



**U.S. REPRESENTATIVE TODD ROKITA**

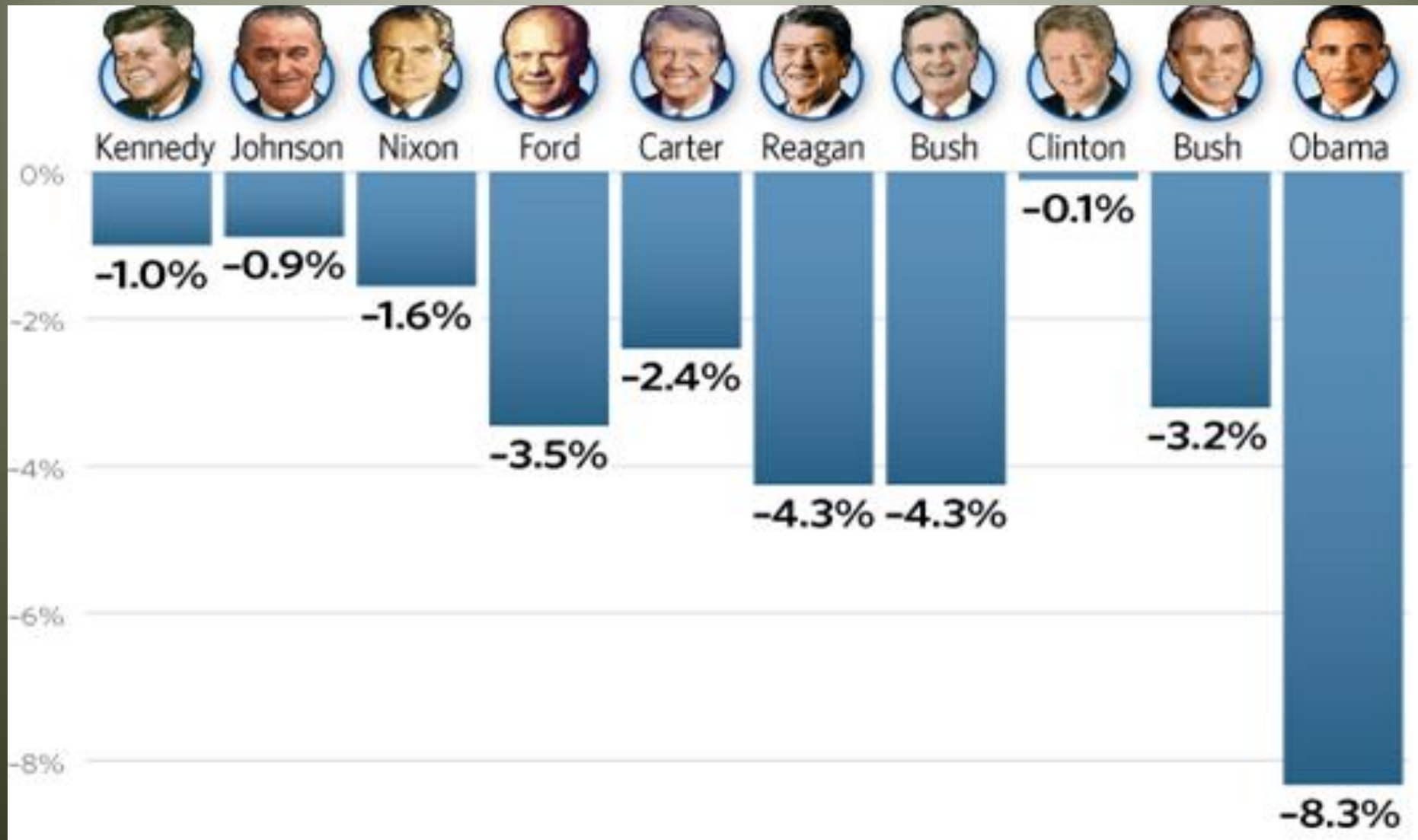
***Your Freedom, Your Family, Your  
Future***

# Our national debt as of this moment is:

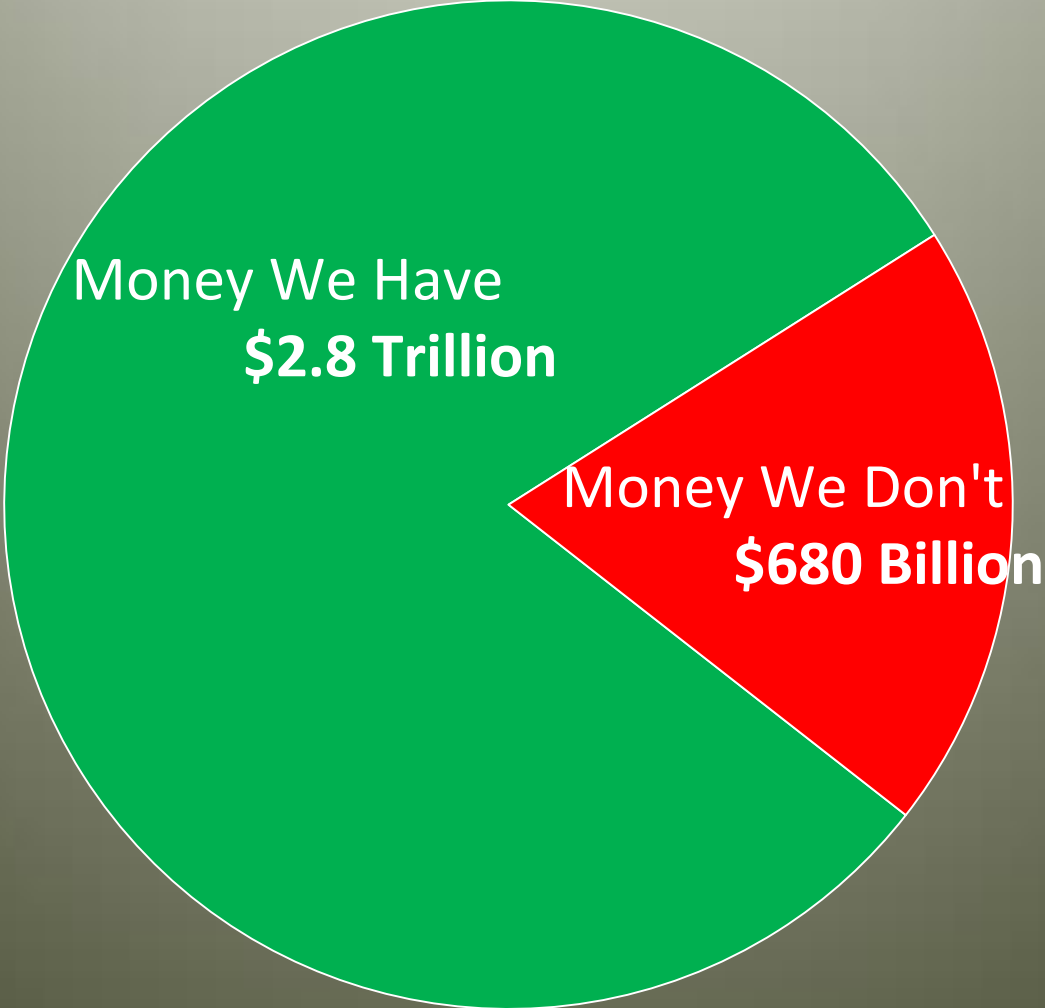


Usdebtclock.org 4-14-14  
2:32 pm

# Budget Deficits as a Percentage of GDP, by Administration



**THE FEDERAL GOVERNMENT IS BORROWING MORE THAN 19 CENTS OF EVERY DOLLAR IT SPENDS**



Source: CBO

**We've borrowed and have held debt in the past.....why is it a problem now???**

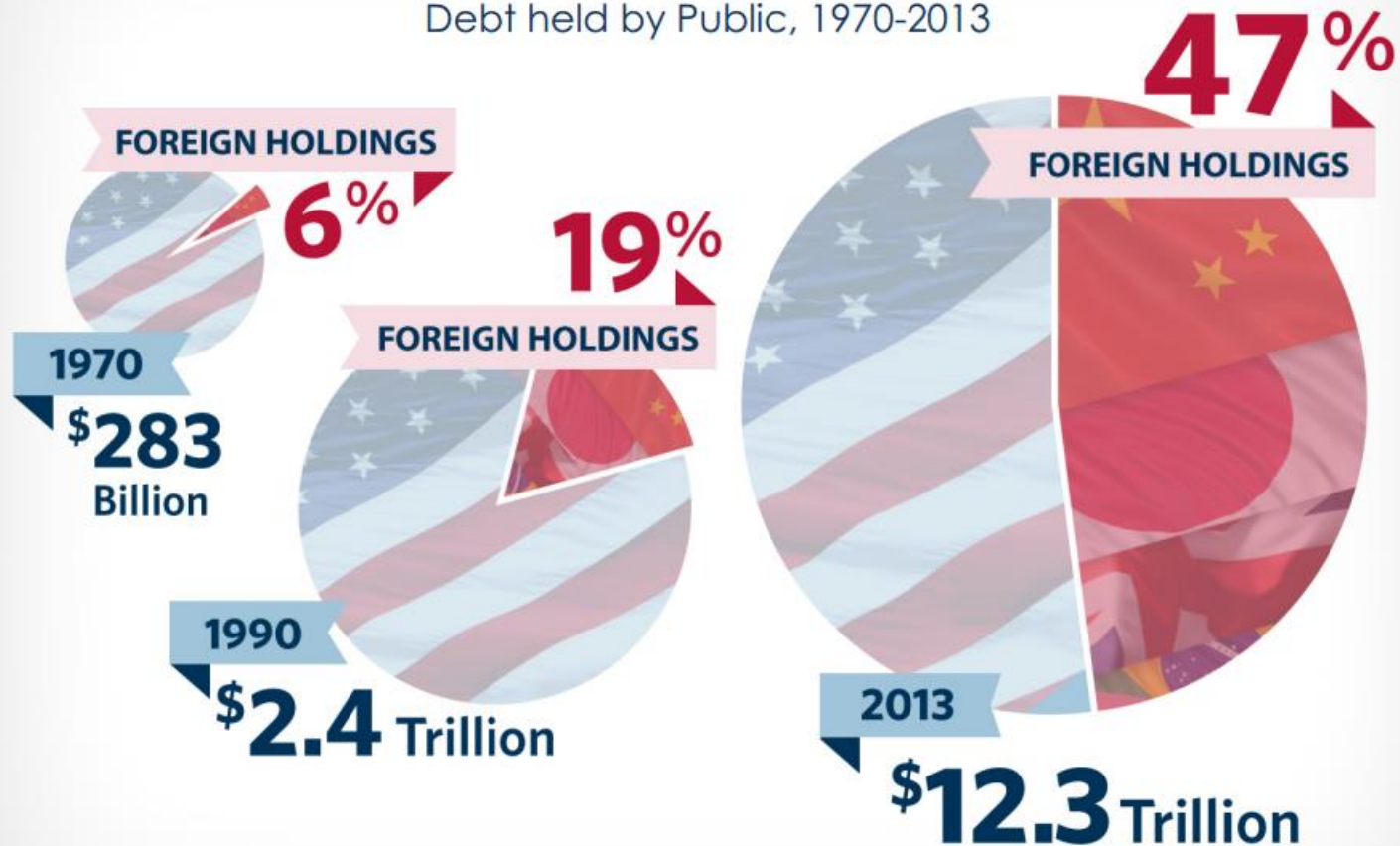


# America's Foreign Debt Reality

## WHO OWNS OUR DEBT?

### WHO OWNS OUR DEBT?

Debt held by Public, 1970-2013



With the interest we pay to China on our debt, China  
can afford to buy  
3 new Joint Strike Fighters every week.



