

The American Family Economic Protection Act

The Democratic proposal to replace the first year of sequestration with a balanced approach that works for middle class families and the economy

The American Family Economic Protection Act would replace sequestration through January 2, 2014 with an equal amount of balanced and responsible deficit reduction. Following the precedent set in the bipartisan year-end deal that replaced the first two months of sequestration, the Democratic proposal includes half new revenue and half responsible spending cuts, with half of the spending cuts coming on the defense side in a way the Pentagon can implement responsibly, and the other half coming from smart reductions to domestic spending.

This proposal would protect the economy from the shock of the scheduled automatic cuts that would threaten jobs and weaken the economic security of the middle class. It would make sure families and communities are protected from the devastating cuts to education, law enforcement, food safety, and so many other critical programs impacted by sequestration. And it would give the Pentagon time to make modest spending cuts responsibly as they draw down troops from overseas.

Sequestration was included in the bipartisan Budget Control Act in order to push both sides to compromise and to work together on a balanced replacement. The American people have made it clear that they favor a balanced approach to deficit reduction that includes responsible spending cuts and new revenue from those who can afford it most. The Democratic proposal delivers that, while the only ideas that Republicans have come out with so far would protect the rich from paying a penny more in taxes and would be even worse for seniors and families in the long run.

The American Family Economic Protection Act includes:

New revenue from the wealthiest Americans and biggest corporations: \$55 billion:

The American Family Economic Protection Act includes the Buffett Rule, which reduces the deficit by \$54 billion by making sure that taxpayers with a gross adjusted income above \$1 million cannot pay tax at a lower effective tax rate than middle class families. Specifically, it would require these taxpayers to pay a 30 percent tax on all of their adjusted gross income (less charitable contributions), phased in between \$1 million and \$2 million. The proposal also eliminates a tax break that encourages companies to ship job overseas by denying tax deductions for costs associated with outsourcing, reducing the deficit by less than a billion dollars. And it eliminates a special tax loophole now enjoyed by the oil industry by including oil from tar sands among the petroleum products that are subject to taxes that support the oil spill liability trust fund, which would reduce the deficit by \$2 billion.

Responsible defense cuts: \$27.5 billion:

The American Family Economic Protection Act includes modest reductions in the overall level of defense spending phased in responsibly to time with the troop drawdown in Afghanistan in 2015, and continuing through 2021. The reduction would be about \$3 billion in Fiscal Years 2015 and 2016, and then would rise slowly to a high of about \$5 billion in Fiscal Year 2021.

Responsible domestic cuts: \$27.5 billion:

The American Family Economic Protection Act saves \$27.5 billion over 10 years by ending direct payments, which are currently provided regardless of yields, prices, or farm income.