ROOSEVELT INSTITUTE | CAMPUS NETWORK

Budget for a Millennial America

A Federal Budget Plan that Reflects the Millennial Generation's Priorities

A Think 2040 Initiative

Table of Contents

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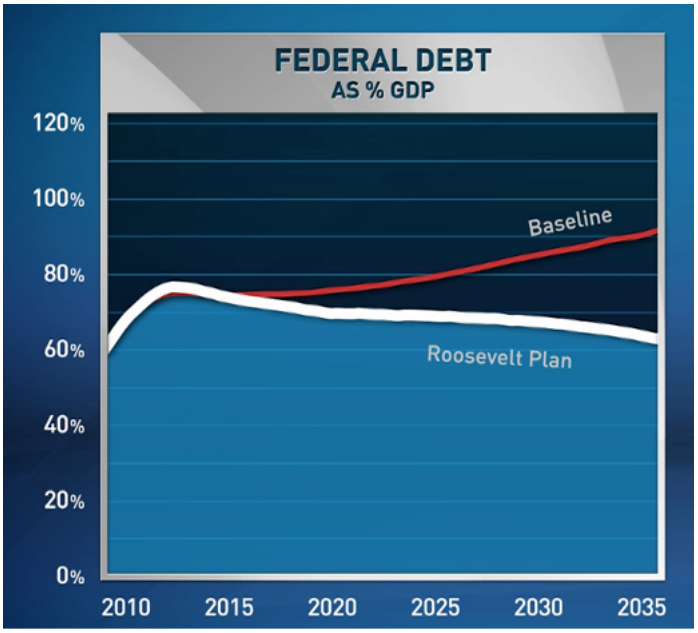
Roosevelt Institute Campus Network | Think 2040

The Roosevelt Institute Campus Network employed its unique model of student engagement to produce this Budget for the Millennial America. Over the course of a year, we engaged more than 1,000 young people in person and 2,000 online in our Think 2040 program, which asked college-aged Millennials, "What do you want the world to look like in 2040?" Their values and highest-ranked priorities for America's future are reflected in our Blueprint for the Millennial America. In order to prove that this vision is achievable, and to address Millennials' deep concerns for America's fiscal future, we designed a plan together to fund the future they want to inherit – our Budget for the Millennial America.

Key Decisions:

- **Expand domestic investment** dramatically through initiatives like universal Pre-K, an ambitious infrastructure repair program, and increases in safety net, education, and transportation programs.
- **Provide bold short-term stimulus funding.** The economy has yet to recover, and it is a moral imperative to get America back on its feet as soon as possible.
- **Maintain full Social Security benefits.** In fact, we make them stronger through adjustments in the payroll tax and the reinstatement of the student survivor benefit.
- **Save money on government health care costs** by instituting a public option trigger, repealing the monopoly exemptions, and replacing the employer-provided health insurance tax exclusion with a tax credit that dramatically expands access to quality, affordable care.
- **End the wars in Iraq and Afghanistan** by 2015, saving the U.S. $3.8 trillion.
- **Institute a major tax reform,** cutting corporate tax rates across the board, while eliminating most tax loopholes. The lowest bracket for income taxes is set at 9.5% and now applies for all households making below $79,000/year. We also institute a Financial Transactions Tax and a Carbon Tax as additional revenue.

Key Metrics	CBO Baseline 2035	Roosevelt Plan
Debt as % of GDP	91.5%	63.6%
Government Health Care Costs as % of GDP	9.8%	7.3%
Tax Revenue as % of GDP	23.3%	22.9%
Defense Costs as % of GDP	3.3%	2.9%



Innovative Ideas:

- Implement bold short-term stimulus
- End "too big to fail" through a Systemic Risk Tax
- Reduce all corporate rates (rather than just the top one) by 3%
- Reformulate income tax to reflect rising inequality
- Fund research and then implement 21st century worker retraining program
- Implement automatic stimulus during recessions
- Launch cyber security push
- Position alternative energy as a key defense priority

Introduction

The Roosevelt Institute Campus Network's Budget for a Millennial America is a rigorous plan that makes the essential investments in education, health care, infrastructure and green energy needed to ensure a robust 21st century economy, while reducing the federal debt to a sustainable level. The plan reflects the views of a cross-section of some three thousand Millennials. It was created democratically through the Campus Network's unique model of student engagement with members and nonmembers alike. The budget addresses the root causes, not just the symptoms, of the federal debt by ending Too Big to Fail and addressing rising health care costs. It strengthens the social safety net by making it more responsive to crisis and recession through automatic stimulus and stronger worker retraining programs. The Budget for Millennial America is the only citizen-produced deficit reduction plan – by young, old or middle-aged – being given serious consideration in the public debate.

Millennials believe that America has come to a crossroads. The role of government and public spending is now hotly contested, and our generation is faced with hard fiscal choices. But these challenges are not inexorable. Young people across the country recognize that those in power have made choices over the last 15 years that led us down the path to fiscal turmoil and we are ready to pull ourselves out – not by making haphazard cuts and sacrificing investment, but through a plan rooted in realizing our vision for America in a fiscally responsible way. Any solution to our fiscal trouble must not only resolve the gap between spending and revenue, but also address the underlying causes.

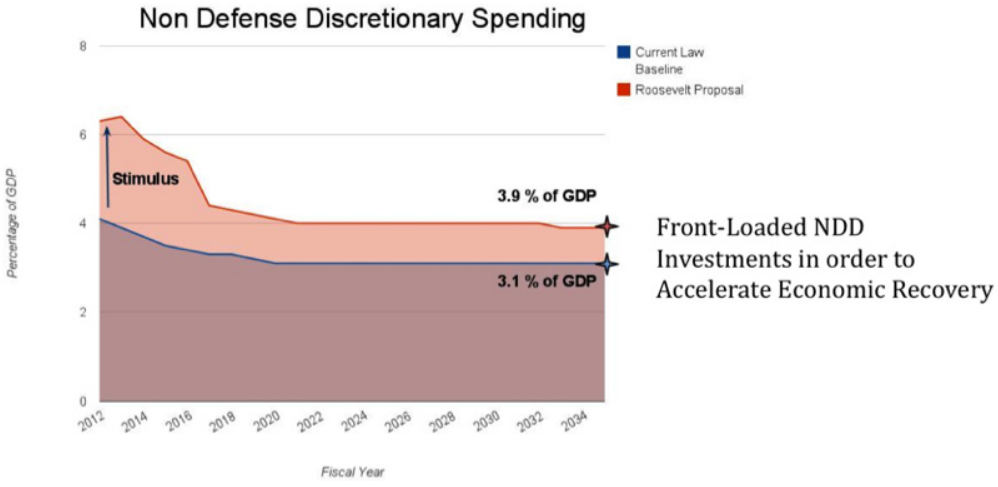
Millennials recognize that much of the long-term budget gap stems from excess cost growth in the health care industry. We resist calls to simply push the cost from government balance sheets directly onto the backs of American households. Rather, the Budget for the Millennial America makes a serious effort to bring health costs under control. And we are ready to institute a public health insurance option that can hold costs down through competition with the private market if health care inflation continues to spiral out of control.

When Millennials survey our country's economic and political landscape in 2011, they can see that the root causes of the financial crash have not been addressed. They recognize that the housing bubble that wiped out the savings of millions of hard-working Americans was made much worse by irresponsible practices in the financial sector, especially from banks that are "too big to fail." Any sustainable solution to America's fiscal challenges must include decisive action to bring about a stable, efficient financial system. The Budget for the Millennial America moves aggressively to reduce the systemic risk in the financial sector by proposing a "Too Big to Fail" Tax on systemically risky institutions.

Finally, as young Americans continue to struggle because of the Great Recession, Millennials are committed to building a safety net that will be resilient when the next economic storm hits. That means strengthening Social Security. It means providing states with the tools they need to provide essential services to citizens. It means that we don't walk away from displaced workers, but rather build a system to get them back on their feet. The Budget for the Millennial America actually increases domestic discretionary spending, because we believe that investments in our people, infrastructure, and economy are the only viable route to a prosperous society that provides for all Americans.

Process

Young Americans will inherit the consequences of whatever action we take to address America's long-term budget challenges. Many public figures have tried to speak for us, claiming to represent their "grandchildren." But until now, Millennials have not been asked to provide their vision to bring America back to fiscal sustainability and build a prosperous future. The Budget for the Millennial America represents that Millennial voice. The Roosevelt Institute Campus Network asked thousands of young people across the country to identify our priorities for America's future, coalesce around the most important outcomes, and make the tough choices necessary to finance them. Using the Blueprint as a starting point, we set up four working groups to discuss different aspects of the federal budget: Taxes and the Economy, Health Care and the Social Safety Net, Domestic Investment, and Defense. Each group met at least three times and moved from a very broad set of options to the final policy choices showcased in the Budget for the Millennial America.



Front-Loaded NDD Investments in order to Accelerate Economic Recovery

Rebuilding the Social Safety Net

Over the past 30 years, the American economy has become more dynamic, more service-oriented, and more unpredictable. Yet the institutions that compose our social safety net have remained largely unchanged. Millennials want to build a safety net fit for the 21st century. The safety net should provide basic insurance for everyday Americans against the exigencies of our dynamic economy. In order to do so, it must grow stronger during difficult times, providing even more robust benefits, rather than shriveling up when state budgets face challenges. Furthermore, it should help Americans rebound when their careers are sidetracked by industrial shifts that are out of their control.

To accomplish these essential goals, Roosevelt proposes two key additions to the safety net: an automatic stimulus plan that ensures states continue to provide needed social services, even when tax revenues dry up during recessions, and a new kind of worker retraining program designed specifically for the 21st century economy. The recent recession proved that states do not have the tools to fight recessions effectively. Combining an auto-stimulus plan with a State Budget Bank that can provide lending to fill budget holes during economic downturns will give states the firepower they need to continue to support health insurance for the elderly, needy, and young and to keep education strong during tough times. Without this change, we can expect to once again see American society begin to unravel at the seams during recessions.

