

McCORMICK'S BALANCED BUDGET

Balancing the budget. Eliminating debt. Revitalizing the economy.

A long term budget proposal by

DAVID McCORMICK, U.S. Senate Candidate

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A NEW DIRECTION FOR AMERICA

AMERICA IS FACING A CRISIS. Forty-three cents of every dollar spent by the government is borrowed. The amount of our national debt is fast approaching \$15 trillion. And President Obama wants to add \$9.5 trillion to the debt over the next ten years.

We need to take America in a bold New Direction and return our country to the economic prosperity we once enjoyed. We need leaders who aren't afraid to develop a common sense solution.

That is why I, David McCormick, am proposing this budget. Under my plan the federal budget is balanced by the year 2017, the national debt is retired in 2033, and the Social Security Trust Fund is restored in 2034. Additionally, government growth is kept in check in hopes that we never face this situation again.

The **McCormick Balanced Budget** not only restores fiscal responsibility to the United States, but it also strengthens our place in the world. This plan prevents America from becoming subservient to other nations. Through this economic independence the United States can once again serve as the leader of the free world.

The future may look bleak, but with American determination, committed leadership, and common sense principles we will recover and once again experience prosperity.

The McCormick Budget will...

- **Balance the budget by 2017**
- **Pay off the entire federal debt by 2033**
- **Restore the Social Security Trust Fund**
- **Not raise taxes**

Comparison of Three Budgets (billions of dollars)

	McCORMICK			White House Budget			Ryan Budget		
	Receipts	Outlays	Deficit/ Surplus	Receipts	Outlays	Deficit/ Surplus	Receipts	Outlays	Deficit/ Surplus
2011	2228	3708	1480	2567	3834	1267	2609	3418	809
2012	2317	3458	1141	2926	3755	828	2847	3398	551
2013	2409	3283	874	3188	3915	727	3052	3635	583
2014	2506	3133	627	3455	4161	706	3222	3856	634
2015	2606	2998	392	3634	4386	752	3408	3997	589
2016	2710	2898	188	3887	4665	778	3576	4229	653
2017	2818	2818	0	4094	4872	778	3727	4348	621
2018	2958	2846	112	4299	5084	785	3852	4498	646
2019	3106	2874	232	4507	5415	908	4008	4832	824
2020	3261	2902	359	4710	5713	1003	4171	5027	856
2021	3424	2931	493						
2022	3595	2960	635						
2023	3774	2989	785						
2024	3962	3018	944						
2025	4160	3049	1111						
2026	4368	3079	1289						
2027	4586	3110	1476						
2028	4815	3141	1674						
2029	5056	3172	1884						
2030	5308	3203	2105						
2031	5574	3235	2339						
2032	5852	3267	2585						
2033	6144	3300	2844						
2034	6452	3333	3119						

President Obama's plan only provides numbers through 2020. Congressman Ryan's looks farther ahead, but is tied to Gross Domestic Product (GDP) projections, which are only available through 2020

BALANCING THE BUDGET

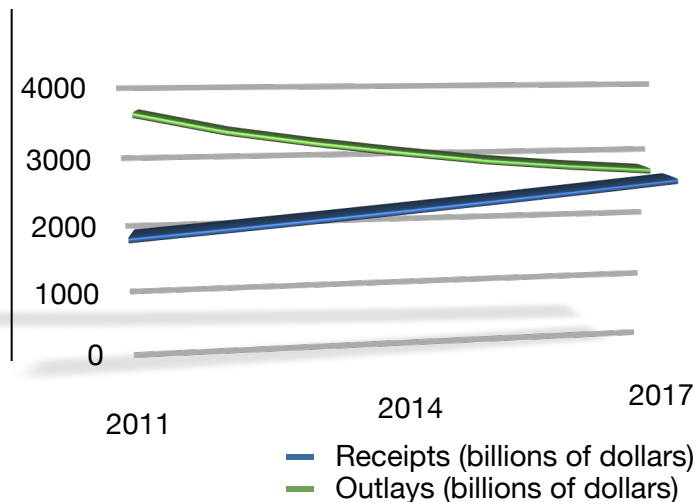
WE CANNOT CONTINUE TO SPEND MONEY THAT WE DO NOT HAVE. President Obama and his administration want to continue to deficit-spend, thereby subjecting future generations of Americans to our generations debt. Congressman Paul Ryan’s “Roadmap for America” is a step in the right direction. But more can be done. Neither Obama nor Ryan have a plan to balance the budget at any point during the next half century. That is why **the McCormick Balanced Budget** balances the federal budget by 2017.

