What We Hope to See from the Super Committee

September 7, 2011
The Committee for a Responsible Federal Budget

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Former Ranking Member, House Budget Committee

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About

The Committee for a Responsible Federal Budget is a bipartisan, non-profit organization committed to educating the public about issues that have significant fiscal policy impact. The Committee is made up of some of the nation’s leading budget experts including many of the past Chairmen and Directors of the Budget Committees, the Congressional Budget Office, the Office of Management and Budget, the Government Accountability Office, and the Federal Reserve Board.

New America Foundation

Since 2003, the Committee for a Responsible Federal Budget has been housed at the New America Foundation. New America is an independent, non-partisan, non-profit public policy institute that brings exceptionally promising new voices and new ideas to the fore of our nation’s public discourse. Relying on a venture capital approach, the Foundation invests in outstanding individuals and policy ideas that transcend the conventional political spectrum. New America sponsors a wide range of research, published writing, conferences and events on the most important issues of our time.
What We Hope to See from the Super Committee

Introduction

Tomorrow, the Joint Select Committee on Deficit Reduction (“Super Committee”) will hold its first meeting as part of a three-month effort to identify $1.5 trillion in deficit reduction over the next decade. Should the Super Committee fail to reach a majority agreement on a plan, or should that plan (or else a balanced budget amendment) not be passed by Congress, a $1.2 trillion across-the-board spending cut will go into effect.

Unfortunately, even if Congress succeeded in adopting a $1.5 trillion deficit reduction plan, it might not be enough to put the budget on a sustainable path. Thus, we urge the Super Committee to:

**Go Big.** From a realistic baseline in which current policies are extended, $1.5 trillion is not nearly enough to stabilize the debt. The Super Committee should look at all areas of the budget in order to identify savings of two to three times as much, with a goal of stabilizing the debt as a share of the economy and then putting it on a downward path.

**Go Long.** Any serious fiscal plan must address the long-term drivers of our growing debt. The Super Committee must enact serious reforms to Social Security, Medicare, Medicaid, and other federal health spending.

**Go Smart.** Without economic growth, it will be difficult if not impossible to get our fiscal situation under control. The Super Committee should pursue pro-growth tax reform which broadens the base and lowers rates, and should reprioritize spending to better encourage short- and long-term growth.

**Stay Honest.** The Super Committee must not rely on budget gimmicks to make it appear that they identified savings to meet their target or that the problem was solved, while failing to fix the problem in reality.

**Make It Stick.** Once savings have been identified, the Super Committee should put in place an enforcement regime to ensure savings materialize as promised.
Go Big

The new Super Committee is charged to identify $1.5 trillion in deficit reduction, though $1.2 trillion would be enough to avoid an automatic sequester. While this would represent significant savings, Committee members should be shooting to double or triple this target in order to put the debt on a sustainable course.

Relative to CRFB’s Realistic Baseline (see Box 1 for explanation), $1.5 trillion in savings would keep our debt on an upward path – growing from 67 percent of GDP this year to over 75 percent by 2021. By comparison, the Fiscal Commission recommendations would bring the debt down to 65 percent by 2021; the Peterson-Pew Commission on Budget Reform has recommended reducing debt to 60 percent.

Indeed, relative to CRFB’s Realistic Baseline, it would take $3 trillion in deficit reduction just to reduce the debt to below 70 percent of GDP by 2021 and put it on a modestly downward path. Identifying an amount of deficit reduction significant enough to put the debt on a downward path will likely require looking at all areas of the budget, including the major entitlements, other mandatory programs, and the discretionary budgets; it will also require looking at ways to generate additional revenues. The Appendix to this paper identifies many policy changes where consensus may be possible.

FIG 1. DEBT PATHS UNDER VARIOUS SCENARIOS (PERCENT OF GDP)

Note: For details on CRFB Realistic Baseline, see http://crfb.org/document/analysis-cbos-august-2011-baseline-and-update-crfb-realistic-baseline. Committee savings assumes $1.5 trillion in debt reduction gradually implemented over ten years.
Go Long

No responsible deficit reduction plan can ignore the long-term growth of entitlement spending. It may be possible for the Super Committee to achieve its required savings without serious reforms to Social Security, Medicare, and Medicaid; however, with such a package the Super Committee would fail to meet its mandate to (emphasis added) “significantly improve the short-term and long-term fiscal imbalance of the federal government.”¹

¹ Text from Title IV of Budget Control Act of 2011, P.L. 112-25.

