attention to enactment of a job-threatening government takeover of health care, a job-threatening “cap and trade” national energy tax, and other policies that discourage job creation. Small businesses are frozen in their tracks as other sectors of our economy – most notably government – continue to grow.

Last week, following an economic roundtable on Capitol Hill, former Congressional Budget Office Director Douglas Holtz-Eakin warned that an agenda of “higher taxes, easier unionization, protectionist trade policy, intrusive energy and environmental regulation, expansive and costly health care, and enormous budget deficits as far as the eye can see – remains the single greatest impediment to the creation of jobs by small businesses and entrepreneurs.” Mr. Holtz-Eakin’s warning was echoed this week by William Dunkelberg, chief economist for the National Federation of Independent Business (NFIB), who said “[t]he legislative agenda in Washington is a major factor blunting consumer and owner optimism.” In short, small businesses need relief from Washington, but over the past year, they’ve essentially been under attack.

At the start of this legislative year, as you assumed the presidency, Republicans pledged that when we disagreed with you on policy matters, we would not simply be the party of “opposition,” but the party of better solutions. Throughout the past year, on matters ranging from jobs/economic recovery and health care to savings, energy, and federal spending, we have honored this pledge. House Republicans formed solutions groups on all of these issues that have developed detailed legislative proposals for your consideration.

With respect to job creation specifically, we presented formal ideas to you in January and again in October, ideas we believe offer a roadmap for a bipartisan approach to helping small businesses get back on their feet and begin creating jobs. With today's meeting, we appreciate the opportunity to present further ideas for your consideration, developed by the House GOP Economic Recovery Solutions Group – and, on behalf of the House GOP American Energy Solutions Group, to respectfully convey a note of caution as you prepare to depart for the global climate change conference in Copenhagen.

To that end, attached please find several proposals developed by the House GOP Economic Recovery Solutions Group that we believe will help restore confidence in our economic future and free our nation's employers to begin creating jobs. Given our record national deficit, we believe it is important to pursue policies that help grow the economy and support job creation without additional government spending, new bureaucracies, or added debt that will be left to our children and grandchildren. Moody's Investors Service has indicated that should we fail to address the growing national debt, our nation's credit rating could be downgraded.

While we appreciate the indication that you are willing to look at deficit reduction as part of next year's budget, rather than increasing spending today and promising deficit reduction in the future, we believe we should act now to demonstrate a commitment to fiscal restraint. Simply put, Washington cannot keep spending money that we do not have. That is why we have proposed limiting non-defense discretionary spending to last year's level. As the Congress is currently debating an omnibus appropriations bill, there is no reason to wait to act on the deficit when we can act now.

We also appreciate this opportunity to reiterate our concerns with reports that your Administration may commit the United States to global climate change standards that will threaten American jobs during your trip to Copenhagen. A binding emissions reduction scheme is certain to have a negative impact on the American economy, particularly for small businesses and the manufacturing and agricultural sectors, during what is already a period of considerable economic difficulty. As members of the House GOP American Energy Solutions Group warned in a letter days ago, it is clear that a binding plan agreed to in Copenhagen would cost jobs in the United States. As such, we respectfully seek your assurance that U.S. negotiators will not endanger American jobs by committing our government to an emissions reduction protocol at Copenhagen. We believe strongly that a better approach is an "all of the above" energy solution that will ensure energy independence, create American energy by American workers, and help to promote a cleaner environment.

Again, we thank you for the opportunity to return to the White House to discuss the jobs situation in America. As 2009 draws to a close, we would welcome further opportunities to discuss these proposals and issues with you, and to look at any other options for bipartisanship to help struggling working families and small businesses.

Sincerely,

House Republican Leader John Boehner (R-OH)
House Republican Whip Eric Cantor (R-VA)
House Republican Conference Chairman Mike Pence (R-IN)
House Ways & Means Ranking Member Dave Camp (R-MI)

SUMMARY: REPUBLICANS' NO-COST JOBS PLAN

TEAR DOWN SELF-IMPOSED OBSTACLES TO ECONOMIC GROWTH:

The threat of increased taxes, new government regulation, and costly government mandates – all of which are currently pending before Congress and various regulatory bodies – are a significant threat to any employer who is trying to decide whether they can afford to expand. As the CEO of a steelmaker recently told the Wall Street Journal “Companies large and small are saying, ‘I am not going to do anything until these things – health care, climate legislation – go away or are resolved.’”

Therefore Congress and the Administration should:

Halt Any Proposed Rule or Regulation Expected to Have an Economic Cost, Result in Job Loss, or Have a Disparate Impact on Small Businesses:

- Since taking office, the Administration has had under consideration over 100 regulations that are deemed economically significant, meaning they have an impact on the economy in excess of \$100 million. Many of these rules will directly impact small businesses.
- The President should issue an immediate Executive Order halting any proposed regulations expected to impose any net costs on the economy in either the near or long-term or that negatively impact small businesses or result in a net loss of jobs. Such rules should be rewritten to fully mitigate any negative economic impact.

Eliminate Job Killing Federal Tax Increases:

- While there is a philosophical difference between the two parties when it comes to taxes, we believe we should find common ground on the premise that the government should at a minimum never raise taxes during periods of high unemployment.
- While Republicans will continue to fight both new initiatives that are premised on tax increases and automatic tax increases that are imbedded in current law, we urge a bipartisan commitment to blocking such tax increases at least until unemployment is below 5% again.

RESTORE CONFIDENCE IN AMERICA'S ECONOMIC FUTURE:

Record deficits and debts and the seeming lack of commitment on the part of policymakers to restrain federal spending has caused many to conclude that the federal government is likely to address its deficit problems by either raising taxes or inflating the dollar. Even the threat of such actions in the future is a drag on the current economy.

Therefore Congress and the Administration should:

Demonstrate a Commitment to Lowering the Deficit Now Without Raising Taxes By Freezing Domestic Discretionary Spending at Last Year's Level:

- In addition to the \$787 billion “stimulus” bill, Congressional Democrats are pushing through appropriations bills that will increase domestic discretionary spending by 12% in one year.
- A freeze in domestic discretionary spending would immediately save \$53 billion and more importantly demonstrate an immediate commitment to fiscal restraint.

ASSIST COMMUNITY BANKS AND SMALL BUSINESSES:

The downturn in the commercial real estate market is impacting not just businesses that must roll over their loans, but also community and regional banks that have a significant exposure in commercial real estate. Because commercial real estate loans are generally written for a five year term and many are coming to term over the next several years, approximately \$400 billion in loans must be refinanced each year for the next several years. Many economists have cited the problems in the commercial real estate market as major hindrance to economic recovery.