# The US has borrowed from its citizens for one-time expenditures



World War II cost the US \$296 billion. The war effort was funded with approximately \$186 billion in war bonds

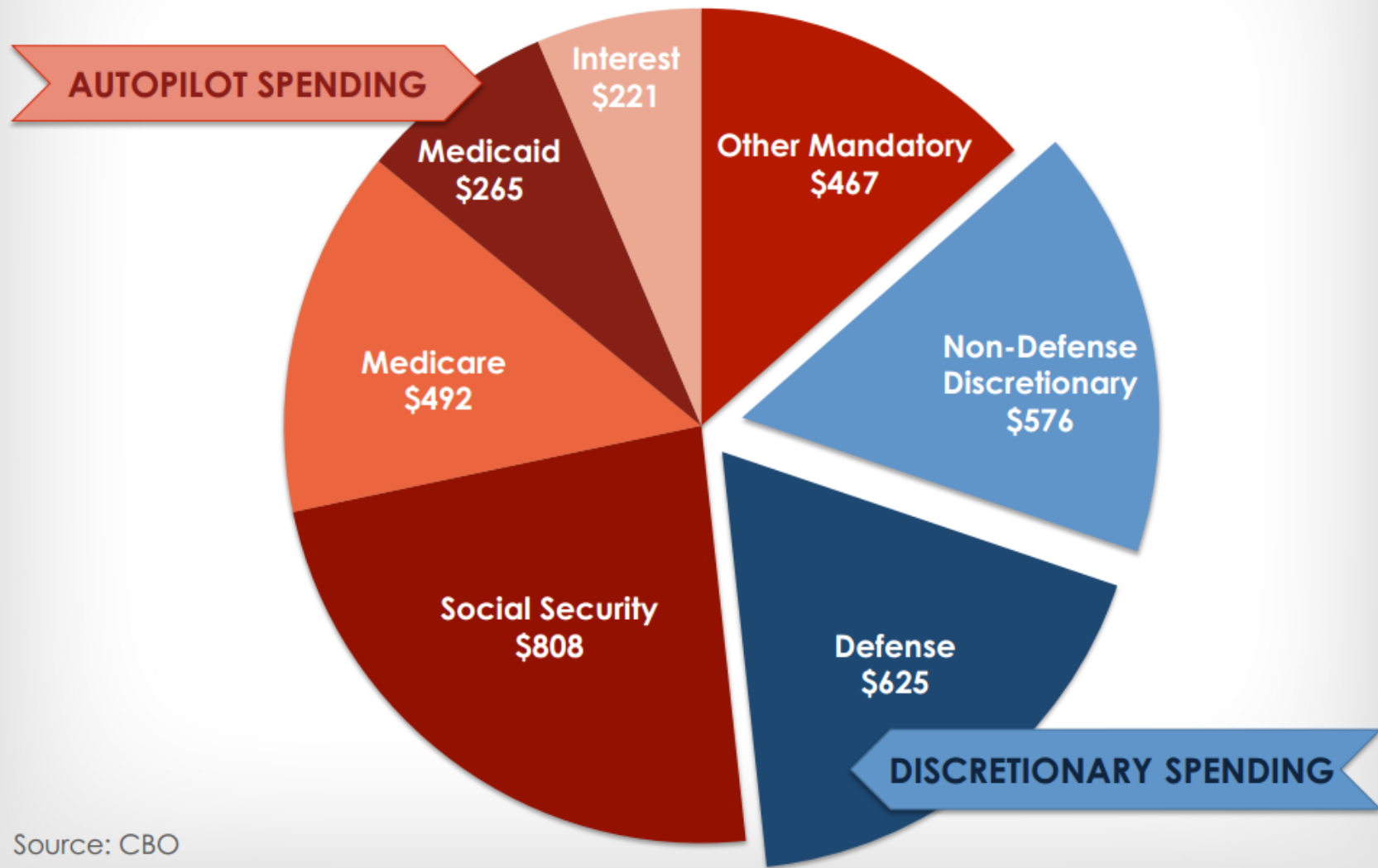
Now we are financing our operating budget with debt.



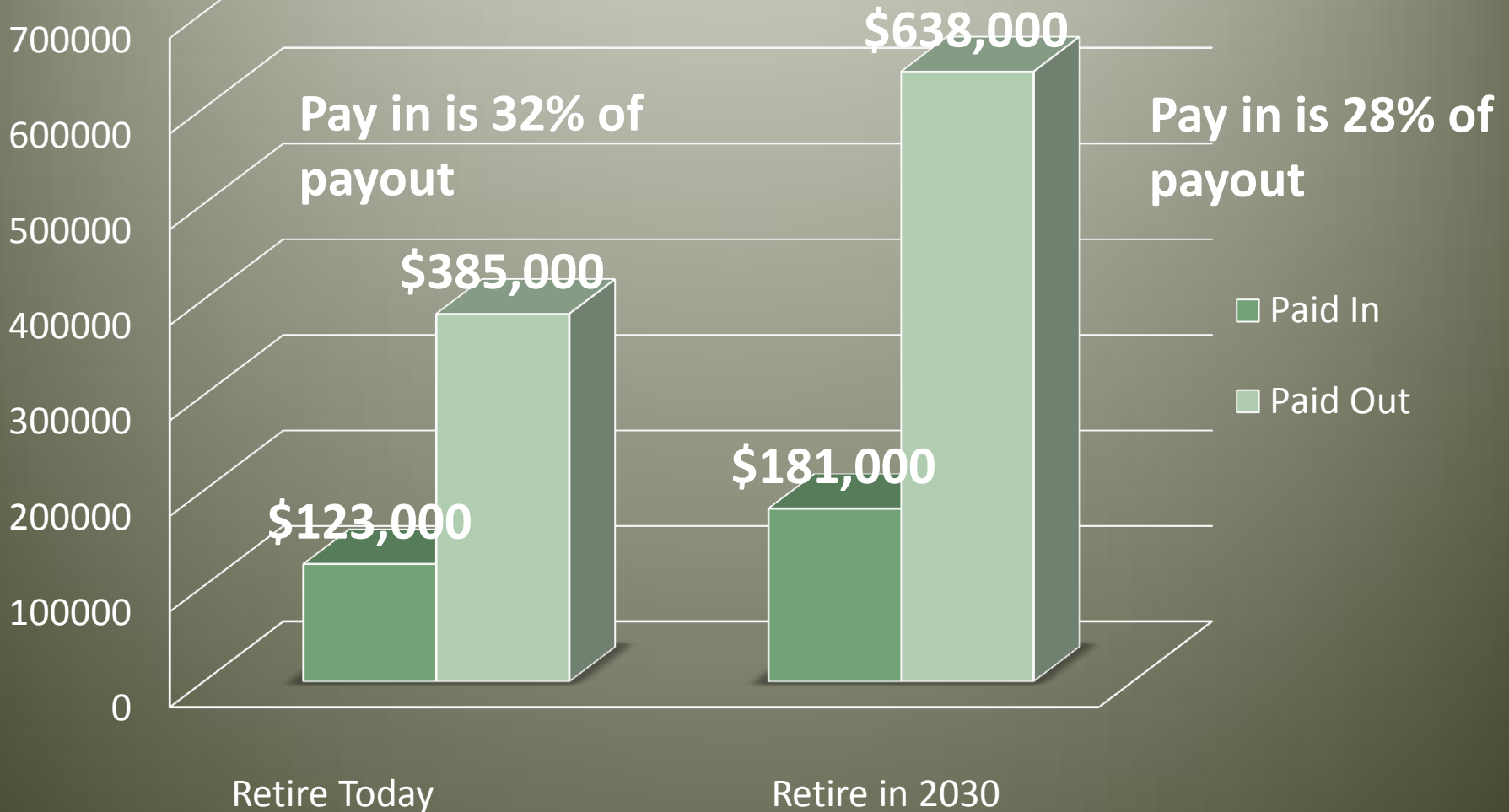
# FEDERAL GOVERNMENT SPENDING

(billions of dollars)

