



**U.S. REPRESENTATIVE TODD ROKITA**

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

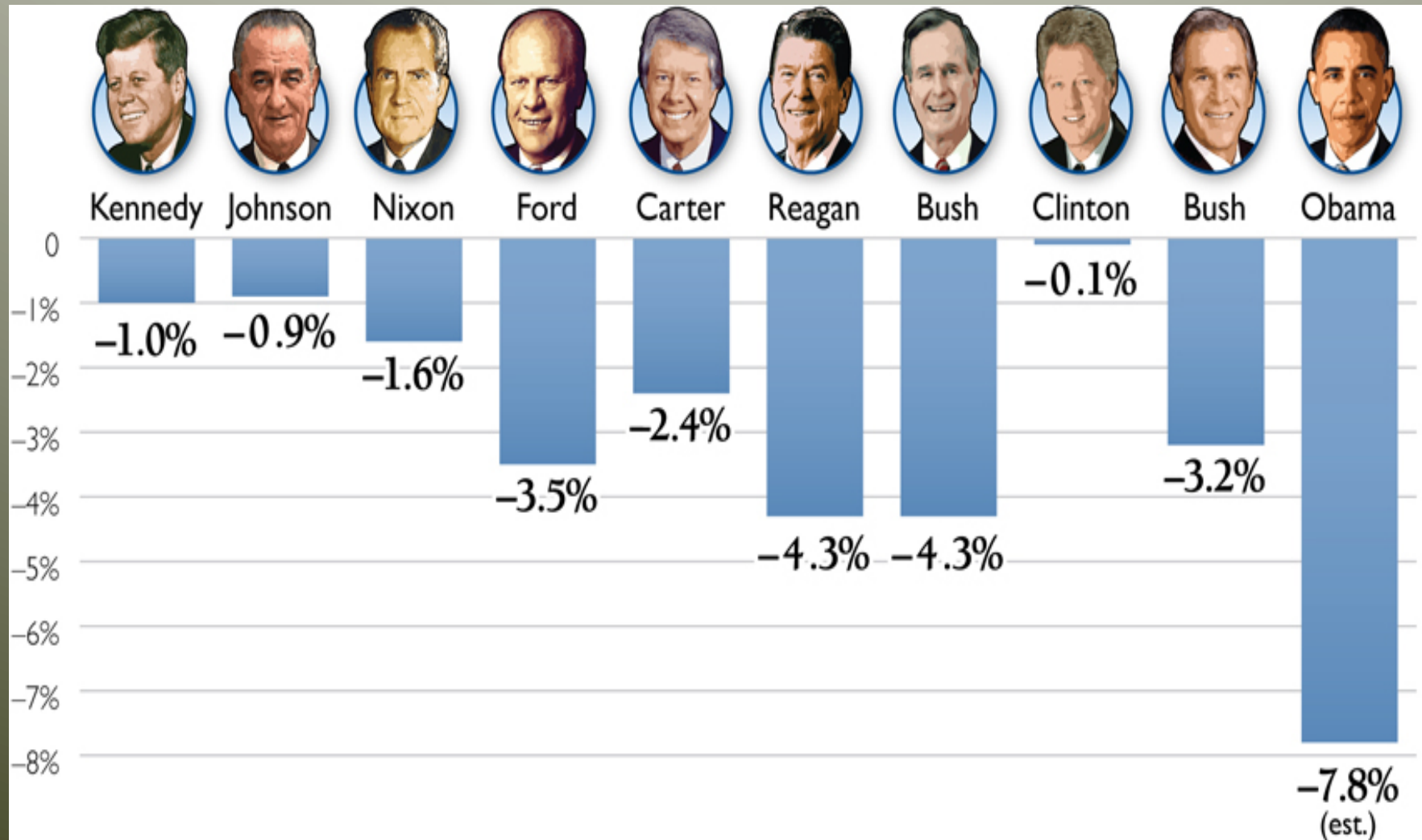
# Imagine A Company



- ... With **NEGATIVE** cash flow for the past 9 years – and the majority of the last 50 before that
- ...**NEGATIVE** Net Worth for as long as anyone can remember
- ... Needs 20 years of income to pay off its existing debts
- Would You Invest?



