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CED Report Details Bipartisan Plan to Rein in National Debt

December 13, 2016 – Washington, D.C. – Today, the Committee for Economic Development of The Conference Board (CED) issued a report detailing the main drivers of the federal debt and deficit, the consequences of inaction, and solutions. The nonpartisan, business-led organization’s Fiscal Health Subcommittee, which comprises a bipartisan group of business leaders, oversaw the report’s development.

[*The Federal Budget Deficit and the Public Debt: Dealing with a Lurking Problem*](#) points to three issues that bear most responsibility for the nation’s growing financial risk: demographic pressures, rising health care costs, and the power of compound interest. Without reform, those who depend on government services will pay a dear price, including children and the dependent elderly, and the nation’s economy will suffer from less investment.

“With election season now over, a focus on reducing government debt and annual deficits must take center stage,” said Joseph Kasputys, former CEO of Global Insight, and Co-Chair of CED’s Fiscal Health Subcommittee. “If the incoming President and Congress follow CED’s plan, the country’s economic growth will accelerate, the benefits of public retirement and health care programs can be preserved, and posterity will have a better chance to achieve the American Dream.”

To place the budget on a sustainable trajectory, the report features several recommendations that include:

- ***Reform Medicare.*** Establish competition on the basis of quality and price among traditional Medicare and Medicare Advantage plans.
- ***Reform Social Security.*** Among other steps, enact means testing for high-income individuals, gradually raise payroll taxes, and use a more accurate calculation of inflation to determine cost-of-living adjustments.
- ***Pare back virtually all tax preferences.*** For example, provide a flat, 15% refundable tax credit for charitable contributions, and for up to \$25,000 per year (not indexed) of mortgage interest on a primary residence. Eliminate the deduction for state and local taxes.
- ***Reduce and flatten marginal tax rates.*** Create a two-bracket income tax with rates of 15% and 28%, and reduce the corporate tax rate to a flat 28%.
- ***Eliminate tax preferences for capital income.*** Tax capital gains and dividends as ordinary income (with a top rate of 28%).
- ***Simplify and unify tax credits for families.*** Establish both a flat refundable per-child tax credit of \$1,600, and a refundable earnings credit, similar to the recent Making Work Pay Credit but substantially larger.

“For too long, policymakers on both sides have turned a blind eye toward the federal government’s worsening financial situation,” said Bo Cutter, a Senior Fellow at The Roosevelt Institute, and Co-Chair of CED’s Fiscal Health Subcommittee. “They now have a bipartisan blueprint – one that calls for enacting sensible reforms now so the nation averts having to experience painful actions later.”

View the report, executive summary, and policy brief [here](#).

About the Committee for Economic Development

Founded in 1942, the Committee for Economic Development of The Conference Board (CED) is a nonprofit, nonpartisan, business-led public policy organization that delivers well-researched analysis and reasoned solutions to our nation’s most critical issues. CED’s work is grounded on seven core principles: sustainable capitalism, long-term economic growth, efficient fiscal and regulatory policy, competitive and open markets, a globally competitive workforce, equal economic opportunity, and nonpartisanship in the nation’s interest. www.ced.org.