TOTAL SPENDING IN FY2013 = **\$3.45 TRILLION**



# Example of the Problem: Medicare Paid In vs. Paid Out for Average Couple

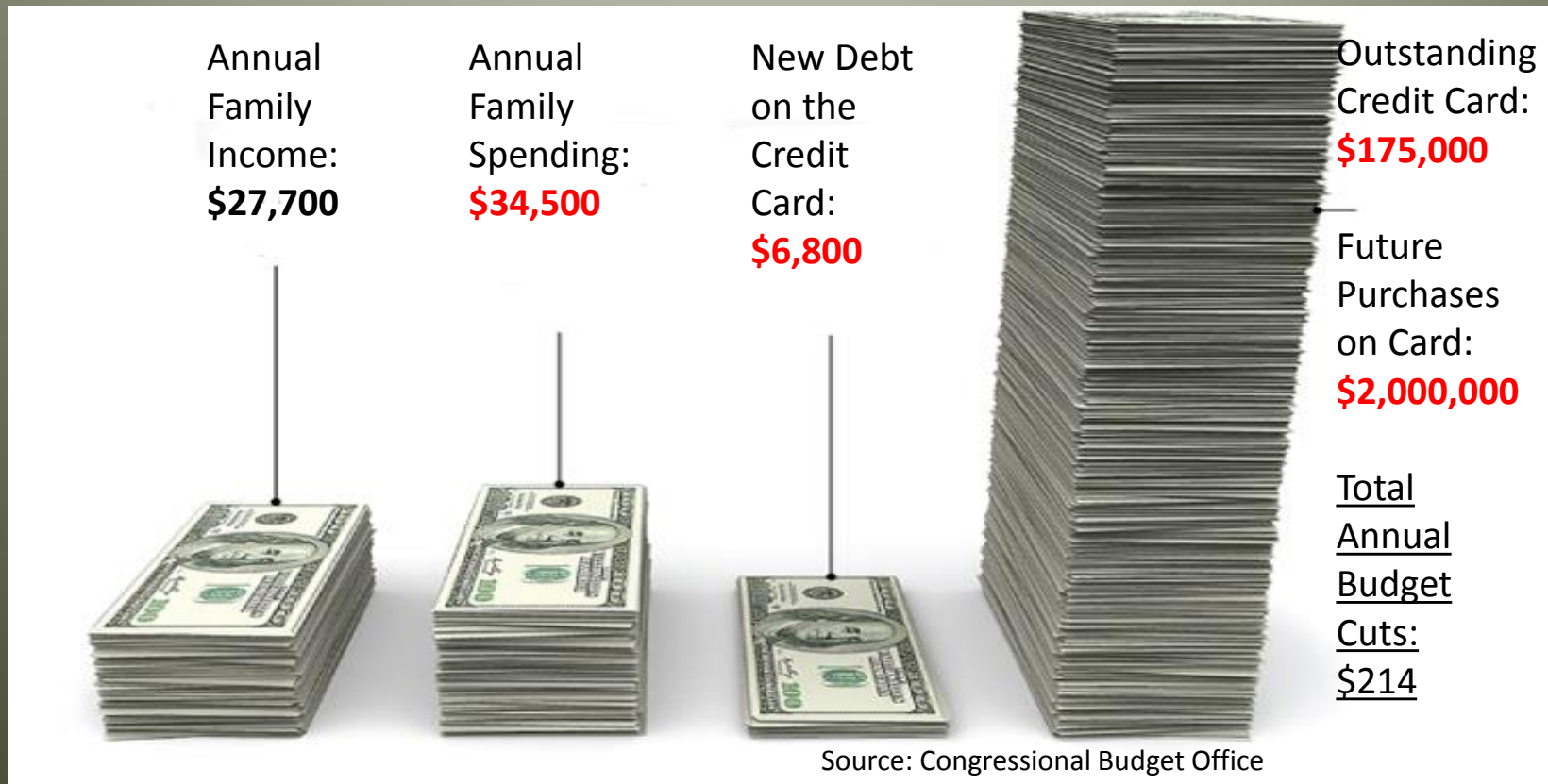


Couple making combined \$89,600/year on average over a lifetime

Source: The Urban Institute: Social Security and Medicare Taxes and Benefits Over a Lifetime 2013 Update

# If Your Family Spent Like the Federal Government, What Would It Look Like?

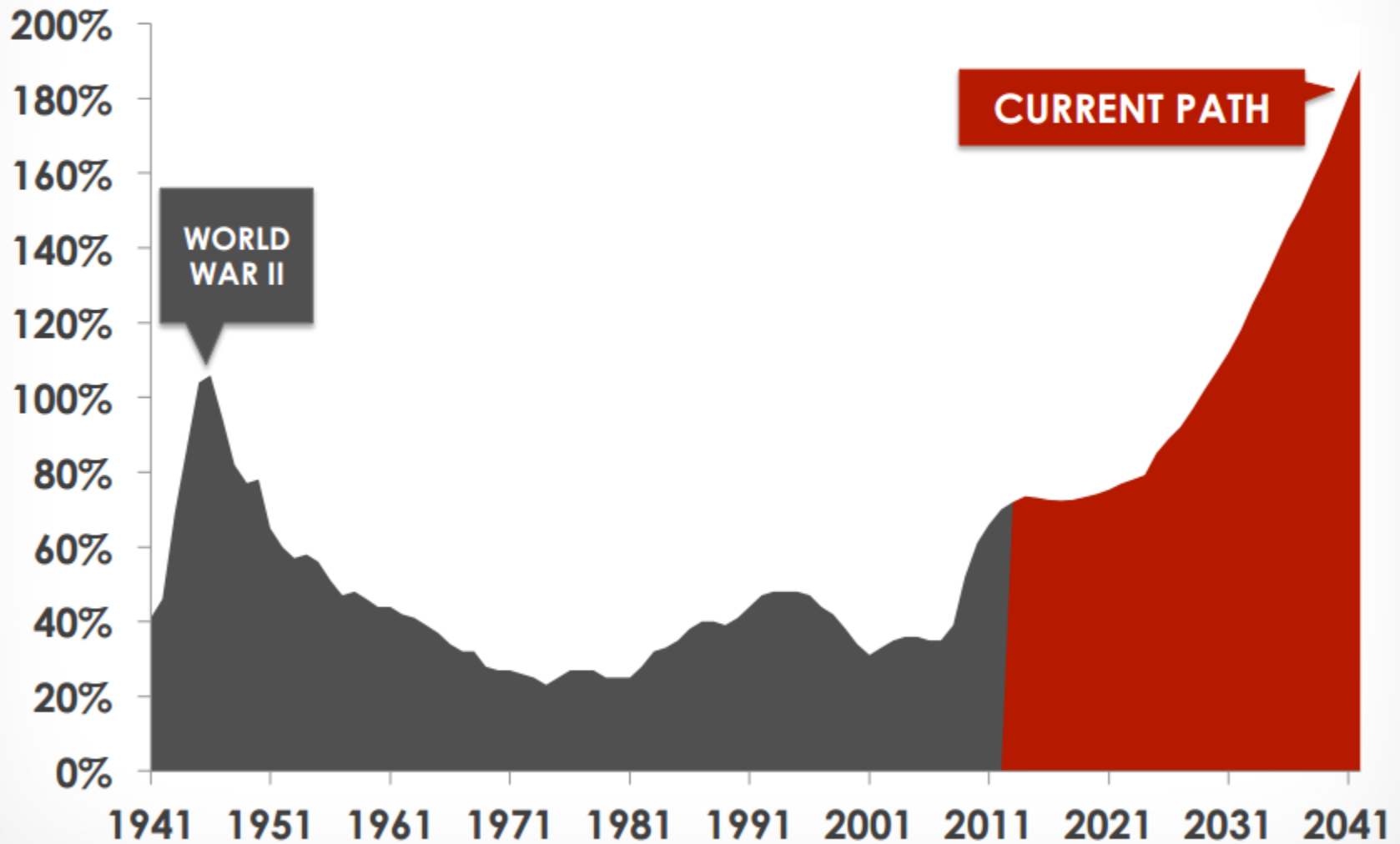
Drop 8 zeroes off the federal budget or divide federal spending by 100 million American households:



If your family was DROWNING in debt, would reducing spending by \$214 actually make a difference?

# CRUSHING BURDEN OF DEBT

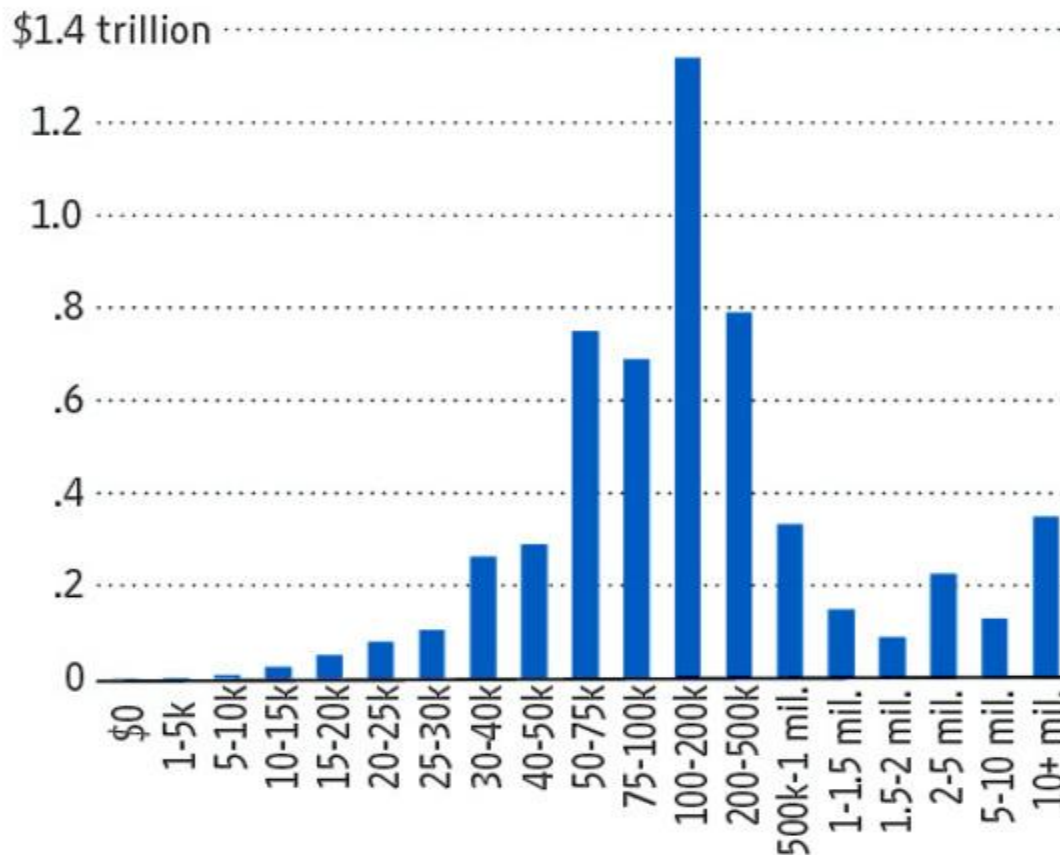
U.S. Debt Held by Public as a Share of the Economy