# Budget Deficits as a Percentage of GDP, by Administration



# “Debt Day”

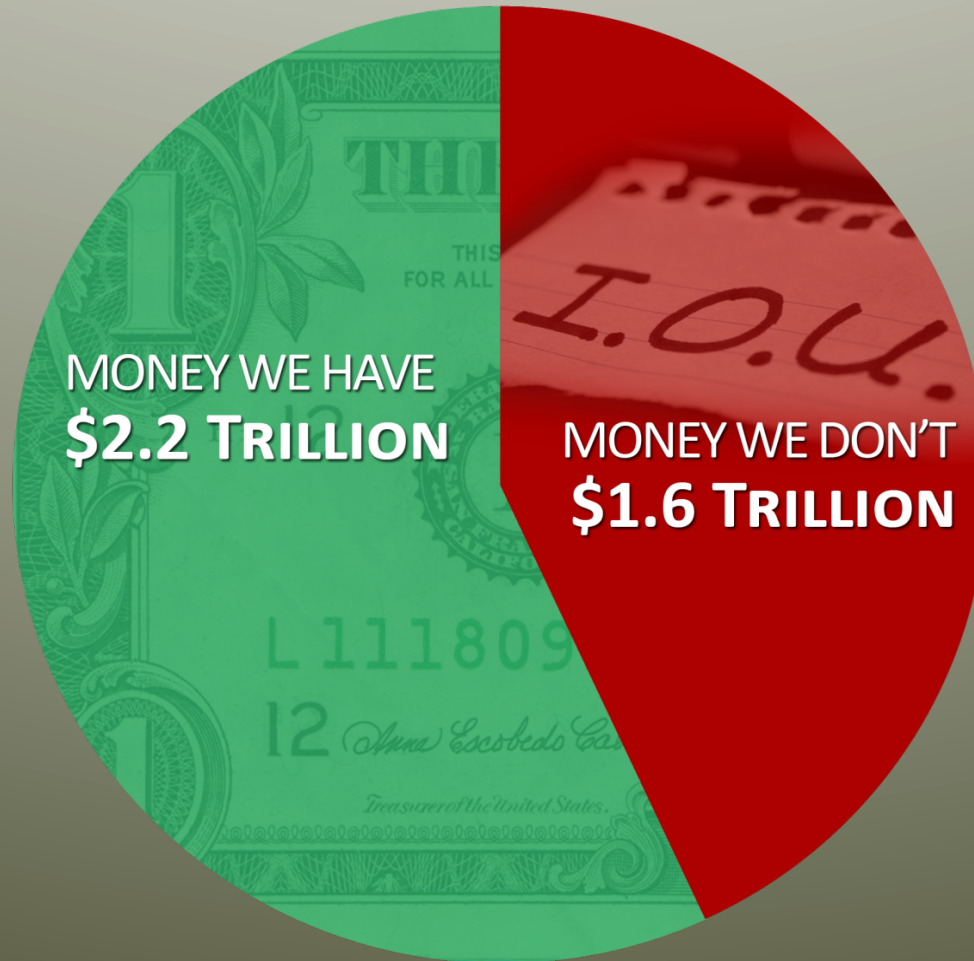


2011

January							February							March							April							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	
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23	24	25	26	27	28	29	27	28						27	28	29	30	31			24	25	26	27	28	29	30	
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May							June							July							August							
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25	26	27	28	29	30		23	24	25	26	27	28	29	27	28	29	30				25	26	27	28	29	30	31	
							30	31																				

All spending after July 27 of this year is borrowed spending.

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



Source: Office of Management and Budget, 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 ?



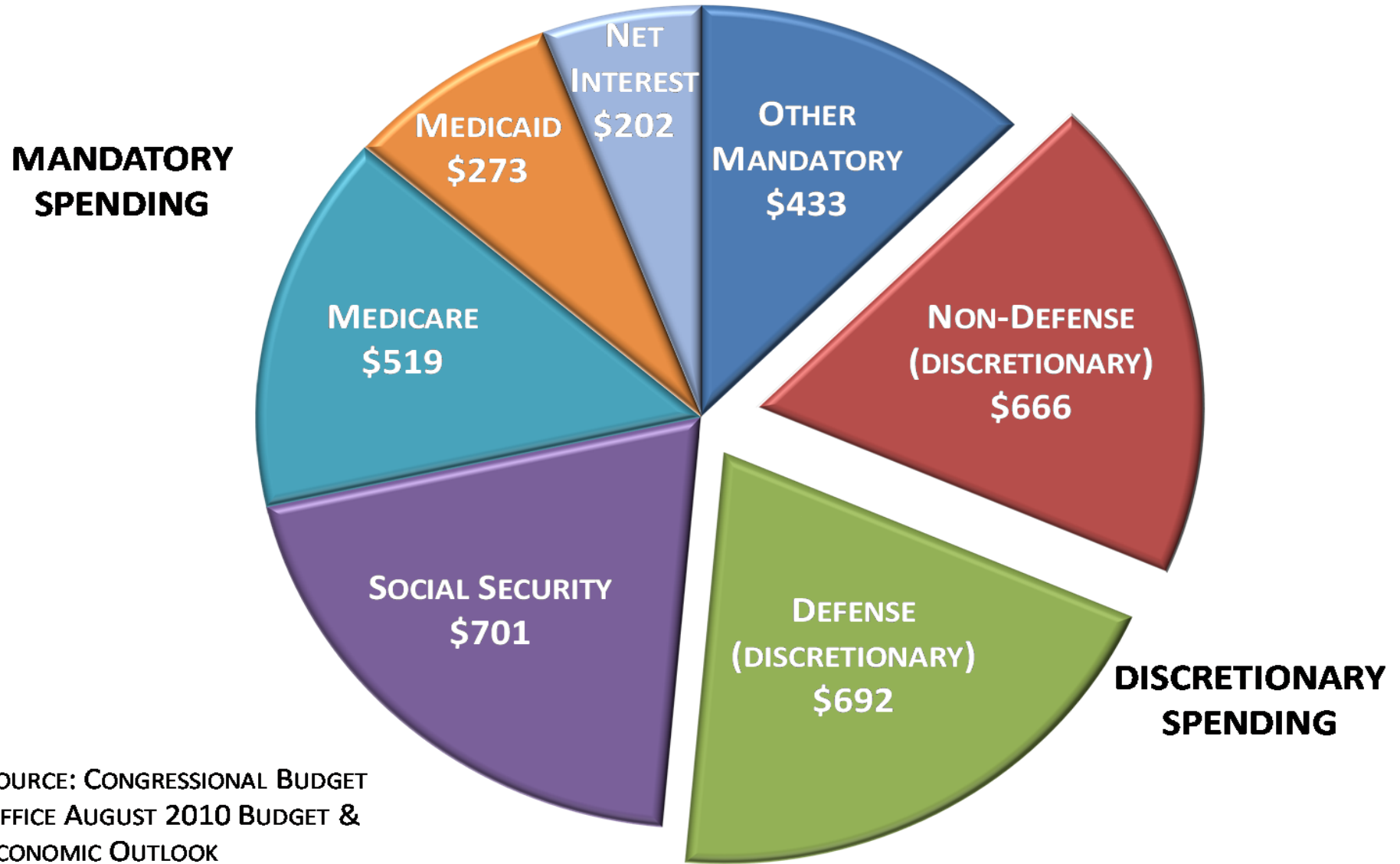
With the interest we pay to China on our debt, China can afford to buy 3 new Joint Strike Fighters every week – with \$50 million/week left over.