Creating a balanced budget is never easy; and it always entails making difficult decisions. But America needs leaders who are willing to make tough choices and work towards economic stability.

A majority of this budget is focused on controlling government

spending. Specifically, the 2012 budget under this plan would cut 6.75%, or \$250 billion, from the 2011 budget. I recommend spending cuts across the board be at a 3:1 ratio for discretionary versus entitlement cuts, respectively. This ensures that those Americans who depend on the government for assistance are not left with minimal or no support. For the 2013 budget, I recommend targeted cuts from specific programs and government departments.

McCormick Budget



Government Reform

One of the primary problems with the federal budget is the inefficiency of our federal government. The Congressional Budget Office estimates that around \$100 billion is lost annually due to the vast bureaucracy and its duplicitous and wasteful nature. This needs to change if America is to once again become financially stable.

The primary reform proposed by the **McCormick Balanced Budget** is to cap the amount of government growth that can occur in any given fiscal year. Under this plan the budget can only increase by a maximum of 1% per year, once the budget is balanced. An important exception to this requirement is an increase in spending to fund only the additional costs of any war that is Congressionally declared.

	McCormick		Obama		Ryan	
	Budget	Percent Change	Budget	Percent Change	Budget	Percent Change
2011	3708	-	3834	-	3418	-
2012	3458	-6.7	3755	-2.1	3398	-0.6
2013	3283	-5	3915	4.3	3635	7
2014	3133	-4.6	4161	6.3	3856	6.1
2015	2998	-4.3	4386	5.4	3997	3.7
2016	2898	-3.3	4665	6.4	4229	5.8
2017	2818	-2.7	4872	4.4	4348	2.8
2018	2846	1	5084	4.4	4498	3.5
2019	2874	1	5415	6.5	4832	7.4
2020	2902	1	5713	5.5	5027	4

Annual Budget (in billions of dollars) and Percentage Change (from previous year)

The **McCormick Balanced Budget** would also eliminate any government pay raises and new hiring until the budget is balanced in 2017 (however, annual bonuses could be paid based on a revenue growth formula). This will keep government salaries at their current level, and eliminate the need for any large-scale government layoffs, as employees will be transferred to other departments when vacancies occur.

In addition to these changes, government needs to become more efficient. This includes a review of programs and services to establish better methods of administration and delivery of services. Accountability would also need to be increased in order to prevent waste and/or fraud.

Entitlement Reform

MEDICARE. One of the primary reforms that the **McCormick Balanced Budget** proposes is to create a better billing and auditing system so that \$50-\$100 billion is no longer lost due to fraud, waste, or abuse. The government should also make it easier for those citizens who don't need financial assistance to opt-out of the program. Currently Americans face drastic penalties- including the loss of their Social Security eligibility- if they choose an alternative program to Medicare. The government would also need to raise the age of eligibility by 1.5 years for those born after 1965.

I recommend Medicare be restructured once \$5-\$10 trillion has been funded to the Medicare Escrow account; this should be accomplished in 2036. Three different options would be available for those born after 2012.

MEDICAID. Under the **McCormick Balanced Budget** this would be funded by block grants to the states, much like Congressman Ryan’s “Roadmap for America.” It would be up to each individual state government to determine how best to use the money. This program ensures that each state provides the best healthcare for their particular citizens.