# FALSE SOLUTION #1

## The Middle Class Tax Target

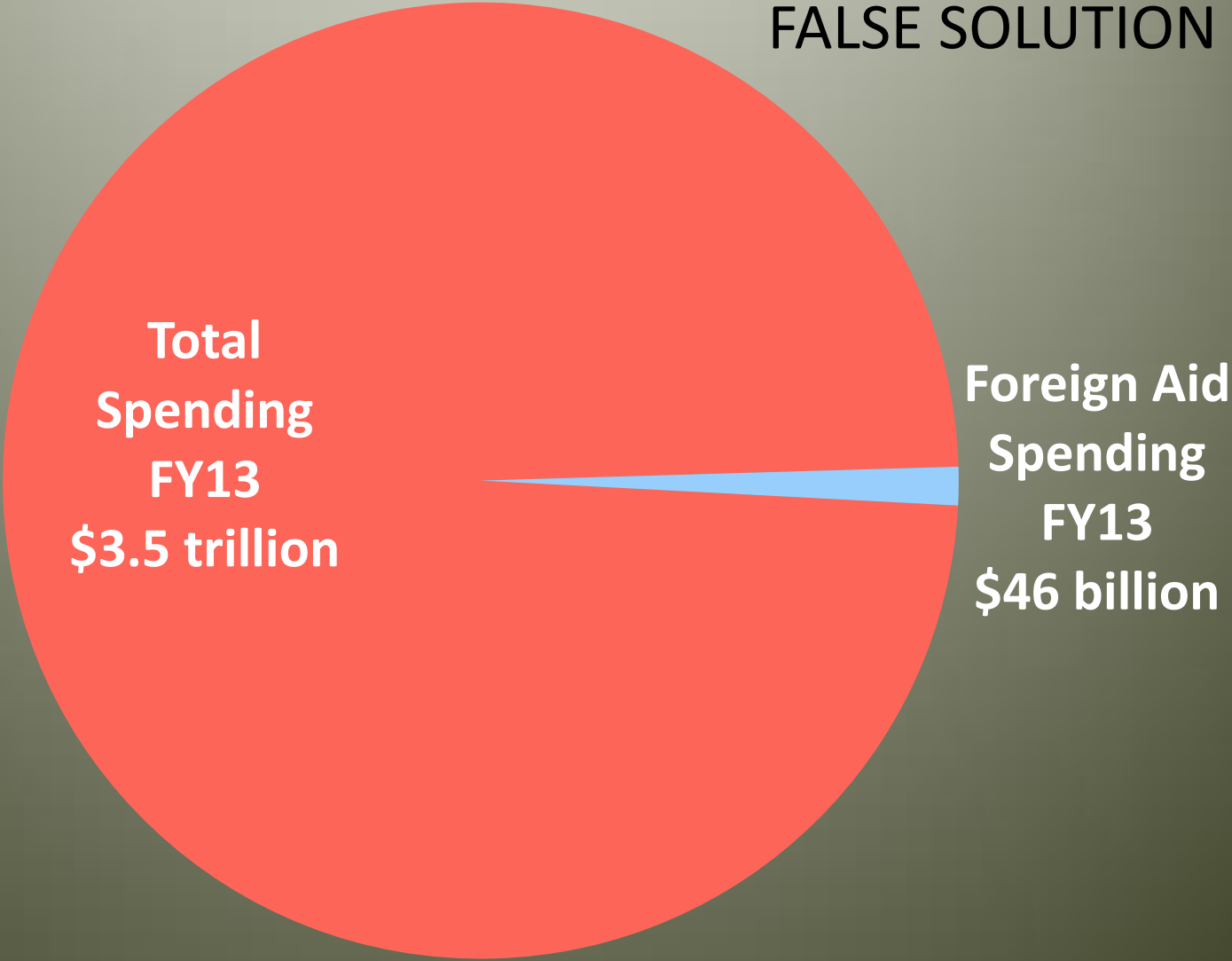
The amount of total taxable income (left scale) for all filers by adjusted gross income level for 2008



Source: IRS

# What If We Cut All Foreign Aid?

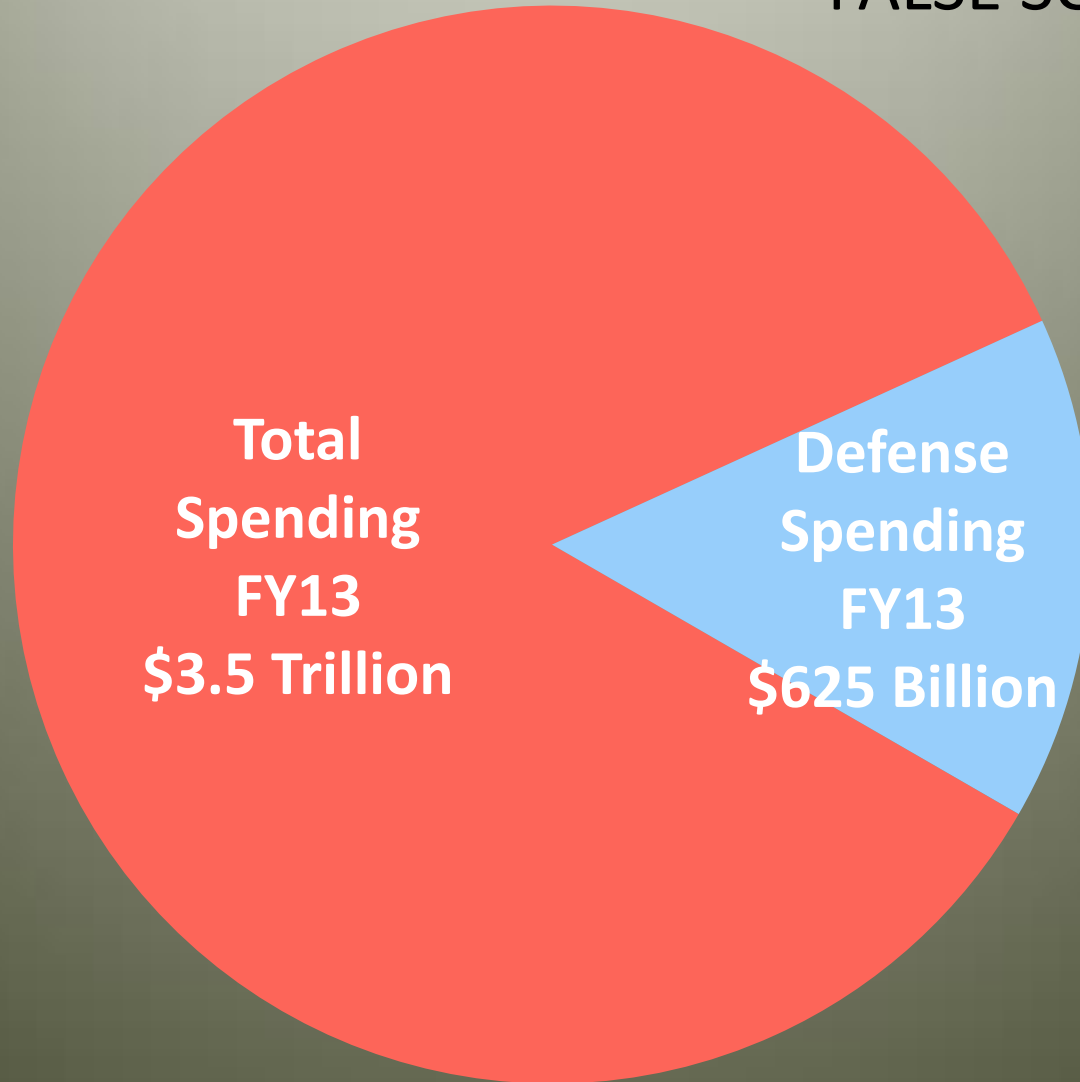
FALSE SOLUTION # 2



Source: CBO

# What If We Cut All Defense Spending?

FALSE SOLUTION # 3



# Solution #1

## Reform Medicare

- Transition from a defined benefit, fee-for-service structure to a defined contribution structure, and require an aggressive means test.



- Use Free Market principles to lower costs by:

- Choice and Competition
- Increased Patient Control



- **NO CHANGES FOR CURRENT BENEFICIARIES**



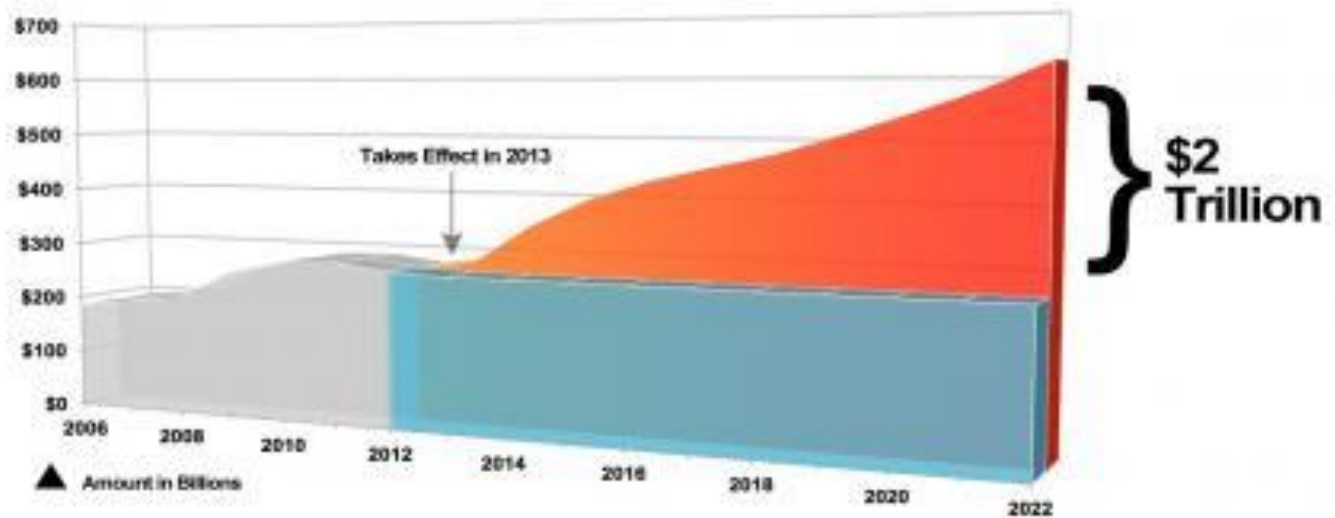
# Solution #2

## Reform Medicaid

### The State Health Flexibility Act

More Accountable, More Affordable, Better Care

- Doesn't cut a penny from current Medicaid & CHIP spending.
- Doesn't spend \$2 Trillion we don't have on programs that don't work like they should.



#### Federal Spending on Medicaid & CHIP

- In Previous Years
- In the State Health Flexibility Act
- In ObamaCare

Republican Study Committee  
<http://rsc.jordan.house.gov>  
@RepublicanStudy

# Solution #3

## Reform Social Security



- Index the normal retirement age(NRA) to longevity standards
- Require an aggressive means test.
- This is a commonsense, gradual approach that will eliminate a long-term shortfall

# Solution #4

## Reform the Budget Process

The federal budget process is broken, oversight is inadequate, transparency is lacking and the rules favor more spending.

- 1. Make the budget legally binding and automatically cut spending that grows faster than inflation
- 2. Eliminate automatic spending increases year-to-year
- 3. Move to biennial budgets and require Congress to review long-term budget implications every five years
- 4. Study the effect of budgets beyond ten years and account for the total liabilities of our nation in the future



# Solution #5

## Grow the Economy

- Tax reform
- Deregulation
- Abundant, affordable energy
- Get government out of the way of free markets and the American people!