Thus far, worker retraining programs in America have failed to live up to the promise of preparing all Americans for participation in a 21st century economy. But that does not mean we cannot design a successful program if we put our minds to it. Retraining has been shown to be successful around the world in bringing displaced workers back up to speed. If it can be done elsewhere, it can be done here in America. We propose funding five years of research for designing a successful program before implementation. Furthermore, we see social impact bonds, which draw on the capacity of the private sector to provide needed public goods, as an excellent resource in solving the puzzle of getting displaced workers back on their feet and into the job market.

Finally, Roosevelt ensures that Social Security will continue to provide the foundation of retirement security and insurance against death and disability for future generations of Americans. With adjustments in the payroll tax, restoring it to 1990 levels, we address the fiscal challenges in the program. Furthermore, we reinstate the student survivor benefit in order to make sure the children of disabled and diseased parents continue to receive Social Security benefits while pursuing higher education.

Key Policies

Allow children of the disabled or deceased who are students to continue drawing benefits up to age 22, as long as they remain in school.

Until Congress ended the program in 1981, children of Social Security beneficiaries continued to receive their parents' or grandparents' benefits from age 18 to 22, as long as they remained in college or vocational school.[1] Millennials' strong belief in the importance of upward mobility and a skilled workforce prompted them to propose reinstating these benefits. Indeed, with a more globalized and competitive international system, discouraging any potential students from entering higher education would hurt not only Millennials' career prospects, but the role of the United States as world leader of the information economy.

We propose that young people between the ages of 18 and 22 should continue to receive Social Security benefits if their parents are disabled or deceased. These benefits provide a much-needed and relatively inexpensive means of increasing the United States' college graduation rate and ensuring better upward mobility for young people. It will create a truly level playing field for economic success.

Automatic Stimulus Plan

Nearly all experts agree that during times of economic recession, robust and timely fiscal stimulus is needed to minimize damage to the economy and reduce the severity of recessions.[2] Unfortunately, the nature of Congress tends to hinder the swift application of fiscal policy. In order to make countercyclical stimulus more effective, we propose an automated mechanism tied to national economic triggers that would minimize the impact of political gridlock and unnecessary funding delays. Stimulus funds would be triggered after an observed 1% increase in the national unemployment rate. Once triggered, the total funding would be automatically authorized for $7.5 billion per point of national unemployment. These funds would be allocated to states based on population.

State Budget Bank

In order to help insure that a strong and flexible safety net continues to be available to Americans when it is most needed, we propose creating a State Budget Bank that allows state governments to borrow from the Federal government, with interest, when national economic triggers indicate maximum need. We have modeled out federal outlays and expected repayment schedule based on the amount of relief already provided in ARRA, the aggregate state deficit projections over the next 4 years, and historical state fiscal behavior in previous recessions.[3] We estimate that demand for lending would be $198 billion over the next two fiscal years and have allocated that sum, less $6 billion in funding remaining in the pipeline from ARRA. Given that this bank will largely take the place of state-wide "rainy day funds," we expect that outlays can be repaid in full by FY 2019.

Maintain Full Funding Levels for the Temporary Assistance for Needy Families (TANF) Emergency Fund

In times of economic downturn and high unemployment, America's vulnerable citizens often find themselves in dire straights. Unfortunately, state budgets are constricted by the very same forces that increase demand for social safety net programs. The TANF Emergency Fund, however, is one of the most effective tools to alleviate recession induced joblessness and protect needy families from the ravages of economic stagnation.

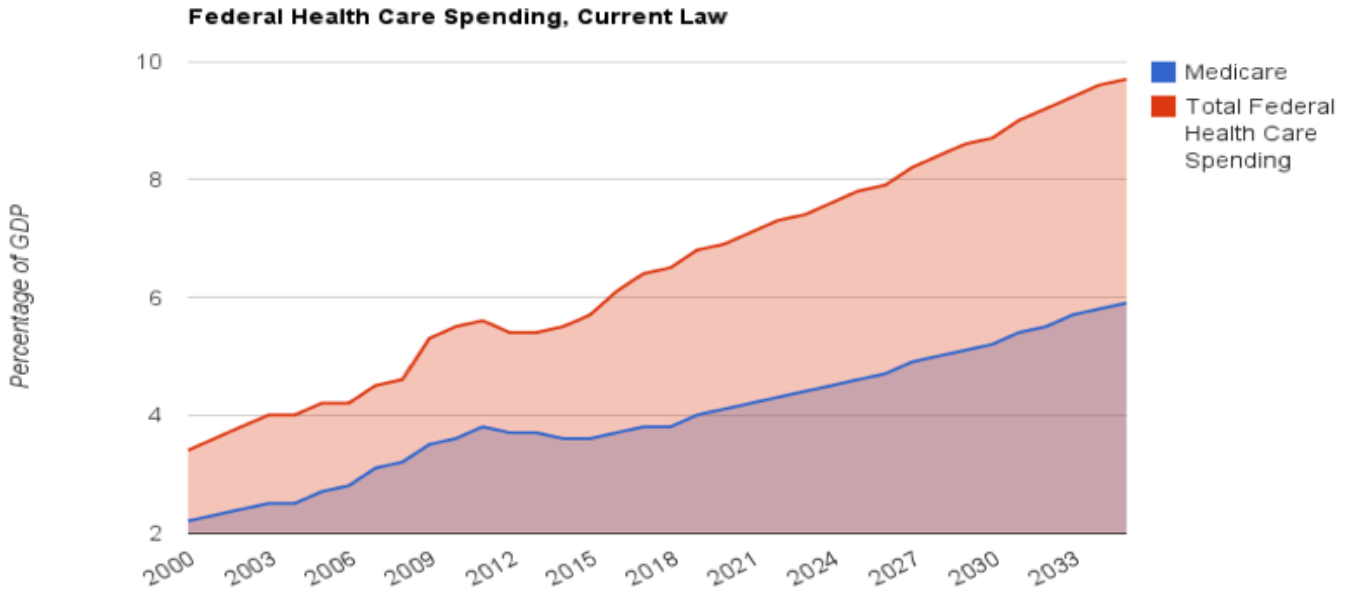
In the wake of the Great Recession, the Emergency Fund helped small businesses hire and retain workers, rehire laid off employees, and scale-up new start-ups. These highly flexible and locally administered programs allowed over 240,000 families in 37 states to maintain gainful employment, feed their children, and stay in their homes.[4] That is why we propose to refill the Emergency fund with $4 billion between FY2012 and FY2013 as well as prepare for future recessions by appropriating another $4 billion every ten years.

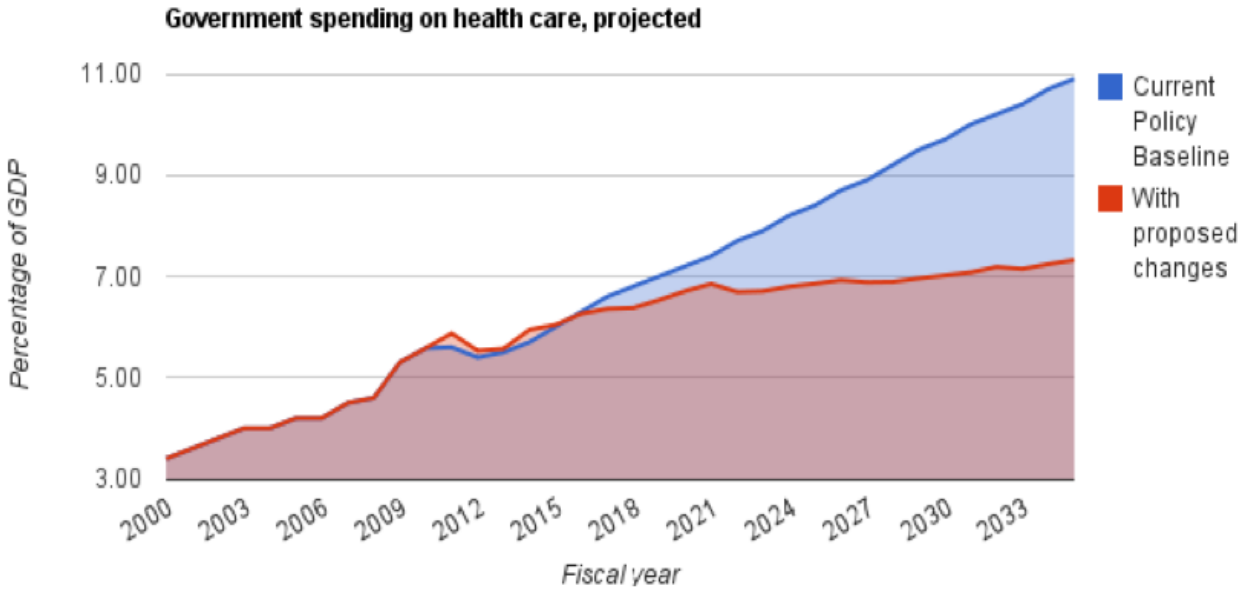
Fulfill the Promise of Quality, Affordable Health Care for all Americans

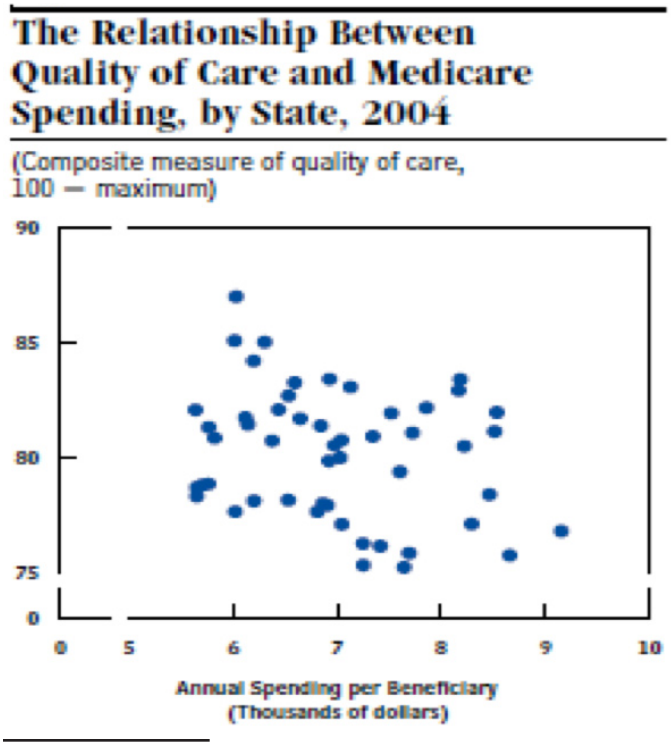
The CBO projects the cost of ensuring decent care for the elderly and disabled to grow to unsustainable levels during the prime of the Millennial Generation. Millennials believe that this issue demands decisive action while upholding the core commitment of ensuring quality health care for those that can least afford to buy it on a private market.