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BOX 1. WHAT’S IN A BASELINE?

The Budget Control Act that created the Joint Committee on Deficit Reduction (Super Committee) called for the Congressional Budget Office (CBO) to score its recommendations relative to current law, but allows the Super Committee to present alternative estimates. This means the Super Committee could choose an alternative baseline, which can heavily influence the total and/or relative amount of savings from any one plan.

Relative to current law, which assumes all the 2001/2003/2010 tax cuts expire, the AMT is not patched in the future, and policymakers stop enacting “Doc Fixes,” $1.5 trillion would be sufficient to bring the debt down to 60 percent of GDP.

In measuring the magnitude of the problem and whether the Committee has solved it, however, assuming that these policies which have been extended in the past all expire does not provide an accurate picture of the future.

CRFB’s Realistic Baseline assumes policymakers continue these policies as they have in the past, and also assumes the wars in Iraq and Afghanistan drawdown as expected. Compared to this baseline, $1.5 trillion would only result in debt levels of 75 percent of GDP as opposed to 81 percent absent those changes. Under a similar baseline – but one in which the upper-income tax cuts were allowed to expire as President Obama has called for – $1.5 trillion would bring the debt to 71 percent of GDP.

FIG 2. DEBT HELD BY THE PUBLIC IN 2021 UNDER VARIOUS SCENARIOS (PERCENT OF GDP)

<table>
<thead>
<tr>
<th>Super Committee Savings</th>
<th>Current Law Baseline</th>
<th>CRFB Realistic Baseline Assuming Upper-Income Tax Cuts Expire</th>
<th>CRFB Realistic Baseline (All Tax Cuts Continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Savings</td>
<td>66%</td>
<td>78%</td>
<td>81%</td>
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<tr>
<td>$1.5 trillion</td>
<td>60%</td>
<td>71%</td>
<td>75%</td>
</tr>
<tr>
<td>$3.0 trillion</td>
<td>53%</td>
<td>65%</td>
<td>69%</td>
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<tr>
<td>$4.5 trillion</td>
<td>47%</td>
<td>59%</td>
<td>63%</td>
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Note: Current policy baseline assumes all 2001/2003/2010 income and estate tax cuts are extended, AMT patches and yearly “doc fixes” continue, and wars are drawn down.
Base on our projections, federal health and retirement spending is slated to grow substantially from below 10 percent of GDP today to 12 percent by 2021, 15 percent by 2035, and 17 percent by 2050. This is due both to population aging (largely because of the retirement of the baby boom population) and to rapid health care cost growth.

To reassure markets and put our budget on a sustainable path over the long-term, the Super Committee must therefore address the growth of the nation’s largest entitlement programs, and give priority to those reforms with the potential to slow long-term growth paths (even if they do not have significant scoreable savings this decade). Reforms to Social Security, Medicare, and Medicaid are central to improving the long-term imbalances.

For Social Security, fixes are well known and developed – and there is no legitimate excuse for continuing to defer action. As the program’s own Trustees continue to warn, Social Security is on the path toward insolvency, with cash deficits growing from 0.3 percent of GDP today to 1.4 percent of GDP by 2035. By 2036, according to the latest estimates, the Social Security trust funds will be empty and all beneficiaries will be hit with a 23 percent benefit cut. This can be easily avoided by enacting gradual changes today which phase-in over the coming decades.

Health care spending is more complex, but as the single largest cause of our long-term deficits, it cannot be ignored.

The Super Committee should start by reviewing those proposals which we already know would help to control costs – including changing cost sharing rules, reducing provider payments, increasing premiums, adjusting the Medicare eligibility age, reforming Medicaid rules, enacting malpractice reform, and

**FIG 3. SPENDING BY CATEGORY (PERCENT OF GDP)**

Source: Congressional Budget Office and CRFB calculations.
expanding payment reforms under the health reform law, to name a few. The Super Committee must also seriously consider long-term structural reforms such as moving to a premium support system for Medicare, putting federal health spending on a budget, and/or reforming and strengthening the Independent Payment Advisory Board (IPAB) to better control costs.

