Welcome to
Congressman Paul Ryan's Listening Session

Fall 2011

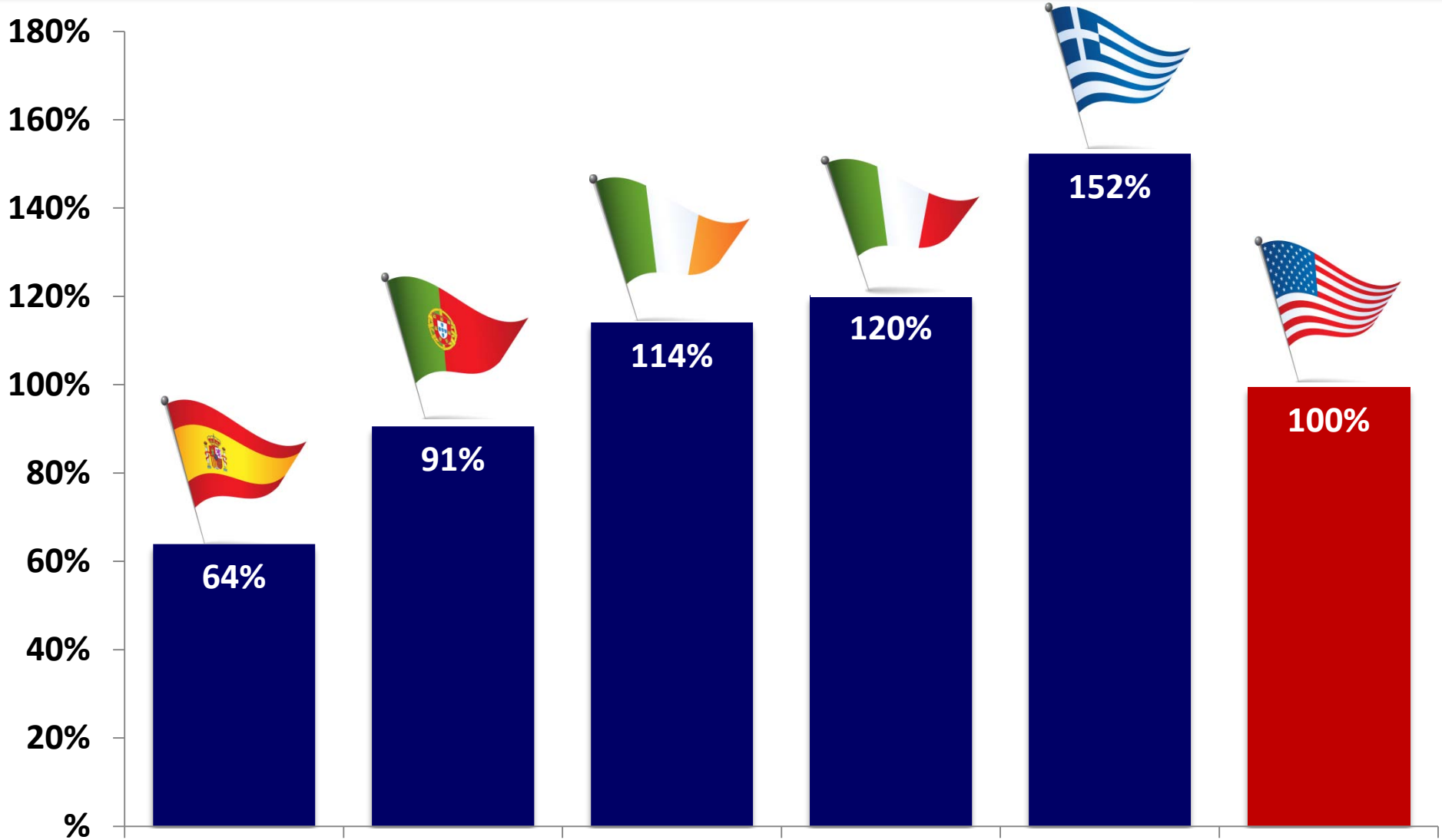
What is holding our economy back? How can we get back on track?

