

GOP budget proposal's key provisions

The 2012 federal budget proposed by Rep. Paul Ryan, R-Wis., aims to cut government spending by \$5.8 trillion over the next decade. Some components of the proposed legislation:

MEDICARE

New proposal: Beginning in 2022, people turning 65 would no longer use the current system. Instead they would receive funding that would be used to help pay the premium for a private insurance plan, chosen from a newly created Medicare exchange. The payment amounts would be based on the beneficiaries' health status and income and would grow over time with inflation. People who turn 65 before 2022 would remain in the traditional program but could opt into the new system.

Eligibility: Beginning in 2022, the age of eligibility would grow two months per year until it reached 67 in 2033.

MEDICAID

Beginning in 2013, the matching payments the federal government makes to states would be converted into block grants of fixed dollar amounts. States would be given more flexibility in designing the Medicaid programs.

HEALTH CARE LEGISLATION OVERHAUL

The bill would repeal several provisions of the health care legislation passed last year, including:

- The requirement that most U.S. residents obtain health insurance.
- The creation of insurance exchanges and subsidies for certain people who purchase coverage through the exchanges.
- The expansion of Medicaid coverage.
- Tax credits for small employers offering health insurance.

SOCIAL SECURITY

In 2012, workers under 55 could dedicate portions of their federal payroll taxes into personal accounts instead of the Social Security system. As the program is phased in over the next several decades, the portions that workers were allowed to invest would increase.

TAXES

Would create a new system that would reduce the current maximum rate of 35 percent down to 25 percent. The new system would eliminate virtually all of the credits and deductions in the existing tax code.

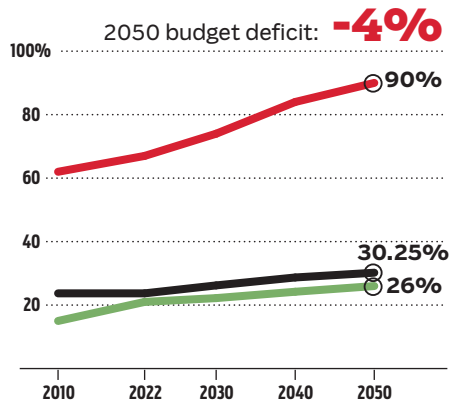
	CURRENT 2009 TAX CODE		BUDGET PROPOSAL	
	MARGINAL RATE	TAXABLE INCOME	MARGINAL RATE	TAXABLE INCOME
Single filers	10%	\$0-\$8,350	10%	\$0-\$50,000
	15	\$8,350-\$33,950		
	25	\$33,950-\$82,250	25	\$50,000 and over
	28	\$82,250-\$171,550		
	35	\$171,550-\$372,950		
Joint filers	10%	\$0-\$16,700	10%	\$0-\$100,000
	15	\$16,700-\$67,900		
	25	\$67,900-\$137,050	25	\$100,000 and over
	28	\$137,050-\$208,850		
	35	\$208,850-\$372,950		

Federal deficits or surpluses and debt

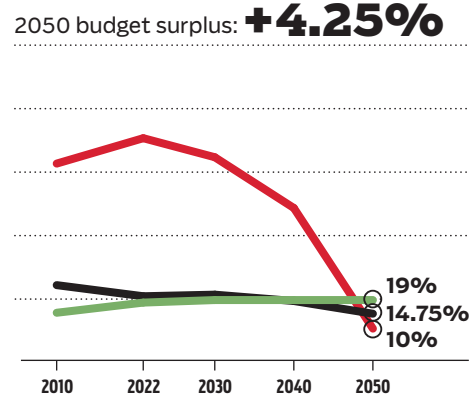
As a percentage of U.S. gross domestic product

— Debt held by the public — Spending — Revenues

CURRENT SCENARIO From the Congressional Budget Office



PAUL RYAN'S BUDGET PROPOSAL



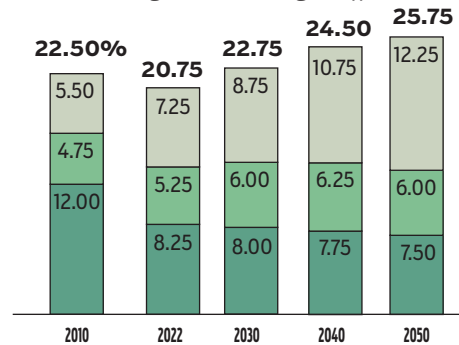
Federal spending, excluding interest

As a percentage of U.S. gross domestic product

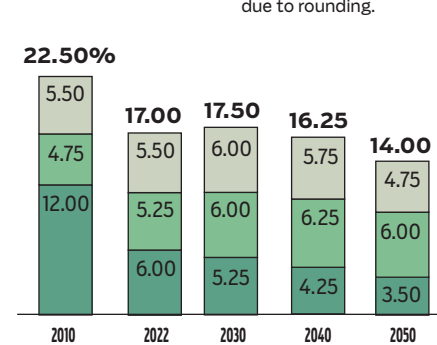
— Major mandatory health care programs — Social Security — Other mandatory, defense and nondefense discretionary spending*

CURRENT SCENARIO

From the Congressional Budget Office



BUDGET PROPOSAL



NOTE: Components may not add up to totals due to rounding.