Recognizing the enormous effort that went into passing the Patient Protection and Affordable Care Act (PPACA), Roosevelt proposes to strengthen the market reforms begun in the PPACA and give the new system ten years to bring government health care expenditures under control. As such, we recommend immediate implementation of several key market reforms such as repealing the monopoly exemption for health insurance companies, allowing states to pool their insurance markets, funding comparative effectiveness research, increas ing price transparency of health services, and replacing the employer-provided health insurance tax exclusion with a generous tax credit.

If these systemic reforms fail to bring non-Medicare government health insurance expenditures under control by 2022, Roosevelt creates a robust, national public health insurance plan to compete with the private market. This health plan would have all the negotiating and cost-controlling powers of Medicare, would be listed on all health insurance exchanges, and would be eligible for exchange subsidies through the PPACA.







Source: Congressional Budget Office based on data from the Centers for Medicare and Medicaid Services and from the Department of Health and Human Services, Agency for Healthcare Research and Quality, National Healthcare Quality Report, 2005 (December 2005), Data Tables Appendix, available at www.ahrq.gov/qual/nhqr05/index.html.

Notes: The composite measure of the quality of care, based on Medicare beneficiaries in the fee-for-service program who were hospitalized in 2004, conveys the percentage who received recommended care for myocardial infarction, heart failure, or pneumonia. Spending figures convey average amounts by state.

Ultimately, Roosevelt brings sanity to America's health insurance market through a uniquely American solution. We bring the full force of public and private innovation to bear on reducing health costs while maintaining consumer choice in doctors and hospitals. Furthermore, through the creation of a generous tax credit to help families buy health insurance, Roosevelt brings the opportunity to buy high-quality insurance to low-income, part-time workers for the first time in American history.

Repeal the Monopoly Exemption, Increase Price Transparency, and Allow States to Pool Insurance Markets

The health care market is not so much overregulated as unevenly regulated. This has resulted in perverse incentives and a failure to connect pay with performance. As various non-partisan observers have noted, there is little correlation between high spending on medical services and health outcomes.[5] Millennials believe that regulations can guard against the potential abuses of profit-driven health care, but that our current systems fails to effectively defend patients' rights and pocketbooks. We therefore propose three simple, common sense proposals that improve upon the current system without compromising patient protection or creating an undue burden on states, health care providers, or insurance companies.

First, we propose the repeal of the monopoly exemption for health insurance companies. These companies operate under a historical aberration, in which they are protected from the free market through an exception that has no relation to health insurers' modern role. When this exemption was originally negotiated, in 1945, insurance was primarily a non-profit affair. If health insurance is to remain a for-profit industry, its consumers deserve the free market competition that comes with the territory.

Second, we propose allowing states to negotiate the sale of insurance across state lines. The left has argued that selling insurance across state lines would result in a regulatory race to the bottom, and the right has complained that insurers need economies of scale to sufficiently pool risk and lower premiums. We incorporate both concerns by giving authority to the states to create common markets for their health insurance through state partnerships. If they so choose, they could also pool the new health insurance exchanges and their Medicaid systems, though they would not be required to do so. This proposal, modeled on various initiatives for capping greenhouse gases (particularly the Regional Greenhouse Gas Initiative and the Western Climate Initiative), would allow states to retain full sovereignty over their regulatory system while granting small states the ability to create economies of scale through regional cooperation.

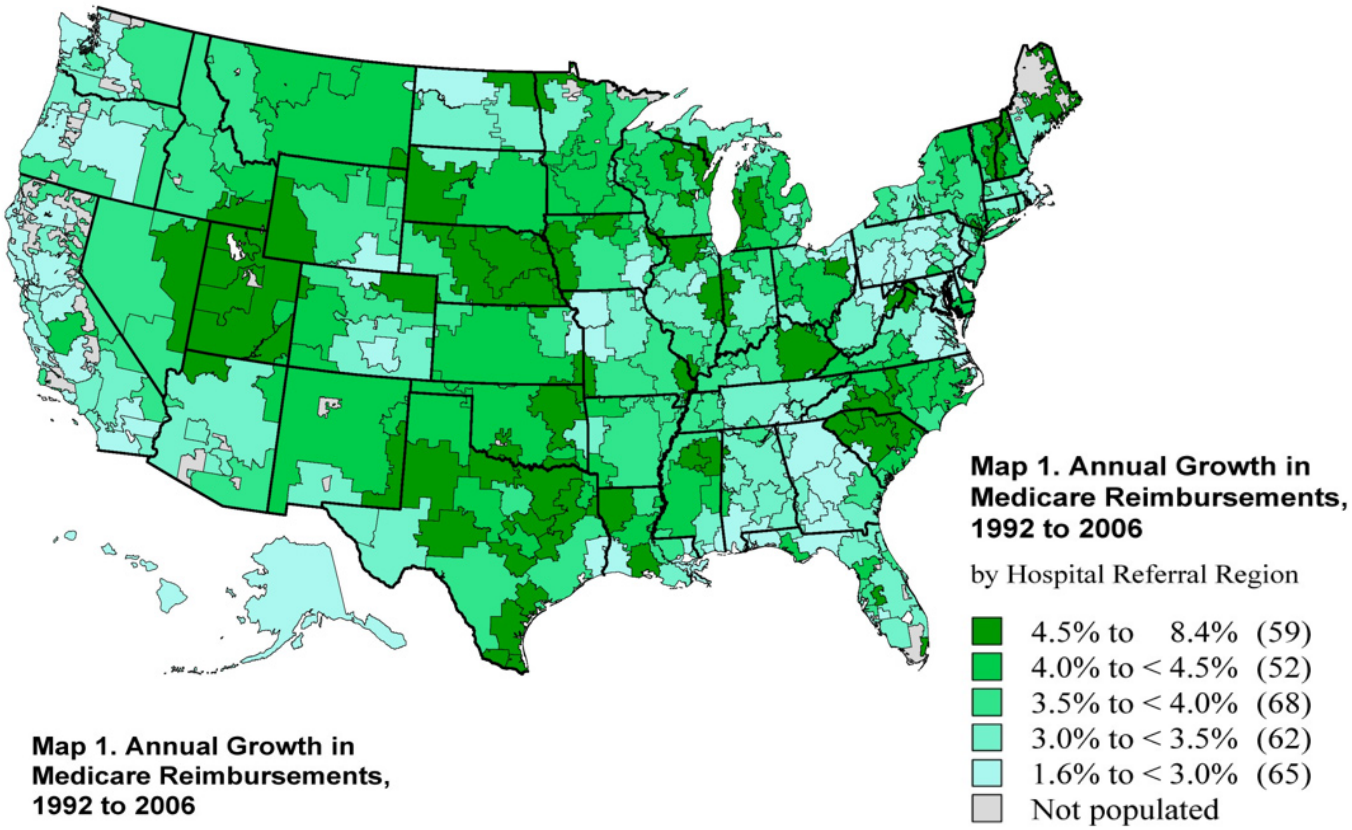
Finally, we will require all doctors, nursing facilities, pharmaceutical companies, and hospitals to post prices for their procedures both in a central location in their offices and on a government-run website. Too often, patients agree to procedures or accept prescriptions that they are told are necessary, with little understanding of the resultant costs. This website will allow patients and doctors to directly compare prices and patient reviews across all health care providers in a given region. For the first time, a single location will point out what the CBO and various non-partisan experts have known for years: that per-patient cost is almost completely unrelated to quality of care.

Medicare Reforms

The cost of Medicare in the United States rises at different rates for different regions. For example, while San Francisco saw a per capita rise in expenditures of 2.4% over the past 20 years, the national average was 3.5%.[6] San Francisco residents pay the same federal taxes as the rest of the country, so other regions are effectively free riding off of their efficiency. Moreover, Medicare beneficiaries in other regions see no appreciable difference in quality of care, despite the cost difference.[7] This shows that our current Medicare system can be improved. We propose a package of reforms that will incent efficiency and results, thereby significantly reducing costs. Overall, this plan will save $7.3 Trillion in Medicare costs from 2012-2035.

Part 1: Bundled Payments

Much of the current overconsumption in the health care industry is due to a lack of coordination between care providers.