The State of the U.S. Economy

- Jobs Crisis
  - Wisconsin unemployment rate: **7.8%**
  - National unemployment rate: **9.1%**
  - U6 unemployment rate: **16.5%**
- Over **6 million** Americans have been out of work for over **6 months**
- Stagnant economic growth & rising poverty
  - GDP growth sluggish: **1.3%** (Q2 2011, annual rate)
  - Poverty rate up to **15.1%** in 2010

Trouble Ahead - Europe

Government Debt as Pecentage of GDP - 2011

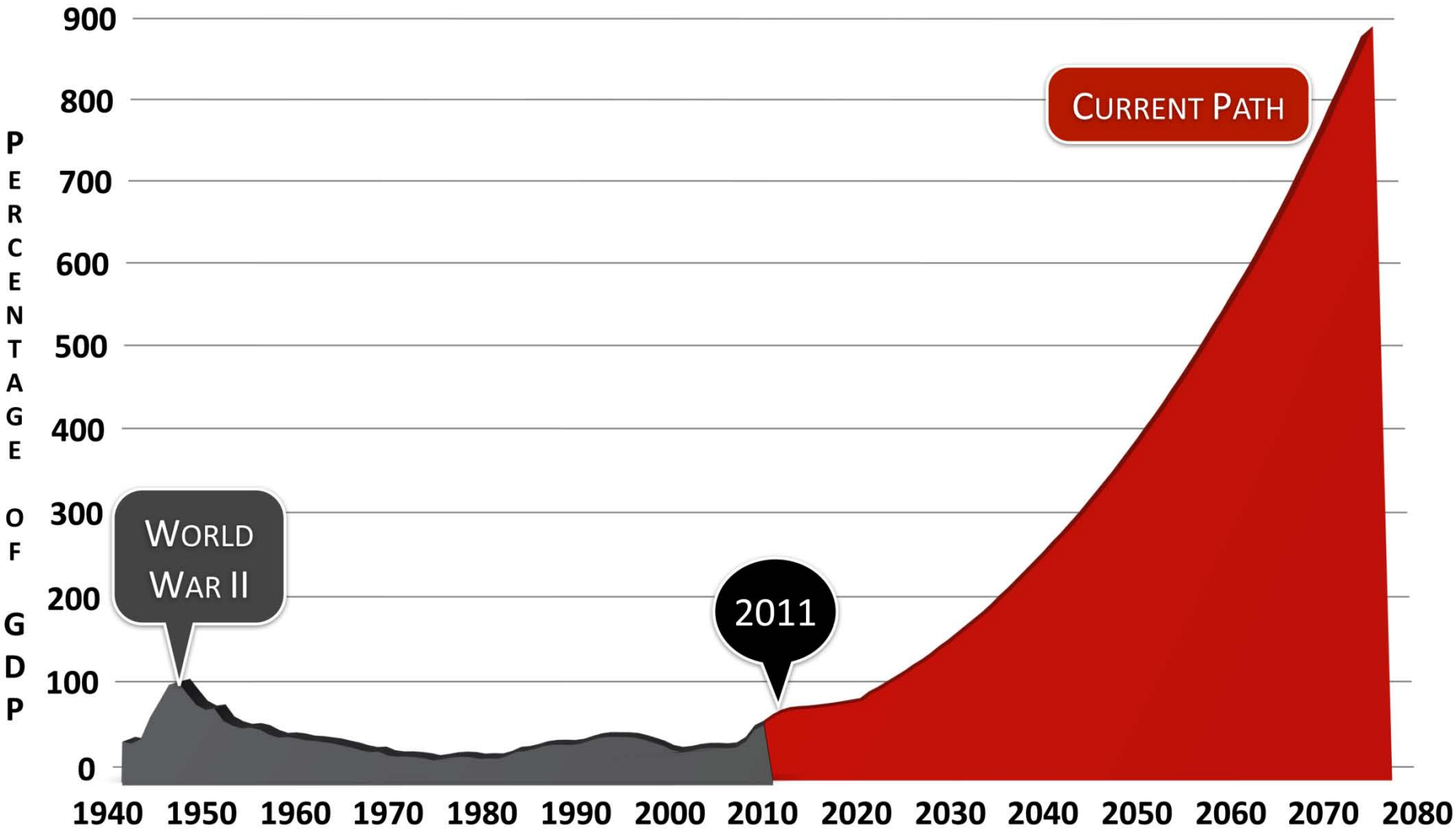


Source: IMF

Spain | Portugal | Ireland | Italy | Greece | United States

Repeating Europe's Mistakes

(U.S. Debt Held By Public as a Share of Economy)