# Why isn't the Economy Growing?

## FREE (100 - 80)

RANK	COUNTRY	OVERALL	CHANGE
1	Hong Kong	90.1	+0.8
2	Singapore	89.4	+1.4
3	Australia	82.0	-0.6
4	Switzerland	81.6	+0.6
5	New Zealand	81.2	-0.2
6	Canada	80.2	+0.8

## MOSTLY FREE (79.9 - 70)

RANK	COUNTRY	OVERALL	CHANGE
12	United States	75.5	-0.5

## Measuring Economic Liberty

**Rule of Law** (property rights, freedom from corruption)

**Limited Government** (fiscal freedom, government spending);

**Regulatory Efficiency** (business freedom, labor freedom, monetary freedom); and

**Open Markets** (trade freedom, investment freedom, financial freedom).

### RULE OF LAW

Property Rights 80.0   
Freedom From Corruption 72.0

### LIMITED GOVERNMENT

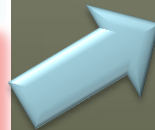
Government Spending 48.1   
Fiscal Freedom 65.8

### REGULATORY EFFICIENCY

Business Freedom 89.2   
Labor Freedom 97.2   
Monetary Freedom 75.4

### OPEN MARKETS

Trade Freedom 86.8   
Investment Freedom 70.0   
Financial Freedom 70.0



# Best Solution

## A Balanced Budget Amendment

- A balanced budget amendment would force us to live within our means and make tough decisions including the entitlement reforms I have discussed.
- As a nation, we would be forced to have a tough conversation about how much to spend, how much to tax and what kind of government we want. That way, we can't hand down the cost of our government to our children and grandchildren.

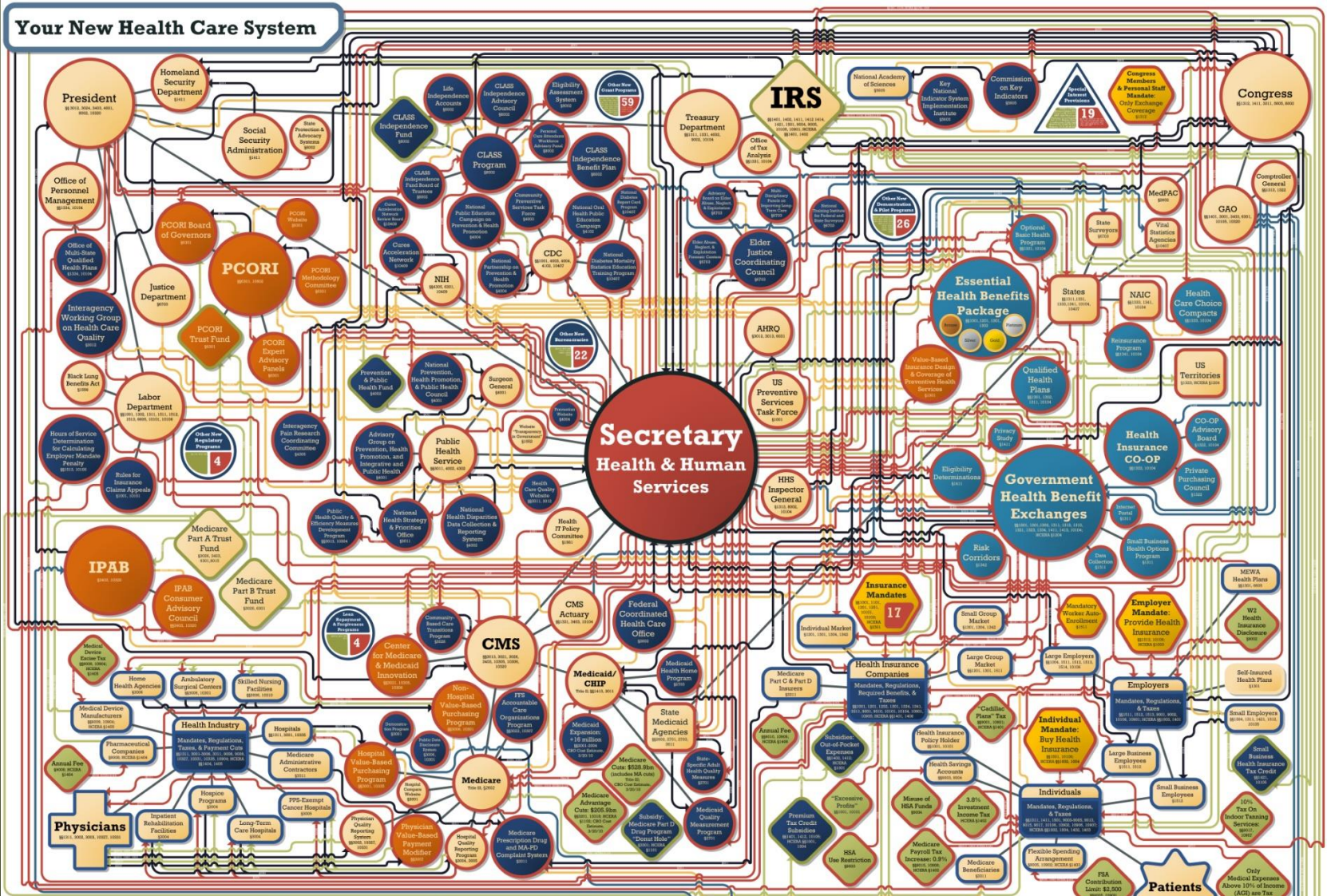


**Additional Slides**

Learn more about House GOP  
Solutions for Spending and Debt at  
**Rokita.House.Gov**



# Why Medicare and Medicaid Need Reform



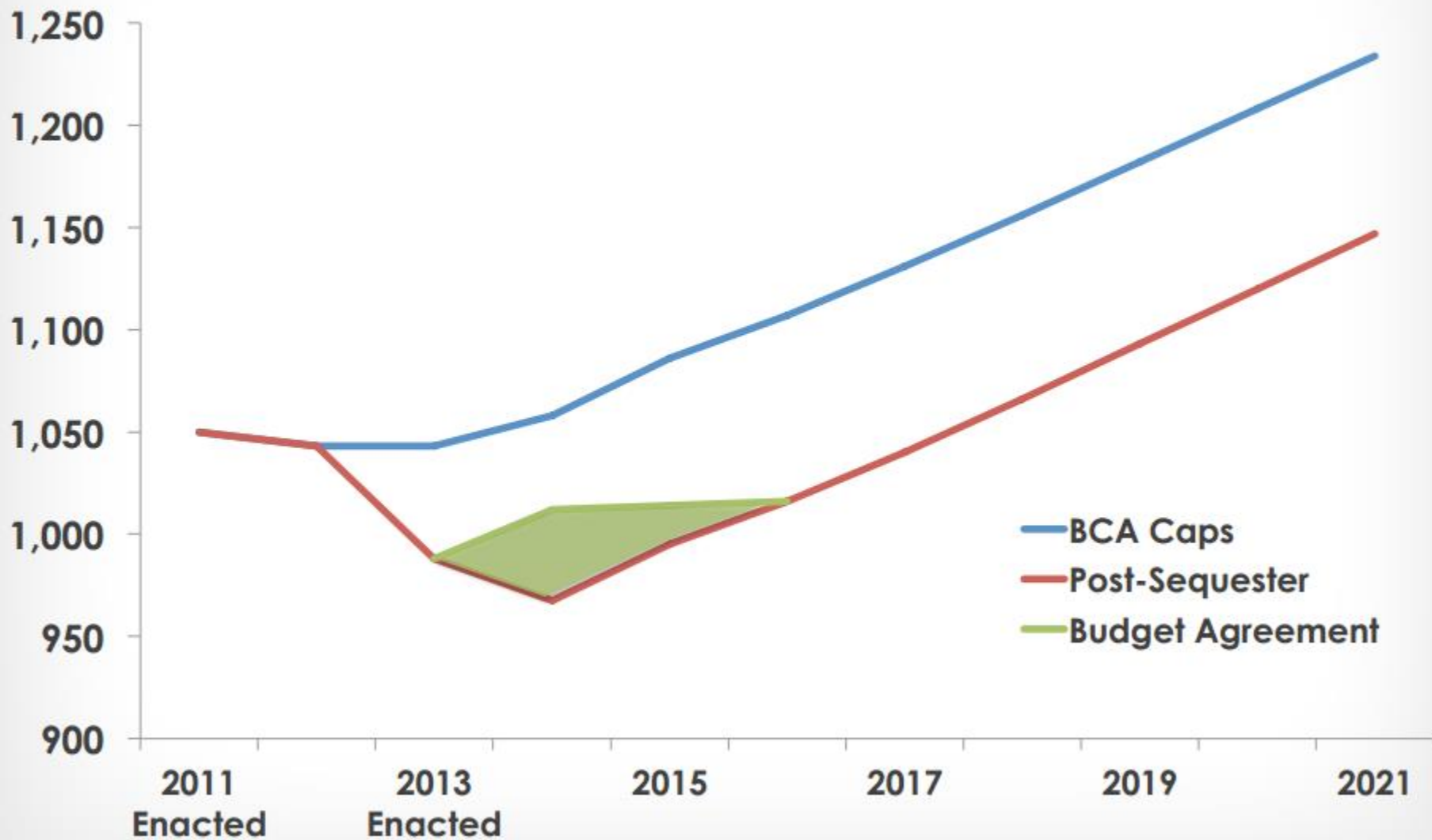
New Government	Expanded Government	Private	New Relationships
<ul style="list-style-type: none"> <li>Rationing Potential</li> <li>Involvement in Health Insurance Market</li> <li>Other Expansions</li> <li>Represents Bundles of Additional Entities</li> </ul>	<ul style="list-style-type: none"> <li>Mandates</li> <li>Taxes &amp; Monetary Fees/Penalties/Cuts</li> <li>Trust Fund (Rationing Potential)</li> <li>Other New Trust Funds/Monetary Benefits</li> </ul>	<ul style="list-style-type: none"> <li>Government with Expanded Authority/Responsibility</li> <li>Government Financial Entity with New Inflows/Outflows</li> <li>State/Territory with Expanded Authority/Responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Private Entity with New Mandates/Regulations/Responsibilities</li> <li>Unchanged Private Entity</li> <li>Special Interest Provisions</li> <li>Regulations/Requirements/Mandates</li> <li>Reporting Requirements</li> <li>Oversight</li> <li>Money Flows</li> <li>Consultation/Advisory/Info Sharing</li> <li>Structural Connections (Includes Existing)</li> </ul>