SOCIAL SECURITY. Once the deficit is eliminated in 2017 and the debt is paid off in 2033, the surpluses generated by the **McCormick Balanced Budget** would be used to reimburse the Social Security Trust Fund that was “borrowed” for other government spending. This will be taken care of in 2034. This plan would also increase the age of eligibility by 1.5 years for those who were born after 1965. The government should also cap Social Security Disability claims and reduce the total monetary payouts by 5% per year for two consecutive years. Lastly, once the program becomes solvent and fully-funded in 2034 there would be no deductions for teenagers, the majority of whom only earn minimum wage.

Summary of Entitlement Reforms

Medicare	Medicaid	Social Security
<ul style="list-style-type: none"> - Raise age of eligibility by 1.5 years (for those born after 1965) - Establish better billing and auditing system - Eliminate punishments for citizens who opt out 	<ul style="list-style-type: none"> - Give Block Grants to the states - Allow each state government to develop the best plan for their citizens 	<ul style="list-style-type: none"> - Raise age of eligibility by 1.5 years (for those born after 1965) - Restore the Trust Fund money - Reduce total disability claim payouts by 5% per year for two consecutive years

Tax Reform

Under the **McCormick Balanced Budget** the federal tax system is vastly simplified, making it easier for Americans to file taxes and generating more revenue than the current progressive tax system.

The existing system should be replaced with a simple FairTax plan. The best alternative to the FairTax, if it doesn't gain passage, is the McCormick Simple Tax Plan. This plan contains three different tax rates which correspond to three different income brackets. Anyone with an annual net income between \$15,000 and \$49,999 would be taxed at 10% of that income. Those earning \$50,000-\$119,999 pay 20% of their income in taxes. Lastly, anyone with a net income of \$120,000 or greater would have a tax rate of 30%.

McCormick Tax Plan - Deductions

- **Mortgage Interest Payments (100%)**
- **Charitable giving (100%)**
- **State, local, and property taxes (100%)**

McCormick Tax Plan - Tax Rates

- **10% (\$15,000 - \$49,999)**
- **20% (\$50,000 - \$119,999)**
- **30% (\$120,000 and up)**