The Appendix describes the overlap in recommendations made across multiple deficit reduction plans that could guide the Super Committee’s decisions in these areas.

**Go Smart**

To be successful, a debt reduction plan should not simply pursue savings without consideration of the economic effects. Instead, it should make smart and sensible reforms to the budget and tax code with an eye on enhancing (or at least not impeding) economic growth.

While we will not be able to grow our way out of this problem, higher growth will make the difficult task of fixing the budget much more manageable. According to CBO, growing just 0.1 percent faster than projected each year would generate more than $300 billion in deficit reduction over a decade.

Over the medium and long-run, deficit reduction itself would be pro-growth by increasing the nation’s investment capacity; but the composition of the deficit reduction policies will also be critically important.

Super Committee members should therefore recommend reducing lower-priority spending in order to create the fiscal space to maintain or even increase high-priority and pro-growth spending. Over the medium- to long-term, this means moving from a consumption-based budget to one which focuses more on investment.

On the revenue side, the key will be pro-growth tax reform. Fundamental reform, which broadens the base by reducing deductions, credits, exemptions, and other tax expenditures; simplifies the code; and lowers individual and corporate tax rates, has the potential to substantially improve economic growth while also generating additional revenue for deficit reduction. The Joint Committee on Taxation has estimated that income tax reform that wipes out most tax expenditures in order to lower marginal rates, could increase the size of the economy by 1.2 to 1.9 percent of GDP over the medium-term, and more over the long-term.²

With a meaningful and credible fiscal plan, deficit reduction can be phased in gradually to give the economy time to recover. Even the announcement of such a plan can have positive effects on business and consumer confidence, particular if the plan is sufficiently large to create certainty over the nation’s long-term outlook.

**Stay Honest**

The formal mission of the Super Committee leaves much room for gimmickry. Though they are tasked with identifying $1.5 trillion in deficit reduction, their mandate does not identify a baseline. This means that the Committee could, for example, claim more than $1.3 trillion in savings from simply taking credit for the

already-planned troop withdrawals in Iraq and Afghanistan.3

To be credible, the Super Committee must not inflate their savings or paint an overly optimistic picture of the resulting fiscal path. In fact, rather than focusing on the amount of deficit reduction, the Super Committee should put forth recommendations sufficient to put the debt on a stable then declining path under a reasonable set of assumptions. All assumptions in the baseline should be ones policymakers plan to stick to (so for instance, assuming the cuts in Medicare spending from the Sustainable Growth Rate occur and increased revenues from the Alternative Minimum Tax affecting millions more taxpayers should not be acceptable).

Committee members should also avoid other budget gimmicks, such as arbitrary and excessive back-loading of savings, timing gimmicks which push costs beyond the budget window, or unrealistic policy changes which future Congresses are likely to reverse.

**Make It Stick**

Even once policies are adopted, more will be needed to make sure they are not undone. History shows that having agreed upon deficit reduction measures is no guarantee that they will come to fruition.

Enacted savings could fall off course one of three ways: by lawmakers repealing deficit reducing measures, enacting future spending increases or tax cuts without offsets to give back some of the savings, or by changes in budget projections due to economic or other factors.

To help ensure savings materialize (or at least make it more difficult for lawmakers to undo the savings),  

3 By convention, the baseline assumes that spending on Iraq and Afghanistan will continue to grow with inflation. Setting caps on this spending that reflect the already anticipated drawdown would therefore be scored as achieving $1.12 trillion below the baseline – along with another $200 billion in interest savings.
the Peterson-Pew Commission on Budget Reform recommended one approach in that lawmakers should reinforce their agreement by enacting budget rules and procedures to keep the debt on a stable or declining path. Such a process would work both by helping to monitor and facilitate progress on achieving necessary savings, and by putting “triggers” in place to keep the debt on track if policymakers fail to do so.