Source: U.S. Department of Treasury,  
Government Accountability Office

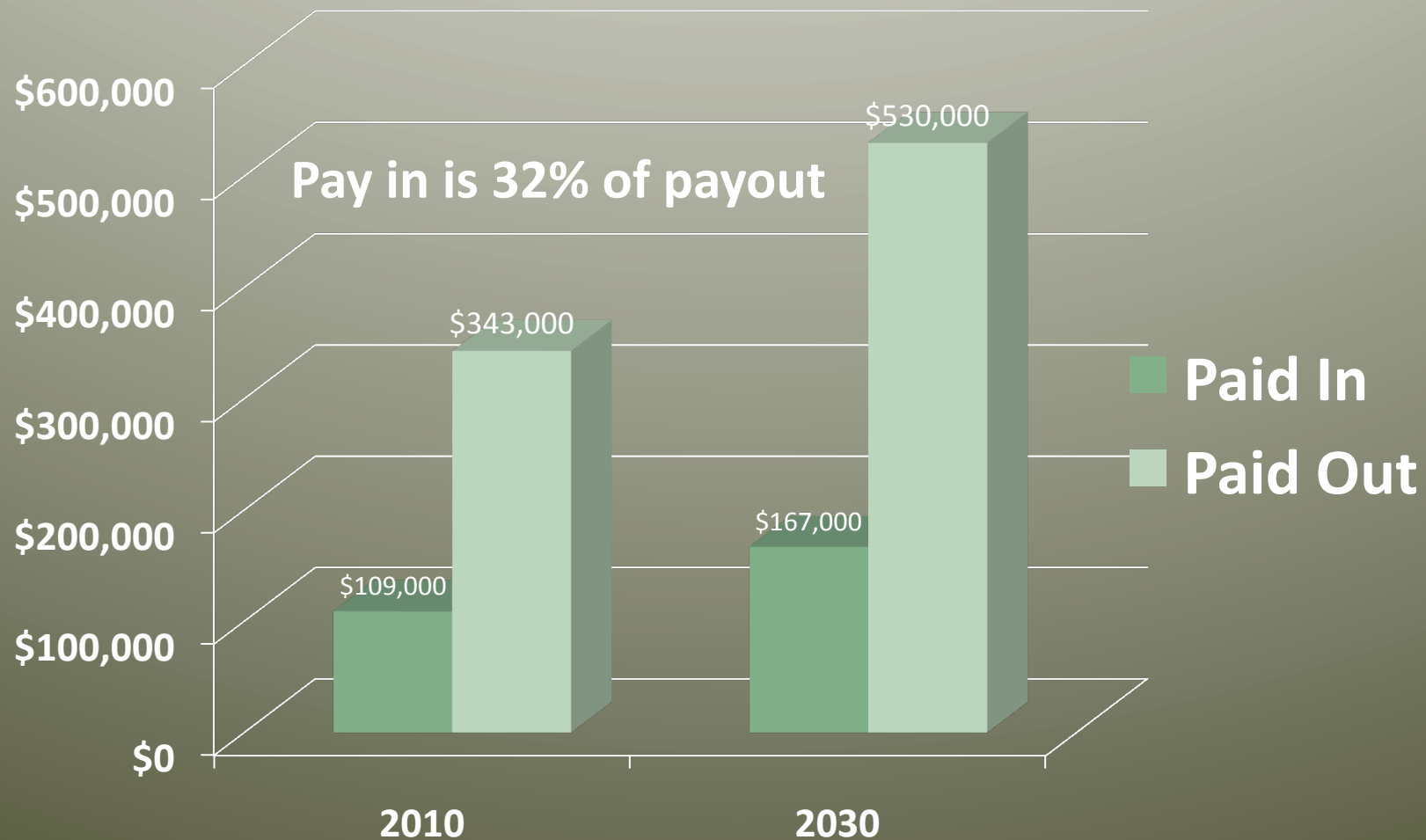
# TOTAL SPENDING IN FY 2010 = \$3.5 TRILLION