Therefore Congress and the Administration should:

Assist Community Banks and Small Businesses with the Downturn in the Commercial Real Estate Market:

- The after-tax costs of properties could be lowered by reducing the depreciation schedule for property from $39\frac{1}{2}$ years to 20 years or less.
- Bank regulators should act to improve transparency and ensure flexibility in underwriting and appraisal standards so as to ensure that financing is available for those properties with the promise of generating revenue. At a minimum this should include requiring standardized reporting on the number of performing loans per institution that are not renewed. This would ensure that regulators on the ground are living up to the commitments of regulators in Washington not to deny renewal of loans simply because of a fall in the value of the collateral.

REFORM THE UNEMPLOYMENT SYSTEM TO HELP THE JOBLESS AND SMALL BUSINESSES ALIKE:

The current Federal-State unemployment insurance program is ill-equipped to assist individuals in the current economic downturn, especially those who may not be able to find employment in their former field. Furthermore, as a result of declining / negative balances in unemployment trust funds, most states will increase unemployment payroll taxes on employers, averaging almost \$250 per worker per year through 2012. This will directly increase costs of employment for businesses of all sizes.

Therefore Congress and the Administration should:

Reform the Unemployment System to Help Those Out of Work Find Jobs and Lower Federal Payroll Taxes to Assist in Hiring:

- Federal unemployment insurance recipients who are most likely to exhaust benefits should be expected to engage in education, training, or enhanced job search as a condition of eligibility. This proposal would expand on the current successful Reemployment and Eligibility Assessment program operated by some States.
- The government should require states to adopt a program like “Georgia Works” as a condition of accessing Unemployment Insurance Modernization funds. Under this successful program unemployment insurance recipients are placed in real part time jobs with real employers, with the employer deciding whether to hire them at the end of a 6-week trial period. Their pay during the period is their unemployment benefit, along with a State-provided stipend for job-related transportation and child care expenses. This has resulted in faster returns to work, less unemployment payments, and thus lower State unemployment taxes.
- The Federal government could help offset part of the cost of state payroll tax increases by immediately suspending the Federal unemployment tax, saving employers \$56 per worker per year. The “cost” of this tax suspension is \$7 billion a year and could be offset through reduction in improper government payments, which according to the Administration totaled \$98 billion last year – an increase of \$26 billion over the previous year.

REDUCE REGULATORY AND TAX BARRIERS TO DOMESTIC JOB CREATION:

Federal regulations and tax law often make it easier for large companies to create jobs overseas than to create jobs here at home. Efforts should be taken to ensure the most favorable environment possible for domestic job creation.

Therefore Congress and the Administration should:

Remove Unnecessary Barriers to Domestic Energy Production:

- Increased domestic energy production from all sources (including oil, natural gas, oil shale, nuclear, and renewable) has the potential to lower energy costs, reduce our reliance on foreign oil, and create new jobs. Yet regulatory barriers often prevent or unnecessarily delay environmentally sound domestic energy production.
- The Administration and Congress should act to remove the regulatory barriers to energy production and streamline the existing permitting process.

Provide an Incentive for Companies to Repatriate Earnings Back to the United States:

- Currently any profits a U.S. based company earns abroad are taxed at the 35% U.S. corporate tax rate when those earnings are brought into the U.S. As a result companies often choose to reinvest their earnings in subsidiaries overseas rather than at home.
- In 2004, Congress allowed companies a limited time to repatriate foreign profits and pay a reduced tax rate of 5.25%. The policy resulted in more than \$350 billion dollars of profits being returned to the U.S. and a windfall to the Treasury of about \$18 billion in tax revenue.
- Providing another limited window for repatriation of foreign earnings would help U.S. companies retain domestic workers and weather the current economic downturn. This would actually increase revenues in the short-term and any estimated long-term losses can be offset through reductions in improper payments.

EXPAND U.S. EXPORT JOBS:

Recently President Obama said that increasing U.S. exports by just 1% would create over 250,000 jobs. The independent International Trade Commission has estimated that implementation of the three pending free trade agreements would increase U.S. exports by more than 1%. By failing to act on just the three pending agreements the Congress and the President are preventing the creation of hundreds of thousands of good-paying jobs.

Therefore:

President Obama should submit - and the Congress should quickly approve - these job-creating trade agreements.

“WHERE ARE THE JOBS?” LETTER TO PRESIDENT OBAMA

Presented October 7, 2009

President Barack Obama
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

Dear Mr. President:

We write today to express our desire to work with you to enact policies that will help small businesses get back on their feet and create jobs, and to highlight some of the solutions put forth by Republicans that we believe can serve as the basis for bipartisan action toward this goal.

Last Friday marked a grim milestone for our country, as the national unemployment rate reached 9.8 percent, the highest level in 26 years. It is now evident that the massive “stimulus” spending bill enacted months ago has been unsuccessful. Washington borrowed a trillion dollars from our nation’s children and grandchildren for this legislation, which was supposed to create jobs and keep the national unemployment rate from rising above 8 percent. Instead nearly 3 million private sector jobs have been lost in America since the “stimulus” was signed into law, and the national unemployment rate is nearly 10 percent, and rising.

Small businesses are bearing the brunt of these losses. According to the ADP National Employment Report released September 30, employment among small businesses (those with fewer than 50 workers) declined by 100,000 from August to September, while employment declined by 61,000 among large businesses and by 93,000 among medium-sized businesses during the same period. The American people are right to ask: where are the jobs?

The engine of job creation in America is small business, not government. Since the beginning of the year, Republicans have put forth solutions that reflect an understanding of this fact, which was lost last winter in Democratic-controlled Washington’s rush to enact a “stimulus” bill based on slow-moving and wasteful government spending.

In the time since the unsuccessful “stimulus” was enacted, the Administration and Congress have focused most of their collective attention on the goals of enacting a government takeover of health care and a new “cap and trade” national energy tax. In their current form, both of these bills would inflict further harm upon small businesses and eliminate millions of additional American jobs if enacted. Employers throughout the country are watching, and the job-killing policies on the horizon are causing them to freeze their planning and hiring. We respectfully urge you to scrap these job-killing bills and start over, this time working with Republicans for responsible legislation that will help small businesses.

In the hopes of facilitating such bipartisan action, here are some of the solutions Republicans have put forth to help small businesses get back to creating jobs:

- Allow small businesses to take a tax deduction equal to 20 percent of their income. This will immediately free up funds for small businesses to retain and hire new employees.
- Let small businesses join together to purchase health insurance for their workers the way large businesses and labor unions do.
- Enact genuine legal reform and policies that incentivize wellness to reduce health care costs for small businesses.

