



U.S. REPRESENTATIVE TODD ROKITA

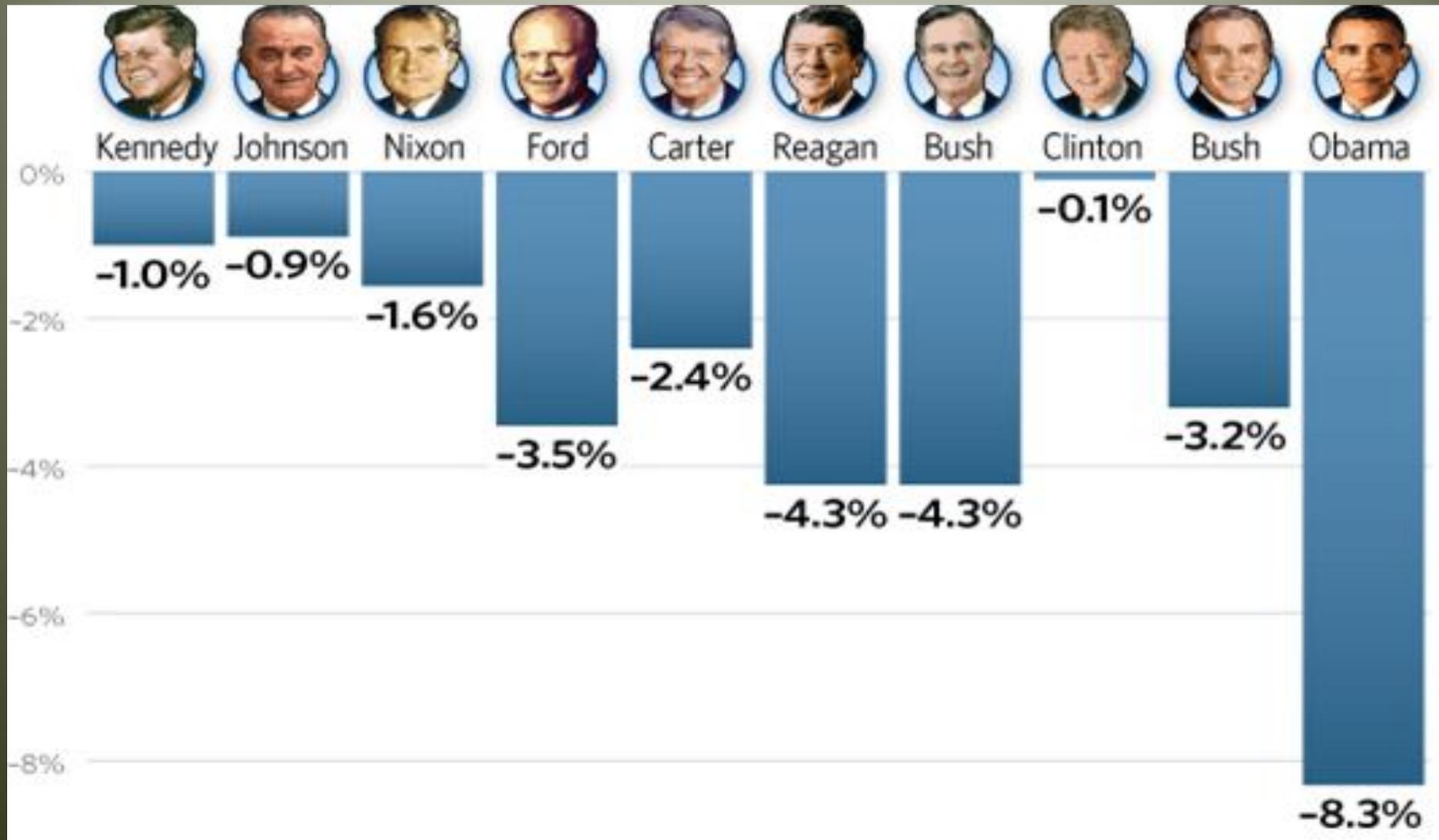
***Your Freedom, Your Family, Your
Future***

Our national debt as of this moment is:

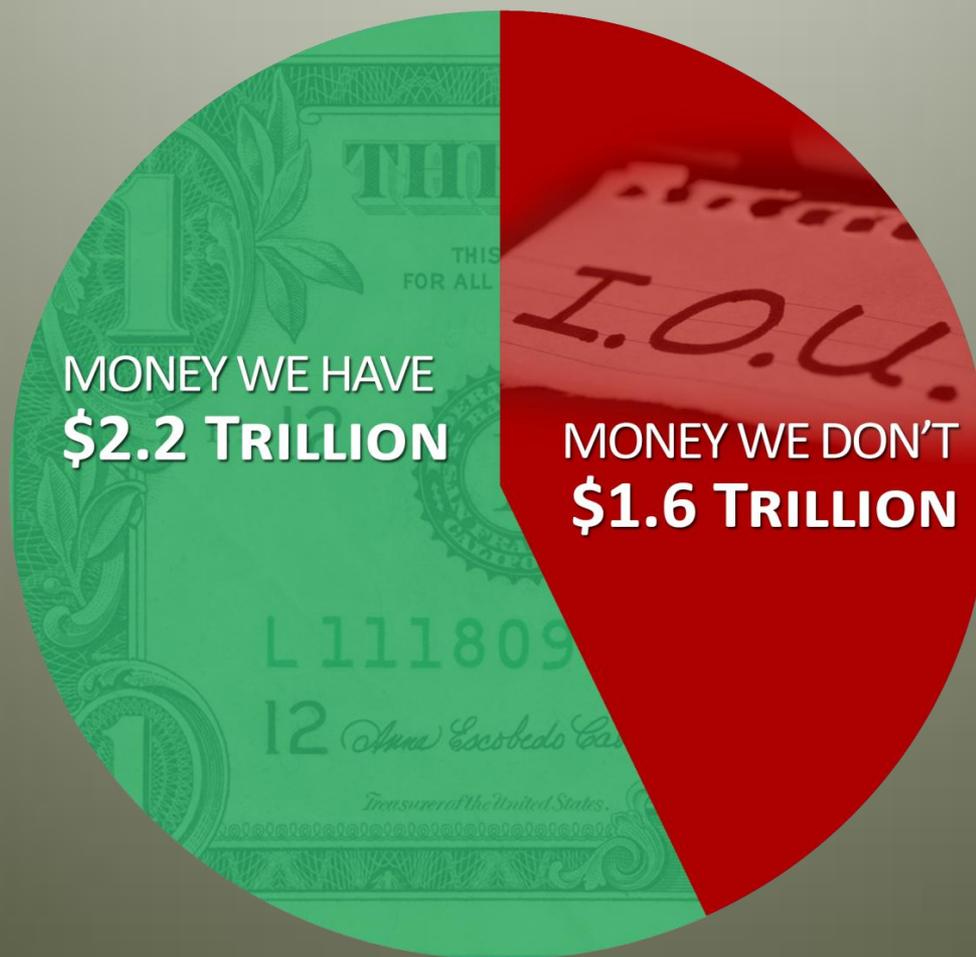


Source: usdebtclock.org, 1-30-13

Budget Deficits as a Percentage of GDP, by Administration



THE FEDERAL GOVERNMENT IS BORROWING MORE THAN 42 CENTS OF EVERY DOLLAR IT SPENDS



Source: OMB – President's Budget FY 2012

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



The federal government used to issue bonds and borrow from our citizens

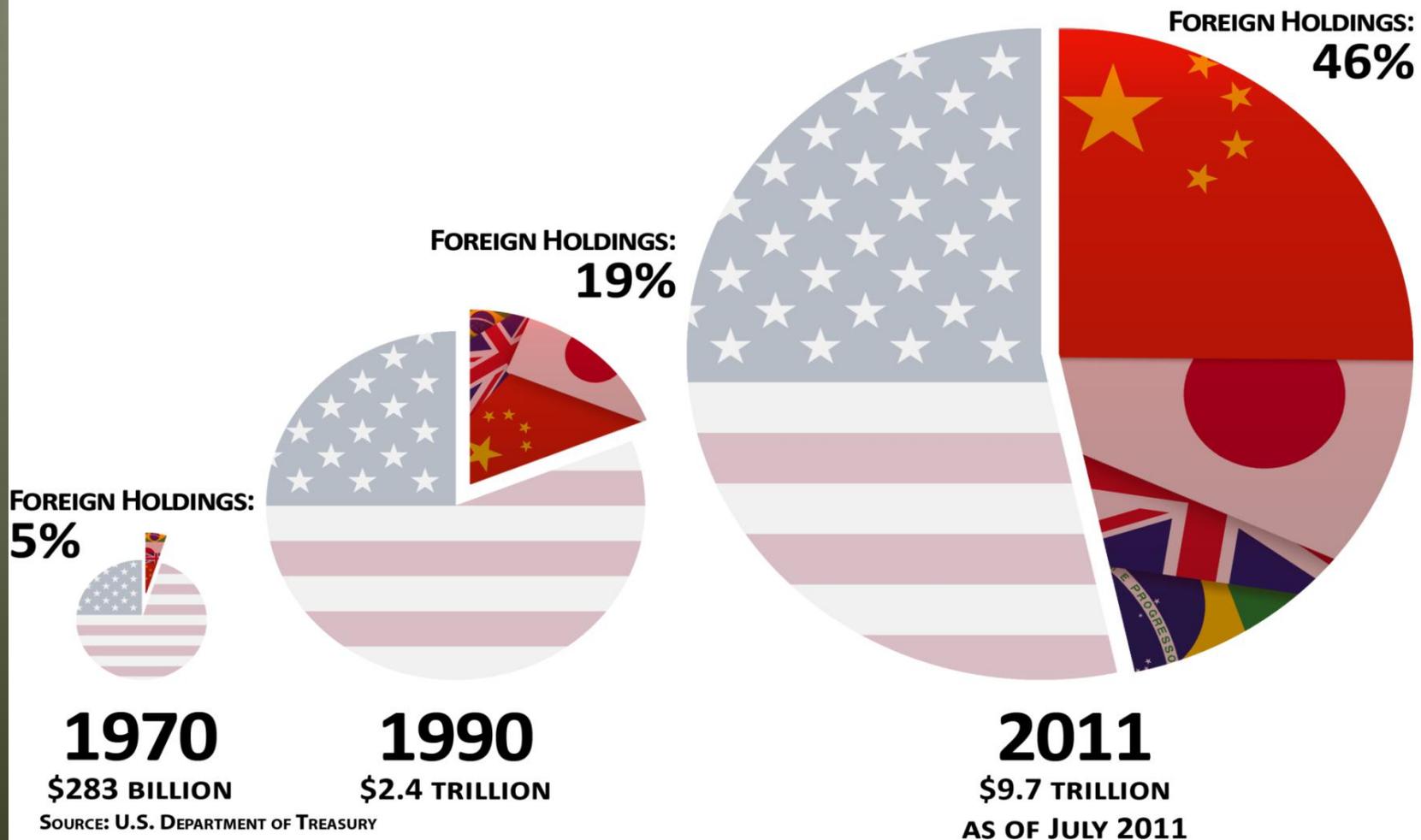


World War II cost the US \$296 billion. During the war, 85 million Americans purchased bonds totaling approximately \$186 billion (funding 62% of total cost)

America's Foreign Debt Reality

WHO OWNS OUR DEBT?

(DEBT HELD BY PUBLIC, 1970 -2011)



With the interest we pay to China on our debt, China can afford to buy 3 new Joint Strike Fighters every week – with \$50 million/week left over.



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

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

- Annual Family Income: \$25,000
- Annual Family Spending: \$38,000
- New Annual Debt on the Credit Card: \$13,000
- Total Annual Budget Cuts: \$3.10
- Outstanding Credit Card Balance: \$16,500
- Future Purchases on Credit Card: \$1,000,000!

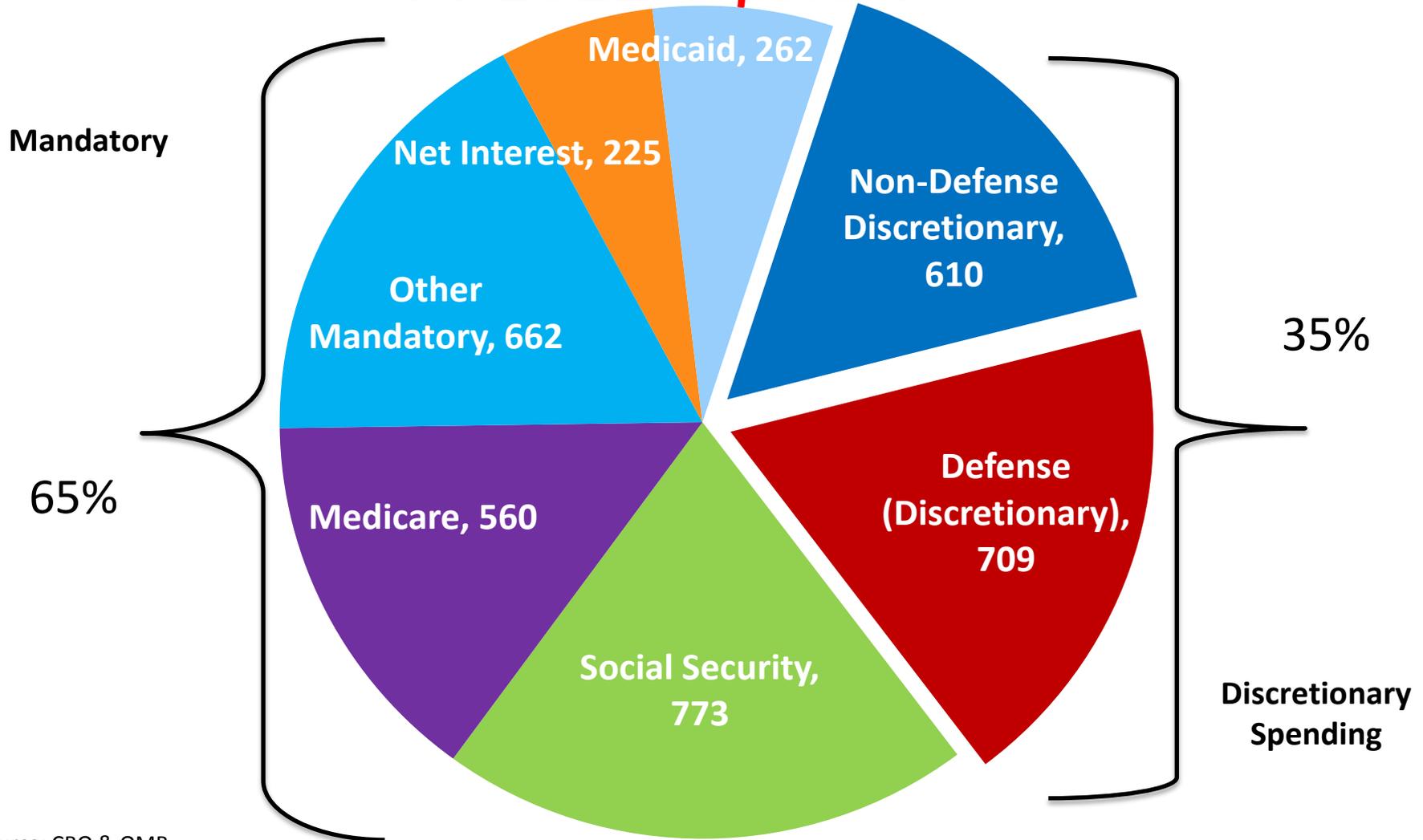
If your family was DROWNING in debt, would reducing spending by \$3.10 actually make a difference?