**Legend:**  
 AGI: Adjusted Gross Income  
 AIBO: Agency for Healthcare Research and Quality  
 CDC: Centers for Disease Control & Prevention  
 CHIP: Children's Health Insurance Program  
 CLASS: Community Living Assistance Services & Supports  
 CMS: Centers for Medicare & Medicaid Services  
 CO-OP: Consumer Operated & Oriented Program  
 FFS: Fee-for-Service  
 FSA: Flexible Spending Arrangement  
 GAO: Government Accountability Office  
 HCEA: Health Care & Education Reconciliation Act  
 HHS: Health & Human Services Department  
 HSA: Health Savings Account  
 IPA: Independent Payment Advisory Board  
 ISE: Internal Revenue Service  
 MA-PD: Medicare Advantage Prescription Drug  
 MEDPAC: Medicare Payment Advisory Commission  
 MEDW: Medicaid Early Risk Detection  
 EALOR: Executive Authority Labelled Office Regional System  
 MEWA: Multiple Employer Welfare Arrangement  
 NHA: National Association of Insurance Commissioners  
 NIH: National Institutes of Health  
 PCORI: Patient-Centered Outcomes Research Institute  
 PPS: Prospective Payment System

**Key Legislation:**  
 Patient Protection & Affordable Care Act, P.L. 111-148;  
 Health Care & Education Reconciliation Act, P.L. 111-152  
 Prepared by: Joint Economic Committee, Republican Staff  
 Congressman Kevin Brady, Senior House Republican  
 Senator Sam Brownback, Ranking Member