- Lower taxes for all taxpayers by reducing the current 15 percent rate to 10 percent and reducing the current 10 percent rate to 5 percent. This will provide an immediate increase in income to every taxpaying family in America and free up capital to help small businesses hire more workers.
- Expand health savings accounts (HSAs) to provide additional flexibility to small businesses in providing health care to their employees.
- Increase the net operating loss carry back from 2 to 5 years to provide struggling employers with additional resources to keep their doors open.

These proposals, developed by the House GOP Economic Recovery and Health Care solutions groups, were presented for your consideration earlier this year. We respectfully ask again that you consider them for the purpose of helping small businesses get back to creating jobs. The Economic Recovery Solutions Group is also developing additional proposals that will be sent to the White House soon for your consideration. We stand ready to work with you to enact these and other common-sense solutions for the American people.

Sincerely,

House Republican Leader John Boehner (R-OH)
House Republican Whip Eric Cantor (R-VA)
House Republican Conference Chairman Mike Pence (R-IN)
House Republican Policy Committee Chairman Thaddeus McCotter (R-MI)
House Republican Conference Vice Chairman Cathy McMorris Rodgers (R-WA)
House Republican Conference Secretary John Carter (R-TX)
National Republican Congressional Committee Chairman Pete Sessions (R-TX)
Congressman Roy Blunt (R-MO)
Rules Committee Ranking Republican David Dreier (R-CA)
Chief Deputy Whip Kevin McCarthy (R-CA)

GOP ALTERNATIVE TO DEMOCRATIC “STIMULUS” SPENDING BILL

House GOP Economic Recovery Alternative Will Create 6.2 Million New America Jobs

Camp-Cantor Plan Provides Fast-Acting Tax Relief, Not Slow-Moving and Wasteful Government Spending

Presented January 28, 2009

House Republicans are offering a better solution: an economic recovery plan that will create 6.2 million new American jobs over the next two years, according to a methodology used by President Obama’s own nominee as Chair of the White House Council of Economic Advisors, Dr. Christina Romer. The Camp-Cantor alternative – crafted by House Ways & Means Committee ranking member Dave Camp (R-MI), Republican Whip Eric Cantor (R-VA), and the members of the House GOP Economic Recovery Working Group – will provide fast-acting tax relief to help the economy create jobs, as opposed to the congressional Democrats’ bill, which is loaded with government spending on programs and projects.

Here’s a quick summary of the House GOP’s Economic Recovery alternative:

Immediate Tax Relief for Working Families: House Republicans propose reducing the lowest individual tax rates from 15 percent to 10 percent and from 10 percent to five percent. Under the proposal, a married couple filing jointly could save up to \$3,400 a year in taxes. The alternative also ensures that no additional middle class taxpayers will fall victim to the Alternative Minimum Tax.

Help for America’s Small Businesses: House Republicans propose to allow small businesses to take a tax deduction equal to 20 percent of their income. This will immediately encourage investment and free up funds for small businesses to hire new employees and create jobs.

Assistance for the Unemployed: House Republicans propose to make unemployment benefits tax free so that those looking for work can focus on providing for their families.

Extension of Unemployment Insurance Benefits: The alternative extends through December 2009 the current temporary federal extended unemployment benefits program to help more long-term unemployed workers.

Stabilizing Home Values: In order to encourage responsible buyers to enter the market and stabilize prices, House Republicans propose a home-buyers credit of \$7,500 for those buyers who make a minimum down-payment of five percent.

Expanded Net Operating Losses (NOLs): The proposal expands the NOL carryback rules, permitting businesses to carry back their NOL deductions for five years, rather than two. This would provide many previously profitable companies the opportunity to seek immediate refunds of past taxes paid, giving them cash infusions that would help them weather the current economic storm.

Bonus Depreciation / Small Business Expensing: The House GOP alternative extends the favorable depreciation rules contained in the 2008 economic stimulus package, providing businesses, both large and small, enhanced incentives to make critical investments that they might otherwise forgo during these challenging economic times.

Repeal of Three Percent Withholding Requirement for Government Contractors: The measure repeals the rule requiring three percent withholding on certain payments made to taxpayers under contracts with federal, state, and local governments.

Health Insurance Deduction: The alternative levels the playing field regarding the tax treatment of health insurance by providing a new above-the-line deduction for those Americans who do not receive tax-preferred, employer-sponsored health coverage. This provision would provide a critical tax benefit to Americans who must purchase insurance on their own, regardless of whether they itemize their taxes or take the standard deduction.

No Tax Increases to Pay for Spending: House Republicans are concerned that the level of spending in the congressional Democrats’ trillion dollar package could result in near-term tax increases on American families and are insisting that any economic package include a provision precluding any tax increases now or in the future to pay for this new spending.

HEALTH CARE

SUMMARY: HOUSE GOP HEALTH CARE REFORM BILL, H.R. 4038 Introduced November 6, 2009

Americans want a step-by-step, common-sense approach to health care reform, not Speaker Nancy Pelosi's costly, 1,990-page government takeover of our nation's health care system. Republicans' alternative solution focuses on lowering health care premiums for families and small businesses, increasing access to affordable, high-quality care, and promoting healthier lifestyles – without adding to the crushing debt Washington has placed on our children and grandchildren. Following are the key elements of Republicans' alternative plan:

Lowering health care premiums. The GOP plan will lower health care premiums for American families and small businesses, addressing Americans' number-one priority for health care reform.

Establishing Universal Access Programs to guarantee access to affordable health care for those with pre-existing conditions. The GOP plan creates Universal Access Programs that expand and reform high-risk pools and reinsurance programs to guarantee that all Americans, regardless of pre-existing conditions or past illnesses, have access to affordable care – while lowering costs for all Americans.

Ending junk lawsuits. The GOP plan would help end costly junk lawsuits and curb defensive medicine by enacting medical liability reforms modeled after the successful state laws of California and Texas.

Prevents insurers from unjustly canceling a policy. The GOP plan prohibits an insurer from canceling a policy unless a person commits fraud or conceals material facts about a health condition.

Encouraging Small Business Health Plans. The GOP plan gives small businesses the power to pool together and offer health care at lower prices, just as corporations and labor unions do.

Encouraging innovative state programs. The GOP plan rewards innovation by providing incentive payments to states that reduce premiums and the number of uninsured.

Allowing Americans to buy insurance across state lines. The GOP plan allows Americans to shop for coverage from coast to coast by allowing Americans living in one state to purchase insurance in another.

Promoting healthier lifestyles. The GOP plan promotes prevention & wellness by giving employers greater flexibility to financially reward employees who adopt healthier lifestyles.

Enhancing Health Savings Accounts (HSAs). The GOP plan creates new incentives to save for current and future health care needs by allowing qualified participants to use HSA funds to pay premiums for high deductible health insurance.