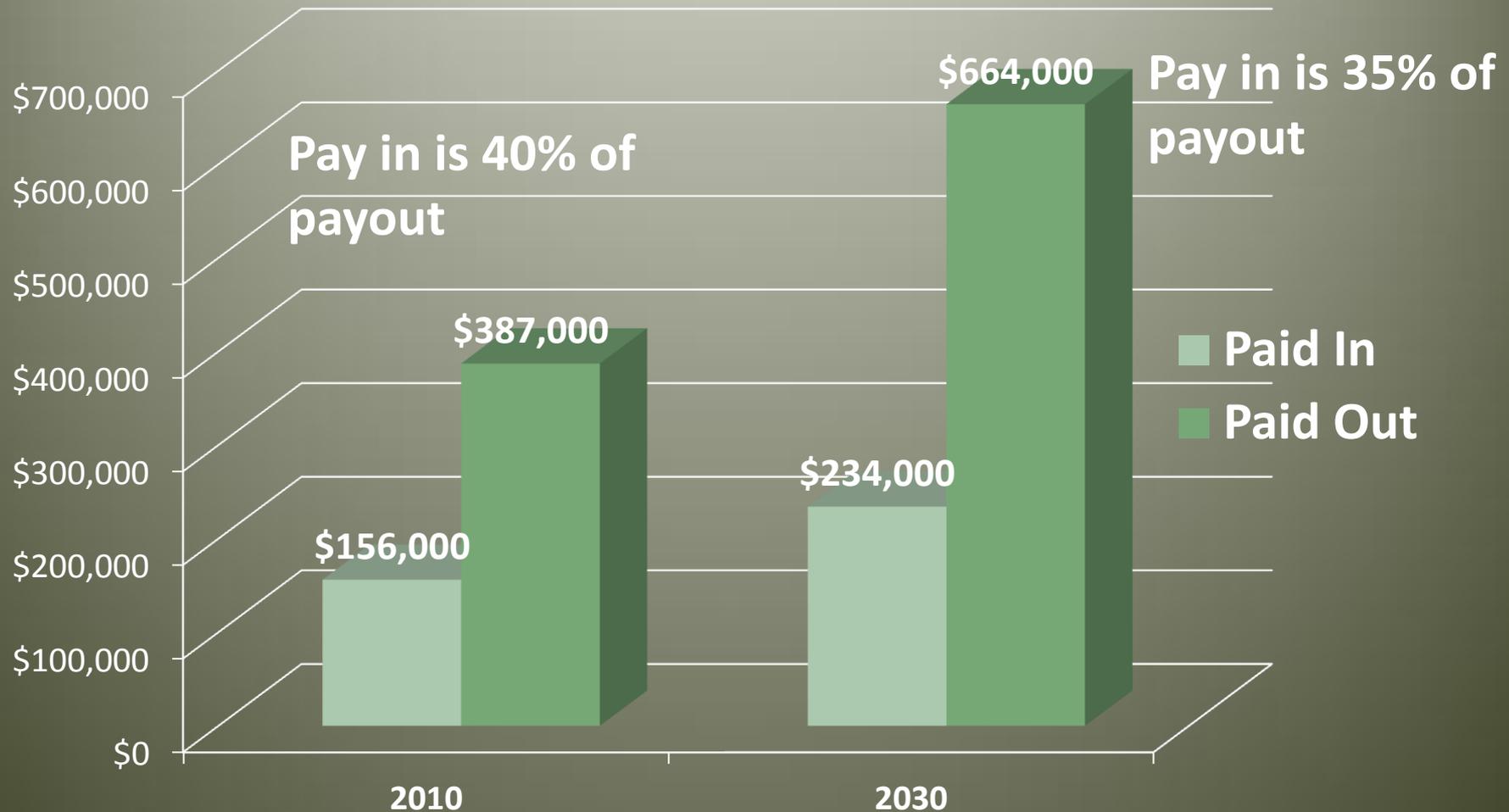
FEDERAL GOVERNMENT SPENDING

(billions of dollars)

FY 2012 = \$3.8 T



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

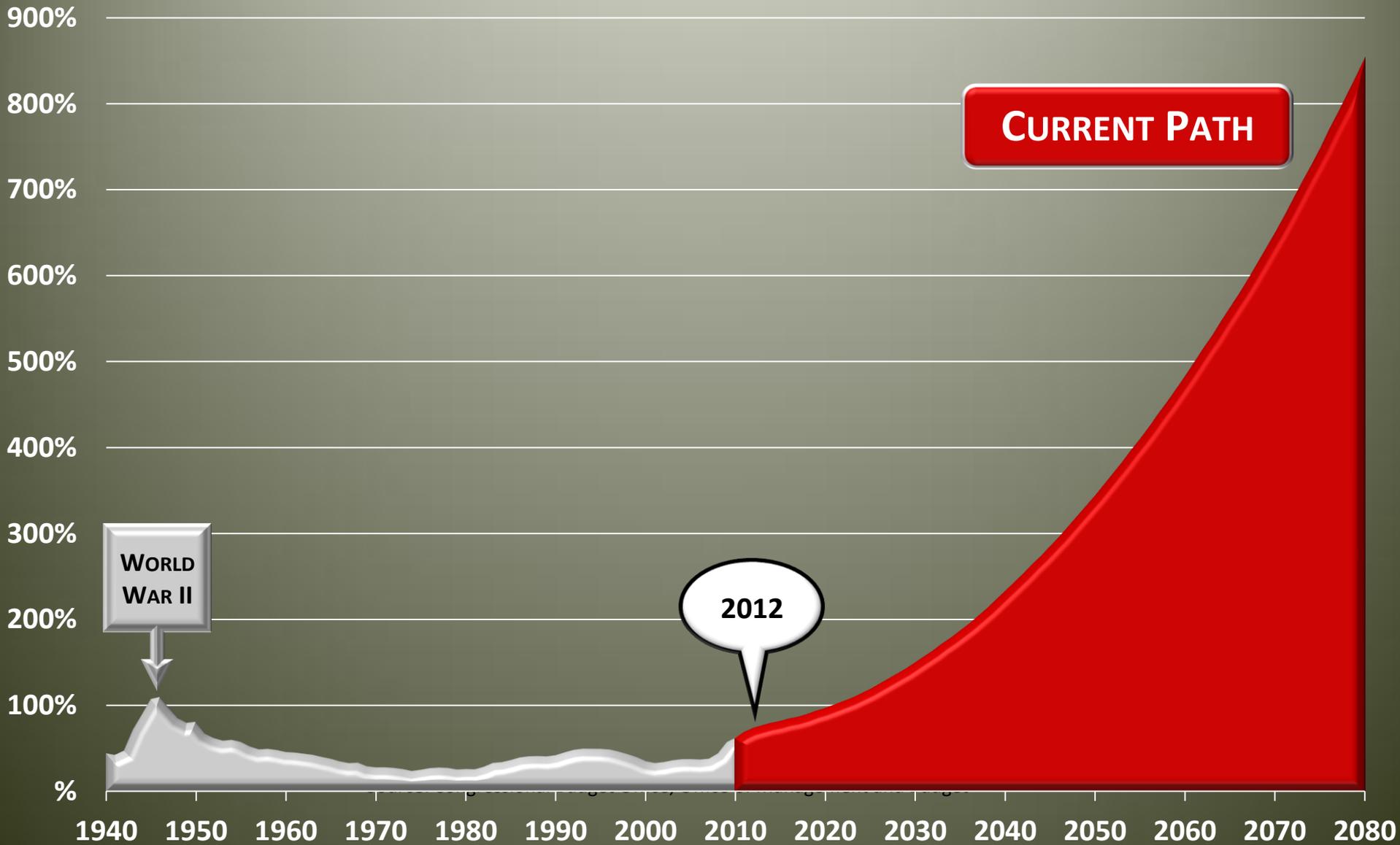


Couple making combined \$71,400/year on average over a lifetime

Source: The Urban Institute: Social Security and Medicare Taxes and Benefits Over a Lifetime 2012 Update