The McCormick Simple Tax Plan also includes three deductions. Any taxpayer

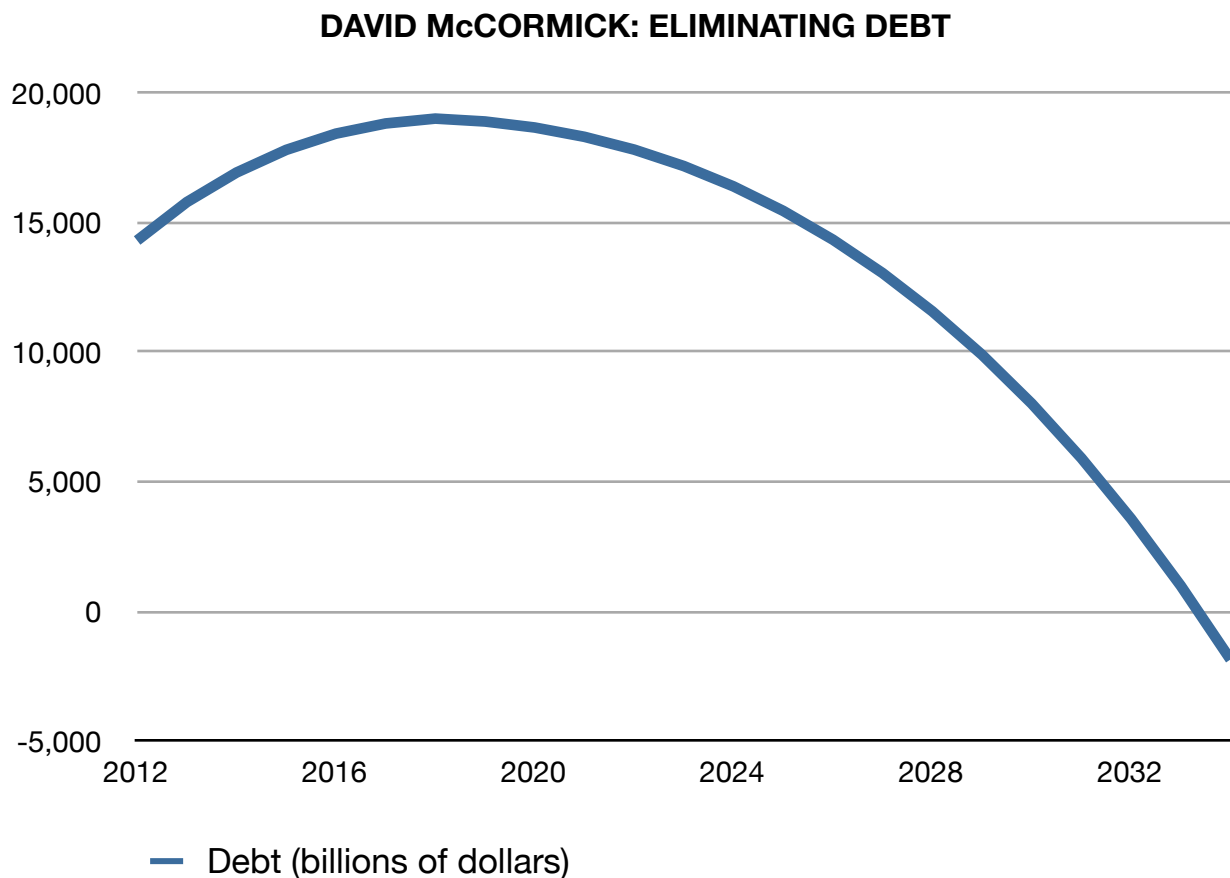
could deduct 100% of their annual mortgage interest payments. Additionally, 100% of all charitable giving as well as 100% of all state, local, and property taxes could also be deducted from one's federal taxes.

These changes would not take effect until the federal budget has been balanced for two consecutive years (which should occur in 2019).

ELIMINATING DEBT

WE CANNOT CONTINUE TO BURDEN FUTURE AMERICANS WITH VAST AMOUNTS OF DEBT. It is my firm belief that it is the moral obligation of our generation to retire the national debt. The **McCormick Balanced Budget** is unique in that it fully retires this country's national debt by the year 2032. Adopting this budget means that our children, grandchildren, and all generations will not have to worry about paying what our generation owes.

Under the **McCormick Balanced Budget** the budget will begin returning surpluses in 2018. Once that happens all the money earned will be put towards paying off the debt. These payments- made annually between 2018 and 2033- will finally rescue America from the vast amounts of money that we owe foreign nations.***



