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### Addressing Debt and Deficit

Rep. Israel knows that debt and deficit are at the forefront of the national conversation these days – and with good reason. The cost of two wars, tax cuts extended for the very wealthiest, and the deepest recession since the Great Depression have left the United States with a federal deficit of more than \$14.3 trillion.

### Budget Priorities

Rep. Israel believes that we must take serious action to get our long-term debt and deficit under control, but not at the expense of the investments to make our children's future successful, our middle class prosperous and our seniors secure.

### Budget Facts

From 2008 to 2010, 12 of the nation's largest corporations paid an effective tax rate of negative 1.5%. They paid no taxes at all. In fact, they received \$62.4 billion in subsidies even though they made more than \$171 billion in profits.

As a result, even though government spending is at its highest level since World War II, government revenues are at their lowest level since 1950 - when Harry Truman was President. We simply cannot sustain a 21st century government on mid-20th century revenue.

This means that in a balanced way both reduced spending and increased revenue will be needed to ensure that we get our annual deficit and total debt under control.

### Budget Solutions

Rep. Israel would like to hear your thoughts on solutions to our budget. [Click here to email Rep. Israel](#). Here are a few solutions to consider:

*Tax Reform* – The tax code is simply too complex and inefficient. This creates perverse incentives for corporations: instead of investing in research and innovation, they are spending on tax attorneys to find ways to beat the tax code. One solution is to close huge tax loopholes

for big corporations. These tax expenditures make up some of the costliest part of the federal budget. If Congress ended tax breaks just for big oil and gas companies, it could save as much as \$4 billion a year. Rep. Israel believes we also need to be realistic about tax cuts for the wealthiest Americans, while protecting the middle class. This means ending the Bush-era tax cuts for those making more than \$1 million a year. To take Rep. Israel's tax simplification survey, [click here](#).

*Continue to Reform Medicare Without Ending It* – Did you know that when a hospital makes a mistake, like amputating the wrong leg, they can still get reimbursed by Medicaid? Why would we ask seniors to pay more when we can start by cutting such huge inefficiencies in the Medicaid program? Thanks to recently enacted laws, that will change. Rep. Israel supported payment reforms like these that are key to healthier patients and more cost-effective care. This includes ending Medicaid payments to hospitals when they make mistakes, penalizing hospitals for preventable and costly re-admissions, rewarding hospitals by sharing in the savings they produce, and more forcefully ending waste, fraud, and abuse, which already resulted in a record recovery last year of \$4 billion. Congress must continue to negotiate ways to strengthen and reform Medicare, but Rep. Israel will not negotiate the end of this critical program.

### Helpful Links

- [House Budget Committee](#)
- [White House Office of Management and Budget](#)
- [Federal Revenue and Spending Chart](#)