Tidal Wave of Debt

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



CURRENT PATH

**WORLD
WAR II**

2012

%

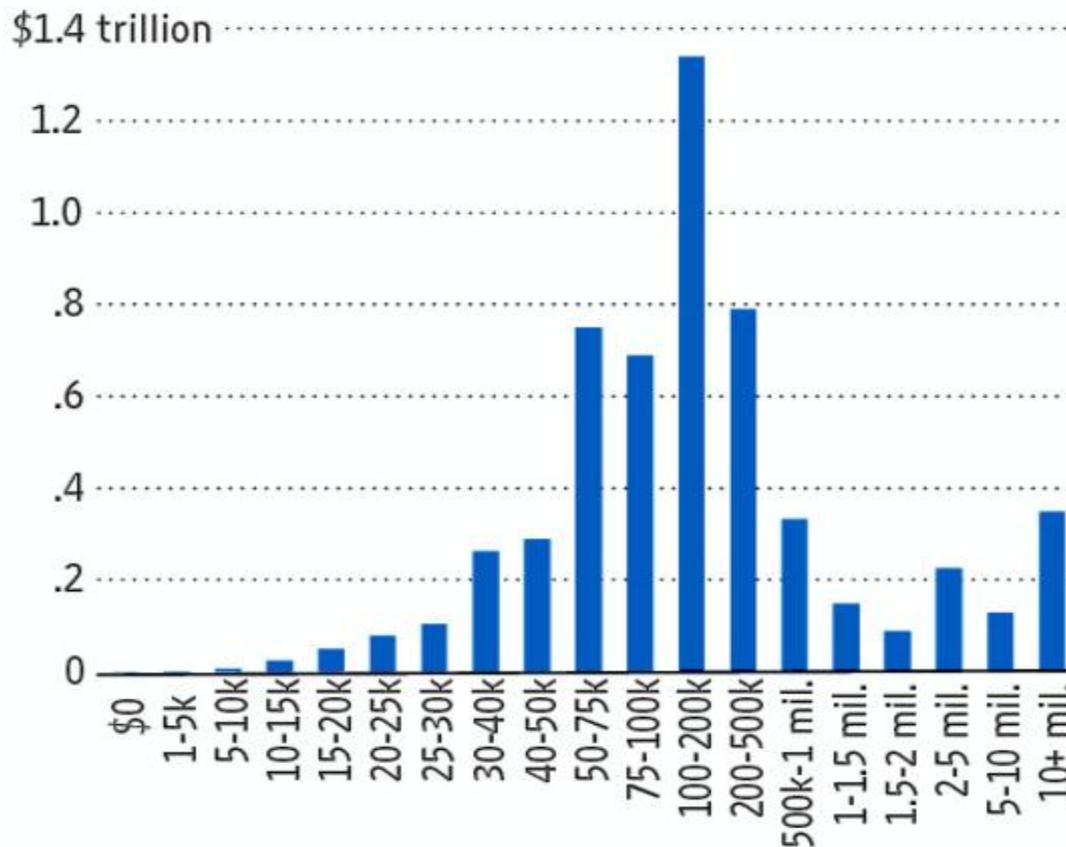
1940 1950 1960 1970 1980 1990 2000 2010 2020 2030 2040 2050 2060 2070 2080

SOURCE: OMB/CBO

FALSE SOLUTION #1

The Middle Class Tax Target

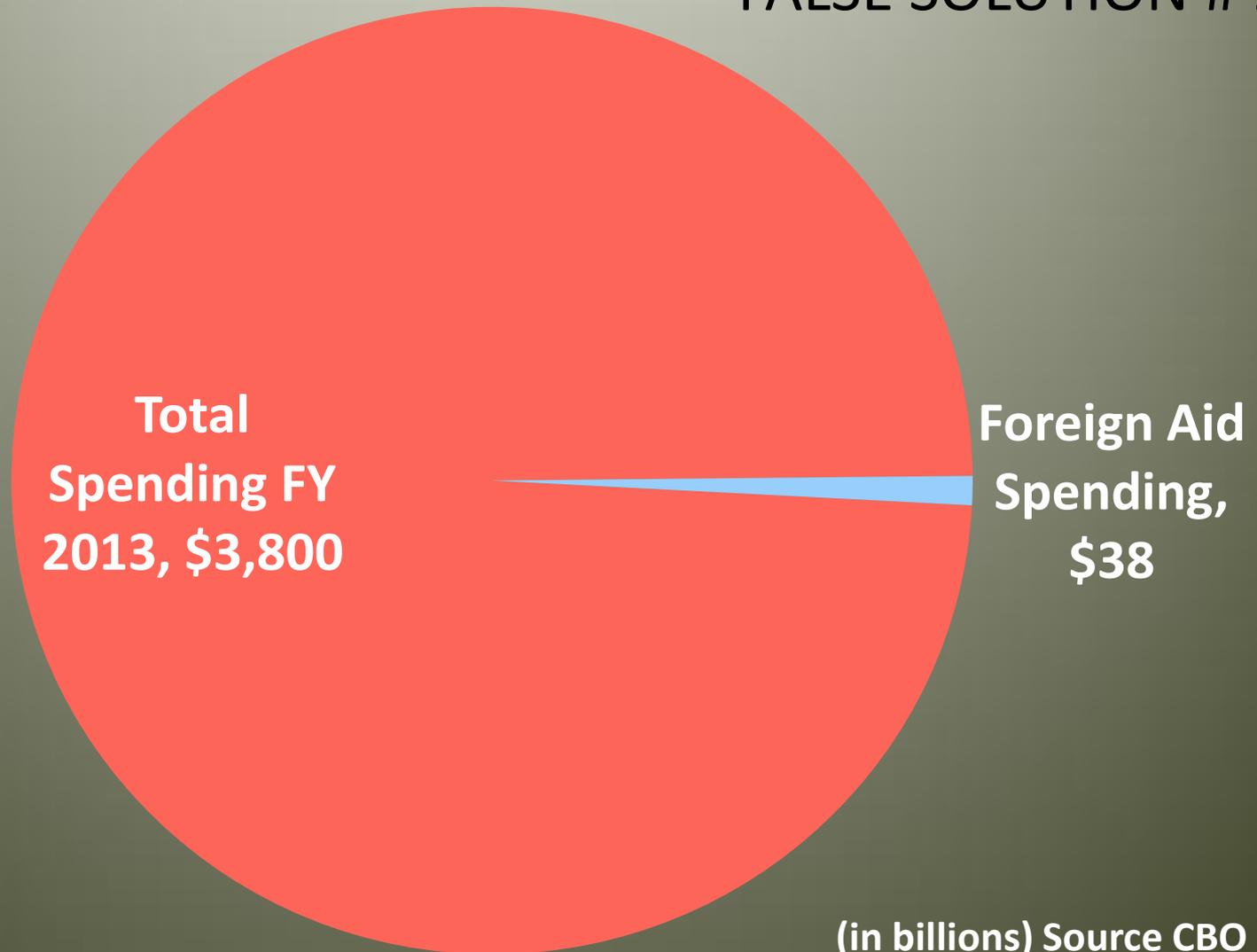
The amount of total taxable income (left scale) for all filers by adjusted gross income level for 2008



Source: IRS

What If We Cut All Foreign Aid?

