



The Checklist

THE HERITAGE FOUNDATION welcomes the choice made by our country's conservative majority. The voters decided to send to Congress men and women pledged to act upon the principles of free enterprise, limited government, individual freedom, traditional American values and a strong national defense. Heritage has compiled this checklist of five overriding actions, representing the **BARE MINIMUM REQUIRED** for Washington to fulfill its electoral mandate, meet its constitutional responsibilities and get America started on the right track. We must now hold our representatives, senators and President accountable and tell them: **GET TO WORK!**

	HOUSE	SENATE	PRESIDENT
<p>FREEZE AND CUT SPENDING: Congress must immediately freeze discretionary budget authority at 2010 levels; and cut at least \$170 billion from the federal budget for fiscal year 2012. This is only a first step. In the past four years, Congress has approved more spending than even the bureaucrats can handle. Congress must immediately survey unobligated balances of all appropriations made in the past four years and should reclaim these unspent taxpayer funds and use them to reduce the deficit.</p>			
<p>REPEAL OBAMACARE: Congress must immediately pass a bill that repeals Obamacare. Until Congress is able to get the President to sign a law repealing Obamacare, it must withhold funding, block key provisions and override regulations carrying out Obamacare. Only after Obamacare is rejected, can Congress undertake a careful, thoughtful legislative process to make practical adjustments that allow the free market to provide affordable, effective health care insurance choices.</p>			
<p>STOP THE OBAMA TAX HIKES: Congress must reject the Obama tax hikes, and make permanent the tax cuts of 2001 and 2003, thereby helping the economy grow and create more jobs.</p>			
<p>PROTECT AMERICA: Congress must pass a budget resolution that won't put our troops at risk or leave Americans vulnerable. It can do this by providing for defense an average of \$720 billion per year (to be adjusted for inflation) for each of the next five fiscal years, in addition to the funding needed for ongoing contingency operations. Congress must make the defense budget as efficient as possible and reinvest dollars achieved from reforms in the military to offset the cost of modernizing and developing next-generation equipment.</p>			
<p>GET CONTROL OF GOVERNMENT: Congress must immediately reestablish legislative accountability by posting complete legislation, ending earmarks, reviewing all unauthorized programs and respecting constitutional limits on government. Congress must check executive branch overreach with aggressive oversight, roll back recent government interventions, stop unnecessary administrative regulations and sunset new ones, restrict bureaucrats' rulemaking authority and override expansive executive orders.</p>			

Freeze and Cut Spending

THE ISSUE:

Congress should craft a spending solution for the long-term. But while Congress works diligently on a vitally needed ultimate solution to entitlements and welfare, it must take immediate steps to freeze and cut Federal spending. Cuts cannot wait.

Congress must immediately freeze discretionary budget authority at 2010 levels and cut at least \$170 billion from the federal budget for fiscal year 2012. This is only a first step, but significant to demonstrate real resolve and get spending under control. In the past four years, Congress has approved more spending than even the bureaucrats can handle. Congress must immediately survey unobligated balances of all appropriations made in the past four years and should reclaim these unspent taxpayer funds and use them to reduce the deficit.

THE FACTS:

- **Soaring Spending:** Federal spending per household, which has already surged from \$25,000 to \$30,000 since 2008, would reach \$36,000 by 2020 under President Obama's budget (adjusted for inflation).
- **Debt and Taxes:** Even with \$3 trillion in tax increases over the next decade that President Obama proposes, his budget would double the national debt to more than \$20 trillion (\$138,000 per household) by 2020.
- **Spending is Driving Long-Term Deficits:** Soaring spending drives America's dangerous deficits. By 2020, federal spending, which has averaged 20% of the gross domestic product (GDP) since World War II, will soar to 26%. Revenues are likely to return to their post-World War II average of 18% of GDP by 2020, even if the 2001 and 2003 tax relief is made permanent. Thus, with current spending and taxing policies, spending is the variable that drives up deficits.

CONGRESS MUST:

- **Freeze Spending:** Congress must by law ensure that the total amount of discretionary budget authority for the Federal Government in fiscal year 2011 cannot exceed the total amount in fiscal year 2010.