# CAPS ON DISCRETIONARY SPENDING

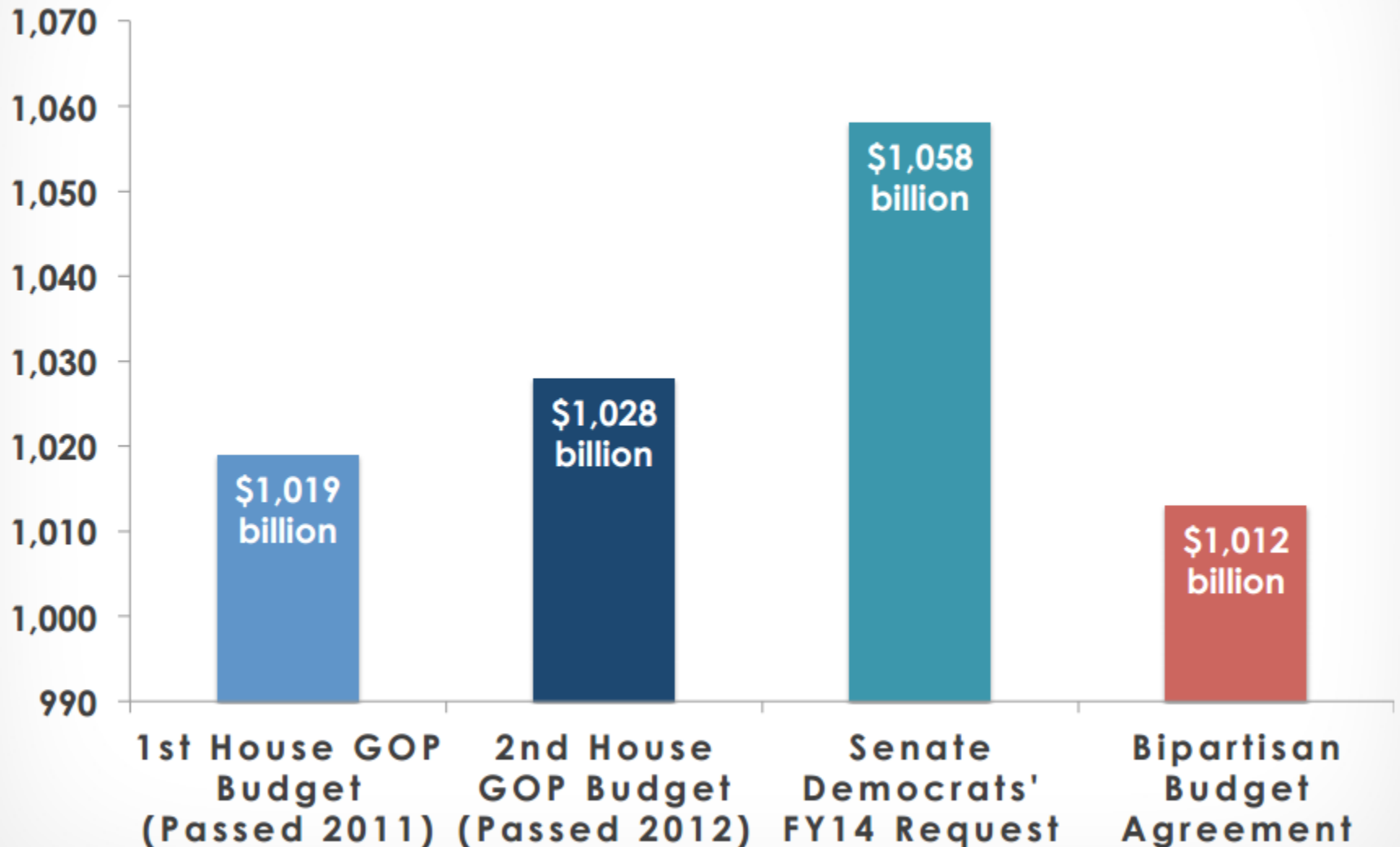
Budget Authority in Billions of Dollars



Source: CBO, HBC

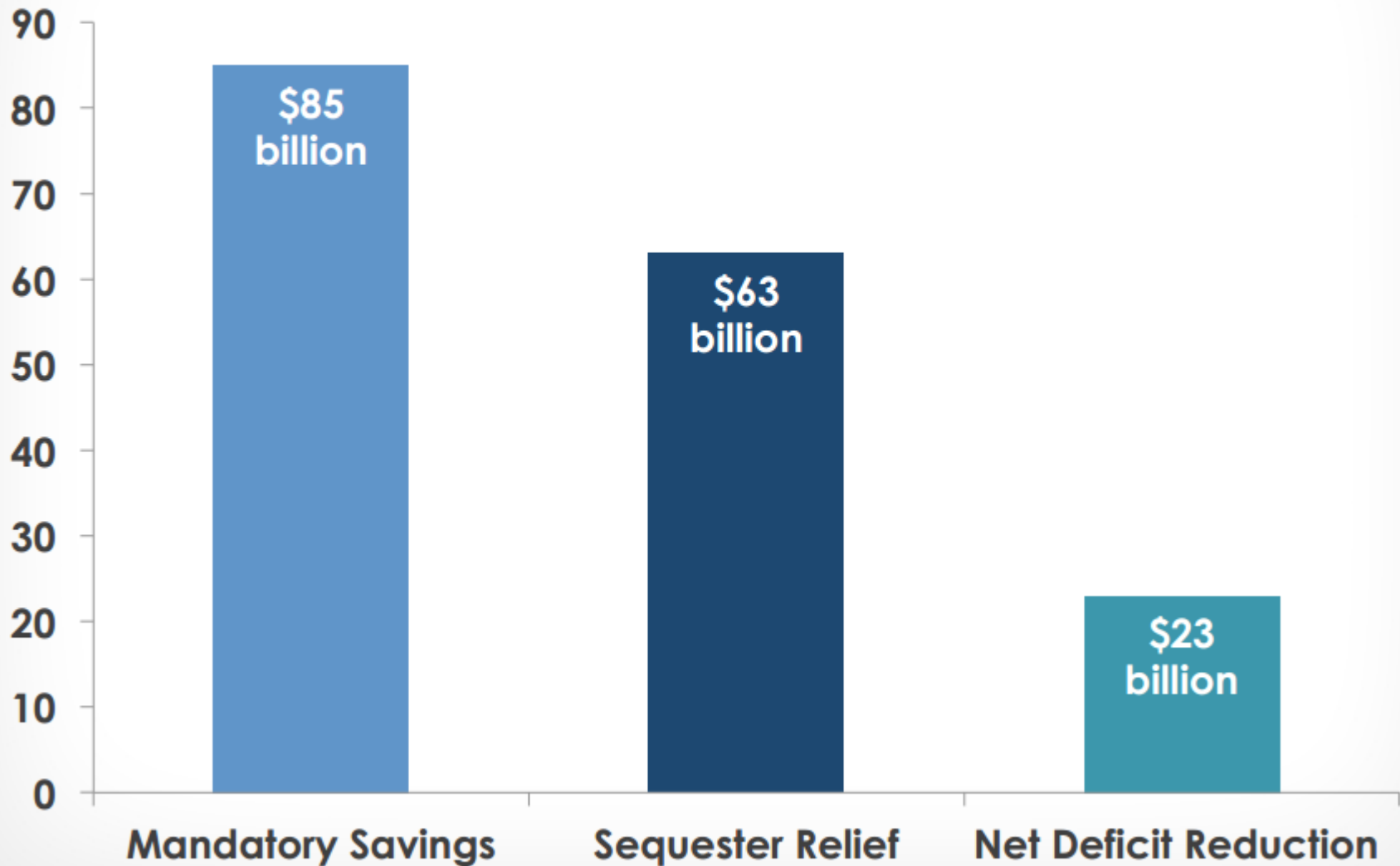
# BUDGET AGREEMENT SPENDS LESS THAN DEMOCRATS' REQUEST AND PREVIOUS GOP BUDGETS

Base Discretionary Levels in Billions of Dollars

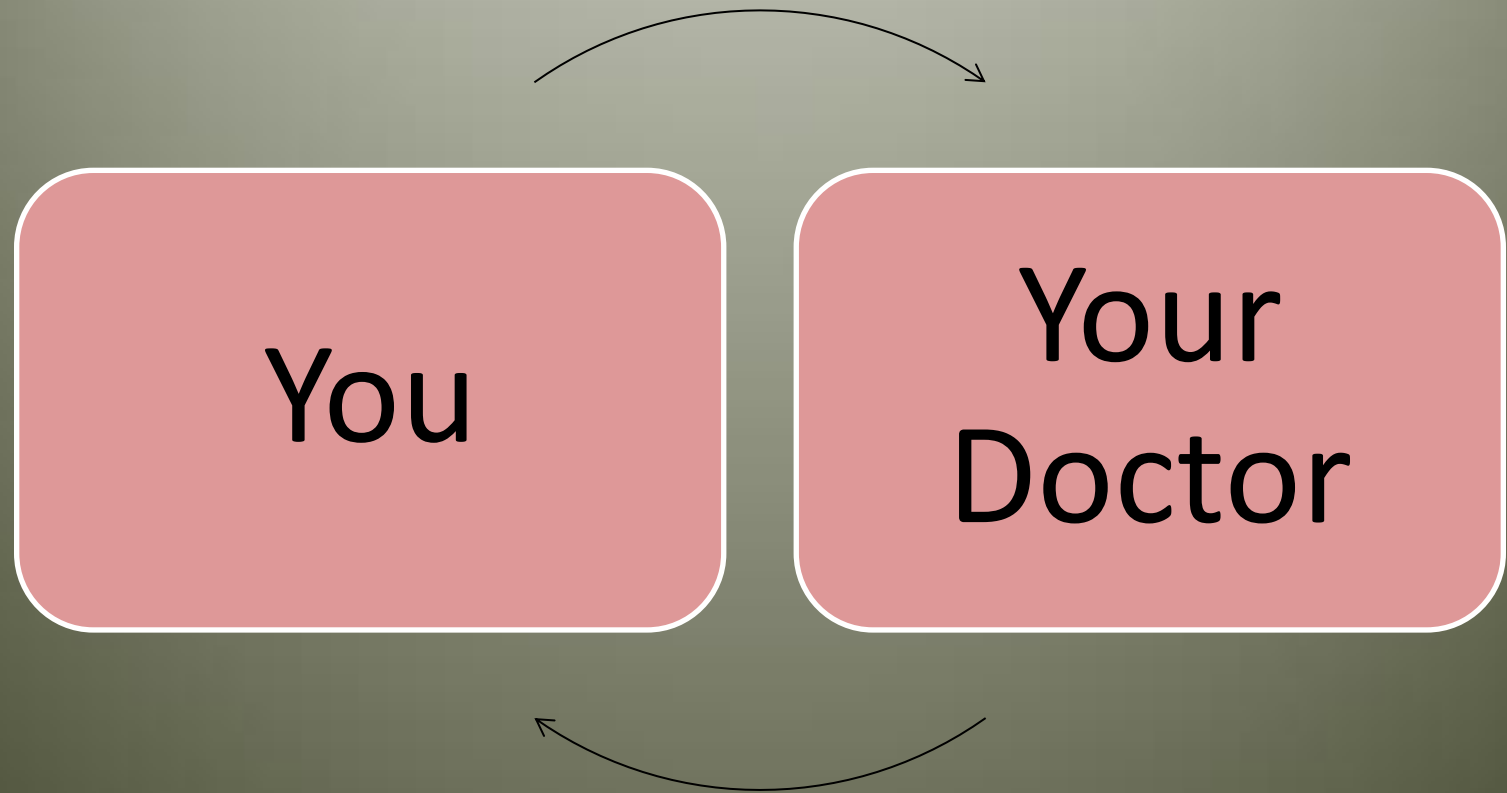


# BUDGET AGREEMENT REDUCES DEFICIT

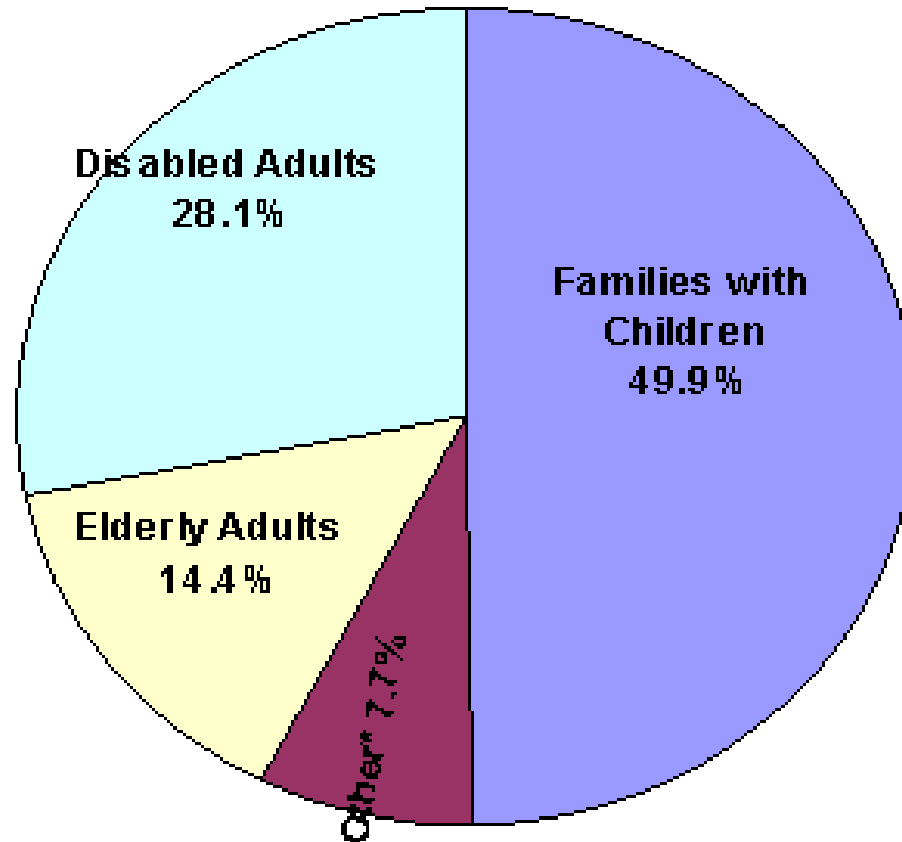
Billions of Dollars



# Most efficient and cost-effective health care flow chart



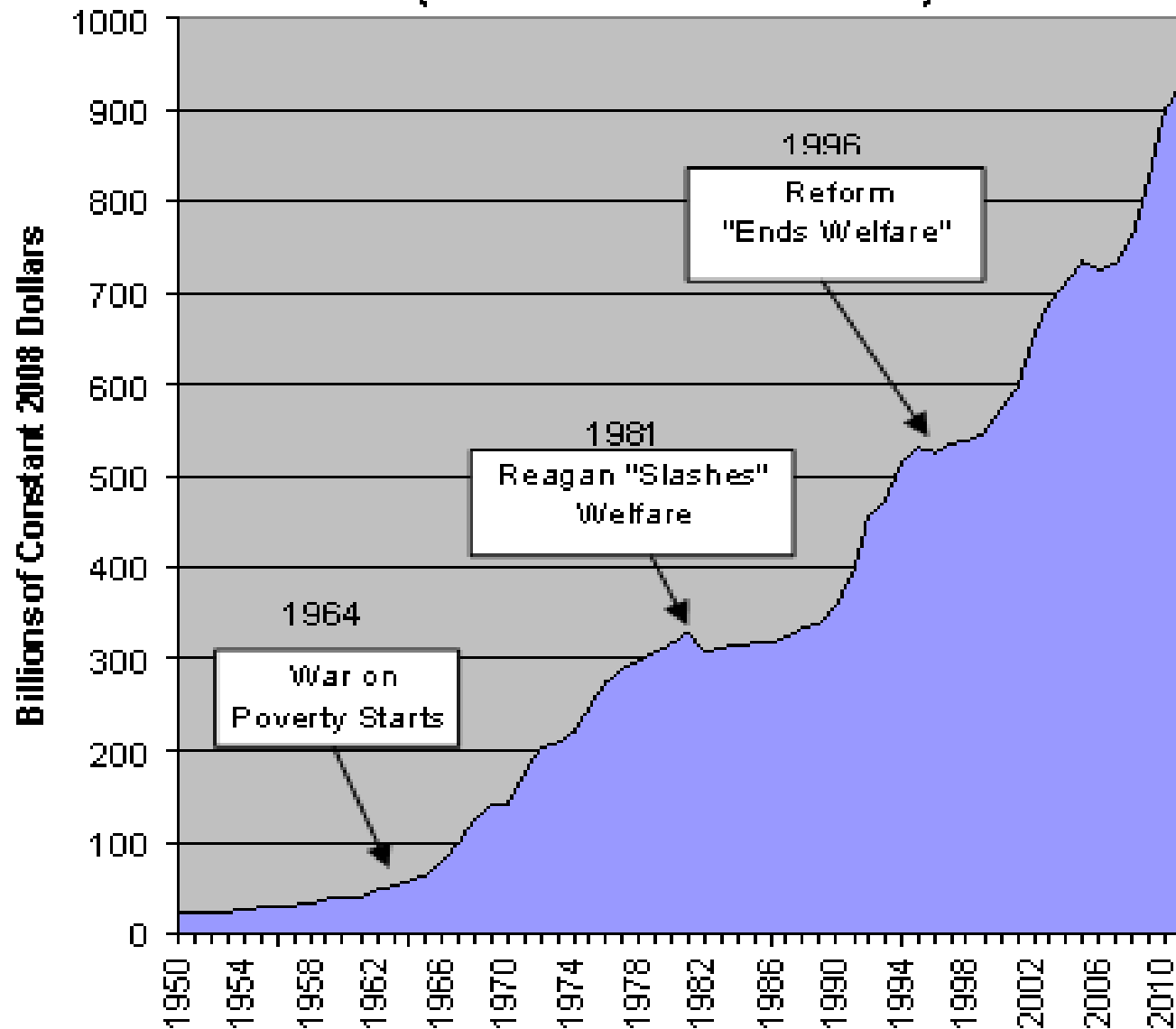
## Welfare Spending by Recipient Categories FY2011