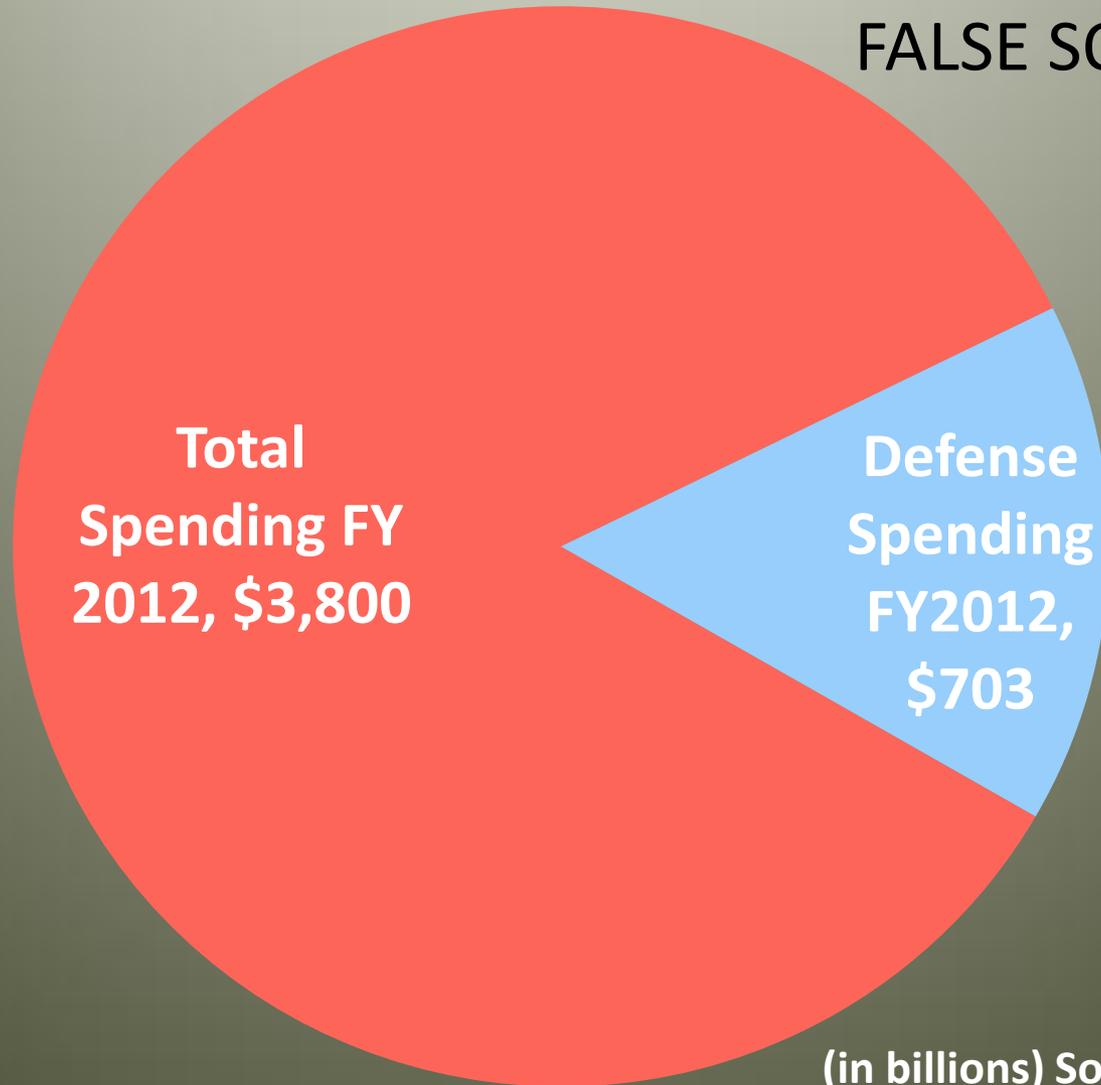
FALSE SOLUTION # 2



(in billions) Source CBO

What If We Cut All Defense Spending?

FALSE SOLUTION # 3



(in billions) Source: CBO

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 through:

- Choice and Competition
- Increased Patient Control



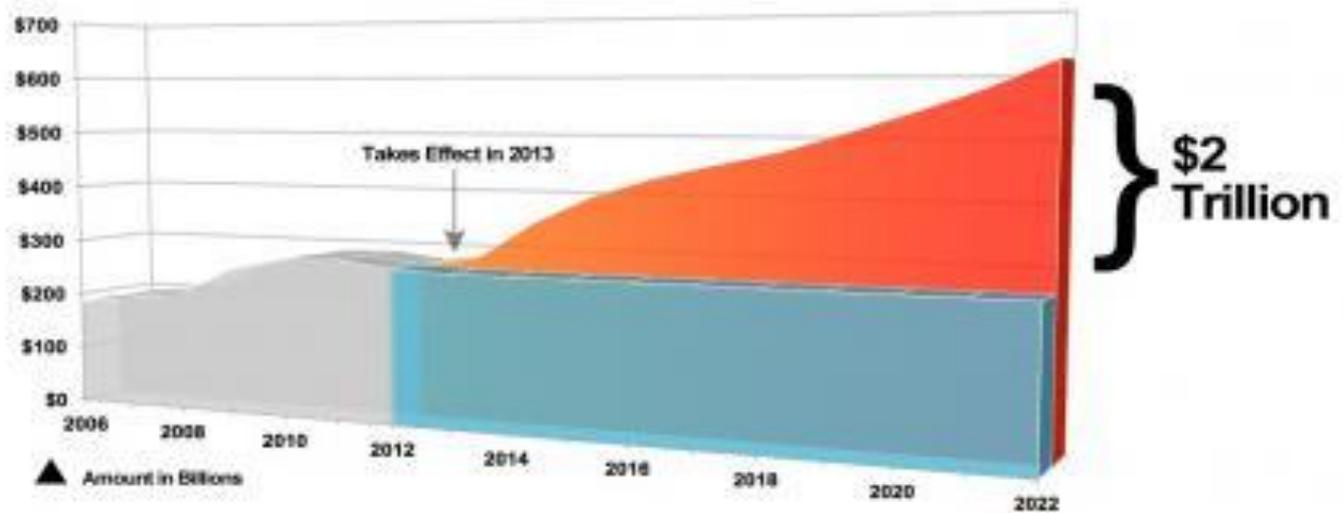
- **NO CHANGES FOR CURRENT BENEFICIARIES**

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!