Other approaches also exist to institute effective budget enforcement and outcomes. Lawmakers could choose to rely on annual savings relative to a particular baseline, aggregate spending targets (as some lawmakers have already proposed), revenue or deficit levels, or other fiscal metrics.

There are many ways to help make debt reduction policies stick, but stronger budget rules and oversight can never compensate for the political will that is needed to enact and adhere to savings in the first place.

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The Super Committee is on a very tight deadline, but its success is imperative. All three major rating agencies have suggested there could be consequences should the Committee deadlock – and more importantly, there may not be many opportunities like the current one to truly bring our debt under control. Right now, all eyes are on this issue, policymakers are invested in this process, and there is a unique fast-track process in place. Waiting until next year will mean addressing the issue in the heat of a Presidential election, and waiting beyond that could not only make things politically more difficult, but could also be too late to reassure markets. The types of structural changes needed to put the budget on a sustainable path just become more and more difficult, both economically and politically, the longer policymakers delay action.

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**Appendix: Overlapping Policies and Estimated Savings Across Fiscal Plans**

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<tbody>
<tr>
<td>Use Chained CPI for All Inflation-Indexed Programs**</td>
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<td>$232 billion from implementing chained CPI</td>
<td>$232 billion from implementing chained CPI</td>
<td>Under discussion by Obama and Boehner</td>
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<td><strong>Government-Wide</strong></td>
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<td><strong>Health Care</strong></td>
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<tr>
<td>Reform Medicaid Formula</td>
<td>About $60 billion from introducing a reduced blended Medicaid rate</td>
<td>$770 billion from block granting Medicaid and indexing to CPI + population</td>
<td>Recommends consideration of block granting to meet long-term health cap</td>
<td>Replaces matching rates with reallocation of federal/state responsibilities beginning in 2018</td>
<td>$100 billion from unspecified FMAP changes (with possible increased state flexibility)</td>
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<tr>
<td>Reduce State Medicaid Gaming</td>
<td>$26 billion from reducing Medicaid provider tax threshold</td>
<td>$51 billion from phasing out Medicaid provider tax threshold</td>
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<td>Under discussion as part of Medicaid reform</td>
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<td>Improve Dual Eligible Care</td>
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<td>$15 billion from mandating dual eligibles be placed in Medicaid managed care (with Medicare reimbursements)</td>
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<td>$8 billion from removing barriers for states to place dual eligibles in managed care</td>
<td>$0-$5 billion from better care coordination</td>
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<td>Enact Tort Reform</td>
<td>Grants to states to experiment with reforms in state medical malpractice system</td>
<td>$62 billion from aggressive reforms, including caps to non-economic and punitive damages</td>
<td>$20 billion from reforms such as collateral source rule changes and consideration of aggressive reforms</td>
<td>$62 billion from requiring states to cap non-economic and punitive damages</td>
<td>Part D rebates proposed by Dems; other reforms, such as average wholesale price (AWP) rules for Part D drugs and drug reclassifications also considered</td>
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<td>Reduce Medicare Payments for Pharmaceutical Drugs</td>
<td>About $100 billion from prohibiting pay for delay for generic drugs, shortening exclusivity for generics, and drug rebates</td>
<td>$55 billion by applying Medicaid drug rebates to low income seniors covered by Medicaid and Medicare Part D</td>
<td>About $160 billion by expanding Medicaid drug rebates to Medicare Part D</td>
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<tr>
<td>Increase Medicare Cost-Sharing</td>
<td>$65 to $75 billion from a $550 deductible, 20% co-insurance up to $5,500, 5% co-insurance up to $7,500, and catastrophic cap above that</td>
<td>About $30 billion from a $560 deductible, 20% co-insurance up to $5,250 and catastrophic cap above that</td>
<td>Up to $66 billion from clinical lab and skilled nursing facilities (SNF) / Home Health co-pays (though money could also come from payment reduction)</td>