(OUTLAYS IN BILLIONS OF DOLLARS)



SOURCE: CONGRESSIONAL BUDGET OFFICE AUGUST 2010 BUDGET & ECONOMIC OUTLOOK

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

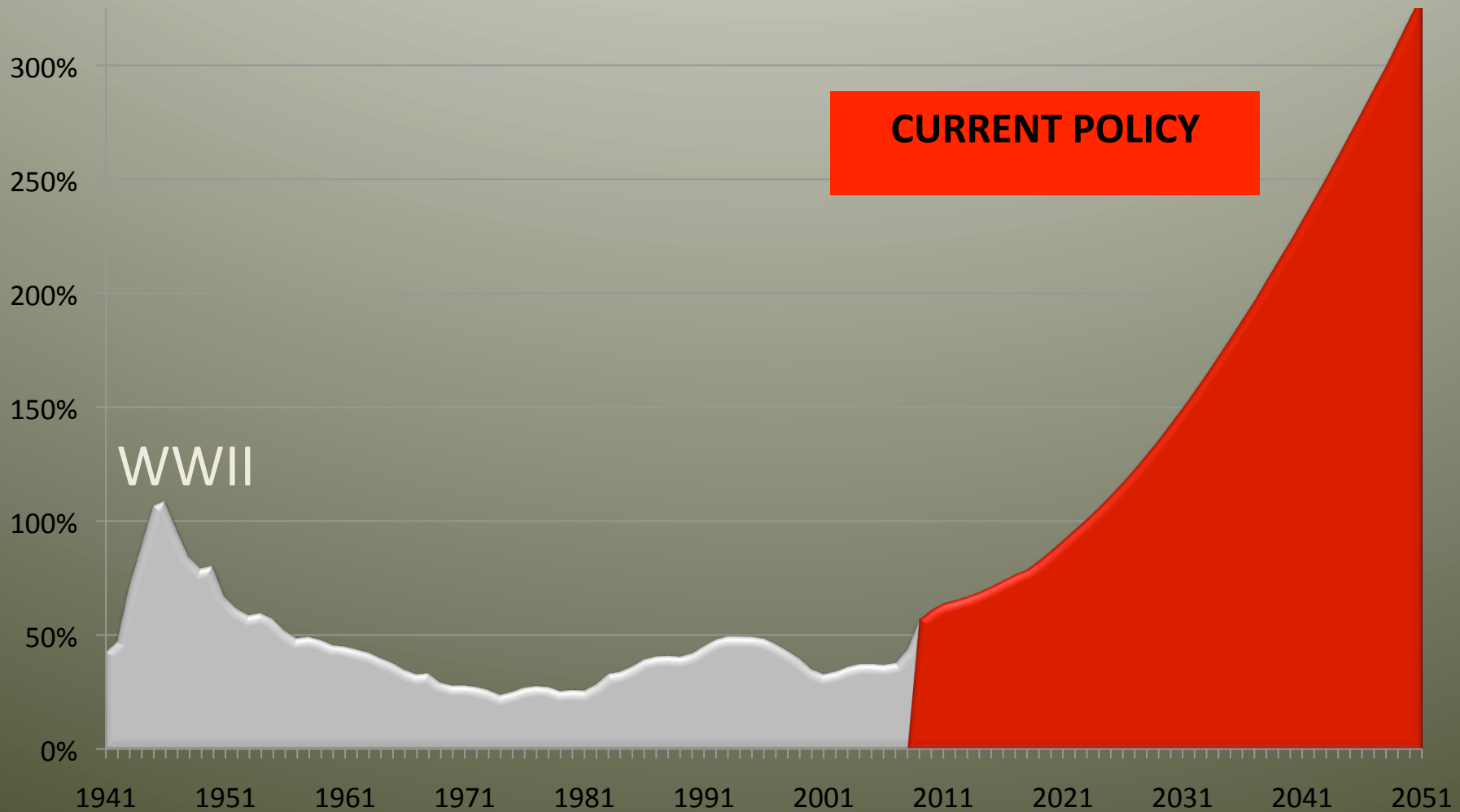


Couple making combined \$86,000/year  
on average over a lifetime

Source: The Urban Institute: Medicare Taxes and  
Benefits Over a Lifetime Jan. 2011

