

TABLE 1.

## Summary of Proposals

Paper Title	Proposal	Broader Benefits to the U.S. Economy	Deficit Reduction as Estimated by Authors (10-year)
<b>Section 1. An Enduring Social Safety Net</b>			
<b>1. Transitioning to Bundled Payments in Medicare</b> Michael Chernew and Dana Goldman	Proposes a global payment system, where provider systems are paid a fixed fee per beneficiary to cover all spending.	Promotes efficiency in the Medicare program by providing incentives to treat disease rather than paying for individual services; continues to encourage improvements in the quality of care, but at lower costs.	\$100 billion
<b>2. Reforming Federal Support for Risky Development</b> David R. Conrad and Edward A. Thomas	Proposes to reform federal disaster programs to prioritize hazard mitigation, and change incentives to encourage risk reduction in local public- and private-sector investments.	Reduces budget costs of natural disasters; reduces risks to life and property of Americans living in disaster-prone areas.	\$40 billion
<b>3. Restructuring Cost Sharing and Supplemental Insurance for Medicare</b> Jonathan Gruber	Proposes an integrated, progressive Medicare cost-sharing structure with new limits on out-of-pocket expenses; imposes a tax on supplemental insurance policies to reflect costs shifted to Medicare.	Insures consumers against high out-of-pocket costs; aligns the costs faced by consumers with the actual cost of care; discourages incentives in private plans that encourage excess use of Medicare benefits.	\$125 billion
<b>4. An Evidence-Based Path to Disability Insurance Reform</b> Jeffrey B. Liebman and Jack A. Smalligan	Proposes three early intervention demonstration projects to help people with disabilities stay at or return to work. Also proposes mandatory funding for initial eligibility determinations and redeterminations so that the Social Security Administration can perform more timely and thorough eligibility reviews, thereby improving accuracy and reducing program costs.	Potential to increase employment and economic engagement of workers with disabilities and provide more rapid and reliable resolution of disability insurance claims for those who cannot work. Results of the pilots would inform broader reforms of the disability insurance system, leading to additional longer-term benefits.	\$10 billion – \$20 billion
<b>Section 2. Innovative Approaches to Tax Reform</b>			
<b>5. Eliminating Fossil Fuel Subsidies</b> Joseph E. Aldy	Proposes to eliminate twelve tax provisions that subsidize the production of fossil fuels in the United States.	Levels the playing field among fossil fuel producers and relative to other business investments; leads to potentially lower global fuel prices by providing the United States with increased leverage in negotiations over eliminating fossil fuel subsidies in the developing world.	\$41 billion
<b>6. Better Ways to Promote Saving through the Tax System</b> Karen Dynan	Proposes improving incentives for saving by low-income households by expanding use of behavioral approaches and incentives; reduces inefficient tax expenditures for higher-income households.	Improves saving and economic security for low-income households; reduces expensive and ineffective federal subsidies for high-income households.	\$40 billion
<b>7. Limiting Individual Income Tax Expenditures</b> Diane M. Lim	Proposes limiting itemized deductions to 15 percent, with special provisions to maintain incentives for charitable giving.	Raises revenue more efficiently by reducing tax expenditures; limits potential negative impacts on subsidized sectors by preserving certain tax incentives; equalizes implicit subsidies across middle- and higher-income taxpayers.	\$1 trillion

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<b>8. Replacing the Home Mortgage Interest Deduction</b> Alan D. Viard	Proposes replacing the mortgage interest deduction with a 15 percent refundable credit based on up to \$300,000 of mortgage principal.	Reduces the artificial incentive for the construction of high-end homes by reducing and better targeting the tax breaks for housing.	\$300 billion
<b>Section 3. New Sources of Revenue and Efficiency</b>			
<b>9. Funding Transportation Infrastructure with User Fees</b> Jack Basso and Tyler Duvall	Proposes expanding the use of user fees and tolls to fund ground transportation.	Raises revenues, reduces congestion on major roadways, reduces pollution; promotes wiser infrastructure investments.	\$312 billion
<b>10. Creating an American Value-Added Tax</b> William G. Gale and Benjamin H. Harris	Proposes a 5-percent value-added tax on consumption starting in 2017, and offsets regressive impacts through refundable cash payments.	Raises revenue in a manner that does not distort saving and investment choices.	\$1.6 trillion
<b>11. The Many Benefits of a Carbon Tax</b> Adele C. Morris	Proposes a \$16 per ton carbon dioxide tax, consolidates and rolls back redundant climate-change regulations, reduces corporate income tax rates, and offsets tax burden on the poorest households.	Reduces the buildup of greenhouse gas emissions; replaces command-and-control regulations and expensive subsidies with transparent and powerful market-based incentives; promotes economic activity through reduced regulatory burden and lower marginal tax rates.	\$199 billion
<b>12. Overhauling the Temporary Work Visa System</b> Pia M. Orrenius, Giovanni Peri, and Madeline Zavodny	Proposes replacing the current system for allocating temporary worker visas with permit auctions for employers.	Maximizes the economic benefits of work-oriented visas by allocating visas to firms (and immigrants) based on market needs; raises revenue through auctions.	\$7 billion – \$12 billion
<b>13. Increasing the Role of the Private Sector in Housing Finance</b> Phillip Swagel	Proposes to increase private participation in mortgage securitization markets, privatize the mortgage finance firms of Fannie Mae and Freddie Mac, and provide secondary government insurance on housing securities.	Improves incentives for risk taking and investment in the mortgage market and market for homes; reduces taxpayer exposure to risk; fosters competition and innovation in housing finance.	\$134 billion
<b>Section 4. Budgeting for a Modern Military</b>			
<b>14. National Defense in a Time of Change</b> Gary Roughead and Kori Schake	Proposes restructuring and restrategizing the military force structure by scaling back ground combat troops, altering acquisition practices, and reforming compensation packages.	Improves the military's ability to respond to modern challenges, particularly in Asia and the Middle East; makes military procurement of assets more efficient and competitive; designs benefit packages more in line with troops' preferences.	\$500 billion
<b>15. Making Defense Affordable</b> Cindy Williams	Proposes changes to slow the growth of costs for military health care, pay, weapons acquisition, and operation and maintenance; offers one option to downsize the military consistent with the Budget Control Act and another to reduce and reshape the forces strategically, consistent with rebalancing toward Asia and the Pacific.	Addresses growing internal costs in the defense budget to preserve military capabilities; reshapes military forces in a way that reduces future budgets while keeping a strong and ready military.	\$540 billion– \$770 billion