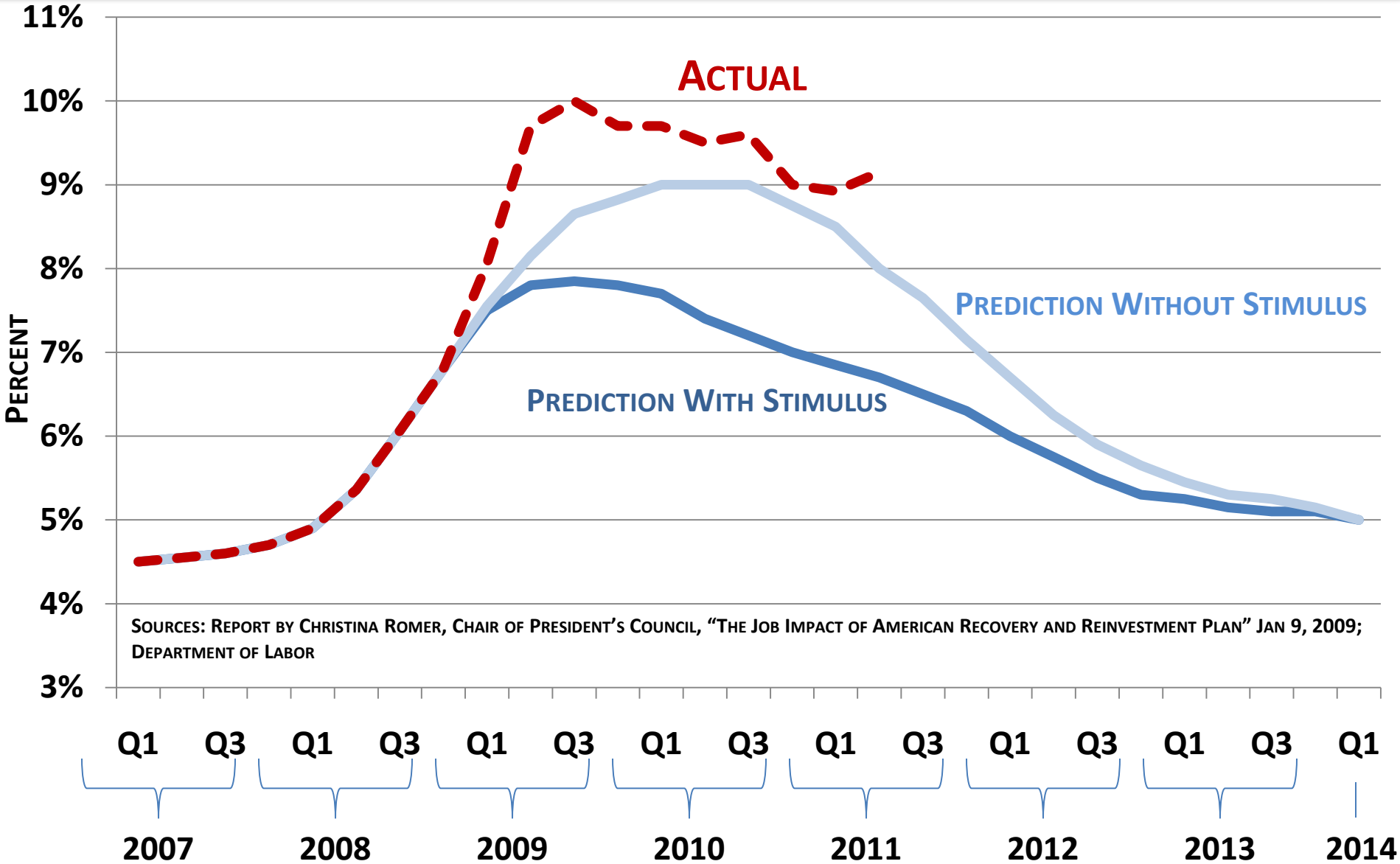
Source: OMB/CBO

Washington Making Matters Worse

Washington's Spending Spree

- February 2009: $862 billion 'stimulus'
- Since January 2009:
  - 23% increase in government bureaucracy budgets
  - 84% increase when you add stimulus
- President's budget calls for $46 trillion of government spending over the next decade