# TIDAL WAVE OF DEBT

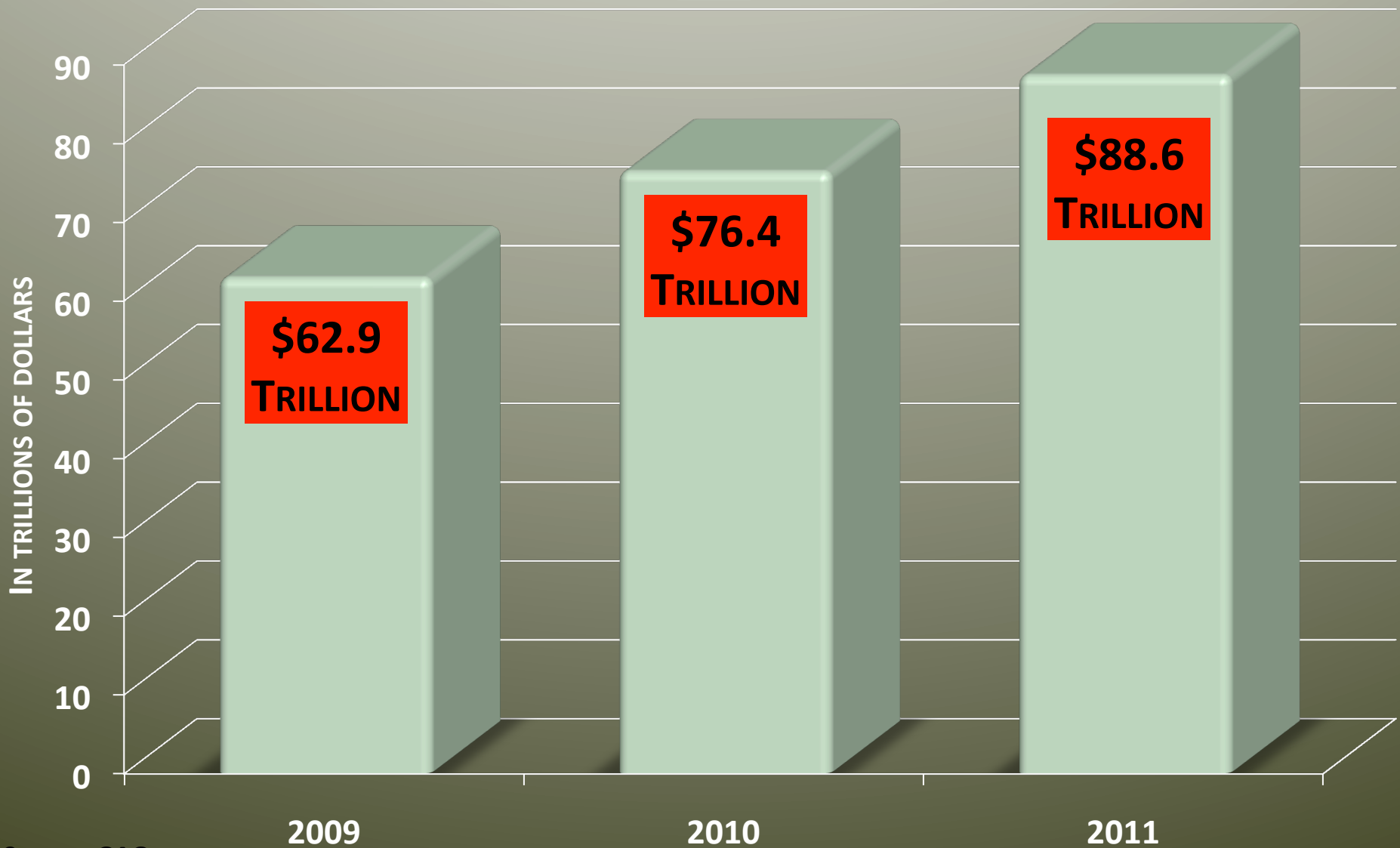
DEBT HELD BY PUBLIC AS SHARE OF ECONOMY



Source: Congressional Budget Office, Office of Management and Budget

# THE COST OF WAITING – THE FISCAL GAP

UNFUNDED PROMISES IN TRILLIONS OF DOLLARS



SOURCE: GAO

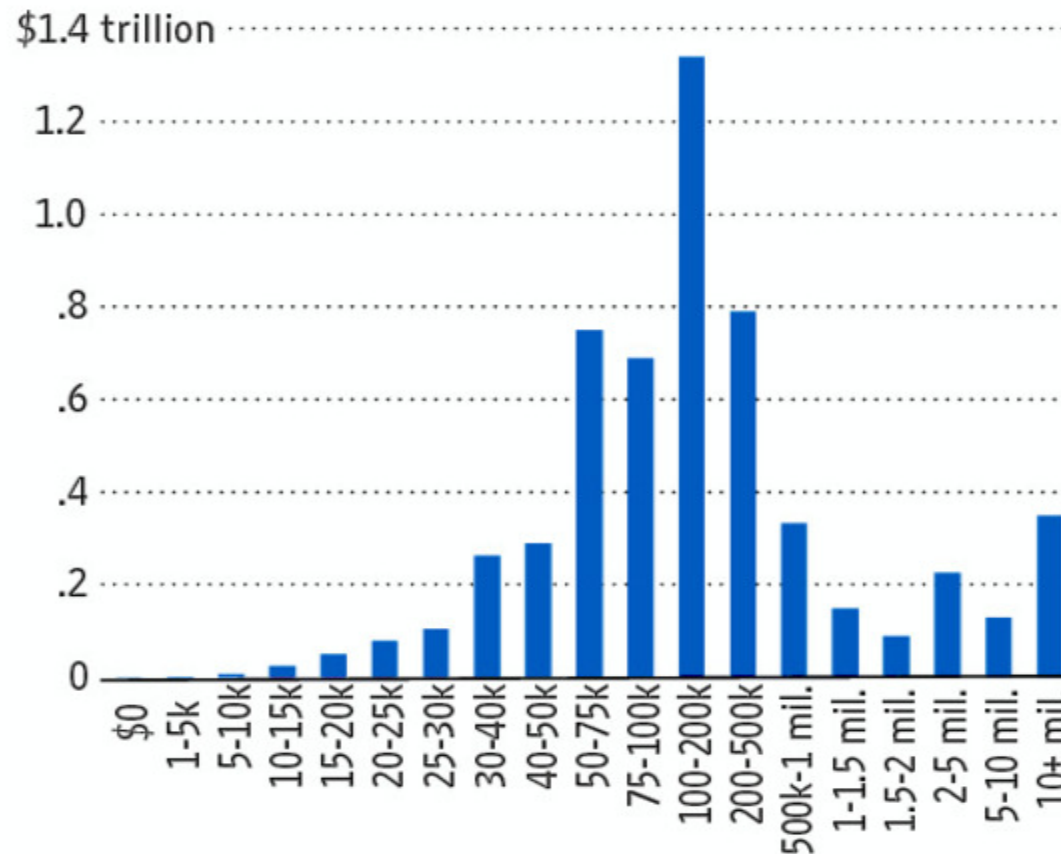
## **False Solution #1: The Debt Deal**

- The so-called Budget Control Act passed by Congress is not a solution.
- This bill does not attack the root cause of our debt crisis, which is spending.
- Over the next decade it adds \$7 trillion to the national debt

