Talking Points

Budget Reform

1. The Federal Budget has two types of programs – those that are authorized under the Constitution and those that have been authorized by the people's representatives in Congress in response to cries to 'do something'. I classify the first as Authorities and the later as Discretionary.
2. Programs currently within the Authorities side may in fact exceed the Constitutional mandate but some argument COULD be made for them: the Air Force is one such program.
3. Departmental Inspector General programs are terminated. A single Federal Government IG will be managed by the Department of Justice Office of the Special Counsel.
4. Programs currently with the Discretionary side may in fact be necessary for a functional society: nuclear waste disposal programs are one type of such programs.
5. A significant number of 'independent agencies' has grown within the Discretionary side that belong supervised within Authorities. Independent is not a description of a program paid for and managed by the Federal Government.
6. Entitlement programs, which I broadly define as payments or services provided by the Federal Government to individuals either directly or indirectly are all Discretionary programs.
7. Programs that benefit a single state or several closely associated states should be paid for and managed by the state or group of states: the hydro-electric utility services of the West and Pacific Northwest are examples. The Tennessee Valley Authority is another.
8. Budgets are a necessary guide for the management and spending of taxpayer monies. No government program or service should be allowed to function without a written and signed Federal Budget prior to the beginning of the Fiscal Year.

Entitlement Reform

1. Housing programs are terminated. If a state needs or wants to provide housing or housing assistance it can do so.
2. Food programs are to be phased out. Only Food Stamps and Child Nutrition programs remain and only for two budget cycles.
3. Medical programs are eliminated and a single annual block grant is provided to the states for assistance to elderly and chronically ill citizens.
4. Social Security presents a separate issue due to the long term planning many people did based on it's presence. Keeping faith with that promise is necessary.
    1. A single payment is made from the general revenues to fund the Third Rail Plan.
        1. Funds are disbursed as originally planned for those 50 and older
        2. Funds are disbursed on a pro-rated basis for those 35 to 49 upon reaching 65.
        3. No funds are allocated or disbursed to those 34 and younger
    2. Funds in excess of expenses are retained in a Third Rail Fund until needed after 2031
        1. Third Rail Funds are allocated to each of the 50 states based on the percentage of 35 to 64 year olds in the state.
        2. Third Rail Funds are for the purpose of mortgage lending to residents of the states where the funds are allocated.
            1. For first mortgages on primary residences
            2. Loan to value can not exceed 75%
            3. Maximum loan amount is four times state median income.

        4. For a maximum of 20 years
        5. For an interest rate of 5%
        6. Loans must be serviced by the lender only
        7. Principle returned can be reloaned with contracts terminating prior to 2043
        8. 4.25% of the 5% interest is returned to the Federal Government for National Debt reduction
    3. It is expected that loans will be primarily made to refinance existing Federal Government Agency owned/managed loans. Principle write-downs are anticipated.
3. Any annual cost of living or other inflationary increase in payout amounts must be matched by and similar percentage increase in the annual payment made from general revenues.
4. Social security will self-terminate as the last survivor dies sometime around 2080. Any remaining funds are returned to general revenues.

Spending Reform

1. Every program must renew it's justification for all allocated spending annually.
2. It is estimated that no program will need funds for continuing activities greater than the growth rate in population and a minimal inflation rate of 1% or less. Therefore spending is not expected to increase annually greater than 1.899% per year for programs retained and continued.
3. Working capital funds are terminated.
4. The use of Funds as a funding mechanism is terminated.
    1. Funds associated with terminated programs are sold to state agencies or private non-profit programs
    2. Funds associated with retained programs will be used to fund the retained programs until the Fund is depleted. Future funding will come from general revenue spending.
    3. Terminated funds not sold will be 'zeroed out'.