Disappointing Results of Stimulus Spending

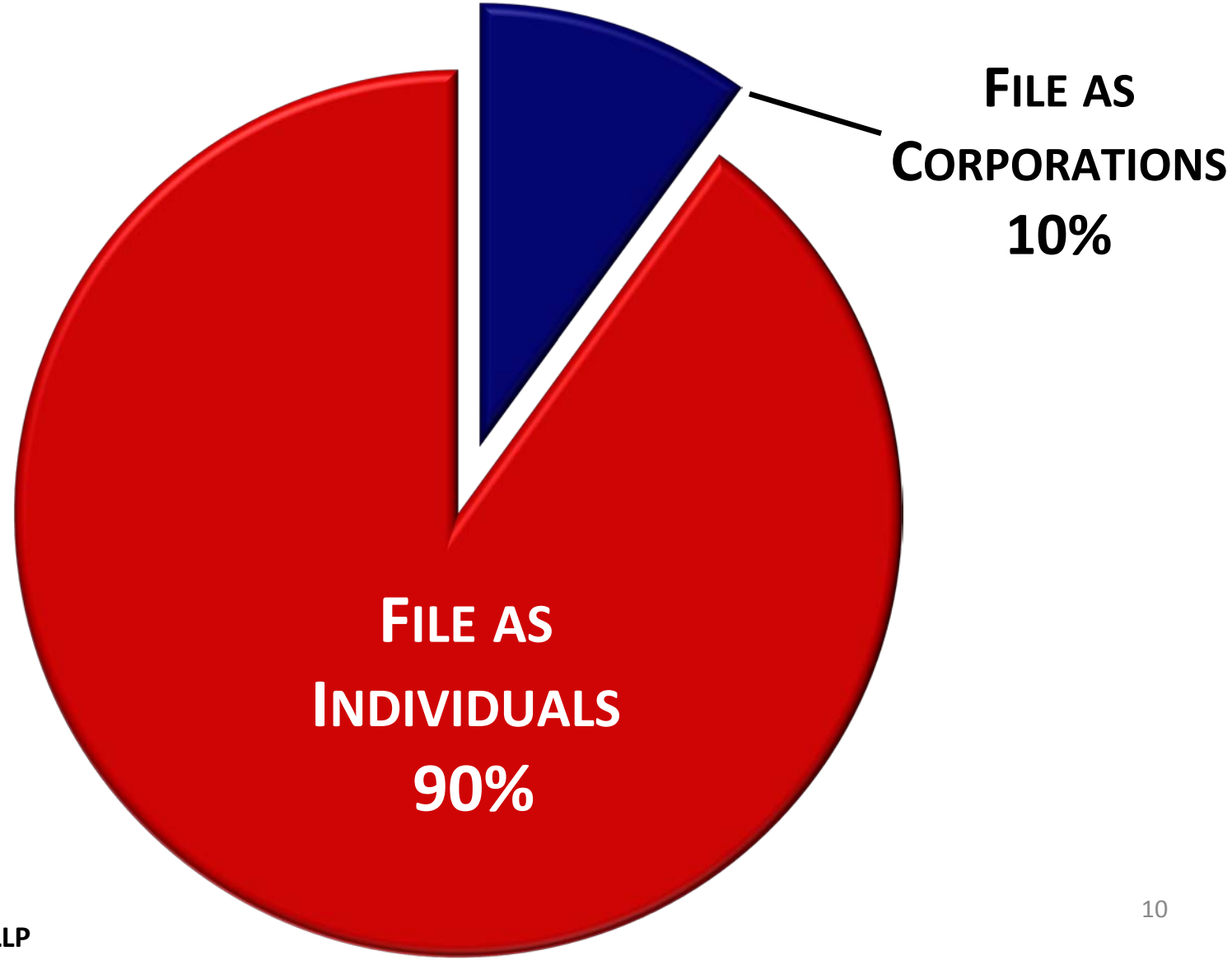


Tax Uncertainty

- In 2013, across-the-board hikes on the horizon
- 44.8% top federal effective tax rate for small businesses
  - With proposed surtax: over 50%
  - With state & local taxes: nearly 60%

Wisconsin is a Small Business State

How Wisconsin Employers Pay Their Taxes



Source: Ernst & Young LLP

Regulatory Uncertainty

- Total cost of federal regulations: $1.75 trillion
- 3,573 new regulations in 2010
  - 4,257 new regulations in the works
  - 219 planned regulations estimated to adversely impact the economy by over $100 million