Map 1. Annual Growth in Medicare Reimbursements, 1992 to 2006

Source: See endnote 11

That is why our first reform proposal is to "bundle" payments for most types of medical care. This plan, which allocates funding for the comprehensive cost of procedures over the course of treatment for an ailment, has reduced costs in the past while obtaining the same or better results, and it has the support of the nonpartisan Medicare Payment Advisory Board as a method of reducing inefficiency.[8,9]

Currently, the Medicare payment system encourages doctors, nurses, and hospitals to maximize the tests done before a procedure, the equipment used during the procedure, and the days patients spend in the hospital, because each health provider is paid individually. If we move to a system that pays

hospitals a lump sum for the full cost of these procedures, each hospital will have an incentive to coordinate with other providers and minimize the care they provide while still ensuring effective results. This has the potential not only to reduce current cost growth, but also to deflate high costs incurred over the past twenty years by encouraging doctors and hospitals to slash the unnecessary procedures that have become routine. We expect the Medicare bundled payments reform to save at least $360 Billion by 2035.

Part 2: Regional Cost Competition

In order to promote the best practices of efficient Medicare provision, demonstrated by certain regions, Roosevelt recommends a new model for fee updates, based on regional cost growth. Rather than heavy-handed government intervention with health care providers, we merely propose that the federal government update fees in order to reflect regional efficiencies in care. Controlling for health outcomes as well as the cost of living, we intend to update fees according to per capita spending growth for Medicare. The Center for Medicare and Medicaid Services will be instructed to divide the nation into regional health care markets, and will measure per capita spending on Medicare each year. Regions whose spending increases the most will have their payments for individual procedures reduced, in order to reflect a more even distribution of per beneficiary benefits. What people pay in will finally reflect what they get out of the system. Regions will be arranged by percentile of cost growth, and fees will be updated according to the following schedule:

- 90th-99th percentile: update payments by GDP-4%
- 60th-89th percentile: update payments by GDP
- 40th-59th percentile: update payments by GDP+1%
- 10th-39th percentile: update payments by GDP+2%
- 1st-9th percentile: update payments by GDP+4%

Regions will, rationally, compete with each other to reduce their per capita costs to ensure that their fees are maximally updated, through policy changes that promote efficiency and quality. Measuring the progress of different regions toward efficient Medicare provision will promote policy innovation, and ultimately produce system-wide savings. Rewarding efficiency in payment updates will result in $5.8 Trillion in savings by 2035.[10]

Part 3: Comparative Effectiveness Research

The health care industry has made remarkable breakthroughs in equipment, drug treatment, and medical procedures over

the past thirty years. This has led to great strides forward in our understanding of health care, but it also creates a danger of overconsumption of unnecessary procedures. Technological innovations are only valuable to the extent that they improve patients' health; a more expensive drug that keeps a patient sick longer is not an innovation that Millennials want to pay for.

Therefore, we believe the federal government should fund substantive research into the effectiveness of various treatments to individual ailments, and automatically integrate the findings of those studies into payment policies for Medicare. CBO scoring does not allow us to book savings for comparative effectiveness research, because the outcome of the research is unknown. We expect savings to be significant, but do not include this savings in our long-term projections.

Part 4: Require Medicare to directly negotiate for price with drug manufacturers.

Currently, Medicare operates at an institutionalized disadvantage when negotiating with drug manufacturers. Despite holding one of the strongest positions in the market for pharmaceuticals, policy-makers have neutered Medicare's ability to control costs by delegating the negotiation of Medicare drug rebates to private insurers, resulting in as much as a 15% price increase for all taxpayers on Medicare.[12] Millennials believe that government should seek the lowest costs for its constituents, and direct negotiation of drug rebates is one means by which to do that. This option would replace the intermediaries with the system that has proven successful under Medicaid, in which the Center for Medicare & Medicaid Services (CMS) sets prices and drug rebates in direct negotiation with pharmaceutical companies.

Part 5: Limit awards for medical malpractice torts.

The causes of medical cost inflation are varied, and Millennials do not believe that a single reform will be the silver bullet for the problems of the medical system. Nevertheless, tort reform will grant considerably more budgetary certainty for doctors and control some cost growth among medical professionals. Recent research suggests that reforming the way Americans seek redress for medical malpractice will deliver savings. The Congressional Budget Office (CBO) projects that this reform will save $263 Billion by 2035.[13]

Other Health Reforms

Public Funding for Medical Student Education

Millennials are inheriting a medical system that not only is facing runaway costs, but also achieves sub-optimal outcomes and leaves vast swaths of the population without adequate care. Reforming the way that we train physicians is a crucial step in working toward improving national healthcare outcomes, expanding access, and reducing system-wide costs. Unfortunately, massive debt burdens currently limit the number of doctors willing to go into high need, but relatively low paying Family Practice. In fact, we will need 40,000 more general practice physicians over the next ten years in order to meet demand.[14] With average per-student debt at nearly $160,000, the American Medical Association reports that heavily indebted med students are avoiding family practice in favor of other specialties.[15]

We propose a program that directly subsidizes tuition at public and private medical colleges and implements a post-graduate repayment system that charges a variable percentage of a physicians' gross income. The repayment formula would be designed to incentivize high-need practice areas and locations, using the existing models utilized by the National Health Service Corps.[16] In the long run, this program can become self-financing and functionally off-budget. However, this forecast simply scores the direct outlays. We project that total demand for new physicians can be met with roughly $1 Billion a year, with the first full class beginning repayment in 5 years.

Replace the employer-provided health insurance tax exclusion with a refundable tax credit.

Millennials believe in the power of new ideas to spur economic growth, and endorse the vision of America as an innovation-powered society. Although the current model of employer-based health care has offered comfort to millions of Americans over the years, it also impairs economic mobility by wedding Americans to their jobs, and reinforces inequality by guiding the best health insurance plans toward Americans with full-time, well-paying work. Furthermore, the tax benefit that companies receive inspires employers to provide generous health care packages instead of higher wages.

Roosevelt recommends the replacement of the tax subsidy for employer-provided plans, with a tax credit of $2300 per adult, and $1700 per child, with a cap of $8,000 per family. The tax credit will be refundable up to $4,000. Removing the employer health insurance exclusion will enhance mobility—by allowing Americans to take their insurance with them from job to job—and wages—by incenting employers to offer workers better pay rather than better coverage as they age. Americans will be able to buy health insurance on the exchanges created by the Affordable Care Act, using their tax credit to subsidize this purchase and to help pay out-of-pocket expenses.

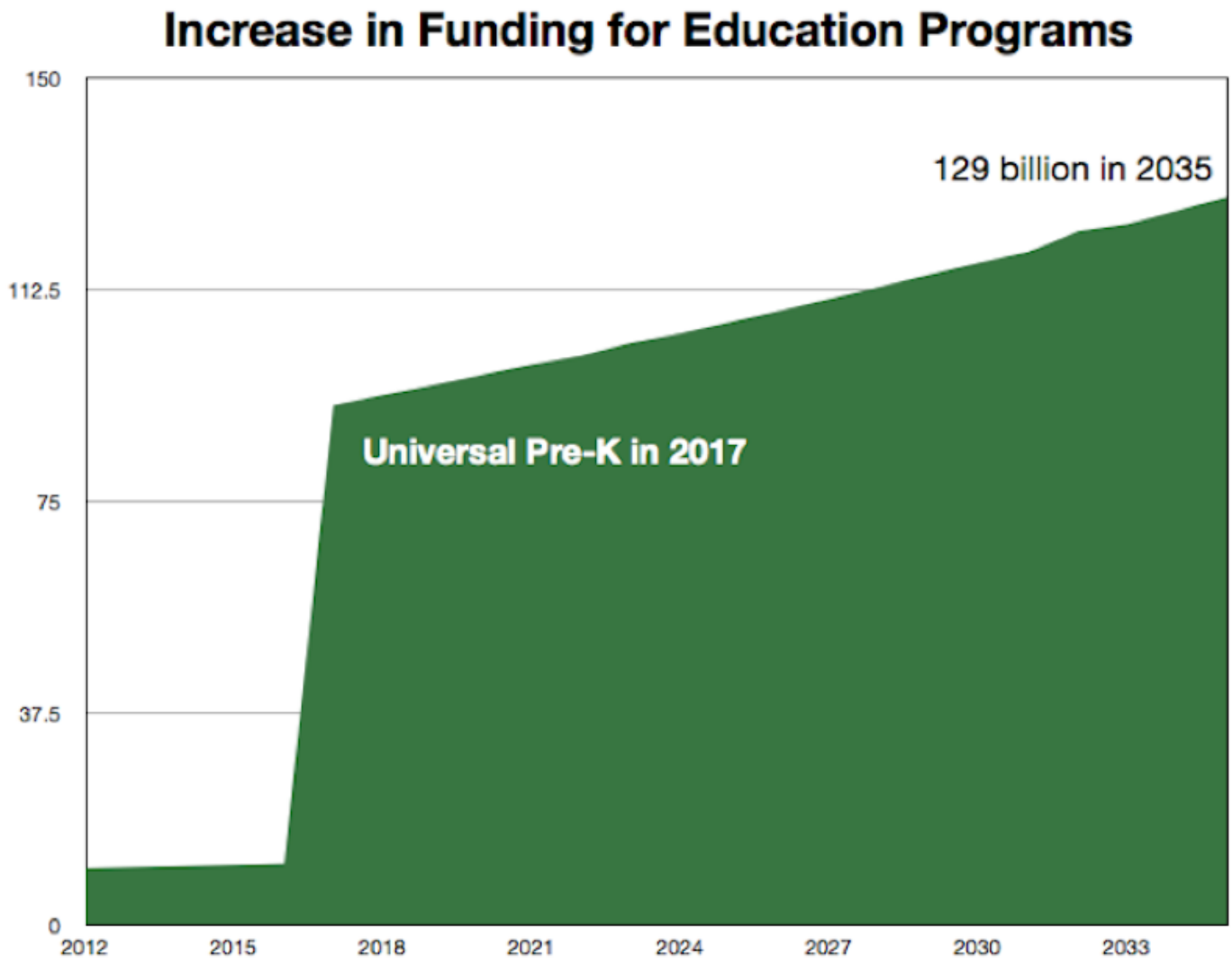
Make the Investments Needed to Restore the American Middle Class