<td>$65 to $75 billion from a $550 deductible, 20% co-insurance up to $5,500, 5% co-insurance up to $7,500, and catastrophic cap above that</td>
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<td>Increase Basic Medicare Premium</td>
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<td>About $240 billion from raising basic Part B premiums from 25% to 35% of costs (5-year phase-in)</td>
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<td>Increase Medicare Means-Testing</td>
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<td>$38 billion from freezing premium brackets after 2019 and increasing costs for high-earners</td>
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<td>Increases catastrophic cap for high-earners and requires high-earners to pay 100% of premiums</td>
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<td>Restrict Medigap Coverage</td>
<td></td>
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<td>$53 billion from restricting first-dollar coverage of Medigap plans</td>
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<td>Up to $53 billion from restricting first-dollar coverage of Medigap plans</td>
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<tr>
<td>Enact Medicare Premium Support</td>
<td>Implements premium support for new retirees in 2022, with $8,000 yearly subsidy indexed to inflation</td>
<td>Pilots premium-support in FEHB and recommends consideration of premium support after 2020</td>
<td>Implements premium support in 2018 for current and new retirees, allowing traditional Medicare to compete, indexed to GDP+1%</td>
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<tr>
<td>Reduce Home Health and Skilled Nursing Facilities Payments</td>
<td></td>
<td>$9 billion from accelerating home health cuts under PPACA</td>
<td></td>
<td>Up to $50 billion from cutting home health and SNF payments (though savings could come from cost-sharing)</td>
<td></td>
<td>$9 billion from accelerating home health cuts under PPACA</td>
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<tr>
<td>Raise Medicare Eligibility Age</td>
<td></td>
<td>Recommends consideration of eligibility age increase to meet long-term targets</td>
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<td>Raising age from 65 to 67 under discussion by Obama and Boehner</td>
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<td>$124 billion from raising the eligibility age to 67 between 2014 and 2025</td>
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<tr>
<td>Reform TRICARE and/or TRICARE for LIFE</td>
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<td>$43 billion from applying Medigap restrictions on first dollar coverage to TRICARE for Life</td>
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<td>$17 billion from increasing drug co-pays under TRICARE</td>
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<tr>
<td>Reform Federal Employees Health Benefits (FEHB) Program</td>
<td></td>
<td>$22 billion from converting FEHB into premium support with fixed contribution amounts and having FEHBP subsidize Medicare premium instead of first dollar coverage</td>
<td></td>
<td>$11 billion from allowing FEHB benefit to subsidize Medicare premium instead of first dollar coverage</td>
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<tr>
<td>Reduce Medicare Bad Debt Payments</td>
<td></td>
<td>About $25 billion from phasing out payments for bad debts</td>
<td></td>
<td>$14-$26 billion from phasing out payments for bad debts</td>
<td>$25 billion from phasing out payments for bad debts</td>
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<tr>
<td>Changes in Special Hospital Payment Policies</td>
<td></td>
<td>$70 billion from reducing subsidies to hospitals for direct and indirect graduate medical education costs</td>
<td></td>
<td>$28 billion, half from graduate (direct and indirect) medical payments and half from rural hospitals</td>
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<tr>
<td>Deficit-Reducing Policies</td>
<td>President’s Framework</td>
<td>House Republican Budget</td>
<td>Bowles-Simpson Fiscal Commission</td>
<td>Domenici-Rivlin (BPC)*</td>
<td>Under Consideration in Debt Limit Discussions+</td>
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<tr>
<td>Reduce Farm Subsidies</td>
<td>Unspecified reductions</td>
<td>$28 billion from reductions in direct payments and crop insurance</td>
<td>$12 billion in net savings from $18 billion in savings from reductions in direct payments and other subsidies as well as reduction in conservation and market assistance programs, with $6 billion in new spending to extend disaster fund</td>
<td>$34 billion from cutting payments to commercial farms, reforming crop insurance, and cutting conservation program spending</td>
<td>$33 billion from $31 billion in farm subsidy cuts and $2 billion in cuts to conservation programs</td>
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<tr>
