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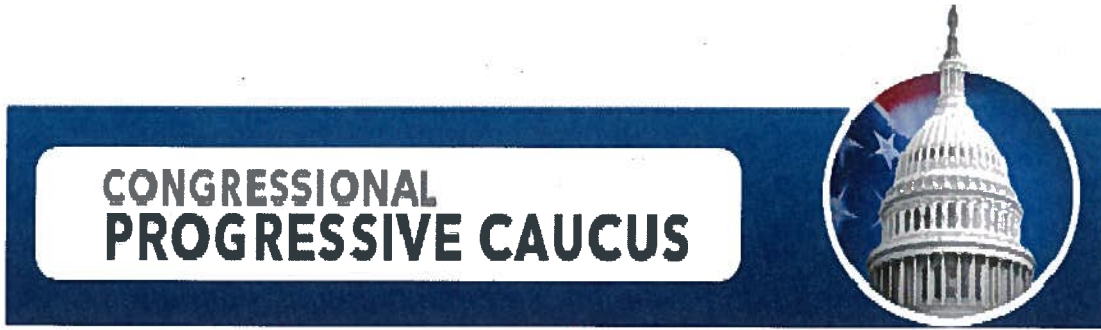
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<http://cpc.grijalva.house.gov>

April 6, 2011

Dear Ranking Member Chris Van Hollen:

Thank you for taking the time to discuss the fiscal year 2012 budget with progressive Members of Congress. We agree that it is essential to offer a clear contrast to the monumentally reckless Republican proposal. From the current budget debate, it is clear that Republicans are leading us down a road to ruin. Democrats stand with the people, and our legislative proposals should reflect that.

The Republican budget will wreak havoc on hard-working Americans. They have proven, once again, their unwavering commitment to taking trillions of dollars from the pockets of the middle class and giving ever more generous windfalls to millionaires and large corporations. They want to throw seniors off Medicare. Their slash-and-burn tactics will throw hundreds of thousands of people out of work. They will eliminate health care for children and those with disabilities. They will fire teachers, firefighters and police – some of the truest heroes of our society.

We must be clear – we will not and cannot stand for this recklessness. We must fight for the American people. We need a tax system that is fair and stops the giveaways for millionaires and corporations that ship American jobs overseas. We need to close corporate tax loopholes being exploited at a great cost to taxpayers. We must cut subsidies to oil and gas companies currently reaping windfall profits at the expense of consumers. We must protect Medicare, Medicaid and Social Security – the safety nets that have made this country strong and prosperous. The Republicans have opened an all-out attack to privatize and destroy them.

We must invest in our children and make sure they have the same opportunities we have. We need to responsibly end the wars abroad and limit future military excursions that obligate tax dollars and the lives of young men and women with little direct benefit to the United States. We should use this money to take care of our troops and veterans by making sure they have jobs and health care when they return. The best way to get us on track is to put the millions of Americans who would love to be taxpayers again back to work building new infrastructure and a twenty-first century economy.

We can present a clear alternative to the American people. We can and must produce a budget that eliminates the deficit, protects the American people, and creates jobs.

I would like to present you our alternative plan: "The People's Budget." This budget saves the American people from the recklessness of the Republican majority. The attached memo outlines our plan. I hope you will give this due consideration as we move through the budget process.

Sincerely,

Raúl M. Grijalva  
Co-Chair Progressive Caucus

Keith Ellison  
Co-Chair Progressive Caucus

**TO:** Ranking Member Chris Van Hollen

**FROM:** Co-chairs, Congressional Progressive Caucus

**RE:** 2012 Budget

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**The CPC budget:**

- Eliminates the deficits and creates a surplus
- Puts America back to work with a "Make it in America" jobs program
- Protects the social safety net
- Ends the wars in Afghanistan and Iraq
- Is FAIR (Fixing America's Inequality Responsibly)

**To summarize what our budget accomplishes:**

- Primary budget balance by 2014.
- Budget surplus by 2021.
- Reduce public debt as a share of GDP to 64.4% by 2021, down 16.9 percentage points from a baseline fully adjusted for both the doc fix and the AMT patch.
- Reduce deficits by \$5.7 trillion over 2012-21
- Both outlays and revenue equal 22.3% of GDP by 2021.

## **Breakdown of Policies**

### **Individual income tax policies**

1. Extend marriage relief, credits, and incentives for children, families, and education, but let the upper-income tax cuts expire and let tax brackets revert to Clinton-era rates
2. Index the AMT for inflation for a decade (AMT patch paid for)
3. Rescind the upper-income tax cuts in the tax deal
4. Schakowsky millionaire tax rates proposal (adding 45%, 46%, and 47% top rates)
5. Progressive estate tax (Sanders estate tax, repeal of Kyl-Lincoln)
6. Tax capital gains and qualified dividends as ordinary income

### **Corporate tax reform**

1. Tax U.S. corporate foreign income as it is earned
2. Eliminate corporate welfare for oil, gas, and coal companies
3. Enact a financial crisis responsibility fee
4. Financial speculation tax (derivatives, foreign exchange)

### **Health care**

1. Enact a public option
2. Negotiate Rx payments with pharmaceutical companies
3. CMS program integrity and other Medicare and Medicaid savings in the president's budget.
4. Prevent a cut in Medicare physician payments for a decade (maintain doc fix)

### **Social Security**

1. Raise the taxable maximum on the employee side to 90% of earnings and eliminate the taxable maximum on the employer side
2. Increase benefits based on higher contributions on the employee side

### **Defense savings**

1. End overseas contingency operations emergency supplementals starting in 2013, providing \$170 billion in FY2012 funding for withdrawal
2. Reduce baseline Defense spending by reducing strategic capabilities, conventional forces, procurement, and R&D programs

### **Job Creation**

1. Invest \$1.45 trillion in job creation, early childhood, K-12 and special education, quality child care, energy and broadband infrastructure, housing, and R&D
2. Infrastructure bank
3. Surface transportation reauthorization bill
4. Finance surface transportation reauthorization

## CPC Budget Achieves Budget Surplus by 2021