Best Solution

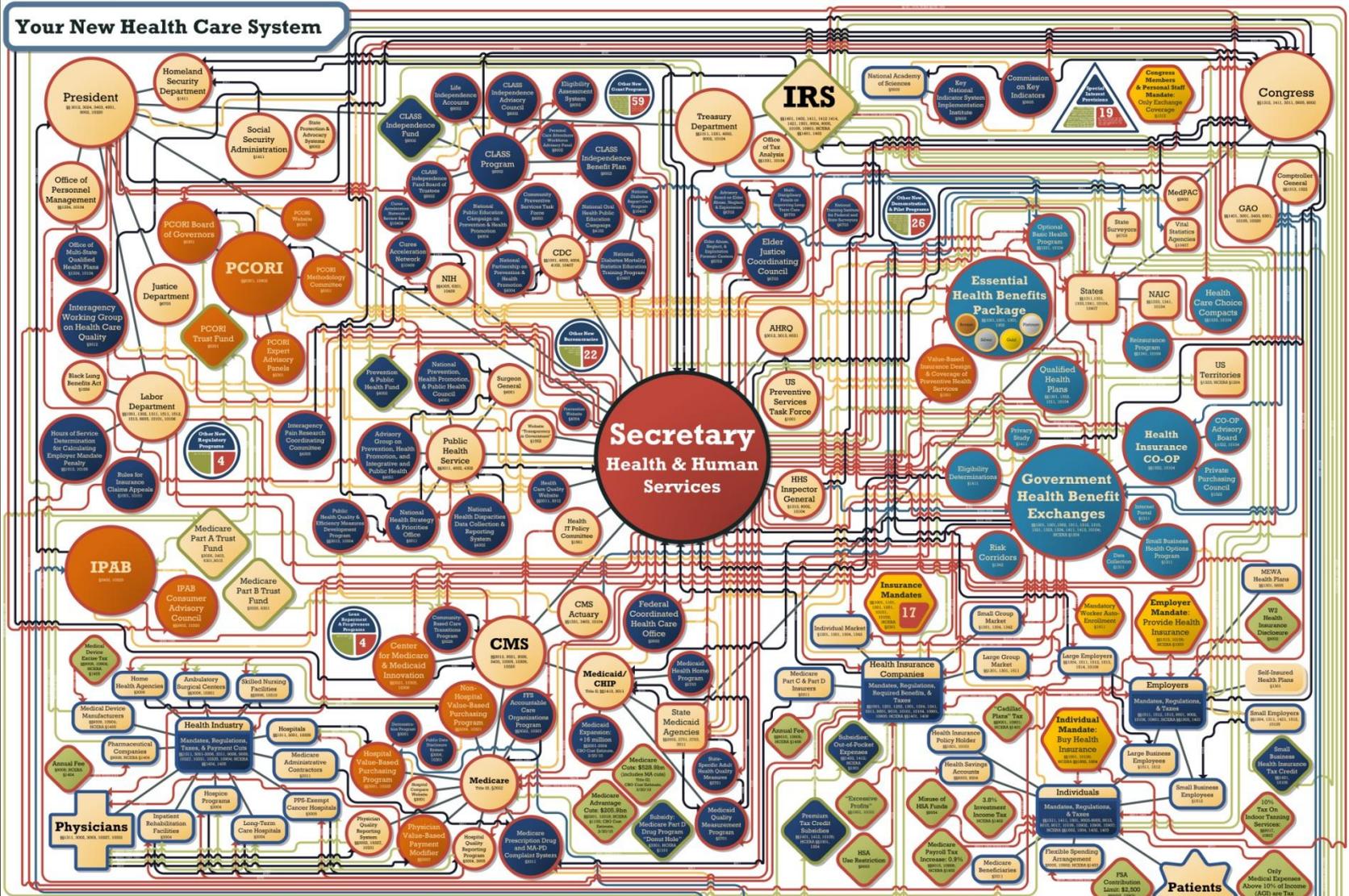
A Balanced Budget Amendment

- 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

Why Medicare and Medicaid Need Reform

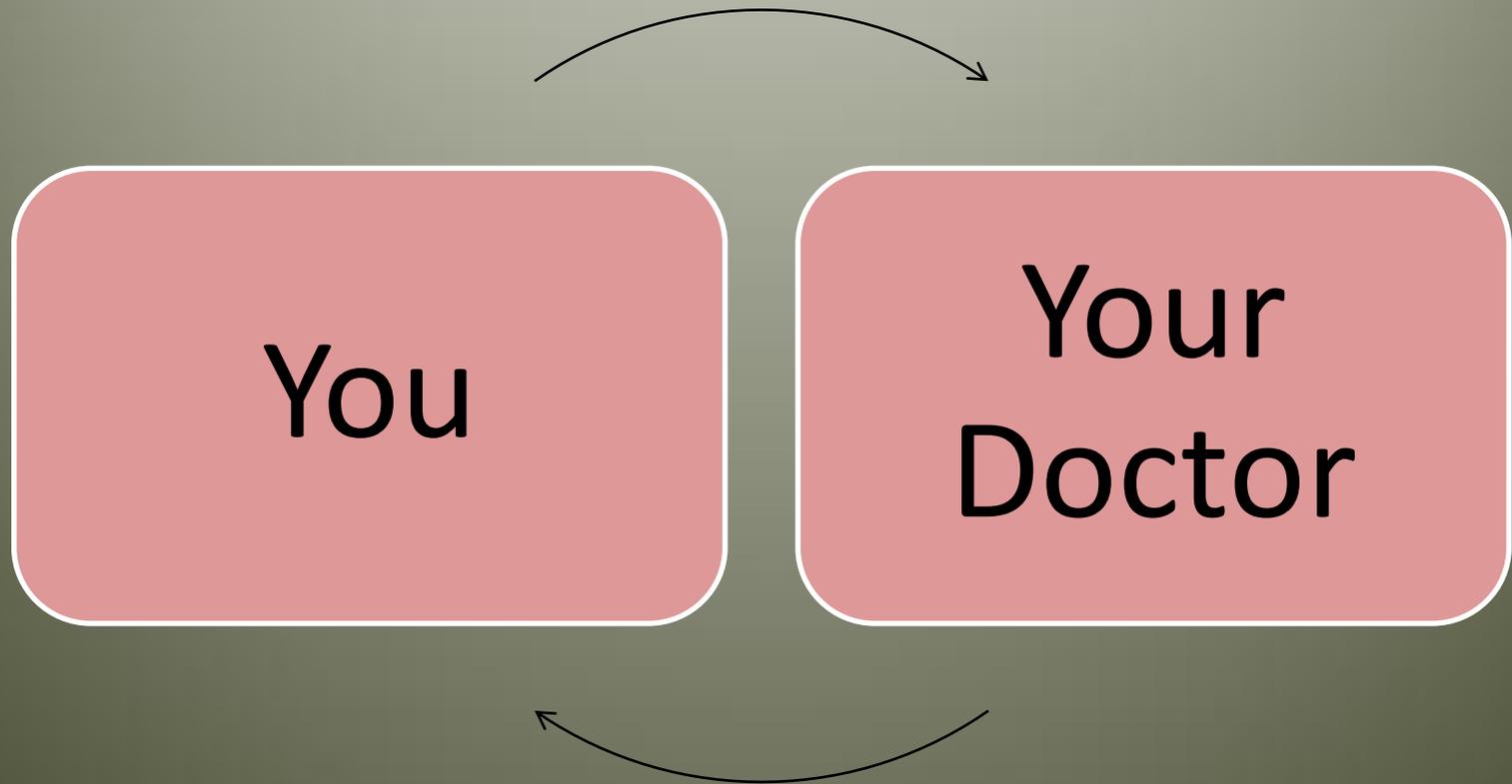


New Government	Expanded Government	Private	New Relationships
<ul style="list-style-type: none"> Rationing Potential Involvement in Health Insurance Market Other Expenditures Expands Bundles of Additional Entities 	<ul style="list-style-type: none"> Mandates Taxes & Monetary Fees/Penalties/Cuts Trust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