- **Cut Spending:** Congress must immediately cut at least \$170 billion from the federal budget (CBO baseline) for fiscal year 2012. This is only a significant and plausible first step—more will be necessary.
- **Survey Unobligated Balances:** Congress must immediately survey unobligated balances of all appropriations made in the past four years and should reclaim unspent taxpayer funds not needed for vital functions like military operations or homeland security. These funds can then be used to reduce the deficit.
- **Stop Digging.** Any new unemployment assistance should be offset by spending cuts elsewhere. Any remaining unobligated TARP funds should be rescinded before they can be allocated to new spending. Most important, lawmakers must repeal Obamacare, a ticking spending and deficit time bomb.
- **Rein in Entitlements:** Congress cannot rein in runaway spending without substantive reforms to make these programs affordable and more effective.
- **Establish Reasonable Fiscal Constraints in Welfare Spending.** Congress should establish an aggregate cap on means-tested welfare spending in future years. The cap would require that when the recession ends, aggregate means-tested welfare would be returned to pre-recession levels (adjusted for inflation), and in subsequent years would grow no faster than inflation.
- **Ban Corporate Welfare.** Lawmakers should reform America's largest corporate welfare program—farm subsidies, which are overwhelmingly distributed to large, profitable agribusinesses rather than struggling family farmers. Other corporate welfare programs like the Technology Innovation Program should be eliminated.
- **Eliminate Pork and Waste.** In fiscal year 2009, for example, Washington lost \$98 billion to payment errors and paid \$25 billion to maintain vacant federal properties. Washington also diverts about \$20 billion annually into pork projects, by assigning taxpayer dollars based on lobbying rather than merit.
- **Bring Federal Pay in Line with the Private Sector.** Congress should bring equity to federal pay and align federal compensation with market rates. When fully implemented it would save taxpayers approximately \$47 billion a year.

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Repeal Obamacare

THE ISSUE:

The “Patient Protection and Affordable Care Act” (Public Law 111-148, as amended, known as “Obamacare”) is an abject failure. Congress should pass a law repealing the Obamacare statute and thereafter undertake a careful, thoughtful legislative process to make practical adjustments that allow the free market to provide affordable, effective health care insurance choices.

Until Congress is able to get the President to sign a law repealing Obamacare, Congress should in the meantime endeavor to withhold funding, block key provisions, and override regulations carrying out Obamacare.

THE FACTS:

- **Workers and Families Face Increased Costs:** Businesses will suffer under Obamacare by facing higher costs. They are struggling to meet disruptive employer mandates; accommodate new taxes on insurance, drugs, medical devices and investment; and comply with piles of Federal agency regulations and IRS paperwork. These costs will be either passed on to customers or to employees who will face lower wages or lost jobs.
- **Senior Americans Lose Access:** Many seniors will find that access to health care will become more difficult because of massive reductions in Medicare payments. Deep cuts to private Medicare Advantage options alone will cause 7.4 million seniors to lose current coverage.
- **Physicians Lose Too:** Obamacare did not fix the Medicare physician payment formula, so doctors face a 23 percent payment cut in December 2010. The increase in the number of Americans enrolled in Medicaid, combined with the fact that Medicaid pays doctors an average of 56 percent of what they would get in private practice with paying customers, will test the willingness of many doctors, and especially specialists, to continue to serve the Medicaid population. Further, under Obamacare doctors face more Federal Government regulations and reporting requirements, driving up the cost and hassle of practicing medicine.
- **States Already Objecting:** States understand the Obamacare disaster and have sued the Federal Government. Their

goal is to try to strike down as unconstitutional Obamacare’s commands to States to expand their Medicaid programs and set up federally designed health insurance exchanges and to individuals to buy insurance or suffer penalties.

- **Federal Taxpayers Hit the Hardest:** Obamacare will add a trillion dollars in new Federal spending and create spending “time bombs” set to go off in 2014. These come in the form of prohibitively expensive new entitlements for long-term care and for insurance subsidies (which discourage work and penalize marriage). Obamacare will also impose about a half-trillion dollars in new taxes over the next decade, which fall heavily on the middle-class.

CONGRESS MUST:

- **Repeal Obamacare:** Congress must immediately pass a law repealing Obamacare.
- **Without Presidential Signature—Withhold Funding, Block Provisions and Regulations:** Until Obamacare is repealed, Congress should withhold funding, block key provisions, and override regulations carrying out Obamacare.
- **Proceed Carefully Towards Market-Based Reform:** After Congress repeals Obamacare, it should give thoughtful consideration to practical adjustments to permit the free market to furnish Americans with affordable, effective health care insurance choices.
- **Promote Personal Control:** Congress should promote personal control of health coverage and costs through the free market, where individuals have the opportunity to make market decisions based on price and value. For example, Congress should provide tax relief for individual taxpayers who purchase health care coverage on their own and should redirect health care spending under the Medicaid and State Children’s Health Insurance Program (SCHIP) to help low-income families and individuals purchase private health insurance.
- **Enable Portability:** Congress also should enact a law that facilitates Federal and State activities to increase the portability of private health insurance coverage.

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Stop the Obama Tax Hikes

THE ISSUE:

President Obama and his allies in Congress have made clear they want to raise taxes on January 1, further weakening the American economy, hurting families and costing America jobs. This must be stopped.