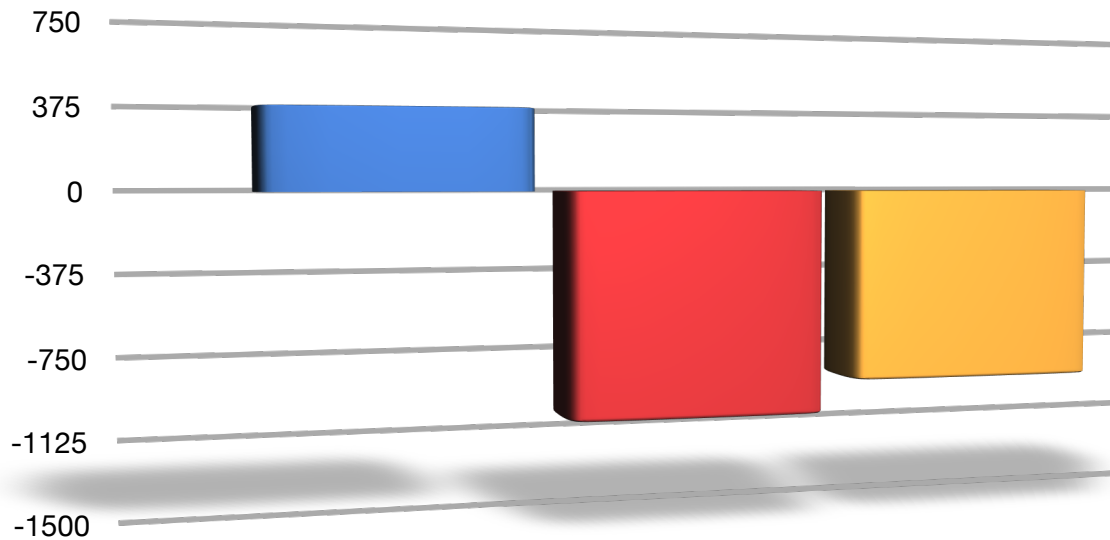
REVITALIZING THE ECONOMY

WE MUST MAKE SURE THAT AMERICA ONCE AGAIN BECOMES A GLOBAL LEADER IN ECONOMIC PROSPERITY. Our economy has been so strong for so much of our history, and it's time for us to regain that.

Under the **McCormick Balanced Budget**, America is able to free itself from its incredible amounts of debt to foreign countries. This economic independence will allow the United States to re-establish itself as a global economic leader, rather than a continuous debtor, and it will lead to an unprecedented economic revival for America.

But the benefits of America being debt free do not stop at our shores. The rest of the world will also see their economies gain a boost as actual currency takes the place of "IOUs."

SURPLUS/DEFICITS- YEAR 2020
(billions of dollars)