Allowing dependents to remain on their parents' policies. The GOP plan encourages coverage of young adults on their parents' insurance through age 25.

SCORECARD: SPEAKER PELOSI'S GOVERNMENT TAKEOVER VS. GOP COMMON-SENSE SOLUTIONS

	Speaker Pelosi's Bill	GOP Alternative
Job Losses	Up to 5.5 million	0
Medicare Cuts	\$500 billion	0
Tax Increases	\$729.5 billion	0

LETTER TO PRESIDENT OBAMA SEEKING MEETING ON HEALTH CARE REFORM

Presented May 13, 2009

President Barack Obama
The White House
Washington, DC 20500

Dear Mr. President,

We write to you today to express our sincere desire to work with you and find common ground on the issue of health care reform. As President, you've identified health care reform as a critical issue for millions of Americans, particularly those who cannot currently afford health care coverage for themselves or their families. We agree it is critical, and hope to work with you to enact legislation this year that improves health care for all Americans.

Despite our differences on some important health care-related issues, we are convinced there are areas offering potential for common ground on health care reform among Republicans and Democrats. These areas for potential agreement are evident in the similarities between some of our recently-outlined health care reform principles and yours:

- We believe we must make quality health care coverage affordable and accessible for every American, regardless of pre-existing health conditions. You've called for a plan that "puts us on a clear path to cover all Americans," and said "no American should be denied coverage because of preexisting conditions."
- We believe health care reform must let Americans who like their health care coverage keep it, and give all Americans the freedom to choose the health plan that best meets their needs. You've said Americans "should have the option of keeping their employer-based health plan," and said reform "should provide Americans a choice of health plans and physicians."
- We believe health care reform must improve Americans lives through effective prevention, wellness, and disease management programs, while developing new treatments and cures for life-threatening diseases. You've said health care reform must address "cost drivers" in our system such as "obesity, sedentary lifestyles, and smoking."

We believe it is possible, and necessary, to achieve these objectives through common sense reforms without rationing care, eliminating employer-sponsored health benefits for working families, raising taxes, or empowering government bureaucrats at the expense of patients and doctors. We also believe these goals can be accomplished through health reform that maintains current law provisions regarding restrictions on federal funding of abortion services, restricts federal funds from flowing to abortion providers, and does not impose mandates either on insurance carriers or medical providers to participate in activities that violate their religious and moral beliefs.

The House GOP Solutions Group on Health Care Reform is at work as we write, crafting a plan that will achieve the goals we share. We hope it can serve as the basis for finding common ground and a bipartisan solution.

Accordingly, we respectfully request a meeting with you to discuss areas for potential common ground on health care reform. Our hope is that such a dialogue will lay the groundwork for an honest debate and open process that will culminate in enactment this year of significant and truly bipartisan health care reform legislation. We may not agree on everything, but we can agree on some important things. An open and constructive dialogue across party lines on this critical issue is essential to producing good policy for the American people.

Sincerely,

House Republican Leader. John Boehner (R-OH)
House Republican Whip Eric Cantor (R-VA)
House Republican Conference Chairman Mike Pence (R-IN)
House Republican Conference Vice Chairman Cathy McMorris Rodgers (R-WA)
House Republican Conference Secretary John Carter (R-TX)
National Republican Congressional Committee Chairman Pete Sessions (R-TX)
Congressman Roy Blunt (R-MO)
Rules Committee Ranking Republican David Dreier (R-CA)
Chief Deputy Whip Kevin McCarthy (R-CA)

FISCAL RESPONSIBILITY

SUMMARY: HOUSE GOP BUDGET, "THE PATH TO AMERICAN PROSPERITY",
SUBSTITUTE TO H. CON. RES. 85
Submitted April 1, 2009

In stark contrast to the Democrats' budget that spends too much, taxes too much, and borrows too much, the Republican Budget Alternative puts America on a path to prosperity.

Spends \$4.8 trillion less than the Democrats' budget over 10 years.

- Brings spending back down to 20.7% of gross domestic product (GDP), in line with the historical average, instead of climbing to 24.5% of GDP as proposed in the Obama budget.
- Freezes non-defense/non-veterans spending, instead of increasing non-defense spending by over 9% as proposed in the Obama budget.

Brings debt under control, borrowing \$3.6 trillion less than the Obama budget over 10 years.

- The GOP budget holds debt to 65% of GDP, instead of soaring to over 82% of GDP and nearly tripling over the 10-year period as proposed in the Democrats' budget.
- Puts forward a long-term budget to bring debt under control, instead of burying our children under a mountain of debt that will result from the Democrats' budget.

Does not raise taxes. Instead of imposing \$1.5 trillion in tax increases on investors, small businesses, and families as proposed in the Obama budget, the Republican budget extends tax relief avoiding tax increases during a recession.

- Avoids scheduled tax increases in 2010 by permanently extending 2001 and 2003 tax relief.
- Permanently fixes the Alternative Minimum Tax.

Creates 2.1 million more Jobs than the Democrats' Budget. Instead of a big government strategy in which Washington attempts to spend, tax, and borrow America to prosperity, the Republican budget puts its faith in individuals, small business and private sector investment to generate economic and job growth.

- Suspends capital gains taxes through 2010 instead of increasing taxes on investment as proposed in the Obama budget.
- Reforms the tax code making it simpler, more pro-growth, and more competitive, instead of making it more burdensome and complex as proposed in the President's budget.
- Reduces corporate tax rate to 25% (from 35%, second highest in the industrialized world) to make U.S. companies more competitive and create American jobs.

Funds National Priorities

- Increases the Defense budget by \$5 billion over the Obama budget and reserves the \$50 billion annual "placeholder" for the war or unmet DOD needs.
- Increases Veterans funding by \$540 million over the President's budget.
- Provides for health and retirement security by reforming programs to ensure they can provide benefits for future beneficiaries.