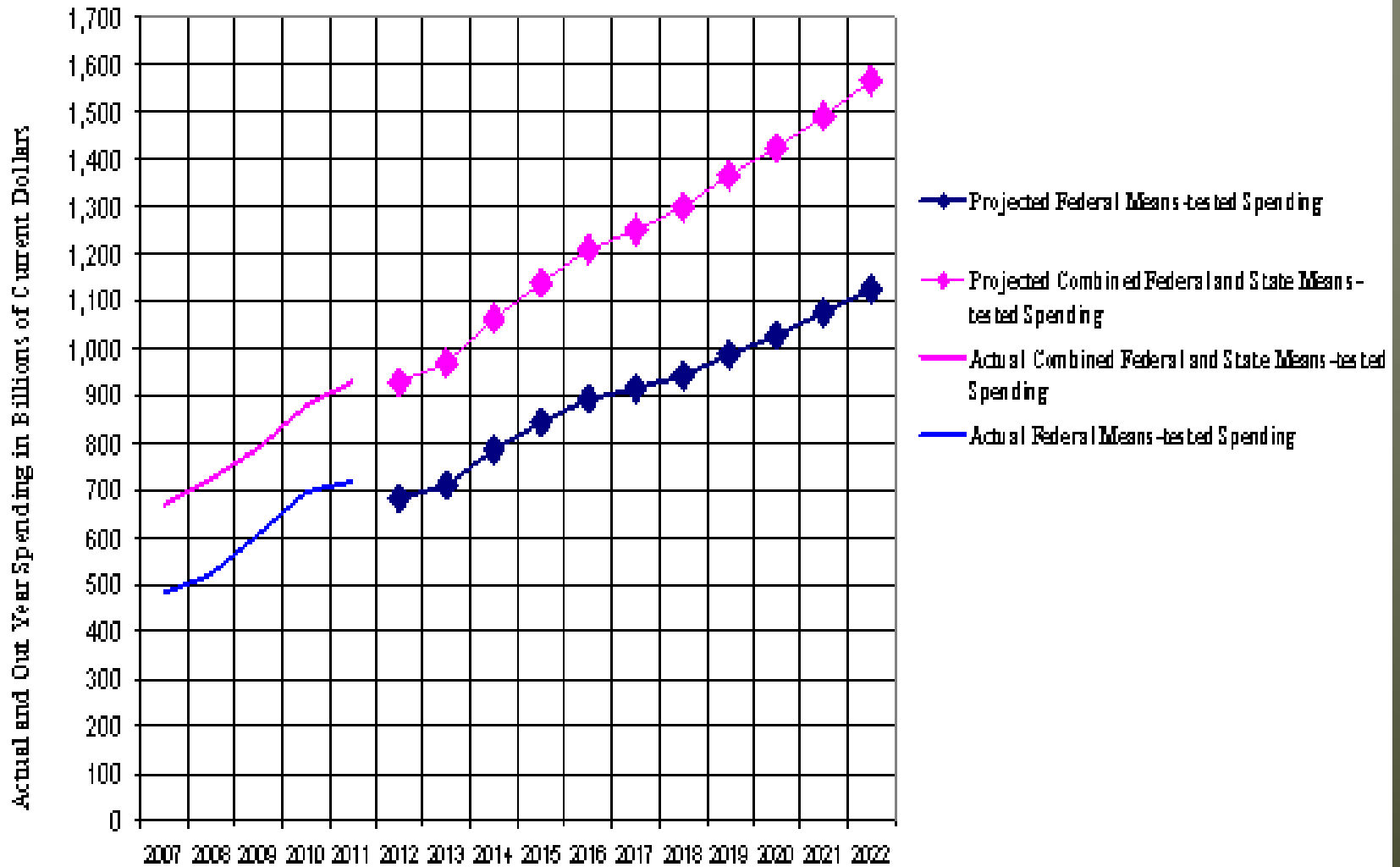
\*Non-elderly, non-disabled adults without children.

Note: Percentages equal the share of total means-tested spending received by each group.

## History of Total Welfare Spending (Constant 2011 Dollars)



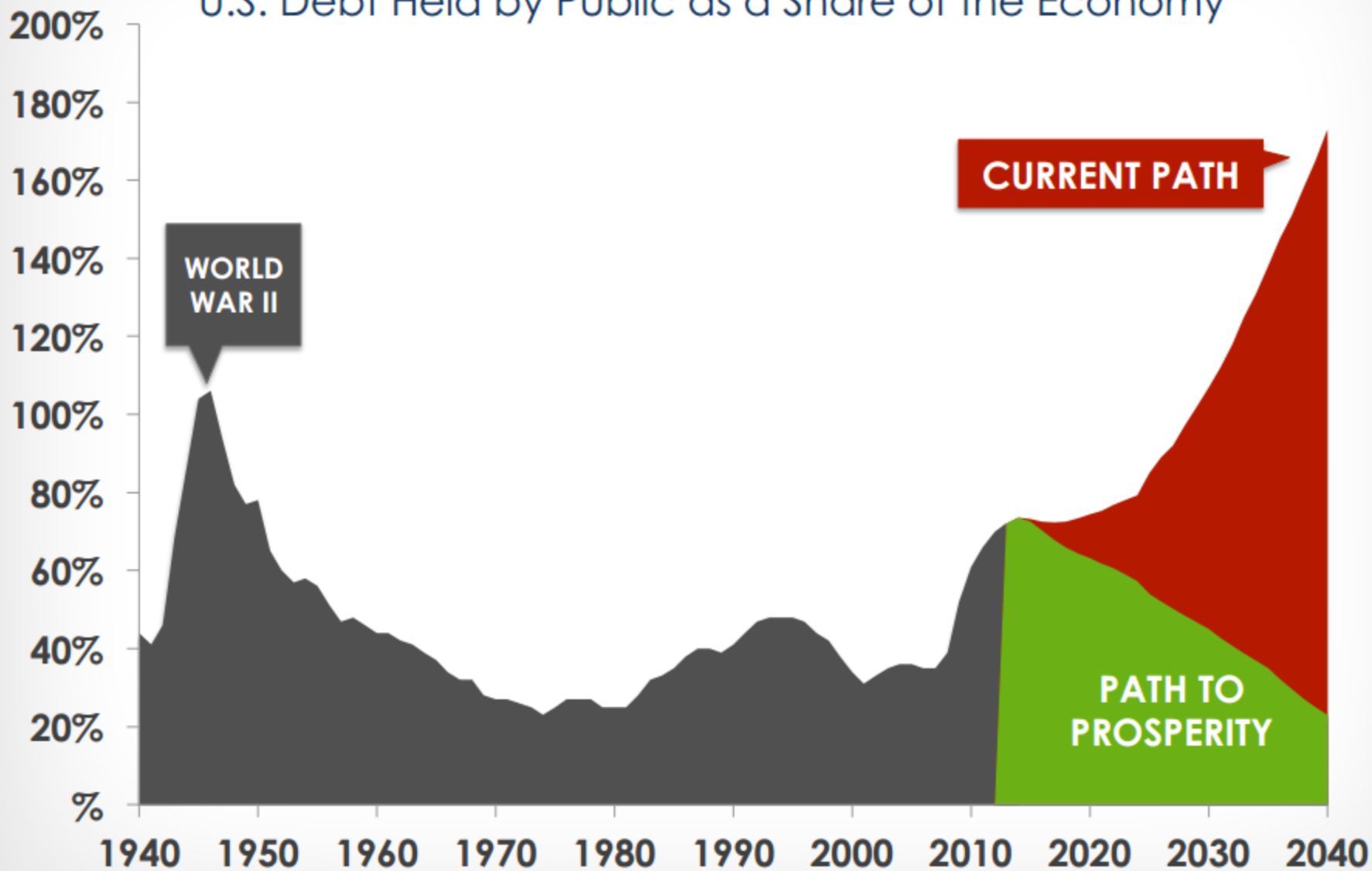
## Projected Means-tested Welfare Spending in Obama's FY2013 Budget





# A CHOICE OF TWO FUTURES

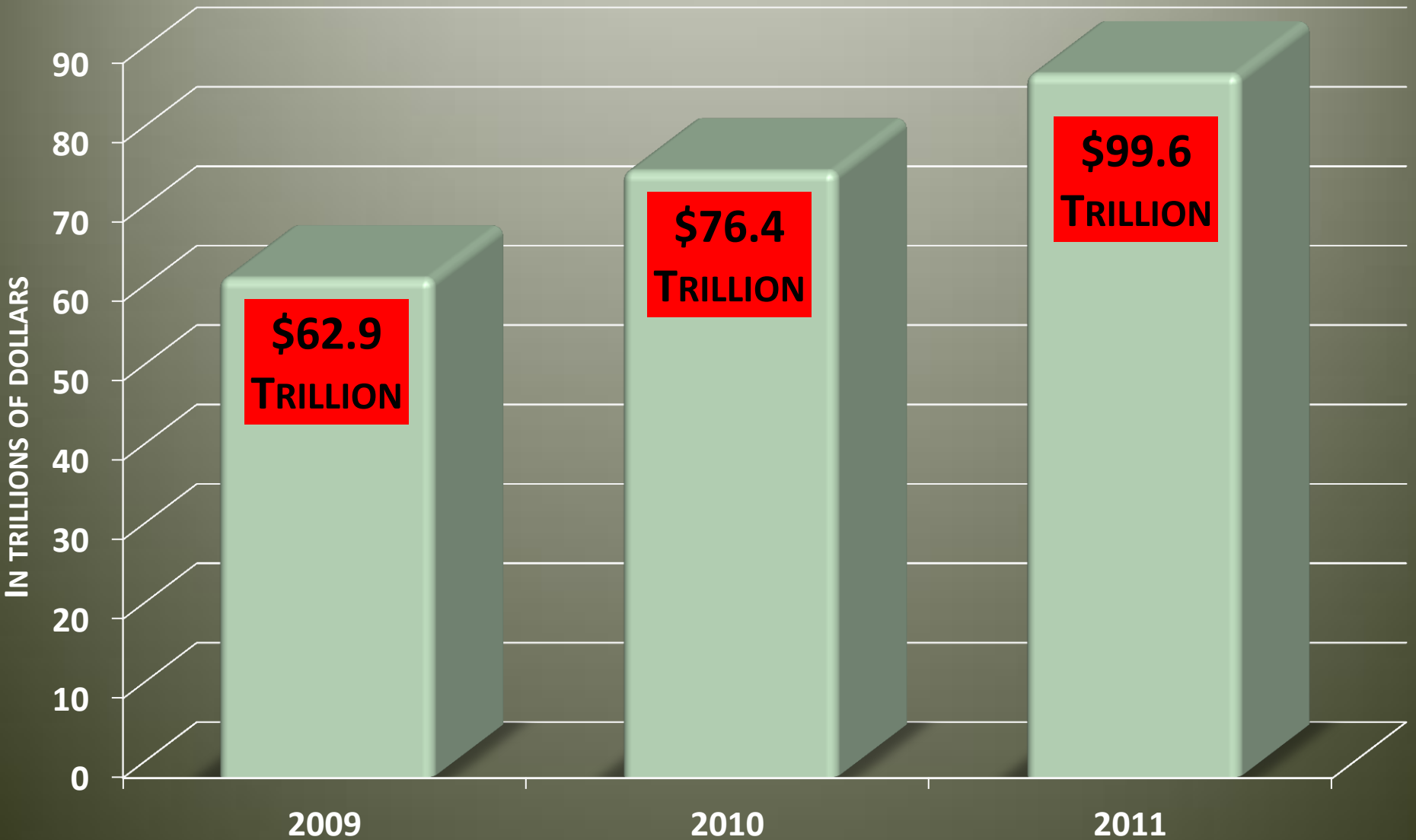
U.S. Debt Held by Public as a Share of the Economy



Source: OMB/CBO

# THE COST OF WAITING – THE FISCAL GAP

UNFUNDED PROMISES IN TRILLIONS OF DOLLARS



# “Debt Day”



All spending after August 25 of this year is borrowed spending.