THE FACTS:

- **The Obama Tax Hikes.** These will hit many Americans. These hikes include reducing the child tax credit, re-imposing the marriage penalty, raising taxes on small businesses (the American jobs engine), raising dividend taxes (draining seniors' incomes), raising capital gains taxes (diverting money from job-creating investments) and raising some personal tax rates.
- **Households Are Already Taxed Enough.** American households are sending too much of their income to Washington, even with the 2001 and 2003 tax relief. For 2008, the average household paid \$21,616 in taxes.
- **The Return of the Death Tax.** Under the Obama tax hikes, the death tax, now at 0 percent, will be raised to a top rate of 55 percent with a \$1 million exemption. Misleadingly sold as an easy way to soak only the "rich," the death tax discourages saving and investing, undermines job-creation, suppresses productivity and wage growth, and hurts those who have their savings tied up in land and other hard-to-sell assets. Studies show it costs the economy more in lost growth than it raises in revenue.
- **The Problems with the Alternative Minimum Tax.** Congress created the Alternative Minimum Tax in 1969 to prevent the wealthiest 155 Americans from avoiding taxes completely, but never indexed the tax to account for inflation. As a result, the AMT now imposes taxes on an ever-increasing

number of middle-income taxpayers. Moreover, the AMT forces many Americans to figure out their taxes twice, under the regular tax regime and then under the AMT tax regime, to determine which amount they must pay.

- **Corporate Taxes Are Too High.** Our corporate income rate, at 40 percent, is the second highest in the industrialized world. The average rate for industrialized nations is a substantially lower 26.3 percent. This obviously puts America at a huge disadvantage in the global competition for job-creating investment.

CONGRESS MUST:

- **Block the Obama Tax Hikes.** The current lower taxes must be made permanent for all individuals, businesses, and investors. Government must get out of the way so the American economy can grow and create jobs.
- **Permanently Eliminate the Death Tax.** Congress must stick with current policy and permanently repeal the death tax once and for all.
- **Eliminate the Alternative Minimum Tax.** Congress has enacted temporary patches from time to time to ameliorate the impact of the AMT on a growing number of taxpayers. Congress should repeal the Alternative Minimum Tax for good.
- **Repeal the Obamacare Taxes.** As part of the repeal of the Obamacare statute, Congress should eliminate the Obamacare taxes, including the "surtax" on dividends and capital gains which hinders economic growth and job creation.
- **Lower Corporate Income Taxes.** The top U.S. corporate tax rate should be reduced to 25 percent to help eliminate the incentive to move businesses and jobs overseas.

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Protect America

THE ISSUE:

The high pace of overseas operations that began in the 1990s strains every branch of America's military. Even with the increases in the overall defense budget that took place after 2001, the U.S. armed forces still need better support from Congress to perform their missions.

To protect America and its interests abroad, and support those in uniform, Congress must provide for defense an average of \$720 billion per year (to be adjusted for inflation) for each of the next five fiscal years, in addition to the funding needed for ongoing contingency operations. Congress must insist on efficiency within the defense budget as well, and reinvest dollars achieved from reforms in the military to offset the cost of developing and modernizing next-generation equipment.

THE FACTS:

- **National Defense Is a Constitutional Obligation.** The U.S. Constitution directs the federal government first and foremost to provide for the common defense. Only fully equipped and modernized forces can assure this end.
- **Compromising Core Missions Jeopardizes Security.** America needs a military capable of fulfilling its core missions. These include protecting our homeland and providing security for our allies; ensuring access to sea, air, space, and cyberspace; helping our allies build their defenses to better partner with us if needed and defeating enemies on their territory so they cannot attack the U.S. with impunity. We cannot do this with smaller forces and outdated materiel.
- **Military Equipment Is Aging.** The major operations the U.S. began in 2001, following a decade of equipment and personnel cuts have worn out the military's inventory of fighting vehicles, planes, and ships much more quickly than planned. For example, Air Force tactical aircraft are, on average, over 20 years old; bombers nearly 30; and tankers about 45 years old. The U.S. must modernize equipment to ensure those in uniform can fulfill their missions, deter would-be aggressors, and defend national interests now and in the future.

- **Defense Spending Is Near Historical Lows.** Defense spending came in at 38% of gross domestic product (GDP) during World War II; 14% in the Korean War; 10% during the Vietnam War, and 7% in the Cold War. Yet since 2001, it has averaged roughly 4% of GDP even with the nation at war.
- **Obama's Defense Budgets Will Shrink Even Further.** White House budget plans indicate defense budgets will fall to just 3% of GDP in 2019.
- **Defense Spending Is Not the Cause of America's Fiscal Woes.** Mandatory spending on entitlements and interest on the debt currently accounts for over 50% of the federal budget, while defense spending accounts for less than one-fifth.