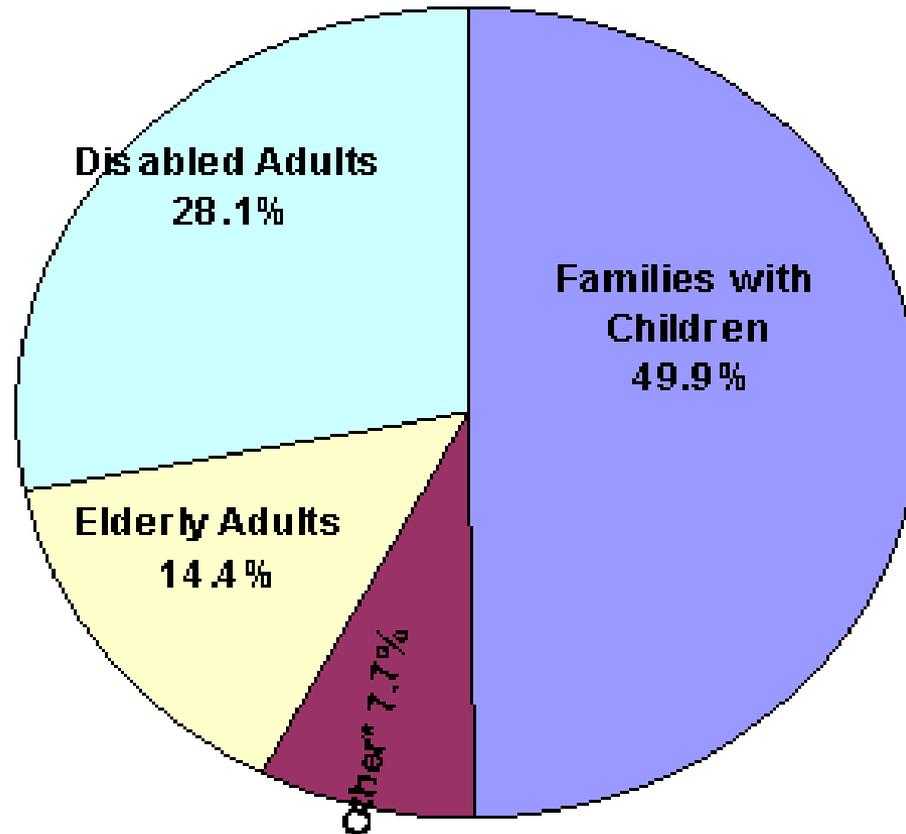
Abbreviations:
 AGI: Adjusted Gross Income
 AHA: American Heart Association
 AHA: Agency for Healthcare Research and Quality
 CDC: Centers for Disease Control and Prevention
 CHIP: Children's Health Insurance Program
 CLASS: Community Living Assistance Services & Supports
 CMS: Centers for Medicare & 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
 IPAB: Independent Payment Advisory Board
 ISE: Internal Revenue Service
 MA-PD: Medicare Advantage Prescription Drug
 MED: Medicare Payment Advisory Commission
 MED: Medicare Early Risk Detection
 EALHC: Executive Auxiliary Local Office Regional System
 MEWA: Multiple Employer Welfare Arrangement
 NHA: National Association of Insurance Commissioners
 NIH: National Institutes of Health
 PCOR: Patient-Centered Outcomes Research Institute
 PPS: Prospective Payment System

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

Most efficient and cost-effective health care flow chart



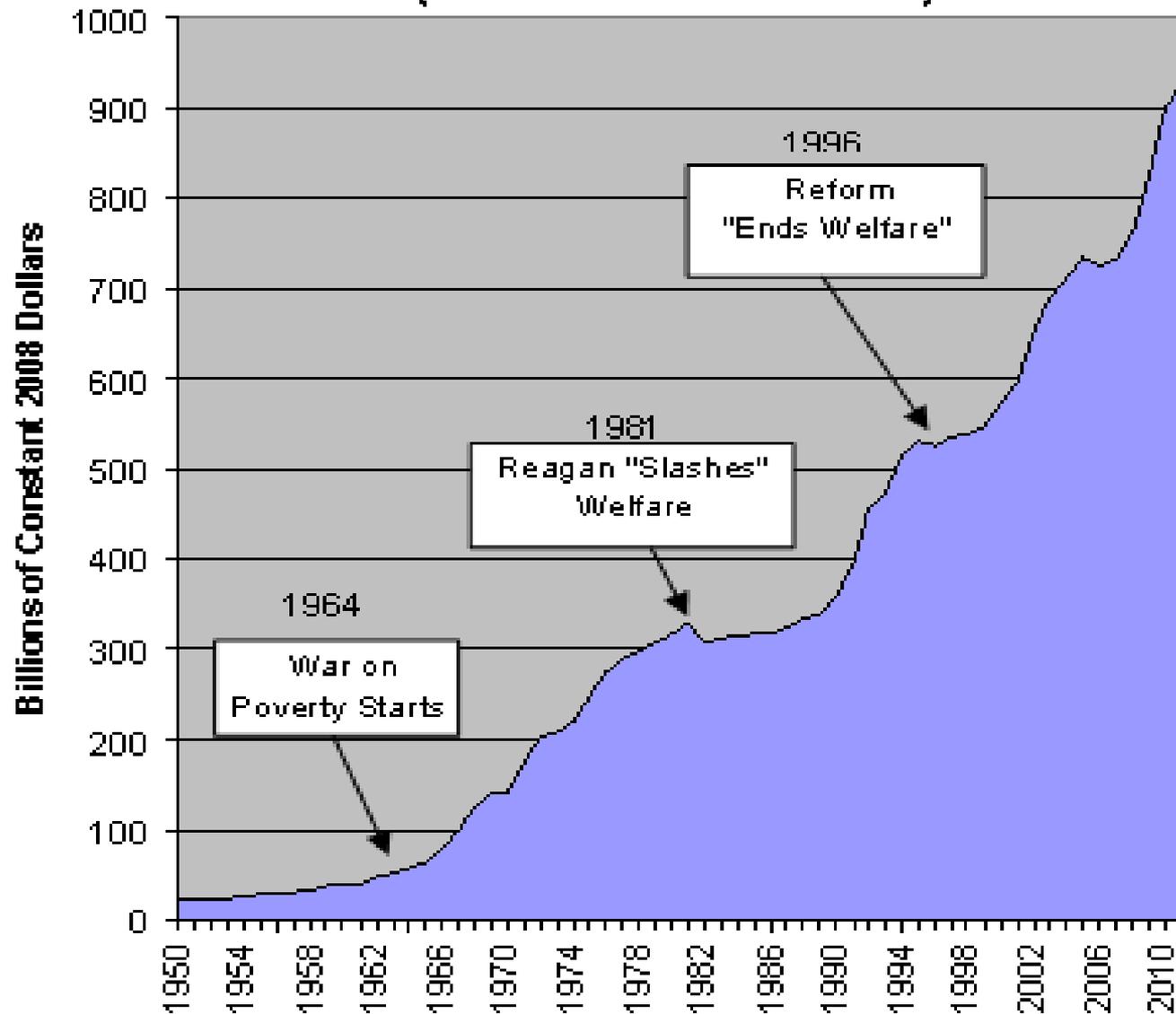
Welfare Spending by Recipient Categories FY2011