PROPOSALS TO REDUCE THE DEFICIT AND ACHIEVE SAVINGS FOR AMERICAN TAXPAYERS
 Submitted to the President of the United States by Republican Leader John Boehner
 & Republican Whip Eric Cantor
 Submitted June 4, 2009

SUMMARY TABLE

	Potential Savings
BROADBASED BUDGET REFORMS:	
Common Sense Spending Caps	\$317 Billion (5 Years)
Commission To Review Government Spending	Indeterminate
Require New Programs To Be Paid For	Indeterminate
Opportunity To Review Legislation	Indeterminate
FOCUSING ON DEFICIT REDUCTION:	
Devote Repaid TARP Funds To Deficit Reduction	\$45 Billion + (Current year)
CONSOLIDATING PROGRAMS, TERMINATING LOW PRIORITY PROGRAMS, AND REFOCUSING FEDERAL PROGRAMS ON CORE FEDERAL PRIORITIES:	
Consolidate Federal Arts Programs	\$60 Million (5 Years)
Refocus The National Science Foundation On Hard Sciences	\$495 Million (5 Years)
Refocus The National Park Service On Administering Federal Parks	\$78.5 Million (5 Years)
Refocus Federal Land And Water Conservation Funding On Federal Projects	\$150 Million (5 Years)
Refocus National Archives Activities On Preserving Federal Records	\$50 Million (5 Years)
Terminate HUD Program For Doctoral Dissertations	\$1.5 Million (5 Years)
Terminate Funding For Unnecessary International Organizations	\$417.5 Million (5 Years)
Terminate Funding For The National Drug Intelligence Center	\$220 Million (5 Years)
Terminate Funding For The State Justice Institute	\$25.5 Million (5 Years)
Consolidate And Reduce Funding For Federal Advisory Committees	\$170 Million (5 Years)
Suspend Federal Land Purchases	\$990 Million (5 Years)
Terminate Safe Routes To Schools Program	\$915 Million (5 Years)
Terminate New Federal Truck Parking Facilities Program That Competes With Private Truck Stops	\$32.5 Million (5 Years)
Terminate Federal Transportation Funding For "Non-motorized" Transportation Projects	\$125 Million (5 Years)
Eliminate Federal Transportation Funding For Landscaping, Museums, And Other Transportation "Enhancements"	\$4.1 Billion (5 Years)
Eliminate Unnecessary Federal Offices Such As The Treasurer Of The United States	Indeterminate

Terminating Duplicative Education Programs	\$2.2 Billion (5 Years)
Terminating Ineffective Federal Education Programs	\$2.8 Billion (5 Years)
Terminate Non-Federal Priorities And Single Recipient Programs	\$771 Million (5 Years)
Terminate Funding For The DOD Innovative Readiness Training Program	\$100 Million (5 Years)
REDUCING CORPORATE WELFARE	
Terminate Funding To Promote The Sale of Brand Name Food Products And Alcoholic Beverages (MAP):	\$71.5 Million (5 Years)
Eliminate Funding For Private Sector Technology Research (TIP)	\$349.5 Million (5 Years)
Eliminate Double Payments For Indirect Medical Education	\$5.2 Billion (5 Years)
REFORM FEDERAL PERSONNEL POLICIES TO REFLECT PRIVATE SECTOR PRACTICES	
Update the Formula For Federal Pensions To Reflect Private Sector Practices	\$1.2 Billion (5 Years)
Eliminate Full-time Union Representatives From Federal Payroll	\$60 Million (5 Years)
Eliminate Retirement Payments For Federal Workers Who Retire Before Age 62	Indeterminate, but Potentially \$1.3 Billion (5 Years)
OTHER COMMON SENSE REFORMS	
Eliminate Wealthier Communities From The Community Development Block Grant Program	\$1.7 Billion (5 Years)
Require Food Stamp Beneficiaries To Meet Food Stamp Eligibility Requirements	\$1.7 Billion (5 Years)
Require States To Provide A Meaningful Energy Assistance Payment Before A Food Stamp Recipient Would Be Entitled To A Standard Utility Allowance	Indeterminate
Require Federal Agencies To Purchase Lowest Cost Vehicles	Indeterminate
DISPOSE OF EXCESS FEDERAL PROPERTY AND COLLECTING UNPAID DEBTS	
Update BLM Land Sale Authority And Direct A Portion of Proceeds To Deficit Reduction	\$173 Million (5 Years)
Streamline Sale Of Excess Federal Property	Indeterminate
Improve Collection Of Unpaid Federal Debts	\$47 Million (5 Years)
Collect Medicare Overpayments Through Cross Referencing Of Suppliers	Indeterminate
LEGISLATIVE BRANCH SAVINGS	
Terminate The House Of Representative Wheels For Wellness Bike Sharing Program	Indeterminate
Eliminate Duplicative Select Committee	Up to \$4.1 Million
Eliminate Overpayments In The Contract For Restaurant Services For The House Of Representatives	\$5 Million (7 Years)

STATEMENT FROM 222 ECONOMISTS TO CREATE JOBS, REIN IN FEDERAL SPENDING

Presented December 17, 2009

Below is the statement supported by 222 economists representing a range of respected institutions, including Harvard University, University of Chicago, Columbia University, and Georgetown University:

“The country’s economic future depends on Congress’ ability to rein in the growth of federal spending. Failing to restrict spending growth will further balloon the national debt, impede economic growth, and threaten the long-term economic health of our Nation. Controlling spending growth to reverse our dangerous debt accumulation can be done without endangering the near-term economic recovery, and will prove beneficial over the longer horizon.

“The 2009 near-term “stimulus” has proven to be an inefficient spur to job creation and does not merit repeating. Any further policy efforts should be focused on opening borders to free trade, cutting burdensome regulations, and providing necessary tax relief to employers and employees.

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Banaian, King Professor of Economics St. Cloud State University	Brat, David A. Professor of Economics Randolph-Macon College	Calomiris, Charles Henry Kaufman Professor of Financial Institutions Columbia University
Barch, David J. Adjunct Instructor, Economics Webster University	Brown Jr., George F. Founder and CEO Blue Canyon Partners, Inc.	Castanias, Richard Professor Emeritus University of California, Davis
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Beck, Stacie E. Associate Professor of Economics University of Delaware	Browning, Edgar K. Professor of Economics Texas A&M University	

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OPEN GOVERNMENT & TRANSPARENCY——

SUMMARY: HOUSE GOP TRANSPARENCY INITIATIVE

24-48-72

Presented November 19, 2009

READ THE BILL:

Put all bills online for at least 72 hours before they come to a vote.

(H. Res. 554, Reps. John Culberson, R-TX & Brian Baird, D-WA; Discharge Petition by Rep. Greg Walden, R-OR)

BAN “PHANTOM AMENDMENTS”:

Require committees to post bill text online within 24 hours of adoption.

(H. Res. 835, Rep. Lynn Jenkins, R-KS)

SHOW THE VOTES:

Post Members’ committee votes online within 48 hours.

(H. Res. 874, Rep. Dave Reichert, R-WA)

OPEN HEALTH CARE NEGOTIATIONS TO THE PUBLIC:

Prevent secret deals behind closed doors and ensure a full and open debate.

(H. Res. 847, Rep. Vern Buchanan, R-FL; Discharge Petition by Rep. Buchanan)

BRING SUNLIGHT TO THE RULES COMMITTEE:

Allow cameras in the secretive Rules Committee, which decides which bills come to a vote.