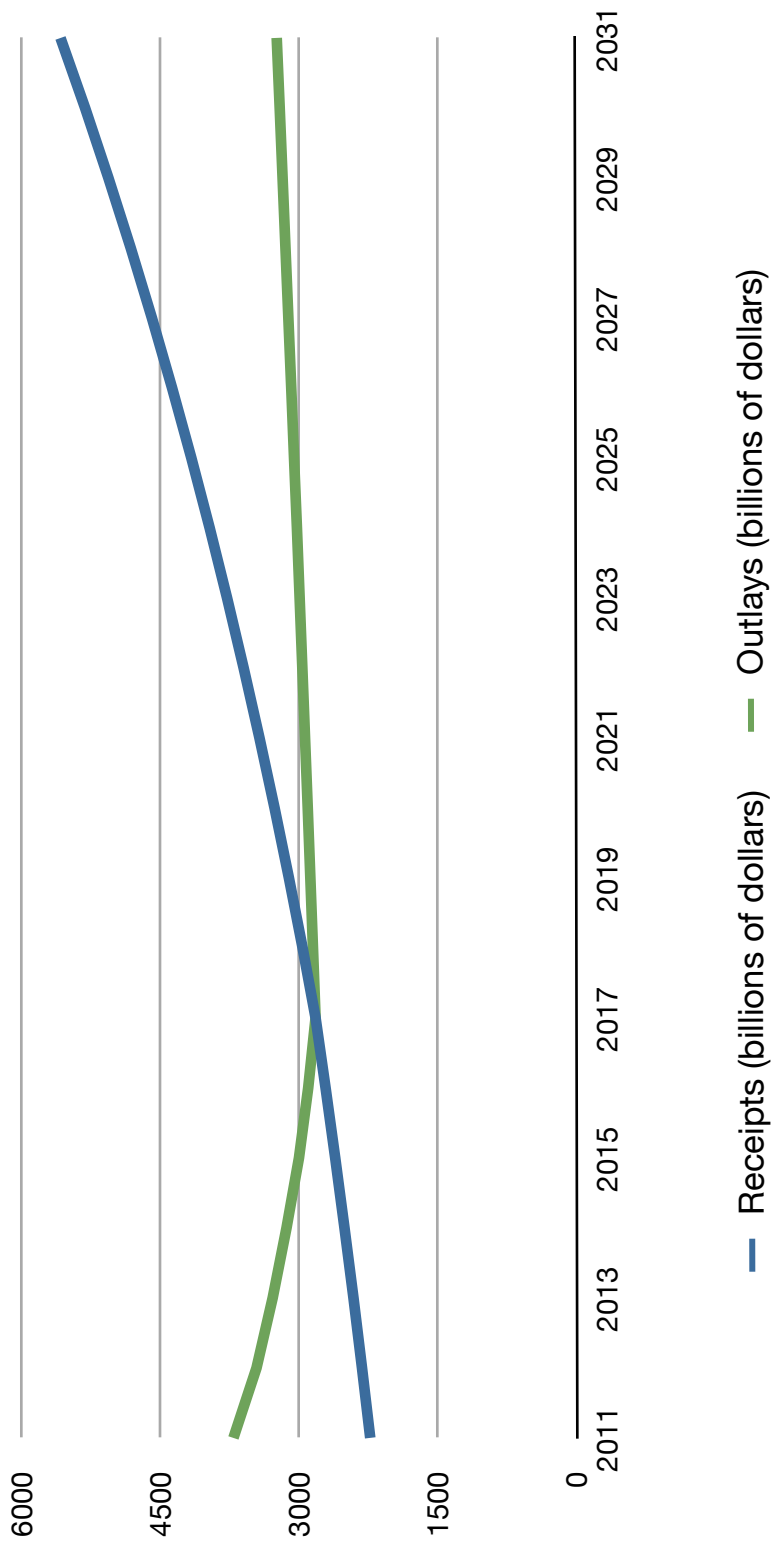
McCORMICK	Obama	Ryan
359	-1003	-856.7

SUMMARY GRAPHICS

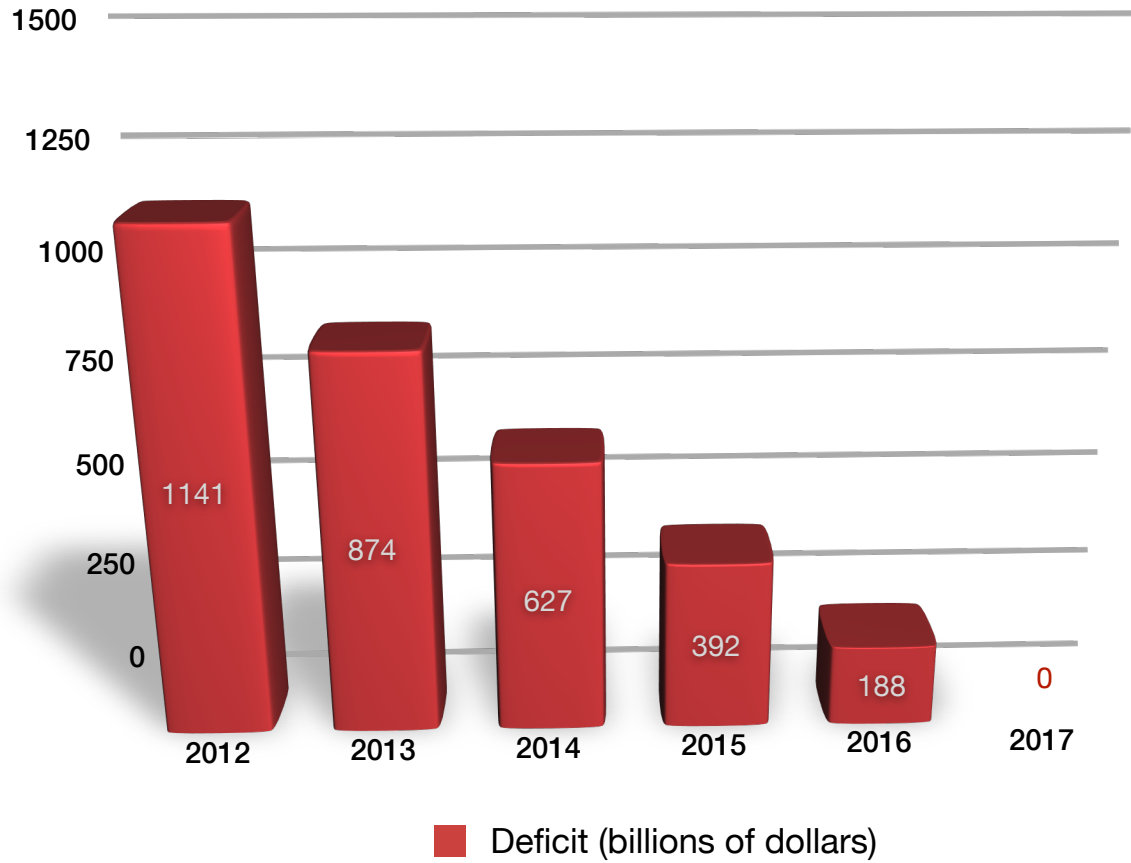
Payments Towards National Debt

	Debt Reduction (billions of dollars)	Debt Amount (billions of dollars)
2011	0	14308
2012	0	15788
2013	0	16929
2014	0	17803
2015	0	18430
2016	0	18822
2017	0	19010
2018	112	18898
2019	232	18666
2020	359	18307
2021	493	17814
2022	635	17179
2023	785	16394
2024	944	15450
2025	1111	14339
2026	1289	13050
2027	1476	11574
2028	1674	9900
2029	1884	8016
2030	2105	5911
2031	2339	3572
2032	2585	987
2033	2844	-1857