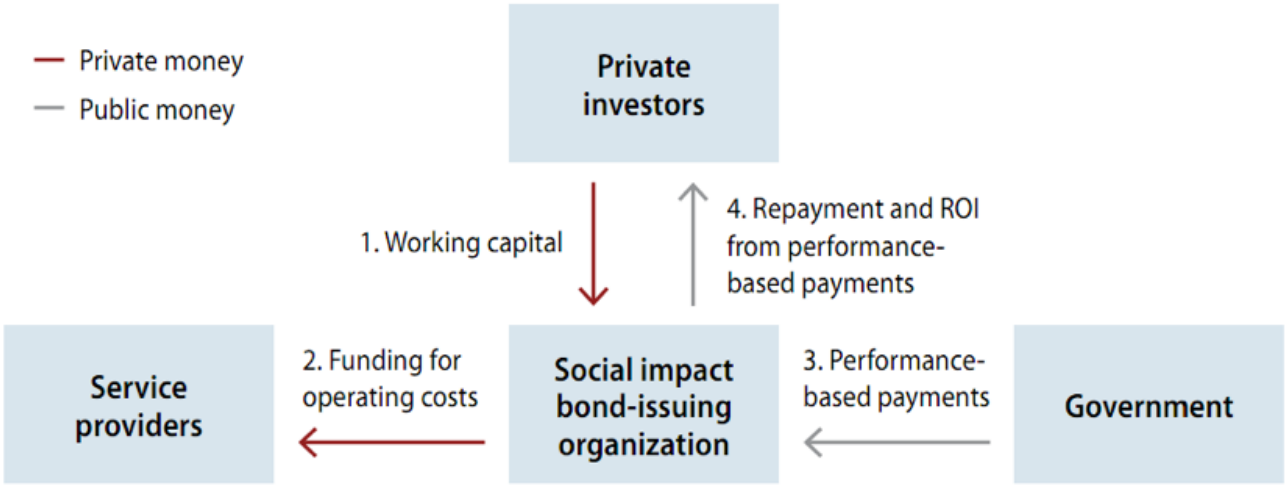
We cannot let the enormous federal budget numbers produced by the economic downturn distract from a more urgent problem — the economic downturn itself. Unemployment at the date of this writing is 9.2%, almost double the typical rate of the past 20 years. This represents an enormous pain that is felt by working Americans across the country, and Millennials more than any other group.

In fact, we are looking at the possibility of another 'lost generation'. A huge cadre of promising young people is staring at a job market without jobs — and a future without skills. The best thing we can do to ensure that America continues to be competitive into for the next fifty years is to get young people back to work, back to earning, and back to learning as soon as we possibly can. Every day we don't is a day wasted in the life of this promising generation.

The American economy behaves fundamentally differently than it did when the great social safety net programs of the 20th century were developed (1934-1974). Americans used to be able to depend on their pensions for a secure retirement. Today, they are lucky to have a good 401(k) account. Americans used to be able to depend on advancement within a single company over the course of their lifetime. Now, very few Americans stay with the same company for an entire career. These changes have helped give America the most dynamic economy in the world. But they have also destabilized the trajectory for success and security in America. Sustained success has become more difficult and tenuous for Americans, even as we have collectively produced more wealth than any country in history. Failing to recognize and respond to these challenges as a society would represent a moral failing. That is why Roosevelt proposes creating a robust, worker-retraining program tailored for the 21st century economy.

Furthermore, failing to anticipate and prepare for the fact that our economy goes into recessions every so often, and will surely fall into recession again, represents a failure of intelligence. Roosevelt believes that immediate and decisive stimulus can be a game changer for averting deep recessions. That is why we build in automatic stimulus spending and a State Budget Bank to ensure that states uphold their responsibilities to their citizens during recessions.





This is a generation with an ambitious vision for what is possible in America. Millennials want an America that doesn't just compete in a race to the bottom but recognizes the unique dynamism of our economy, and leverages that to provide equal opportunity to its citizens. That means investing in education at all levels — closing the achievement gap and making college affordable for anyone who wants to attend. Millennials are committed to solving America's most pressing challenges — climate change, globalization, and income inequality — and we know that we need a good education to do it.

Investment in Early Childhood Education

We recommend a bundle of improvements to early childhood education, such as doubling total annual funding for Innovation (i3) grants, dramatically expanding the Early Learning Challenge Fund to support Pre-K and kindergarten programming, a 10% annual increase in Head Start funding, and a 10% annual increase in Childcare and Development Block grants.

The need to improve the American education system has become cliché. Test results and degree attainment continue to slip behind other developed countries as a growing number of students are relegated to choosing between failing schools or expensive private tuition. Numerous studies demonstrate what Millennials understand intuitively, that investments in early childhood education are some of the most valuable education dollars that the government can spend. These programs generate large returns on investment in both financial and non-financial terms and are essential components of a robust, high quality, and universally accessible education system.[17] Forty-one percent of Think 2040 participants cited reducing the socioeconomic achievement gap as their top education priority. To reach that goal, we are expanding our commitment to programs that provide quality preschool and kindergarten, support families of young children, and make substantial investments in innovative program research. The culmination of this commitment will be national, universal preschool and kindergarten by 2021.

Every Child in America Can Attend Public Preschool at No Cost

Millennials see educational attainments as the key to opportunity and abundance. America's education challenges are all too familiar to Millennials. Poor preparation for college and rampant underperformance in our cities are problems that we experience the consequences of firsthand. We know than an achievement gap exists between poorer non-white students and more affluent, white Americans. We know that the current American system produces unequal opportunities, and we are committed to changing that.

Process Reform: Social Impact Bonds

The current system of funding and administering many social service and educational interventions tends to hinder innovation and waste money on programs that fail to deliver the desired results. Incorporating social impact bonds into the funding mechanics of these programs can begin to alleviate some of those problems.

Social impact bonds work by having the government contract with a private intermediary who agrees to design and execute the desired program while delivering mutually agreed upon results, for a fee that is paid after achieving predetermined benchmarks. This intermediary raises operating revenue by selling project bonds to investors. This system harnesses the power of markets to craft the best possible programs because bond holders get paid only when they deliver results. This arrangement can lead to improved performance and lower costs, and accelerate the adoption of innovative solutions and supporting the rapid development and implementation of effective evaluation systems.

Please see the Center for American Progress' report on Social Impact Bonds: http://www.americanprogress.org/issues/2011/02/social_impact_bonds.html.

Therefore, to ensure that first-rate education is the norm and not the exception in the future that we inherit, our Budget for the Millennial America includes investment in public pre-k education for all Americans. Investment in pre-k education has arguably the highest return of any investment a society can make--it means that regardless of socio-economic status, America's children receive intellectual stimulation and the groundwork for a life of learning at a pivotal time in their development. By increasing spending in this area we can break cycles of intergenerational poverty, improve lives in communities nationwide, and ensure that all young Americans have access to the opportunities they need to achieve their American dream. An investment of $81 billion per year, beginning in 2017, and indexed to inflation, will ensure that every American attends preschool in their formative years.

Increase Support for American Indian Communities

Roosevelt recommends considerably increasing support for struggling American Indian communities across the U.S., through doubling the Food Distribution on Indian Reservations Program within the Dept. of Agriculture, a 40% increase in annual funding for the Bureau of Indian Affairs, tripling funding for Native American Programs within HUD, and a 30% increase in the budget for the Indian Health Service.

Indian reservations are consistently the poorest areas of the country, with many reservations consistently sustaining shockingly high levels of unemployment and poverty levels over 50%.[18] There is a massive infrastructure deficit on tribal lands which prevents development, commerce, positive healthcare outcomes, delivery of social services, and effective policing. The result is that American Indians are the most likely demographic group to be victims of violent crime, domestic abuse, child abuse, alcoholism, and poverty. This represents a marked failure of the American safety net.

Assessment & Effectiveness Research for TRIO, GEAR UP, and Race to the Top

Millennials believe that while robust funding is necessary to build a strong public education system, it is not sufficient. The lack of good qualitative measurements for education assistance programs stands in the way of investing in the most effective programs and bringing them to scale. We need effective metrics that can determine relative efficacy of programs funded under TRIO, GEAR UP, and Race to the Top in order to model and expand the most valuable efforts. Therefore, we recommend $200 million a year to developing methods to evaluate these programs and rigorously analyzing their impact. Millennials know that smart investments require good information and improving our program evaluation systems will multiply the effect of every dollar spent on education.

Increasing Pell grant funding by 10% over FY2011 levels & boosting Federal non-Pell Higher Education grants

A 4-year college degree is becoming as essential to opportunity as a high school diploma was in years past. Unfortunately, a Bachelors degree is increasingly out of reach for lower-and middle income students weary of going tens of thousands of dollars in debt. Over the past 15 years the cost of an education at a public state university has nearly doubled while wages for most Americans have remained stagnant.[19]

Ensuring a highly educated workforce will be a requisite part of America's long-term economic growth, and making sure that those educational benefits are broadly shared will be key to enhancing social mobility. In order to enable low-income students to achieve their educational dreams that might otherwise be impossible, we propose a 10% increase in Pell Grant funding over FY2011 levels.

10% increase in Title 1 Funding

Closing the socioeconomic achievement gap is one of the Millennial Generation's top priorities, and ensuring adequate funding for schools that serve high-poverty populations will be a crucial component of any effective solution. Title 1 funding allows teachers to provide badly needed extracurricular assistance to over 17 million at-risk students at over 50,000 public schools across the country.[20] When combined with effective K-12 education reforms, superior program evaluation metrics, and broad-based support for families in need, an additional 10% increase in Title 1 funding will improve educational outcomes for thousands of students.