(H. Res. 869, Rep. Charlie Dent, R-PA)

ENERGY

SUMMARY: HOUSE GOP AMERICAN ENERGY ACT, H.R. 2846

An “All-of-the-Above” Solution for Energy Independence

Introduced June 12, 2009

- **Increase production of American-made energy** in an environmentally-sound manner.
- **Promote new, clean and renewable sources of energy** such as nuclear, clean-coal-technology, wind and solar energy.
- **Encourage greater efficiency and conservation** by extending tax incentives for energy efficiency and rewarding development of greater conservation techniques and new energy sources.
- **Cut red-tape and reduce frivolous litigation.**

The American Energy Act is an “all-of-the-above” solution that offers more affordable energy, more well-paying jobs, energy independence, and a cleaner environment.

PROMOTING NEW, CLEAN AND RELIABLE SOURCES OF ENERGY

Nuclear: The 104 nuclear reactors in America today provide the United States with 20 percent of its electricity and 73 percent of its CO₂-free electricity, yet no new reactors have been ordered since 1978. This bill establishes a national goal to bring 100 new nuclear reactors online over the next 20 years to strengthen America’s commitment to clean, reliable energy.

The bill reinforces a commitment to protect public health and safety while providing for an accelerated regulatory process for new nuclear applications where there is a design already certified by the Nuclear Regulatory Commission (NRC); a site already licensed for operating reactors; an operator in good standing with the NRC; and a full and complete Combined Operations and Construction License application. This bill also lowers construction costs by suspending import tariffs and duties on imported nuclear components for five years if there is no domestic manufacturer.

The bill also provides a long-term solution for spent nuclear fuel. The legislation allows the NRC to finish its review of the Yucca Mountain repository without political interference, and repeals its 70,000 metric ton limitation, letting science and technology dictate how much the repository can safely hold. The bill also provides for recycling of spent nuclear fuel, thereby decreasing the demand for storage space at Yucca Mountain and amounts accumulating at sites across the country. The NRC would have two years to establish a process to license such recycling facilities.

New and Expanded Technologies: The bill creates a Renewable and Alternative Energy Trust Fund to provide funding for energy programs authorized by federal law, such as biomass, hydroelectric, clean coal, solar, wind, geothermal and other forms of renewable energy. The fund will encourage the development of renewable, alternative and unconventional fuels, and new energy sources, using receipts from the new federal and oil gas leasing in the Arctic Coastal Plain and the Outer Continental Shelf (OCS).

Alternative Fuels: The bill spurs the development of America’s alternative fuels by repealing the “Section 526” prohibition on government purchasing fuels derived from sources such as oil shale, tar sands and coal-to liquid technology. The bill also encourages the use of clean coal-to-liquid technology by allowing federal agencies to enter into long-term contracts to buy coal-derived fuel and by authorizing the Secretary of Energy to enter into loan agreements with coal-to-liquid projects.

Tax Provisions for New and Expanding Technology: The bill encourages new and expanding energy technologies by making permanent tax credits for the production of renewable electricity, like wind, solar, and biomass. The bill also makes permanent investment tax credits for solar energy and for fuel cell properties and extends the biodiesel and renewable diesel tax credits.

AMERICAN ENERGY

Outer Continental Shelf: The Interior Department estimates that the OCS holds up to 86 billion barrels of oil and 420 trillion cubic feet of natural gas. Significant portions of the OCS remain unavailable because the current Administration continues to delay leasing activities.

The bill increases the supply of American energy by immediately moving forward with a leasing program on the already open OCS. The bill also simplifies and harmonizes the OCS mileage restrictions, expanding state territorial waters to 12 miles offshore (most state borders stop at three miles) and gives coastal states a share of the receipts from such energy exploration. A portion of the revenues created by OCS exploration would go to a renewable energy trust fund to pay for a variety of renewable, alternative and advanced energy programs.

Arctic Coastal Plain: The bill increases American energy by opening the Arctic Coastal Plain to exploration in an environmentally-sound manner, which could provide an additional 1 million barrels of oil per day. The bill requires timely lease sales, provides for revenue sharing with the State, designates a fund to mitigate the effects of exploration and development and provide for local community support, and devotes a portion of the revenues for a renewable energy trust fund to pay for renewable, alternative and advanced energy programs.

Oil Shale: It is estimated that more than 70 percent of American oil shale lies on federal lands which contain an estimated 1.23 trillion barrels of oil, more than 50 times the nation's proven conventional oil reserves. The bill codifies the oil shale lease program and restores leasing activities that were already underway prior to being halted in February 2009, by the current Administration. The bill mandates that a lease sale be held within 180 days of enactment.

CUTTING RED TAPE AND REDUCING FRIVOLOUS LAWSUITS

Legal Reform: The bill curtails dilatory lawsuits that are designed to obstruct American energy exploration. While ensuring people a day in court, it expedites judicial review by imposing a 60-day deadline on legal challenges and requires cases to be filed in the District Court for the District of Columbia, to prevent forum shopping.

Refineries: The newest significant refinery began operating in 1977. The bill increases American supplies of gasoline and diesel by encouraging greater refinery capacity by streamlining and accelerating the refinery permitting process. The bill also requires the President to designate at least three closed military installations as potentially suitable for construction of a refinery, including at least one suitable for refining biomass to produce biofuel.

Environmental Review: The bill reduces red-tape and cost to the Environmental Protection Agency arising from having to needlessly identify alternative locations for renewable energy projects, while ensuring a proper environmental review for the proposed action and no-action.

CONSERVATION AND EFFICIENCY

Tax Incentives and Prizes: The bill encourages American ingenuity by providing for competitive award cash prizes to advance the research, development, demonstration and commercial application of innovative energy technologies and new energy sources, including a \$500 million prize to the first U.S. automobile manufacturer to sell 50,000 economically feasible, super fuel-efficient vehicles that get 100 mpg.

The bill provides tax incentives for businesses and homeowners who improve their energy efficiency. It also extends tax credits for using energy efficient appliances and energy efficient upgrades made to existing homes, a tax credit for individuals who purchase a new energy efficient home and a tax credit for energy efficient commercial buildings, home energy audits and smart meters.

SUMMARY: HOUSE GOP SAVINGS RECOVERY ACT, H.R. 2021 Introduced April 22, 2009

Loss of Savings is Number #1 U.S. Economic Issue; GOP Plan Would Help Rebuild Americans' Savings

Millions of Americans have watched with anxiety in the past year as the value of their 401(k)s, college savings plans, and other vital savings accounts have plummeted. In fact, savings and investment loss is the number-one economic issue on the minds of worried American families; according to a March 2009 National Public Radio (NPR) survey conducted by Public Opinion Strategies/Greenberg Quinlan Rosner, Americans' concern about decline in the stock market and investment losses trumps even concerns about losing their jobs. But instead of taking action to help Americans rebuild their savings as quickly as possible, Washington is pursuing policies that are causing Americans' savings to evaporate even more quickly. Some are even proposing to wipe out 401(k)s entirely, replacing them with government-run accounts that put bureaucrats in charge of savings decisions instead of families.