## FALSE SOLUTION #2

### The Middle Class Tax Target

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

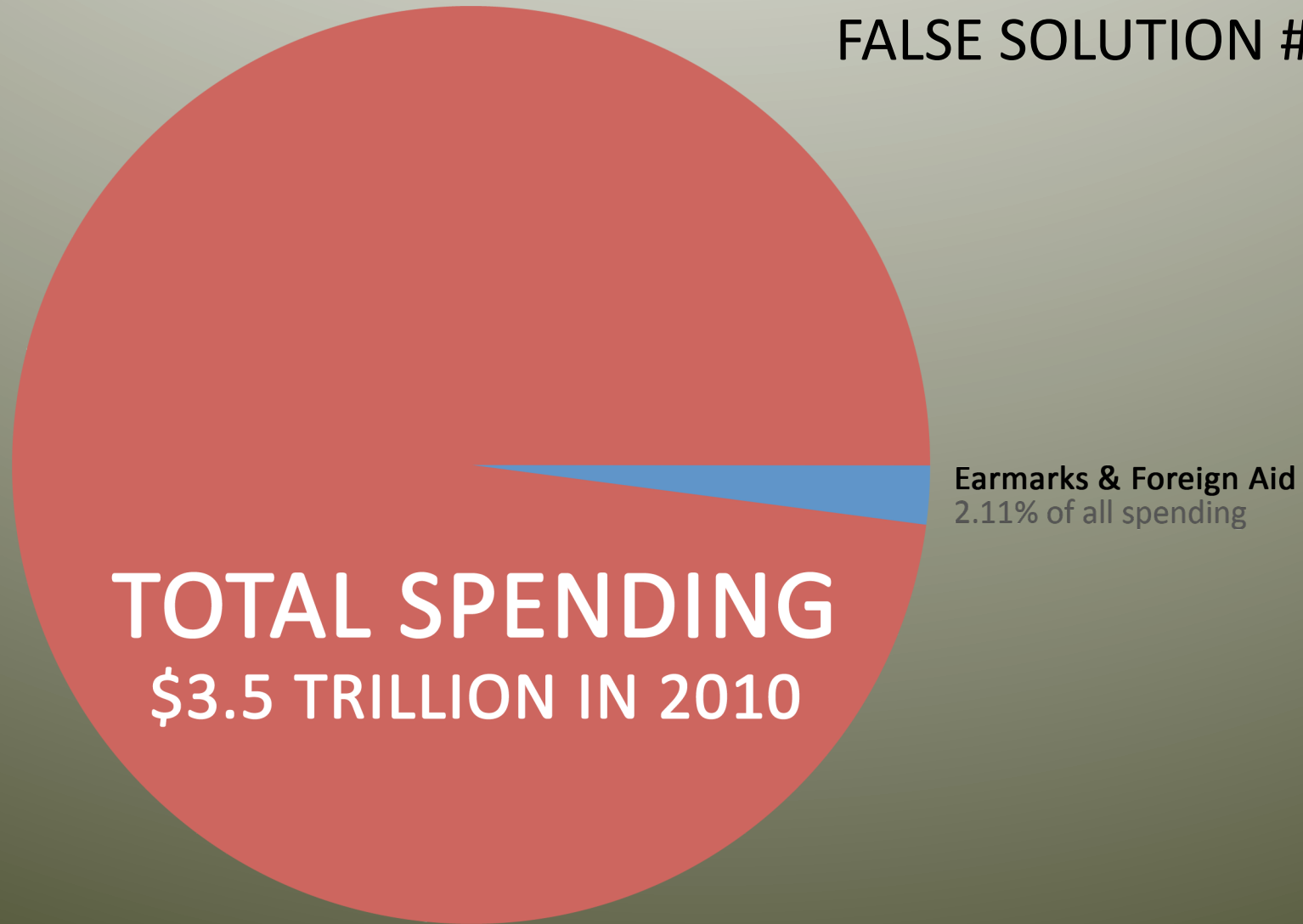


Source: IRS



# WHAT IF WE JUST CUT EARMARKS & FOREIGN AID?

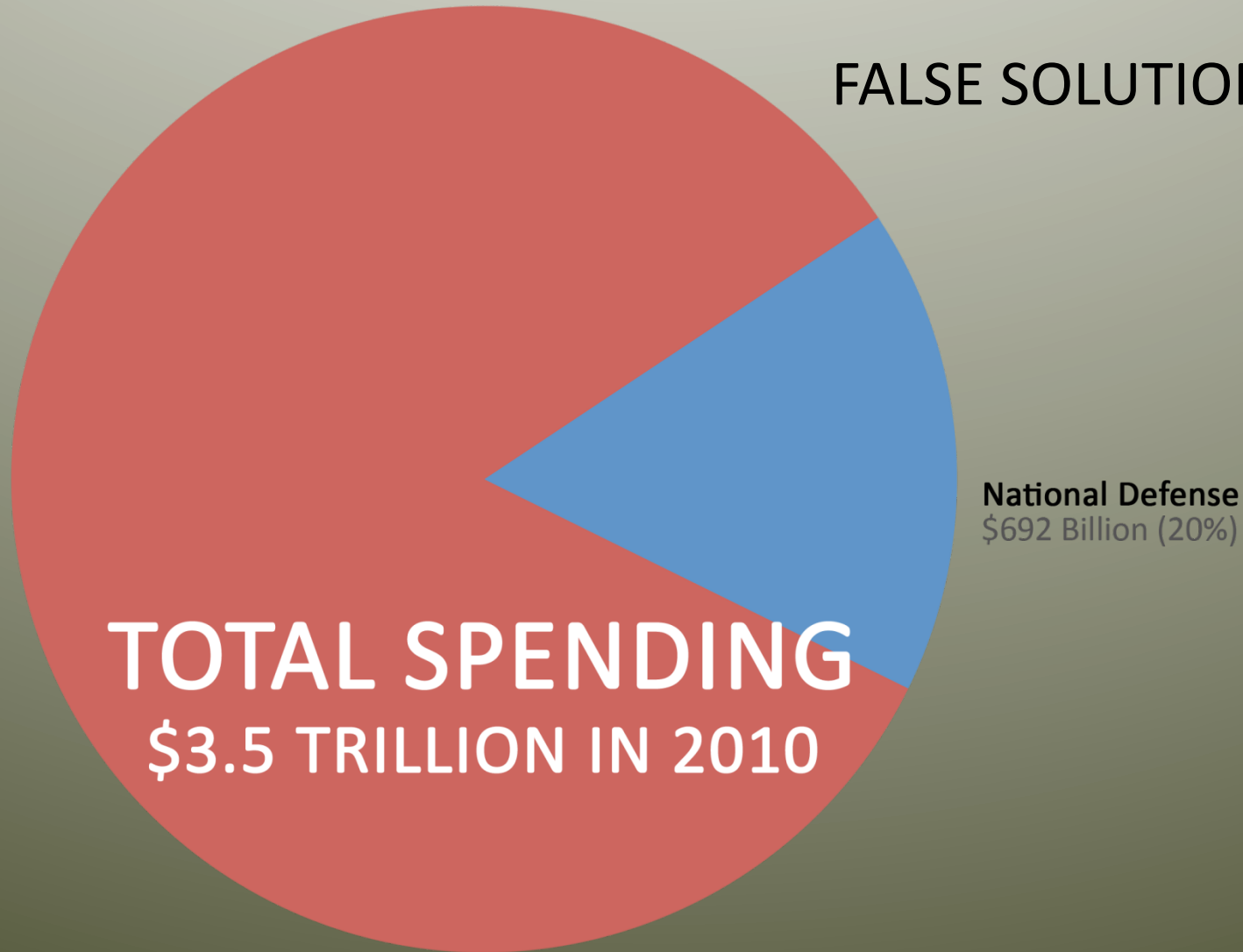
FALSE SOLUTION # 3



Source: Congressional Budget Office, Taxpayers for Common Sense

# WHAT IF WE CUT ALL DEFENSE SPENDING?

FALSE SOLUTION # 4



**TOTAL SPENDING**  
**\$3.5 TRILLION IN 2010**

**National Defense**  
\$692 Billion (20%)

# Solutions that Work

## **Medicare:**

Transfer from a defined benefit, fee-for-service structure to a defined contribution structure, and require an aggressive means test. It offers: CHOICE, COMPETITION, PATIENT CONTROL, FREE MARKET PRINCIPLES, LOWER COSTS, NO CHANGES FOR CURRENT BENEFICIARIES