10% increase in Child Nutrition and Milk Programs

In 2006, 12.4 million children were lacked secure access to quality food.[21] This food insecurity presents far-reaching problems for educational success, health levels, and job readiness. Fortunately, the Supplemental Nutrition Assistance Program, the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and school lunch programs have a proven track record of hunger alleviation. Our proposed increase in Child nutrition, and milk programs will make a substantial impact on reducing the number of young people living with hunger. This funding will allow school lunch programs in high-need areas to expand service during summers and after school, as well as allowing all schools to provide healthier and more locally sourced foods to their students.

Ending Government Direct Agriculture payments

The Federal government spends $15-30 billion dollars a year on agriculture subsidies. Not only do these programs distort agriculture prices, and lead to over consumption of corn-based sugars, but they primarily benefit a small number of large agribusinesses. We propose phasing out the vast majority of existing agricultural subsidies. Half of the annual savings will be applied to deficit reduction while the other half will be used to promote sustainable, local agriculture and fund programs that address urgent problems such as food deserts and lack of access to fresh fruits and vegetables.

50% Increase in Community Development Block Grants

Community development block grants (CDBG's) provide a flexible funding source for the provision of basic services to underserved, underrepresented, and disempowered populations across the country. CDBG's provide direct investment

to local communities for emergency services, urban development, public housing, and job creation through a competitive grant process. President Obama's budget proposal suggests slashing CDBG's by 50%, arguing that funding cuts will make the program more competitive. But in a time of slow economic recovery when states slash budgets to crucial social services, we strongly support a 50% increase in CDBG funding.

Doubling the Pre-ARRA Annual Budget for CNCS

Millennials overwhelmingly support civic engagement as a key value and recognize community service as an integral driver of American democracy. AmeriCorps, VISTA, and other programs sponsored by CNCS provide thousands of community service jobs across America every year. Instead of slashing government investment in community service jobs, we propose to double funding of community service. In a slow and uncertain economic recovery, the responsible position of the federal government is to create jobs. Furthermore, funding job creation that provides social services adds the extra benefit of relieving over-stressed local governmental resources.

Teaching/Public Service Loan Forgiveness

America is at the crossroads of international competitiveness, yet faces an interesting paradox. Throughout our history, our most talented young people have gravitated toward solving the most challenging problems of the time: from Eisenhower's Department of Defense, to Kennedy's Peace Corps. Yet today, with unprecedented levels of compensation in the financial sector, the most gifted young people are increasingly forgoing public service for the rewards of Wall Street. Recognizing that now more than ever, America needs its top talent as teachers, doctors for the poor and public officials, Roosevelt recommends instituting a more ambitious Public Service loan forgiveness program than has ever been attempted previously. The Loan Forgiveness Program will receive $5 Billion annually, indexed to inflation.

Make Investments to Build an Equitable Green Economy

Millennials see climate change as a paramount challenge of our generation. The economic downturn has created an incredible opportunity to rebuild the American economy in a more sustainable, efficient mold. We are committed to fighting energy scarcity and global warming while investing in communities and listening to community voices. We have proposed a set of transformative tax reforms and investments to ensure that the 21st century green economy comes to fruition as soon as possible.

Too often, climate and environmental advocates are unwilling to listen to community voices who are invested in a quality of life based on unsustainable practices. Roosevelt believes that in order to effectively implement good climate change policy, we must be responsive to helping communities adjust to a less carbon-dependent economy. That is why we have developed an innovative program called ARPACT, which invests in areas adversely affected by the implementation of the carbon tax. It is a clear moral imperative to reverse the tide of climate change, but Millennials recognize that we cannot do so without assisting hard-working Americans who may be hurt by the decline of the fossil fuel industry.

An Upstream $23 Tax on Carbon Beginning in 2012, Increasing Yearly By 5.6%

With almost every non-partisan expert adamant about the dire consequences of inaction on climate change, Millennials believe that the scientific evidence in support of climate change is too convincing to ignore. Success or failure in solving climate change will determine the fortunes of the entire Millennial Generation. Millennials understand the scale of sacrifice necessary to fix our fragile ecosystem, but insist that it is our responsibility to save ourselves from long-term environmental catastrophe. Millennials will bear most of the costs if the United States fails, but they are also prepared to carry the burden of mitigating this threat.

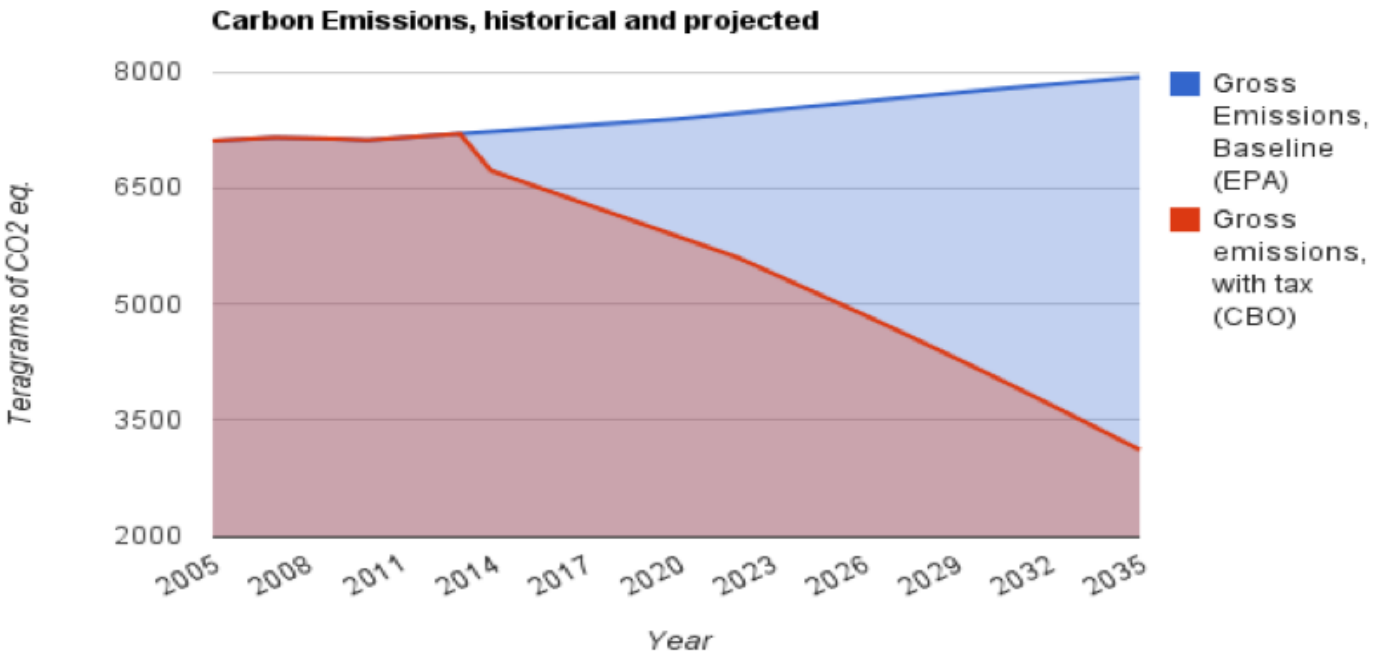
We therefore propose the introduction of an upstream carbon tax of $23 per ton of carbon dioxide equivalent, beginning in 2012. This price will increase by 5.6% each year, which is consistent with the EPA's conservative estimates of the social cost of carbon.[22] The CBO has projected that it will reduce emissions by 36% of projected levels by 2026, setting us on a path to responsible levels of emissions over the long term.[23]

We take the view that a tax is more efficient than a cap-and-trade system, as it confers more certainty about the future price of carbon. This certainty makes our free market system friendlier to innovators and encourages entrepreneurialism through guaranteeing the future costs and revenues from shifting to low-carbon production.

Furthermore, we propose the full repeal of the federal gas tax. The double taxation that a gas and carbon tax would entail is unnecessary; in fact, a carbon tax is simply a broader version of a gasoline tax.

Subsidies for Low-Income Families' Utility Bills

We expect that making the tax "upstream," that is, paid by business instead of consumers, will partially lift the burden from poor families, who spend a disproportionate amount of their income on carbon-intensive products like utilities, gasoline, and food. However, we remain concerned that business may ultimately pass the cost of a carbon tax on the consumer. In order to mitigate that impact, then, we propose a refundable tax credit for all Americans of $500 for every family or individual making less than $50,000 per year, with an additional $50 per child. However, we do not want to provide tax



credits for the very carbon consumption that we are seeking to eliminate. That is why we propose transitioning these credits away from utilities in general toward utilities from sustainable sources alone beginning in 2022. Credits will decline at a rate of 10% per year, while credits for sustainable sources will increase by a proportionate amount.

Finally, Millennials believe that it is imperative that the United States excels in the field of green jobs and sustainable consumption. That is why much of the revenue generated from our carbon tax will go to substantive investments in the new economy of green manufacturing. Robust federal investment in sustainable consumption will ensure that the transition to a low-carbon economy can be relatively fluid, ensuring transition from carbon-intensive manufacturing to a more sustainable future. We do not argue that the challenge of minimizing global warming will be easy or painless. However, we see it as the responsibility of our generation, and mankind more generally, to protect the ecosystem and ensure that our children enjoy the same luxuries we have.

America's Revitalization Program for Areas Adversely Affected by the Carbon Tax (ARPACT)

Millennials recognize that a carbon tax may disproportionately affect certain regions of the country, through no fault of their own. Places like the oil-producing Gulf Coast, and the coal-rich Appalachian region would be especially hard hit. In order to spur the development of alternative industries less dependent on the carbon economy in these regions, Roosevelt recommends a revitalization program specifically targeted at these regions. Governors, planning commissions, and other government and non-governmental organizations will be eligible to apply for ARPACT grants. Roosevelt recommends making $45 Billion in grant funds available to carbon-dependant communities every year from 2013-2021.