Recognizing American families' anxieties about their evaporating personal savings, Republican Leader John Boehner (R-OH) formed the House GOP Savings Recovery Solutions Group. The group unveiled a blueprint for the Savings Recovery Act to help Americans protect and rebuild their hard-earned savings as quickly as possible while making sure the federal government does not hinder the process. The Savings Recovery Act by Solutions Group Members Reps. Boehner, Dave Camp (R-MI), Howard P. "Buck" McKeon (R-CA), John Kline (R-MN), Pat Tiberi (R-OH), Sam Johnson (R-TX), Ed Royce (R-CA), Michele Bachmann (R-MN), Erik Paulsen (R-MN), Dean Heller (R-NV), Bob Latta (R-OH), Lynn Jenkins (R-KS), and Brett Guthrie (R-KY).

GOP SAVINGS RECOVERY ACT HELPS AMERICANS REBUILD THEIR SAVINGS

Rebuilding Americans' Retirement Savings. In the current economic climate, Americans should be afforded every opportunity to help rebuild their savings. However, current law limits the amount Americans can put into their retirement savings or the "catch-up" contributions they may make. By raising the contribution and catch-up limits, the Savings Recovery Act gives Americans an opportunity to more quickly build back their retirement savings. In addition, current law generally requires a certain portion of retirement savings to be withdrawn after an individual turns 70 $\frac{1}{2}$ or retires. This requirement was suspended in 2009 to help retirees keep more of their retirement savings instead of being forced to take more out at a time when the value of their accounts is relatively low. This bill would extend the suspension of minimum withdrawals for an additional three years, through 2012.

Rebuilding College Savings. The current SAVERS Credit provides a tax credit of up to \$1,000 for an individual filer and \$2,000 for those filing jointly, for voluntary contributions to retirement savings plans. The Savings Recovery Act would extend the existing SAVERS Credit to contributions made to 529 college savings accounts as well, effectively reducing by up to half the cost of a family's contribution to a 529 plan. Coupling the SAVERS Credit with 529 plans will help more families of modest means save for their children's college expenses. With the exception of this year, 529 account owners may only adjust their investment allocation once a year, regardless of market conditions. To help families better respond to changing market conditions, the bill would permanently allow families to change the investment direction of a 529 plan twice a year.

Increasing Retirement Income by Reducing the Social Security Earnings Penalty. Many Americans continue working into their mid-60s – out of financial necessity or as personal preference. Choosing to work and claim Social Security benefits before full retirement age, however, can result in losing \$1 of benefits for every \$2 of earnings in excess of \$14,160 this year. Given the decline in value of other retirement savings as a result of the market, more workers who have not yet reached full retirement age need to increase their income now. Therefore, the Savings Recovery Act would double the Social Security earnings limit from \$14,160 to \$28,320 and allow more Americans to increase their income without being hit by the earnings penalty.

Tax Relief for Investors and Seniors. There is no silver bullet to revitalize the stock market, but encouraging investment through tax incentives can boost the value of retirement accounts on behalf of workers and retirees. And to help stem the loss of investment value, sensible tax code changes can help those with losses in the market keep more of their regular earnings. The Savings Recovery Act would immediately suspend the capital gains tax on newly acquired assets for the next two years and would raise and index to inflation the amount of capital losses allowed against ordinary income to \$10,000 – roughly the level it would be currently if it had been indexed to inflation when last modified. Finally, the bill would suspend taxes on dividend income through 2011. A recent Tax Foundation analysis found this change would particularly help seniors and those on the verge of retirement.

Stabilizing Worker Pensions and Helping Employers Invest in the Future. The decline in the stock market not only has consequences on Americans' savings, but it is also placing a significant strain on employers and their worker pension plans. Rules requiring plans to recognize most of their losses in 2008 immediately and make up for those losses quickly are leaving many companies with unmanageable obligations, which could force employers to stop offering their pension plans altogether. To help ensure the viability of these worker pension plans, and allow employers to retain jobs and weather the economic storm, the Savings Recovery Act temporarily provides an increased glide path for recognizing losses and two additional years to resolve funding shortfalls. The bill would, however, require employers to continue making interest payments to their pension plans to prevent shortfalls from growing larger.

Preserving Employee-Controlled 401(k)s. Some in Washington are proposing to wipe out 401(k)s entirely, replacing them with government-run accounts that put bureaucrats – instead of families – in charge of Americans' savings. House Republicans are committed to preserving 401(k)s – and just as importantly, preserving workers' ability to make their own decisions about their retirement savings. The Savings Recovery Act reflects this important principle.

NATIONAL SECURITY

SUMMARY: HOUSE GOP KEEP TERRORISTS OUT OF AMERICA ACT, H.R. 2294

Legislation Aims to Stop World's Most Dangerous Terrorists Held at Guantanamo Bay Prison from Being Imported into the United States

Introduced May 7, 2009

House Republicans introduced the Keep Terrorists Out of America Act, legislation aimed at stopping the transfer or release of terrorists held at the Guantanamo Bay prison into the United States. The legislation unequivocally opposes releasing terrorists from the Guantanamo Bay facility and transferring them to the United States, makes clear that governors and state legislatures must pre-approve the transfer or release of any terrorist detainee into their respective states, and requires the Administration to meet strict criteria and certification standards before terrorists housed at the Guantanamo prison could be brought to the United States. Republican Leader John Boehner (R-OH) issued the following statement on the legislation:

"This bill has a straightforward but vital purpose: to ensure that the terrorists held in the Guantanamo Bay prison are not imported into the United States. We are giving every member of Congress an opportunity to stand with the American people by affirming their opposition to bringing these terrorists into our communities, and we hope they join us. Equally as important, this bill holds the Administration accountable if it acts unilaterally against the will of the American people.

"The world did not suddenly become safe in January 2009. There are still terrorists around the world who are committed to killing Americans and destroying our way of life. A number of those terrorists are being held at the prison in Guantanamo Bay right now. If the Administration is allowed to proceed, they won't be there for long. In fact, they may be right here, in the United States. I have been urging the Administration to finally present to the American people its plan for what to do with the terrorists held at Guantanamo and for confronting and defeating the global terrorist threat. Right now, that plan does not exist, and the safety of our nation depends on it.