## **Social Security:**

Index the normal age retirement (NRA) to longevity standards, and require an aggressive means test. It offers: COMMON SENSE APPROACH, GRADUAL INCREASE, SOLVE LONG TERM SHORTFALL

## **Grow the Economy:**

Tax reform, deregulation and abundant, affordable energy



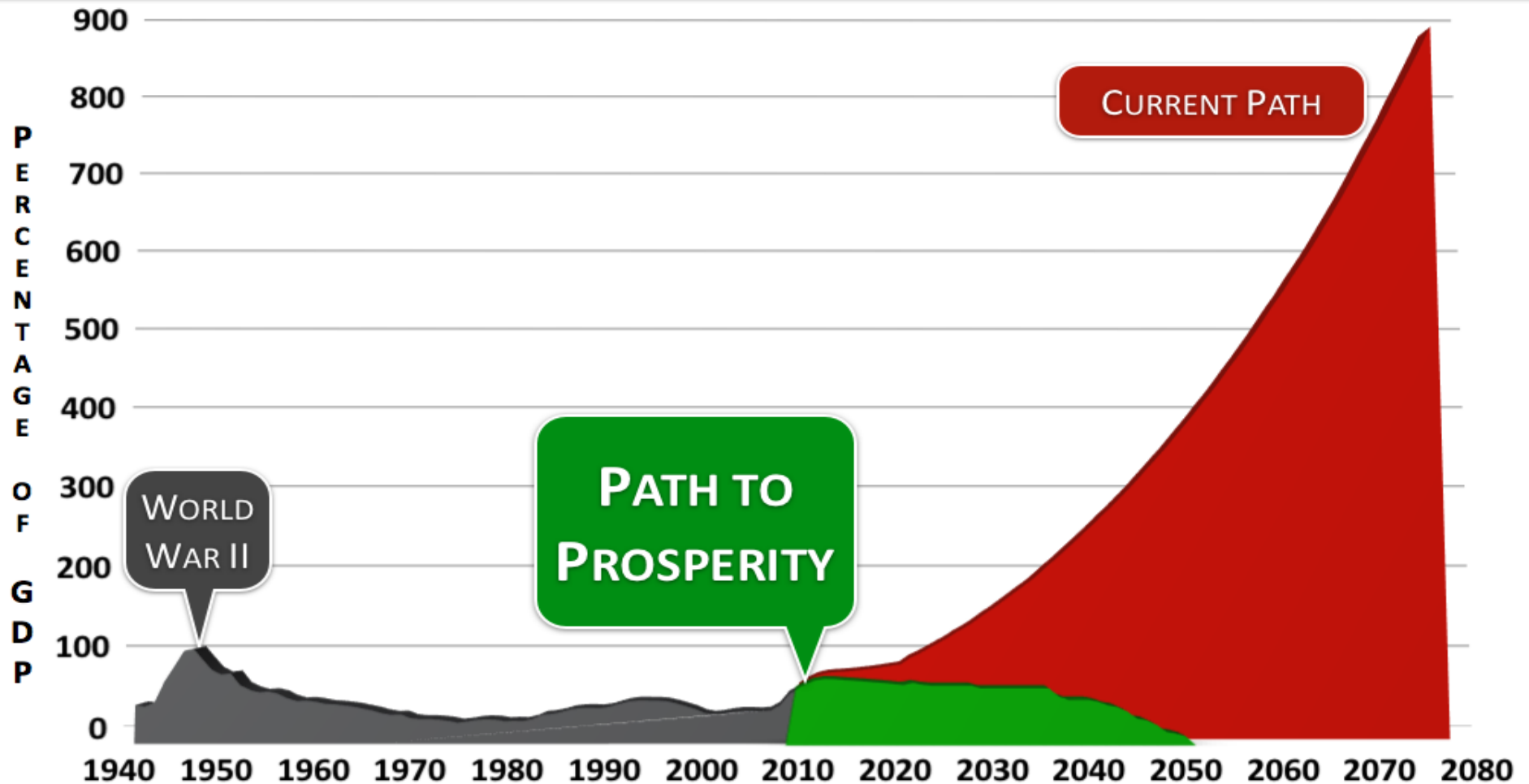
# Best Solution: A Balanced Budget Amendment

- 49 of 50 states have Balanced Budget Amendments . It is commonsense.
- A balanced budget amendment would force us to live within our means and make tough decisions including entitlement reform.



# A CHOICE OF TWO FUTURES

(DEBT AS A SHARE OF THE ECONOMY)



SOURCE: OMB/CBO