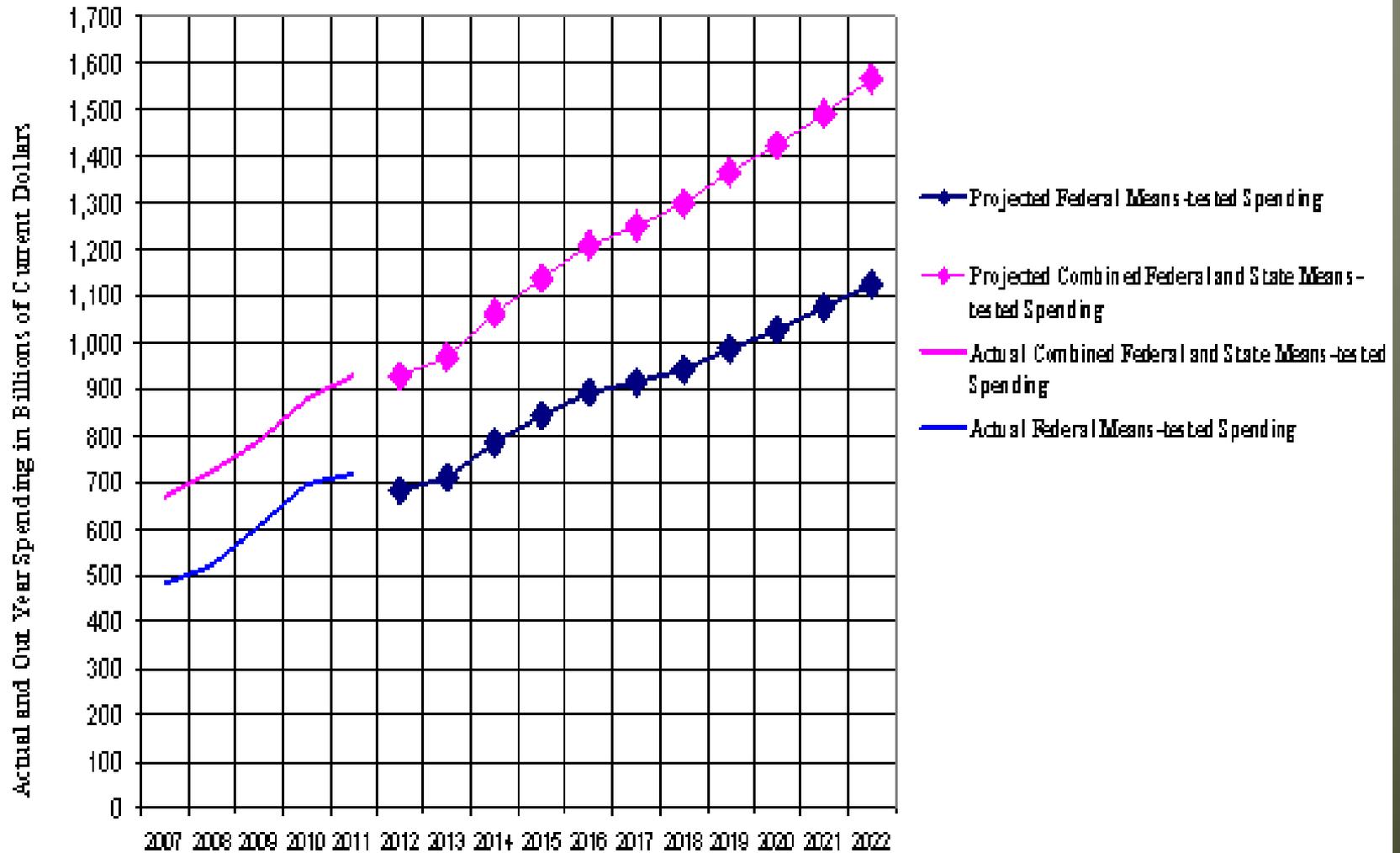
*Non-elderly, non-disabled adults without children.

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

History of Total Welfare Spending (Constant 2011 Dollars)

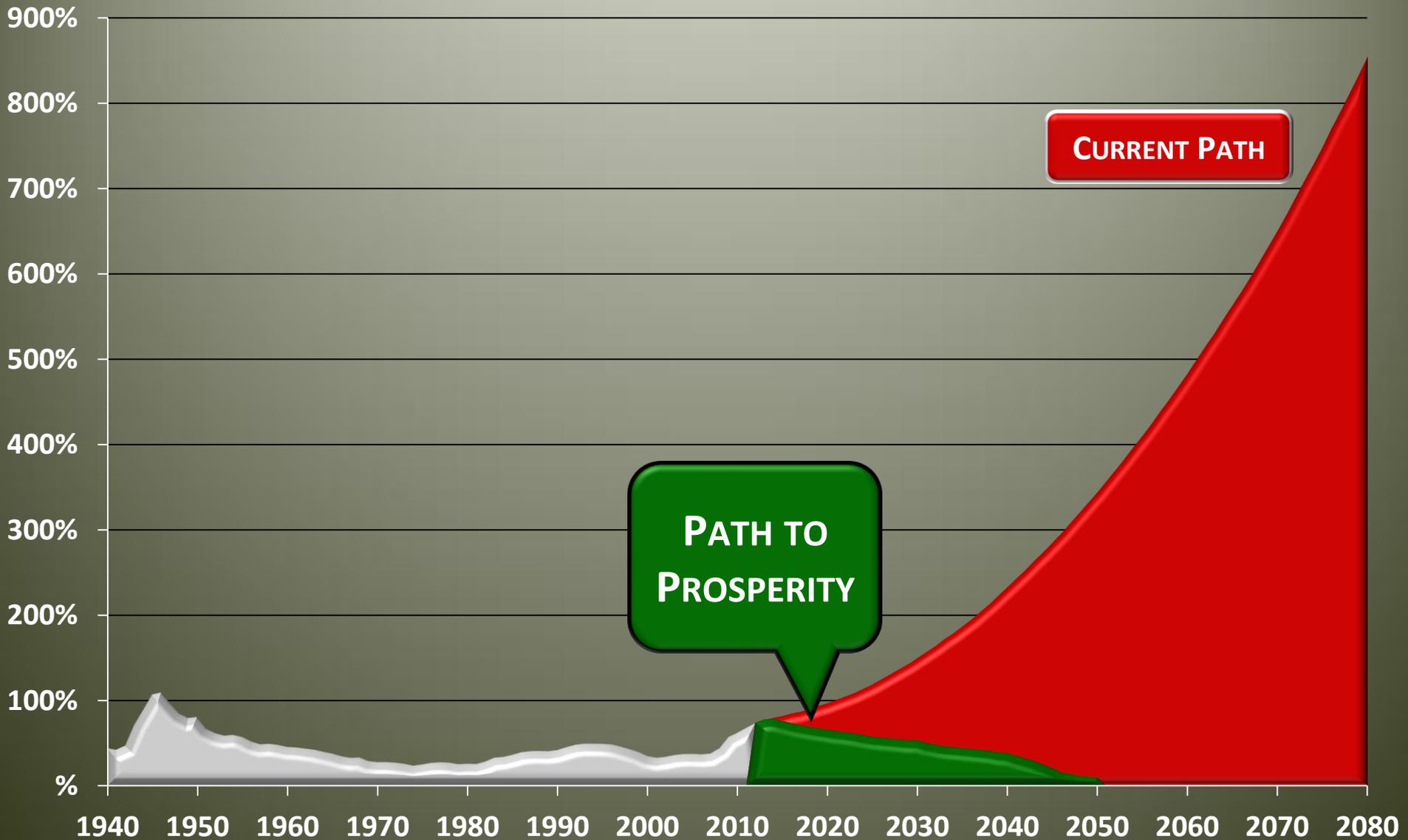


Projected Means-tested Welfare Spending in Obama's FY2013 Budget



A CHOICE OF TWO FUTURES

(DEBT AS A SHARE OF ECONOMY)



CURRENT PATH

**PATH TO
PROSPERITY**

1940 1950 1960 1970 1980 1990 2000 2010 2020 2030 2040 2050 2060 2070 2080

“Debt Day”



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

THE COST OF WAITING – THE FISCAL GAP

UNFUNDED PROMISES IN TRILLIONS OF DOLLARS