CONGRESS MUST:

- **Adequately Fund Defense.** Congress must provide for defense an average of \$720 billion per year (to be adjusted for inflation) for each of the next five fiscal years, excluding funds for Afghanistan and Iraq. The annual defense appropriation bills should reflect these spending guidelines and be given priority for floor time and signed into law before the start of the fiscal year. This is not an arbitrary number, but one based on a sound strategic assessment of what armed forces are needed in the future.
- **Adopt a Sensible and Efficient Defense Budget.** Eliminating waste and redundancies are worthy goals and should be pursued in earnest. Any funds achieved from defense efficiencies must be reinvested into the defense budget, specifically to offset the cost of modernizing and developing next-generation equipment. Real reform means fixing outdated, inefficient compensation packages (while maintaining effective recruitment and retention, and honoring obligations) and business practices—not cutting troops and critical capabilities like missile defenses and air, land, sea and space superiority. By maintaining sensible and stable defense budgets and adopting better personnel management policies, Congress can find the urgently needed funds for modernization and provide a steady stream of funding for new, vitally needed equipment with higher and more efficient production rates, economies of scale, and lower production costs.

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Get Control of Government

THE ISSUE:

The federal government is out of control. Congress passes massive pieces of legislation with little regard to constitutional limits. By vastly exceeding its proper bounds, the federal government continually centralizes and increasingly regulates much of America's economy, politics and society.

Congress must immediately reestablish legislative accountability by posting complete legislation, ending earmarks, reviewing all unauthorized programs and respecting constitutional limits on government. Congress must check executive branch overreach with aggressive oversight, roll back recent government interventions, stop unnecessary administrative regulations and sunset new ones, restrict bureaucrats' rulemaking authority and override expansive executive orders.

THE FACTS:

- **Massive Regulatory Costs:** In FY 2010, 43 major regulations costing more than \$26 billion were issued by the Obama Administration, the highest annual total on record. The burden of federal regulation per year totals \$1.7 trillion—more than Americans annually pay in personal income taxes.
- **Irresponsible Lawmaking:** Congress passes massive laws, written behind closed doors, filled with arcane cross-references that most Members of Congress neither read nor understand—effectively turning over lawmaking to unaccountable staff and unelected bureaucrats.
- **Earmarks Against the National Interest:** According to Taxpayers for Common Sense, the House spending bills for fiscal year 2011 decreased earmarks to 3,000. The Senate bills contained over 3,700 earmarks worth \$6.0 billion, a substantial increase.
- **Permanent by Default:** According to the Congressional Budget Office, 250 expired federal programs are nevertheless being funded, costing taxpayers \$290 billion in FY 2010.

CONGRESS MUST:

- **Provide Legislative Text:** Each House of Congress must adopt a rule requiring the public posting of the text of each bill and major amendment not less than 72 hours before floor debate on that bill or amendment.

- **Plain English Legislation:** For the sake of clarity and accountability and to end the practice of vague references, all language in proposed legislation should be accompanied by a document clearly marking all changes and deletions from existing law, as is now done only after a law passes.
- **Stop Earmarks:** Congress must permanently end the earmarking process which favors local pork projects over the national interest.
- **End Automatic Funding:** Any program (other than for physical protection of Americans) that Congress has not reauthorized must be suspended for review. Committees must not be permitted to create new programs with automatic funding or that specify minimum funding levels to circumvent the appropriations process.
- **Reassert Constitutional Limits:** Rather than deferring to courts, Congress must promptly repeal any unconstitutional legislation enacted by previous Congresses, consider the constitutionality of pending bills and assert constitutional limits on the size and scope of government.
- **Conduct Aggressive Oversight:** In order to enforce legislative intent, Congress must aggressively oversee how laws are being carried out, determine their effectiveness and review their impact on society, jobs and the economy.
- **Roll Back Government Intervention:** Congress must divest the federal government as soon as possible of all assets acquired in the TARP and similar programs, and prevent such interventions in the future.
- **Stop Unnecessary Regulations:** Congress must use the Congressional Review Act to stop new and unnecessary regulations. If the President blocks such action, Congress must use appropriations riders to prohibit agencies from adopting such rules.
- **Sunset New Regulations:** To prevent the perpetuation of outdated regulations, all new regulations must include a "sunset" date on which they expire automatically unless specifically renewed.
- **Check Executive Orders:** If an executive order issued by the President is based upon authority under a statutory grant of power, Congress must expedite a process to consider negating or modifying the underlying authority, and Congress should override inappropriate executive orders on that basis.

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