"Our ranking members John McHugh, Pete Hoekstra, Lamar Smith, Peter King, and Ileana Ros-Lehtinen all deserve great credit for their work on this measure. I thank them for their efforts in crafting this critically important bill."

SUMMARY OF THE KEEP TERRORISTS OUT OF AMERICA ACT:

Affirming Congress' Opposition to the Release and Transfer of Terrorists. The bill affirms Congress' opposition to transferring or releasing terrorists held at the Guantanamo Bay prison into the United States. Most Americans do not support releasing these terrorists from Guantanamo Bay prison and transferring them into the United States. The bill gives Congress an opportunity to show that it stands with the American people on this critical matter, and opposes the release and transfer of these terrorists.

Governor & State Legislature Pre-Approval. The measure prohibits the Administration from transferring or releasing any terrorist detainees at Guantanamo Bay to any state without express approval from the state's governor and legislature, and certifies to Congress that strict requirements have been met. For example, the Administration must certify to the respective governor and state legislature that the detainee does not pose a security risk to the United States. The certifications must be made 60 days before any transfer or release.

Presidential Certification Requirements. The measure prohibits the President from transferring or releasing a terrorist detainee into the United States unless he provides the following notification and certification to Congress regarding:

- The name of the detainee and transfer/release location in the United States.
- The release/transfer would not negatively impact continued prosecution of the detainee.
- The release/transfer would not negatively impact continued detention of the detainee.
- The ability of federal judges to release detainees into the United States.

FINANCIAL REFORM

SUMMARY: HOUSE GOP REGULATORY REFORM PLAN, H.R. 3310
Introduced July 23, 2009

Committee Republicans introduced comprehensive financial regulatory reform legislation. The Consumer Protection and Regulatory Enhancement Act (H.R. 3310) will protect investors, taxpayers, and consumers, and make Wall Street responsible for its actions. The Republican legislation addresses the causes of the financial crisis, and modernizes the regulatory structure while adopting a new approach to the financial markets, one that no longer includes the taxpayer as the financial backstop of the financial markets.

REPUBLICAN PRINCIPLES:

No More Bailouts. Ensuring taxpayers are never again asked to pick up the tab for bad bets on Wall Street while some creditors and counterparties of failed firms are made whole.

Ending the Government's Practice of Picking Winners and Losers. Insolvent firms will be permitted to fail rather than become wards of the state.

Restore Market Discipline. Financial firms must understand there will be consequences for imprudent business decisions.

SUMMARY OF THE REPUBLICAN PLAN:

Enhanced Bankruptcy. Republicans call for the resolution of insolvent non-bank institutions—no matter how large or systemically important—by creating a new chapter of the bankruptcy code to make it more efficient and better suited for resolving large non-bank financial institutions. This new chapter will facilitate coordination between regulators and the courts to ensure technical and specialized expertise is applied when dealing with these complex institutions. Bankruptcy judges would also have the power to stay claims by creditors and counterparties to prevent runs on troubled institutions.

Market Stability and Capital Adequacy Board. Under the Republican plan, this Board will not have independent enforcement or supervisory authority over individual firms but would be tasked with monitoring the interactions of various sectors of the financial system, and identifying risks that could endanger the stability and soundness of the system. In order to address current regulatory gaps, each functional regulator would be required to assess the effects of their regulated entities' activities on macroeconomic stability and review how entities under their regulatory purview interact with entities outside their purview. The Board will be chaired by the Secretary of the Treasury and comprised of outside experts as well as representatives from the financial regulatory agencies responsible for supervising large, complex firms.

Regulatory Restructuring. The Republican plan would ensure consistent enforcement, accountability and transparency by modernizing the current framework of overlapping and redundant Federal financial regulatory agencies and streamlining supervision of deposit-taking entities in one agency while preserving charter choice as well as the dual banking system. The plan combines the Office of the Comptroller of the Currency (OCC) and Office of Thrift Supervision (OTS) into one agency and shifts the supervisory functions of the Federal Reserve and Federal Deposit Insurance Corporation (FDIC) to that agency, including the responsibility for overseeing bank and financial holding companies.

Fundamental Reform of the Federal Reserve. The Republican plan would bring transparency and accountability by directing the Government Accountability Office to conduct extensive audits. The plan refocuses the Fed on its core mission of conducting monetary policy by relieving it of current regulatory and supervisory responsibilities and reassigning them to other agencies, and requiring an explicit inflation target. These changes will eliminate the

Fed's current incentive to prop up the economy through an accommodative monetary policy to prevent firms from failing. The Republican Plan would impose limitations on the Fed's use of its authority under section 13(3) of the Federal Reserve Act to respond to "unusual and exigent" circumstances by subjecting actions under 13(3) to Treasury approval and giving Congress the ability to disapprove, placing 13(3) transactions on Treasury's balance sheet, and eliminating the use of this authority on behalf of specific institutions.

Government Sponsored Enterprise (GSE) Reform. The Republican plan would phase out taxpayer subsidies of Fannie Mae and Freddie Mac over a number of years and end the current model of privatized profits and socialized losses. It sunsets the current GSE conservatorship by a date certain, placing Fannie and Freddie in receivership if they are not financially viable at that time. If they are viable, once the housing market has stabilized, the plan would initiate the process of cutting their ties to the government by winding down the federal subsidies granted through their charters and transitioning Fannie and Freddie into non-government backed entities that compete on a level playing field with other private firms. In making reforms, Republicans will address reducing Fannie and Freddie's portfolios, re-focusing Fannie and Freddie on promoting housing affordability, and requiring SEC registration and the payment of taxes.

Credit Rating Agency Reform. The Republican plan changes the definition of the Nationally Recognized Statistical Ratings Organization to "nationally registered statistical rating organizations" and removes all references to ratings throughout Federal law and regulation, so that the rating agencies will no longer operate as a government-sanctioned oligopoly.

Protecting Consumers Through Improved Disclosure and Complaint Resolution Procedures. The Republican plan expands the mission of the Financial Literacy and Education Commission to include consumer protection and disclosure issues by giving it the authority to direct regulated entities to disclose relevant policies, procedures, guidelines, standards and regulatory filings on their websites. It streamlines the complaint process for consumers and investors by establishing a single, toll-free number and website to field consumer inquiries and direct them to the appropriate regulatory enforcement agency.

Strengthening Anti-Fraud Enforcement. Increases both civil and criminal money penalties in government enforcement actions, maximizes restitution for victims of fraud, improves surveillance of bad actors who prey on consumers, and allows regulators to share information with foreign regulators and law enforcement agencies engaged in the investigation and prosecution of violations of financial laws without waiving privileges. Monetary recoveries above what is needed to make full restitution to harmed investors or consumers would be used to hire additional enforcement staff.



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