

Rep. Ryan writes out roadmap to recovery

Plan seeks restructuring of health care, Medicare, Social Security, tax code

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By Joe Potente
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U.S. Rep. Paul Ryan, R-Wis., is proposing a sweeping plan to stabilize government taxing and spending for future generations.

Ryan, the leading Republican on the House Budget Committee, says doing so will require a restructuring of the nation's health care system, Medicare, Social Security and the federal tax code.

"This is something I've been working on for 14 months and I've been thinking about for 10 years," Ryan said Tuesday. "And that is a specific plan to get our nation's fiscal house in order."

Ryan is set to unveil his 80-plus-page "Roadmap for America's Future" at a Washington news conference this morning.

In a telephone interview Tuesday, Ryan offered a preview of a proposal involving wholesale changes in the operations of key government programs.

The congressman said the changes aim to achieve a mission of health and retirement security for all Americans, lift the federal debt burden on future generations and make American businesses and workers more competitive in the 21st century world economy.

Ryan said the plan includes the following overhauls:

- **Health care system:** Create a tax credit of \$2,500 for individuals and \$5,000 for families that would go straight to people's chosen health care plans. Those who choose to retain employer-funded health insurance could send the tax credit to a health savings account or receive it in cash. States would be required to set up subsidized high-risk pools to fund the care of the chronically ill and those with preexisting conditions who cannot receive private insurance coverage, and the federal government would create a new agency to define metrics on health care price and quality.

- **Medicare:** Turn Medicare into a "voucher-for-purchase" program, in which users would receive a voucher to purchase a plan from a list of providers that must compete against each other for the beneficiaries' business. This change would only apply to those currently younger than 55. The amount of the voucher would decrease for upper-income people, who would have to pay more out of pocket costs.

- **Social Security:** Give people under 55 the option to have a third of their payroll taxes

dedicated to a personal retirement account, run by the Social Security Administration. Ryan said this is similar to the Social Security plan he has been advocating for a few years. "Progressive price indexing" would help the system remain solvent by reducing benefit growth for wealthy seniors.

- **Taxes:** Give individuals the choice between filing under the current tax code or under a simplified, two-tier flat tax. The flat tax would assess 10 percent of the first \$50,000 of an individual's income (\$100,000 for couples) and 25 percent of all income above that. Ryan said individuals would have 10 years to decide which tax to file and would be able to change it once, or whenever life-changing events occur.

- **For businesses:** Repeal the corporate income tax and replace it with a "business consumption tax" - that is, an 8.5 percent tax applied to the sum of a business' income, minus expenses. In a move to strengthen the competitiveness of American goods, Ryan said the tax would be paid on imports but would not be applied to exports.

Unsustainable path

Ryan said budget experts have long told Congress the nation's current fiscal path is unsustainable.

The congressman said his plan would not shrink the scope of federal government, but would allow it to remain the same. The government currently takes in about 18.5 percent of the gross domestic product - a percentage Ryan said would swell to 40 percent by the middle of the century, if major operational changes do not occur.

"I'm not talking about shrinking government," Ryan said. "I'm talking about shrinking its growth and keeping it more or less where it's at today."

At first blush, some of Ryan's political opponents greeted the plan with skepticism.

Marge Krupp, one of four Democrats vying for the nomination to face Ryan in November, said she would need to scrutinize the entire document before making a final judgment. But Krupp said she has historically been skeptical of Ryan's tax policies.

"Because he votes 94 percent of the time with President Bush, I am skeptical across the board," said Krupp, of Pleasant Prairie.

Another Democratic hopeful, Paulette Garin of Kenosha, called Ryan's proposal "just more spin."

Krupp and Garin are running in a Democratic primary field that also includes Mike Hebert of Kenosha and Jeffrey Thomas of Janesville.

Ryan acknowledged that his plan is likely to meet controversy on Capitol Hill. He noted that this

year's presidential candidates are not talking about these issues.

"They're afraid to talk about this," he said. "And everyone in Washington's afraid to talk about things like this."