<td>Reform Pension Benefit and Guaranty Corporation (PBGC)</td>
<td>$8 billion from allowing PBGC to set its own premium rates</td>
<td>$3 billion from increasing PBGC premiums</td>
<td>$10 billion from allowing PBGC to set its own premium rates</td>
<td>$5 billion from increasing PBGC premiums</td>
<td>$9 billion from unspecified changes</td>
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<tr>
<td>Auction Spectrum Licenses</td>
<td>$25 billion mainly from incentive auctions with up to $15 billion used for broadband funding</td>
<td>$25 billion mainly from incentive auctions</td>
<td>Less than $5 billion from continuing existing auction authority; asks Congress to consider incentive auctions</td>
<td></td>
<td>$20-$25 billion in net savings from incentive auctions with a portion of auction proceeds redirected to new spending</td>
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<tr>
<td>Reform Federal Civilian and Military Pension Benefits</td>
<td>$1 billion from eliminating special retirement supplement</td>
<td>Up to $27 billion outlined from increasing computation years from 3 to 5 and eliminating COLAs before age 62 with a 1-time catch up#</td>
<td>$9 billion from using highest 5 years of earnings to calculate civilian benefits and reforming military retirement into one based on FERS</td>
<td>$47 billion ($36 billion from civilian and $11 billion from military) including from changing benefit formula to highest 5 years of earnings (numbers include chained CPI)</td>
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<tr>
<td>Increase Pension Contributions for Federal Employees</td>
<td>$122 billion from equalizing employer and employee contributions to civilian pensions</td>
<td>Up to $66 billion from gradually equalizing employer and employee contributions to civilian pensions#</td>
<td>Up to $66 billion from gradually equalizing employer and employee contributions to civilian pensions#</td>
<td>Up to $46 billion, with the possibility of some of the money going to strengthen Pell Grants</td>
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<tr>
<td>Eliminate In-School Interest Subsidies on Student Loans</td>
<td>^ $46 billion from eliminating subsidies for undergraduate and graduate students^</td>
<td>Up to $30 billion from “cap adjustments” for tax enforcement</td>
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<td>Up to $30 billion from “cap adjustments” for tax enforcement</td>
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<tr>
<td>Improve Tax Enforcement</td>
<td>Up to $30 billion from “cap adjustments” for tax enforcement</td>
<td>Up to $30 billion from “cap adjustments” for tax enforcement</td>
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<tr>
<td>Fannie and Freddie Reform</td>
<td>$30 billion from unspecified reforms</td>
<td>Up to $30 billion from unspecified reforms</td>
<td>Up to $30 billion from unspecified reforms</td>
<td>Up to $30 billion from unspecified reforms</td>
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<tr>
<td>Reduce Food Stamps</td>
<td>$127 billion from block granting food stamps at “pre-recession projected levels” in 2015</td>
<td>Up to $30 billion from unspecified reforms</td>
<td>Up to $30 billion from unspecified reforms</td>
<td>Up to $30 billion from unspecified reforms</td>
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<td>Aviation Security / FAA Fees</td>
<td>$21 billion from moving to $5 flat fee per one-way flight for aviation security</td>
<td>Up to $30 billion from unspecified reforms</td>
<td>Up to $30 billion from unspecified reforms</td>
<td>Up to $30 billion from unspecified reforms</td>
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<td>$18 billion from moving to $5 flat fee for aviation security, and a per flight plan FAA fee</td>
<td>Up to $30 billion from unspecified reforms</td>
<td>Up to $30 billion from unspecified reforms</td>
<td>Up to $30 billion from unspecified reforms</td>
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<tr>
<td>Deficit-Reducing Policies</td>
<td>President’s Framework</td>
<td>House Republican Budget</td>
<td>Bowles-Simpson Fiscal Commission</td>
<td>Domenici-Rivlin (BPC)*</td>
<td>Under Consideration in Debt Limit Discussions+</td>
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<td>Tax Reform</td>
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<td>Reform Employer Health Exclusion</td>
<td>Calls for tax expenditure reform</td>
<td></td>
<td>Calls for comprehensive reform. Illustrative plan phases out exclusion between 2014 and 2038</td>
<td>Phases out exclusion between 2018 and 2028</td>
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<tr>
<td>Reform Mortgage Interest Deduction</td>
<td>Limits itemized deductions for high earners in budget, and calls for tax expenditure reform</td>
<td>Calls for revenue neutral comprehensive tax reform, which could include elimination of various preferences</td>