Tax Reform

1. The Authorities and Discretionary components of the Federal Budget will each have it's own taxation/funding mechanism.
    1. Authorities programs will be funded by an assessment on each State **based** on:
        1. $15 per person that resides within the state
        2. $7.50 per acre within state boundaries
            1. Federal and Tribal lands are excluded
                1. Federal lands not necessary for support of National Parks, Monuments, Cemetaries and military needs should be returned to state control as soon as practical
                2. Federal conservation lands are returned to the States for management/control
            2. Waters fulling within a State border are considered state acreage
            3. Waters shared by two or more states are split along existing borders
            4. Territorial waters are not included
            5. Acreage is multiplied by the average state population density per acre
        3. $.10 per square foot of capital improvements used for residential, commercial, or industrial purposes
            1. Non-profit space is included.
            2. Capital improvements for religious purposes are included.
        4. Assessments are paid in monthly installments
        5. States can collect the assessment amounts in whatever manner their citizens approve.
    2. Discretionary programs will be funded by a combination of income tax and national sales tax until such time as Discretionary programs are no longer in the Federal Budget

1. A Flat Income tax of 17% is applied to:
    1. All wage earnings
        1. All earners of wages will receive a $1,750 tax credit
    2. All proprietor earnings
        1. All proprietor will receive a $1,750 tax credit
    3. All interest, dividend, capital gains
2. A national retail sales tax of 7.3% will be applied to all non-food retail purchases
3. Upon repayment of the Federal Debt:
    1. The national retail sales tax will be terminated;
    2. The flat income tax rate will be reduced to 12%

2. All federal taxes including income (personal and business), excise, premiums and program taxes are terminated as of January 1st the year after passage (called a Tax Holiday Year)
3. The Assessment, Flat Tax and National Retail Sales Tax will begin January 1st of the 2nd year after passage.
4. 75% of any annual surplus in revenues will be applied to the National Debt until paid.
    1. Once the National Debt is paid, these funds and interest earnings from the Third Rail Fund will be returned to citizens in the form of a rebate check at the end of each calendar year.
5. 25% of any annual surplus in revenues will be carried over into the next revenue year
6. Fees for programs such as Park Fees, Survey Fees and licensing fees will continue:
    1. For all retained programs
    2. During the Tax Holiday year
7. Except as noted above, no assessment rate, income tax rate or retail tax rate can be changed except:
    1. By ¾ majorities in both House and Senate;
    2. Implemented during the current seated Congress (after the next elections).

Government Reform

1. Federal employee retirement programs are converted from Defined Benefit to Defined Contribution programs (401k type)
    1. Vested employees will have 401k type programs vested with funds from existing Retirement Funds
    2. Non-vested employees will have 401k type programs offered
    3. The Federal Government will not provide any matching amounts
    4. Medical benefits of retirement programs are terminated.
2. Federal Government mandates are terminated.
    1. Current unfunded mandates are recinded
    2. Current funded mandates are terminated and funding terminated.
    3. Government advisory programs can be established with previous enforcement departments: No Child Left Behind mandates can be converted to 'Best Practices Research Programs'.
3. With the exceptions note above, all Federal Government spending will be for Federal Government employees and programs. Any program to be managed by the State will be funded by the State
4. Any new proposed program:
    1. Must be approved by 2/3 majorities in both House and Senate,
    2. Must be an Authorities managed/funded program

Foreign Policy Reform

1. All foreign aid programs to groups, organizations and non-allied countries is terminated.
2. Terminate participation in world organizations:
   1. World Bank;
   2. World Monetary Fund;
   3. United Nations
   4. NATO
3. Foreign Aid is limited to allies for specific programs associated with their national defense, specifically:
   1. Israel
   2. Japan
   3. Korea
   4. Taiwan
4. Aid programs require annual approval and can not be for recurrent events
5. Food and health aid are to be by donation only – no monetary support for purchases by foreign entities.

Military Deployments
1. Military bases outside the continental United States and it's territories are to be closed and all functions returned to bases within the continental US with the following exceptions:
   1. Thule Greenland;
   2. Diego Garcia;
   3. Okinawa Japan;
   4. Early warning stations/facilities with minimal personnel presence;
   5. Joint staging with:
      1. England;
      2. Australia
2. Afghanistan is to be drawn down as planned

Policy Initiatives
1. Bankruptcy Reform: Make student loans and first mortgage liens modifiable under Bankruptcy supervision.
2. Federal Lending: Terminate all federal lending programs such as student loans and residential mortgages