DAVID McCORMICK: BALANCING THE BUDGET

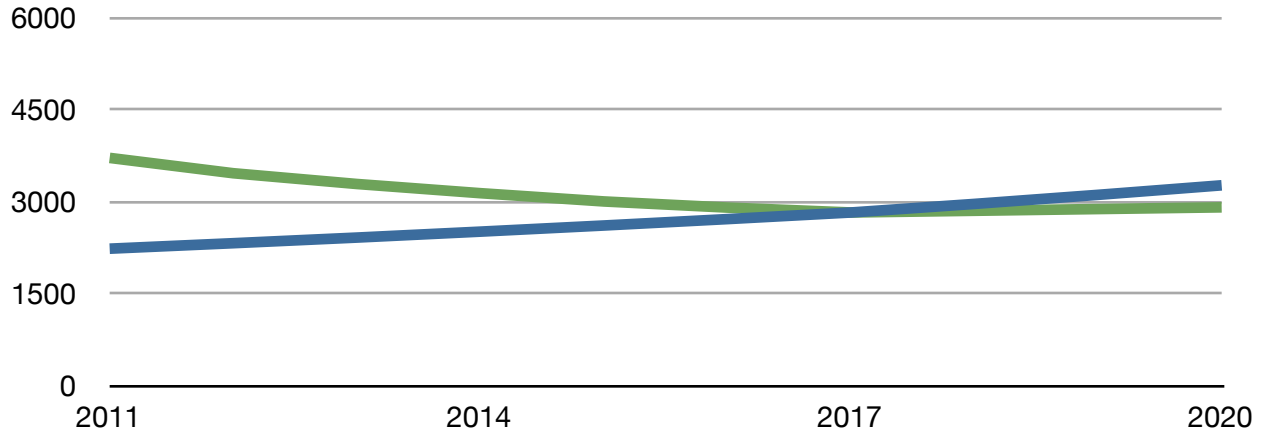


DAVID McCORMICK: LOWERING THE DEFICIT

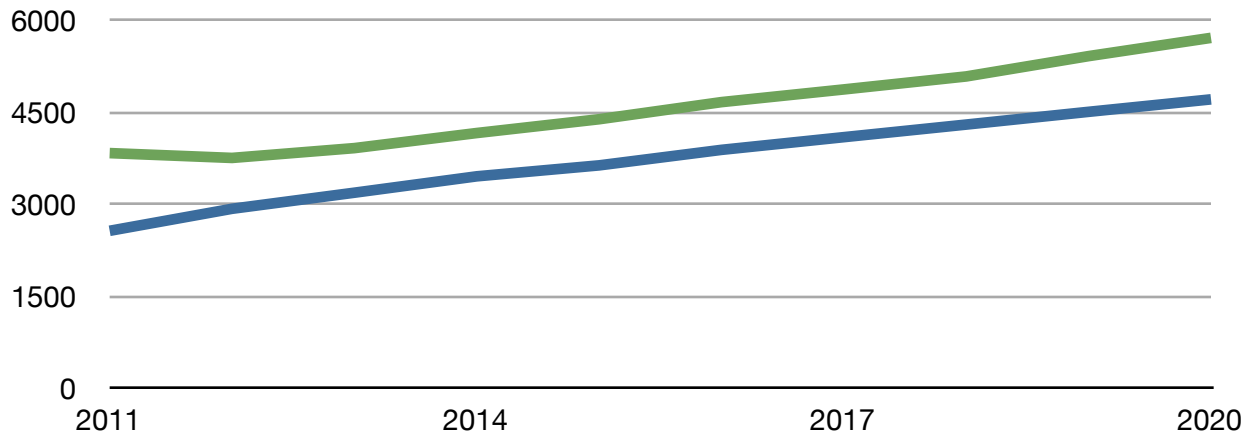


— Receipts (billions of dollars) — Outlays (billions of dollars)

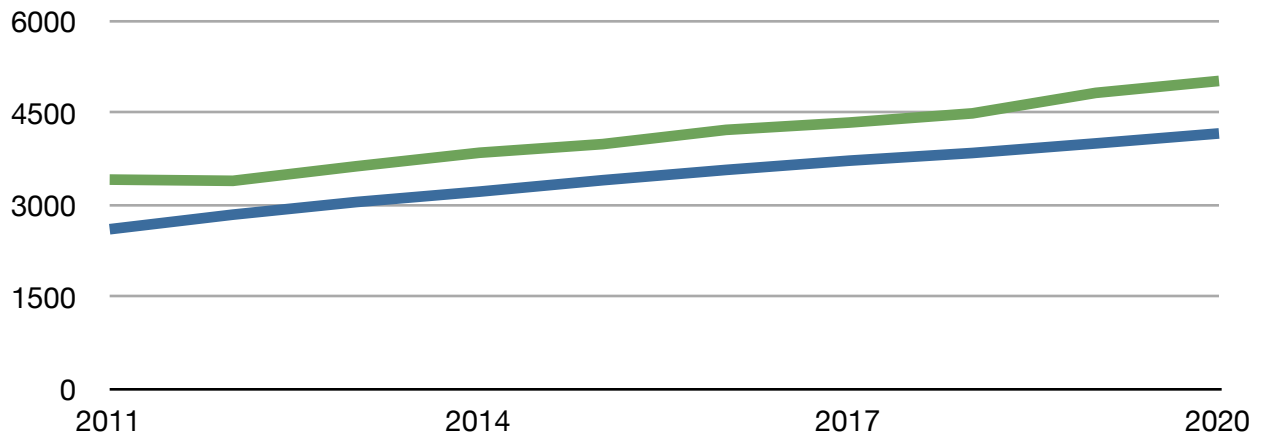
McCORMICK BALANCED BUDGET



White House Budget



Ryan Budget



From P. 9

*** The debt may, in fact, be fully retired at an earlier date, depending on the following factors

1. My proposed budget revenues are based on significantly lower revenue projections than the other budgets.
2. A stronger economy will result in more jobs being created . This would add more revenue.
3. When the three Middle East Wars and the military engagement in Pakistan come to an end, there will be a reduction in overall federal spending.
4. Better accountability and management systems will result in better efficiency and performance, even with a reduction in spending.
5. Other options to raise any budget shortfalls can include the sale and lease of government properties.
6. An automatic 15% decrease in Congressional salaries and budgets will add some additional revenue.
7. Any additional expenses for Obamacare are not factored in.

PAID FOR AND AUTHORIZED BY DAVID MCCORMICK FOR SENATE