High Speed Intercity Passenger Rail

A majority of Americans lives in urban areas and would benefit from improved intercity mobility. Investments in highly efficient transportation infrastructure will not only strengthen the US economy and create more livable cities, but also reduce our dependence on foreign oil and mitigate highway congestion. As China and Japan increasingly recognize the importance of these investments, continued support for high-speed rail will insure that the United States remains globally competitive. Connecting our nation's large and mid-sized cities with affordable, high speed, mass transit will also decrease long-term unemployment by allowing maximum labor mobility.

We propose supplementing existing funding for the High Speed Intercity Passenger Rail program with an extra $3 billion per year, indexed to inflation, through 2025. This long-term commitment will guarantee Federal support to apprehensive local partners and insure the programs success.

Extending the Smart Grid Investment Grant Program For 15 years

In order to unleash the full power of American creativity on solving the problems of climate change and energy dependence on the Middle East, America must develop the capacity to store energy more efficiently. Developing a robust domestic market for renewable sources of the energy was one of the most important Millennial Generation priorities expressed in the Blueprint for the Millennial America. Therefore, Roosevelt recommends expanding the federal government's commitment to nurturing these markets through investment in Smart Grid technology. In our vision, Americans will be able to generate electricity in their own backyards and sell back to the local energy grid, creating myriad opportunities for entrepreneurship and paving the road to energy independence and efficiency.

Green Jobs Corps

Large areas of the United States remain afflicted by the loss of manufacturing jobs during the late 20th century. To remain globally competitive we need a comprehensive, national approach to job creation. We propose the creation of a "Green Jobs Corps" that targets investments in job creation through existing federal agencies, such as the Department of Labor and the Corporation for National Community Service (CNCS). Providing training for green building and 'clean tech' industries will help the US build a mobile, flexible corps of workers that can compete in a globalized economy and revitalize the American middle class. To that end we recommend a 50% increase in the Department of Labor's Training and Employment Services, and a 100% in funding for CNCS to facilitate the creation of community service jobs in the green economy.

Please see the Center for American Progress' report on Social Impact Bonds: http://www.americanprogress.org/issues/2011/02/social_impact_bonds.html.

Rebuild America's Infrastructure Program

Millennials understand that a successful, efficient economy depends on a strong infrastructure. According to the American Society of Civil Engineers, America has a in $2.2 Trillion infrastructure deficit—and that is just to bring America's standing infrastructure up to date, not to build the new infrastructure needed to run the 21st century economy. With the phasing out of the Mortgage Interest Tax Deduction, Roosevelt's budget will de-emphasize home construction. We use part of the revenue from ending the mortgage deduction toward rebuilding America's infrastructure. Under the Budget for the Millennial America, Americans will stop building homes we don't need, and start building the bridges, railways, and electrical grid that our economy requires.

High Speed Internet and Mobile Access Infrastructure Program

Millennials recognize that participation in the modern American economy increasingly depends on the ability to access and respond to data cheaply and in real time. In order to spur rural economies, and ensure that all Americans can participate in a 21st century economy, Roosevelt recommends that we invest in expanding our broadband and mobile access infrastructure to cover 100% of Americans.

Modernize the American Military Approach

During the Cold War, there was a clear overarching goal for US foreign policy that was accepted by Washington's political establishment: contain and defeat communism. But since the end of the Cold War, when the US became the world's only superpower, we have operated without a coherent long-term strategy that defines our position in the international system, outlines our goals for engagement with other countries, and provides a plan for ensuring that our foreign policy builds our national prosperity. We need a "Grand Strategy" to ensure that America wins the 21st century.

National defense expenditures are approaching $700 billion/year, and the US military budget is nearly what the rest of the world pays for in defense combined. There are approximately 440,000 US troops stationed or deployed overseas, close to the number overseas at the close of the Cold War. The threats to US national security have changed dramatically since the fall of the Berlin Wall; rogue non-state actors, transnational criminal networks, and failing states that serve as safe havens for extremism are the new security threats. These new challenges demand a new strategic approach.

As a consequence, our antiquated nuclear arsenal no longer serves as a useful deterrent against foreign aggression. There is strong bi-partisan consensus that 21st century threats need to be addressed with a mix of foreign policy tools, a concept commonly referred to as "smart power," that places more emphasis on development and diplomacy as effective tools of statecraft. Our military also needs the ability to reform institutions to implement the use of new operational systems, reforming the US foreign assistance structure and creating a centralized cyber security command. Through rebalancing the deployment of US forces overseas to reflect current threats to national security and mixing the use of defense, development, and diplomacy, the United States can reduce national defense expenditures and work more effectively to ensure global stability.

And while the US military has made heroic strides towards modernizing its fighting force to address current threats to the international system, Congress has consistently refused to reform a broken weapons procurement system or provide funding for the research and development programs that our military needs to keep our country safe and promote American prosperity. Our military needs the ability to more tightly control the arms procurement process and more funding to generate the next generation of technological advances that will propel the US economy into the 21st century. Furthermore, we recommend cancelling outdated or inadequate weapons, such as the MV-22 Osprey and F-35, saving billions of dollars in the coming decades.

Not only does the Millennial Grand Strategy make sense given our budget and global resource constraints, it also expresses sound policies that will save America money, restore America's image abroad, and save American lives.

Reduce Combat Troops in Afghanistan and Iraq to 45k By 2015

Millennials recognize that to maintain US global leadership, our foreign policy will have to be targeted towards clear, definable goals. Currently, the distribution of US non-combat troops stationed overseas reflects Cold War priorities, with tens of thousands of soldiers in Korea, Germany, and Japan. We would re-balance our overseas force structure to reduce the US military's global footprint and put our forces in the position to respond rapidly and decisively to 21st century threats.

Unfortunately, the US is currently bogged down in two wars of occupation that have no clear, definable goals for achieving victory and thus, no exit strategy. Millennials overwhelmingly disapproved of the invasion of Iraq, and the current large-scale occupation of Afghanistan, viewing these wars as misguided, costly endeavors that distract US resources from waging an effective war against global terrorism. Roosevelt recommends scaling down and ending the US occupations of Iraq and Afghanistan to free up our forces for potential deployment in other, future conflicts.

Under this scenario, the number of military personnel deployed for war-related purposes would decline over a five-year period to an average of 180,000 in 2011, 130,000 in 2012, 100,000 in 2013, 65,000 in 2014, and 45,000 in 2015 and thereafter. The US would save over $1.1 Trillion from 2012-2021.

Process Reform: Defense Acquisition

An addition to the specific weapons program terminations described above, Roosevelt proposes to reform the defense acquisition system. A major guideline in the medium and long-run will be acquiring and managing hardware and weapons systems in a way that keeps total annual defense spending under 3.6% of GDP.

In doing this, we propose to implement policy changes that are broadly consistent with the 2010 CRS report, Defense Acquisitions: How DOD Acquires Weapon Systems and Recent Efforts to Reform the Process.

Scaling Back the US Nuclear Posture

The current nuclear architecture, largely a relic of cold-war build up, far exceeds what is necessary to provide for robust security and second strike capability for the US and its allies. Currently the US maintains nearly 2,000 operationally deployed strategic warheads with another 5,000 total warheads in stockpile. Reforming the nuclear posture would be fiscally responsible, decrease the probability of nuclear accidents, and be consistent with the recent ratification of the new START treaty. In accordance with the Sustainable Defense

Task Force's recommendations, this proposal would reduce the US nuclear warhead total to 1050, retire the bomber leg of the "nuclear triad," and cancel the development of the Trident II missile. All told, scaling back America's nuclear posture will make for a safer world, and save over $11 Billion annually

Implement Alternative Energy Development Recommendations of the Post-Partisan Power Report

Robust evidence exists that secure and stable access to energy resources will be critical to the security of the United States. While alternative energy development has clear spill-over effects on the domestic US economy and non-defense, private enterprise, the Department of Defense possess both the resources and political gravitas to take the lead role in these projects.

Our plan involves fully funding the recommendations of the Post-Partisan Power report, which takes a holistic view of the multi-faceted investments needed to aggressively develop, scale-up, and deploy alternative energy systems. Specifically, we aim to double yearly appropriations for DOE Science budgets, fund the National Defense Education Act, establish Regional Energy Innovation Institutes, and scaling up ARPA-E.

Double the USAID Budget

We envision a leaner, more agile military that is focused on confronting 21st century threats, incorporating our allies into burden-sharing arrangements, and that works hand-in-hand with robust diplomatic engagement and a comprehensive global development strategy.

In order to confront these modern challenges we will need to be able to effectively deploy our diplomatic resources in high-risk areas. Avoiding armed conflict by promoting economic development and the maintenance of stable social institutions abroad is essential work that is best done by the State Department and USAID. Reforming these systems to work efficiently and with the rest of our national security resources is a top priority. In order to ensure that we have the resources to proactively engage in this way, we are doubling the USAID budget of $16.2 billion.

Reduce USMC and Army Ground Force End Strength, per Sustainable Defense Task Force Recommendations

This option would cap routine US military presence in Europe and Asia at 100,000 personnel, which is 26% below the current level and 33% below the level planned for the future. All told, 50,000 personnel would be withdrawn. End strength would be reduced accordingly as would associated assets and units. Savings would include reduced personnel costs, military housing expenses, incremental costs of stationing troops abroad, steady-state acquisition costs for reduced force structure, and operations and maintenance costs associated with reduced units and personnel. Today there are more than 317,000 active-duty US military personnel stationed or deployed overseas. In the Central Command area, encompassing Iraq and Afghanistan, there are approximately 180,000 active component personnel as well as over 45,000 reservists.

