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15 WAYS TO RETHINK THE FEDERAL BUDGET

Washington, DC -- With only a handful of days left before the \$85 billion sequestration is triggered, enacting deep, across-the-board budget cuts, The Hamilton Project released 15 innovative and pragmatic ideas for addressing the nation's deficit. A new budget report, ***15 Ways to Rethink the Federal Budget***, incorporates thinking from a range of experts—from a variety of background and from both sides of the political aisle—that could form a partial menu of options to both reduce the deficit and help address the nation's near-term economic challenges. More on these proposals and their authors can be found on our website [here](#).

You can download ***15 Ways to Rethink the Federal Budget***, which includes all of the policy proposals in a single volume, either in PDF format or as a free ebook.

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The Hamilton Project also hosted two policy forums on February 22 and 26, at which these new proposals were discussed among the authors and a group of high-level discussants. The event materials, including audio, video, transcripts, and photo galleries, can be found below.

PART II: ADDRESSING ENTITLEMENTS, TAXATION, AND REVENUES (February 26)

The second forum in the two-part budget series, ***Addressing Entitlements, Taxation, and Revenues***, featured discussions around 13 new proposals by a diverse group of authors and other high-level budget and tax experts on issues as wide ranging as immigration, transportation, healthcare, and mortgage interest. Former U.S. Treasury Secretary Robert E. Rubin gave opening remarks, followed by a framing panel that included three former Congressional Budget Office directors – Donald Marron, Robert Reischauer, and Alice Rivlin.

“Not only is it a bad time to cut anything when we've got a drag... but we've already cut the range of programs that are at issue here—the discretionary spending. The sequester falls mainly on discretionary spending. That has been cut already so that it's on a track to give us less discretionary spending in relation to the size of the economy than we have had in many decades. ... We're cutting the wrong things, and what is driving the deficits that we see looming in the next decade are entitlements and the fact that we aren't raising enough revenue.” *Alice Rivlin, Senior Fellow, The Brookings Institution*

“There's been enormous change to the supply side of Medicare in the last thirty, forty years, and there continues to be, but in fact the demand side is relatively fixed where it was when the program was introduced. In fact, the biggest change to the demand side was just...adding Part D in 2003. And it's really a demand side that doesn't make sense.” *Jonathan Gruber, Professor of Economics, MIT*

“This is very much a proposal that is extremely difficult to implement and will take a long time, and it's actually to reduce the growing costs of disaster. They are wildly out of control. The federal government had been spending roughly a billion dollars a week on cleaning up after disasters. Now it's edging up to about two billion dollars a week as we have more and more people in hazardous locations...What we're proposing is rewarding good conduct and disrewarding risky conduct.” *Edward Thomas, President, National Hazard Mitigation Association*

“It would feel preposterous today to propose a new entitlement for homeownership that costs \$100 billion a year, that was targeted primarily to people who already owned homes, whose benefits mostly accrued to people in the top half of the income distribution, and whose maximum benefit was reserved for people in the highest income bracket who had agreed to buy million dollar homes. And yet that’s what we do. And we’ve been doing it for a long time.” *Adam Looney, Policy Director, The Hamilton Project and Senior Fellow, The Brookings Institution*

“A VAT is perfectly political feasible. And how do I know? Because it’s been done 150 times before in other countries. The only countries that don’t have VATs are a few countries in the Middle East and a few island nations. Everyone else has seen the benefits of a VAT and put it in place. And that’s not a reason to have a VAT; it’s ok to be different. The reason to have a VAT is because we need revenue. We’re in a fiscal crisis.” *Benjamin Harris, Senior Research Associate, The Urban Institute*

For audio downloads by panel, [click here](#).

For the new proposals, [click here](#).

PART I: BUDGETING FOR A MODERN MILITARY (February 22)

The first event in the series, [Budgeting for a Modern Military](#), focused on the new defense budget papers. Retired four-star Admiral Gary Roughead, a former chief of Naval Operations; Kori Schake, a research fellow at the Hoover Institution; and Massachusetts Institute of Technology’s Cindy Williams, a former assistant director of the Congressional Budget Office, offered two new proposals for reducing the defense budget while maintaining our national security. They were joined by former Deputy Secretary of Defense John Deutch, former Undersecretary for Defense Michèle Flournoy, and former Senate Armed Services Committee Chairman Sam Nunn (D-Ga.) for a roundtable discussion.

“...to make cuts without addressing the systemic problems within the Defense Department, or what we call the drivers within the Defense Department, if we don’t address those, then the cuts that we make today will be followed by another round of cuts in short order.” *Ret. Admiral Gary Roughead*

“The sequester is not the way to cut. It's the worst possible way. Erskine Bowles said the other day it's stupid. And it is. I think it is really counterproductive. If you gave defense the same numbers, but gave them 10 years to do it, and a lot of flexibility, it makes an enormous difference what comes out at the end of that 10 years -- even if you come out with the same basic dollars.” *Former U.S. Senator Sam Nunn*

“How those reductions to force levels get meted out among the services and also within the services is going to determine the shape of the future of the military and what it can do and what strategies basically are available to it.” *Dr. Cindy Williams*

For the event video, [click here](#).

For the audio download, [click here](#).

For the full transcript, [click here](#).

For the new proposals, [click here](#).

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