<td>Calls for comprehensive reform. Illustrative plan replaces deduction with 12% credit up to $500,000, only for primary residences</td>
<td>Replaces deduction with 15% credit up to $500,000 for primary residences only</td>
<td>Elimination of deduction on second homes under discussion by Biden group</td>
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<td>Reform Charitable Deduction</td>
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<td>Reform State and Local Deduction</td>
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<td>Reform Tax Treatment of Retirement Accounts</td>
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<td><strong>Corporate Tax Reform</strong></td>
<td>Calls for corporate tax reform that broadens base and lowers rate</td>
<td>Calls for comprehensive tax reform which targets a rate of 25%</td>
<td>Calls for comprehensive reform. Illustrative plan eliminates corporate all tax expenditures, lowers rate to 28%, and moves to a territorial system</td>
<td>Eliminates most corporate tax expenditures and reduces rate to 27%</td>
<td>White House offered corporate tax reform, including corporate jets and LIFO rules, but offer was rejected</td>
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<td><strong>Eliminate Fossil Fuel Tax Preferences</strong></td>
<td>$41 billion in budget from reducing various preferences, and calls for tax expenditure reform in framework</td>
<td>Comprehensive tax reform which could include elimination of various preferences</td>
<td>Comprehensive tax reform which could include elimination of various preferences</td>
<td>Eliminates all tax expenditures related to oil and gas</td>
<td>Elimination of domestic manufacturing credit for big five integrated oil companies under discussion</td>
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<td><strong>Raise Social Security Retirement Age</strong></td>
<td>Establishes Social Security trigger requiring action by the Administration and Congress in any year in which the Social Security Trustees project the system to be insolvent over the next 75 years. The President would be required, in conjunction with the Social Security Trustees, to put forward a plan to restore solvency, and Congress would be required to consider those recommendations or alternative proposals under an expedited process.</td>
<td>Closes 18% of 75-year shortfall from indexing the retirement age to life expectancy, with hardship exemption</td>
<td>Closes 22% of 75-year shortfall from indexing benefit formula to account for increases in life expectancy</td>
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<td><strong>Reduce Benefit Formula for Higher Earners</strong></td>
<td>Calls for Social Security reform, parallel to deficit reduction, which would strengthen security for low-income earners and the most vulnerable and restore long-term solvency without privatization or reducing the “basic benefit” for current beneficiaries.</td>
<td>Closes 29% of 75-year shortfall from creating bendpoint at median income and reducing PIA factors to 90%</td>
<td>Closes 4% of 75-year shortfall from reducing top PIA factor from 15% to 10%</td>
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<td><strong>Increase Social Security Taxable Maximum</strong></td>
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<td>Closes 35% of 75-year shortfall from gradually raising the payroll tax cap to cover 90% of wages</td>
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<td><strong>Add State and Local Government Workers to Social Security</strong></td>
<td>Closes 8% of 75-year shortfall from adding newly hired state and local workers beginning in 2021</td>
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<td><strong>Apply Chained CPI to Social Security</strong>*</td>
<td>Closes 26% of 75-year shortfall from using chained CPI to calculate annual COLAs</td>
<td>Closes 26% of 75-year shortfall from using chained CPI to calculate annual COLAs</td>
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<td>Under consideration by Obama and Boehner</td>
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</tbody>
</table>

This list is not exhaustive of overlapping policies.

*Estimates for BPC proposals extrapolated out to 2021 and estimated without interaction from premium support or Medicaid overhaul by CRFB staff.
**Switching to the chained CPI would increase revenues by $72 billion, reduce Social Security outlays by $112 billion, and reduce other spending by $48 billion over ten years. To read more, see CRFB’s Moment of Truth project policy paper at http://crfb.org/document/measuring-case-chained-cpi.
+ Policies under discussion during debt ceiling debate as defined by memo from Congressman Eric Cantor, unless otherwise noted.
#Actual savings to come from Federal Workforce Entitlement Board; proposals recommend illustrative suggestions rather than recommendations.
^$18 billion in additional recommended savings already enacted as part of Budget Control Act.