Approximately 150,000 active-component US military personnel are officially assigned to Europe and Asia. However, about 15,000 of these have been re-deployed to the wars. The remaining 135,000 in Europe and Asia represent the current minimum US presence in these regions. Not even the extreme demands imposed by the Iraq and Afghanistan wars have compelled a reduction in this minimum. These changes will save at least $8 Billion annually

Increase Annual Funding for Cyber Security Operations By 20%

Cyber warfare is almost assured to be an ongoing component of the military battle space in the very near future. Attacks such as the Stuxnet worm and others highlight the need for the US to develop robust capabilities that are both offensive and defensive. The creation of US CYBERCOMMAND is an important step, but making substantial investments in these operations is crucial in order to safeguard our domestic and military infrastructure as well as insure our global leadership in cyber development. We are proposing a 20% annual increase in the Cyber budget.[24]

Cancel Unneeded Weapon Programs

We envision a leaner, meaner, and more agile military that is geared toward combating 21st century threats. With that in mind, we can target a number of weapons systems that that are not only costly, but do not provide real value to the military. The MV-22 Osprey program has been consistently over budget while failing basic safety and performance tests. We should cancel this program in favor of existing alternatives that are both more cost effective and better performing. The F-35 program has become similarly bloated and represents a vision of military strategy that is outdated and non-responsive to future needs. Replacing the joint strike fighters with F-16s and F-18s is a better decision for America's future. These acquisition changes, along with canceling the unnecessary, but expensive Maritime Prepositioning Force, are straightforward and wise decisions that will help ensure the country's continued security and fiscal stability. These procurement adjustments have broad, bipartisan support among experts and practitioners and have only gone uncorrected due to parochial Congressional politics. Millennials, however, refuse to let those cynical concerns continue to jeopardize our future.

Ensure a Sustainable Federal Budget

Millennials know that in order to provide opportunity for all Americans and build the kind of society prepared to compete in the 21st century, we must make investments in our people and in our infrastructure. To finance this, Millennials are willing to raise more revenue through the tax system. We will raise taxes as necessary, but not until we eliminate the billions of dollars in tax giveaways to corporations and special interests distributed through the tax code. Roosevelt eliminates loopholes and exemptions to make the tax code more equitable, while implementing a financial transactions tax, and cutting corporate rates across the board.

We also implement major income tax reform. Currently the top 10% of earners hold more than 45% of the wealth in America. While cutting income rates to historic lows, we amend the system to designate tax rates based on the distribution of wealth, so that as inequality rises or falls, the tax system automatically adapts to follow the money. It's a smarter, more equitable tax code, responsive to changes in inequality that makes it possible to invest in education, fight climate change, and update American infrastructure—all while bringing debt under control.

Tax Expenditures Policies

We propose the removal or reduction of a large number of tax expenditures, with a view to ultimately reducing overall income and corporate tax rates. The American income and corporate income tax code is a mess. The labyrinthine collection of tax expenditures we have amassed since the last major tax code overhaul in 1986 has made our nation unattractive to foreign investors who cannot navigate our code, poorly targeted to the original goals of the expenditures, and prone to political manipulation by lobbyists. The recent financial crisis was at least encouraged, if not directly caused, by the heavy tax subsidies government has provided to the private housing market. Overall, we simplify the tax code, cutting government outlays by over $5 Trillion by 2035.

Replace the mortgage interest deduction with a tax credit of 15%, and reduce the cap on the credit from 1.1 million to 500,000 by 2018.

The mortgage interest deduction was originally designed to encourage homeownership. However, the people who benefit from this enormous federal program usually are not the ones who need it most; over two thirds of the revenue lost to the deduction goes to the top quintile of income earners in the United States.[25] Moreover, young people understand that over-subsidizing home building contributed to the nightmare of economic collapse in the fall of 2008.

We therefore propose two policies related to the mortgage interest deduction. First, we intend to lower the ceiling for mortgage deductions from $1 million to $500,000 mortgages, and to allow deductions only for primary residences. In order to ensure that the housing sector survives its current troubles, though, we propose reducing the ceiling by only $100,000 per year beginning in 2013. Millennials believe that individuals living in $1 million homes have the resources to pay for homes themselves; they do not require additional assistance from the federal government. Furthermore, we propose replacing the current tax deduction with a tax credit of 15%, thereby reducing the regressiveness of home mortgage subsidies and encouraging investment in homes more directly by poor families. This proposal, which was a feature of both President Obama's and President Bush's tax reform commissions, is a middle-of-the-road proposal to create a more balanced investment climate, a more efficient and targeted tax code, and a federal government more responsive to the specific needs of its citizenry.[26]

Implement a New Income Tax Code that Responds to Changes in Inequality

Income inequality has risen in the past thirty years to its highest level since the 1920s.[27] This rising issue has affected young people profoundly, and Millennials believe that a just economic and civil society must be founded upon economic opportunity. We envision a society that rewards hard work but ensures opportunity for all, and this includes having a progressive tax code.

However, in recent years, our income tax system has been unresponsive to the changes in society that have developed since the last major reform of our tax code twenty-five years ago. Income tax brackets which update with inflation alone will either put everyone in the top bracket (assuming equitable wage growth) or fail to reflect the income growth accruing disproportionately to the upper classes. Therefore, we propose a new income tax code which bases bracket assignment upon share of overall American income, rather than the haphazard reforms which currently characterize the process.

Brackets will be based on the percentile of total income earned in the United States, as seen on page 19.

This new bracket system amounts to a tax cut for the vast majority of working families. We combine the bottom two brackets under the current system into a single bracket with a 9.45% income tax rate, versus the existing 10 and 15% rates for the current two brackets. Our second bracket, at a rate of 15.75%, compares favorably to the 25% individuals are paying in this bracket even under the Bush-era tax cuts. Every other rate is lower than those under President Clinton, and our elimination of a wide range of income and corporate tax loopholes ensures that the system is both straightforward and friendly to foreign investors.

Moreover, our system eliminates many of the problems Congress currently resolves on an annual basis. We permanently eliminate the "marriage penalty" under the Alternative Minimum Tax. Furthermore, our new income share system automatically incorporates revisions to the AMT so that it affects only the truly wealthy, permanently resolving what Congress

Table 2: New Income Tax Brackets[28]

	STARTING POINT FOR TAX BRACKET (CBO)			
INCOME PERCENTILE	SINGLE FILER	JOINT FILER	NUMBER OF HOMES	RATE PER BRACKET
0-20th	$0	$0	~60,000,000	9.45%
20th - 40th	$39,536.76	$79,073.53	~55,000,000	15.75%
40th - 60th	$65,894.61	$131,789.22	~40,000,000	26.25%
60th - 90th	$84,010.16	$168,020.31	~10,000,000	31.50%
80th - 90th	$208,668.94	$417,337.87	~1,000,000	AMT tax threshold
90th - 100th	$709,679.84	$1,419,359.67	<300,000	36.75%

has failed to find the political courage to fix for twenty years. The high threshold would also ensure that the AMT returns to its original purpose, to restrict excessive deductions among the very wealthy. Under our proposal, the AMT could only conceivably affect about one million households; the likely number would be far below that. This is basically in line with the Tax Policy Center's estimation that the AMT would have affected only 300,000 homes a year if it had been indexed to inflation since the last major tax reform, in 1986.

Conclusion

When all is said and done, the Budget for the Millennial America stabilizes the national debt in 2015. If we adopt this plan, we will build the America our generation envisions, while bringing the national debt down to 64% of GDP by 2035.

The Budget for the Millennial America creates a more flexible, responsive safety net, jumpstarts the 21st century green economy, stabilizes the financial system by ending "too big to fail", and controls federal debt at a sustainable level. This budget proves that America can stay strong and look ahead with a clear vision for winning the 21st century. We proved this not by choosing from a pre-selected set of options, but by deeply engaging thousands of young people in conversation about what they want the future of America to look like. They responded with more verve and creativity than we could have ever imagined and have provided a way forward that represents their innovative, community-minded spirit.

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ABOUT US

The Roosevelt Institute Campus Network, a national student initiative, engages young people in a unique form of progressive activism that empowers them as leaders and promotes their ideas for change. Through communication and coordination with political actors and community members, students identify pressing issues facing their towns, counties and states. Taking advantage of the unique resources on their college campuses, they engage in policy research and writing and then connect the fruits of that research to the political process, delivering sound, progressive proposals to policymakers and advocacy groups. We call our unique model of policy activism Think Impact. Adding policy papers to picket signs, Think Impact engages young people in activism fueled by innovative, student ideas.

Founded in the wake of the 2004 election, the Roosevelt Institute Campus Network was formed in order to strengthen the progressive movement by meaningfully engaging young people in politics. The Campus Network emphasizes that young people can do far more than participate in campaigns; students are asked to take action on their ideas and create an impact in their communities. It encourages them to campaign for the progressive policies that they have written. It gives them an opportunity to reshape their communities. It allows them to experience, first-hand, the power of progressive thought in creating positive change. And the Network empowers students to see themselves as progressive leaders in their own right.

Today, the Campus Network boasts more than 7,000 members organized at approximately 80 chapters across the country. Chapters foster debate and dialogue on campus, teach policy courses, engage with local policymakers, generate policy, and promote student ideas through conferences and publications. Since its founding, Roosevelt members have presented student policies on Capitol Hill, testified to city council, implemented legislation, and worked directly in their communities. The initiative is always growing, always evolving, and always looking towards the future.

The Roosevelt Campus Network is a division of the Franklin and Eleanor Roosevelt Institute, an organization dedicated to preserving and promoting the legacy of their namesakes for future generations. You can learn more about the Institute at www.rooseveltinstitute.org.

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