Uncertainty from Health Care Law

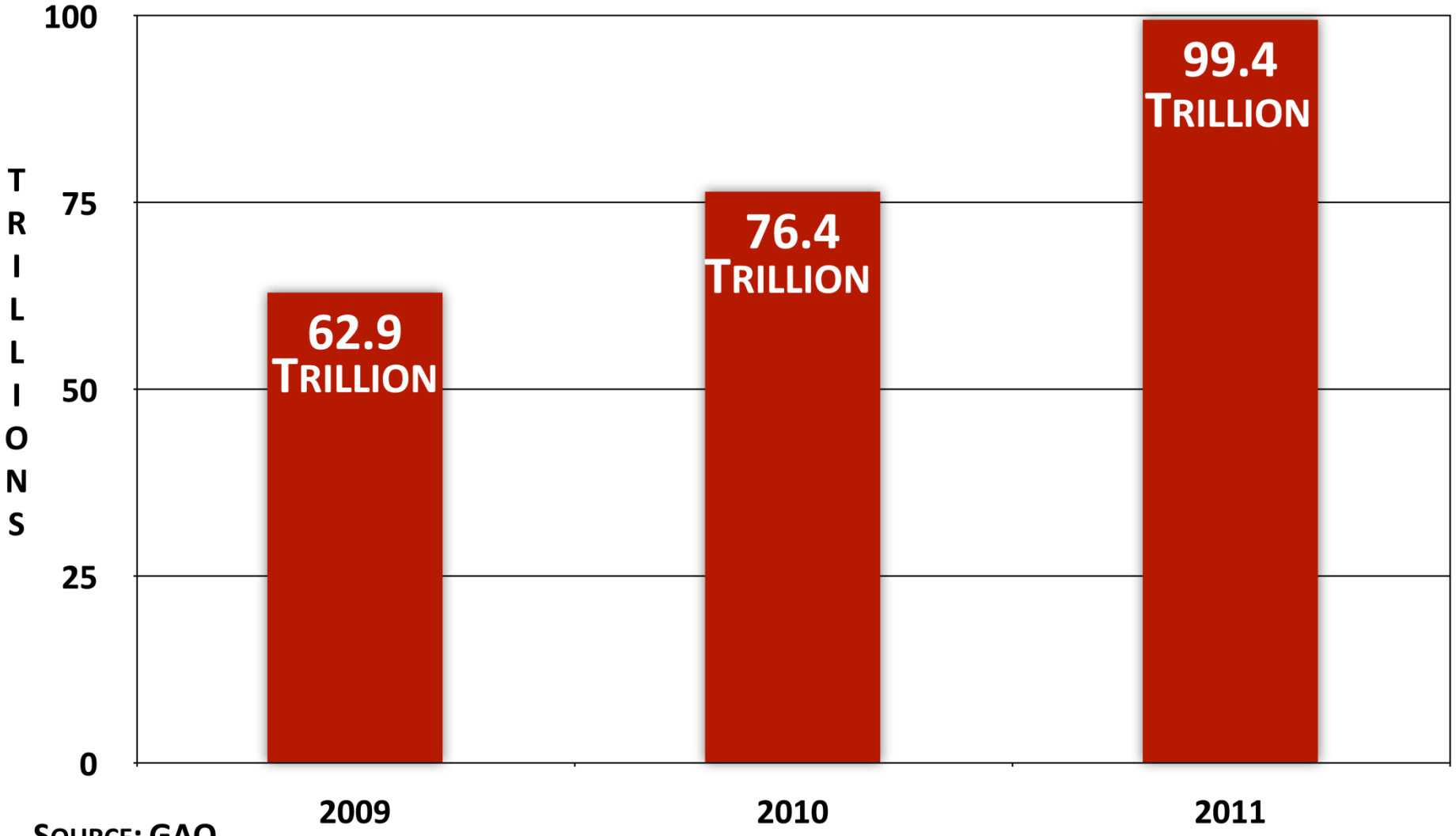
159 new boards, bureaucracies & programs

1,472 waivers from law's requirements

$2.4 trillion of new spending

Debt Uncertainty

Unfunded Promises in Trillions of Dollars



Source: GAO

A Better Path Forward:
The Path to Prosperity

The Path to Prosperity

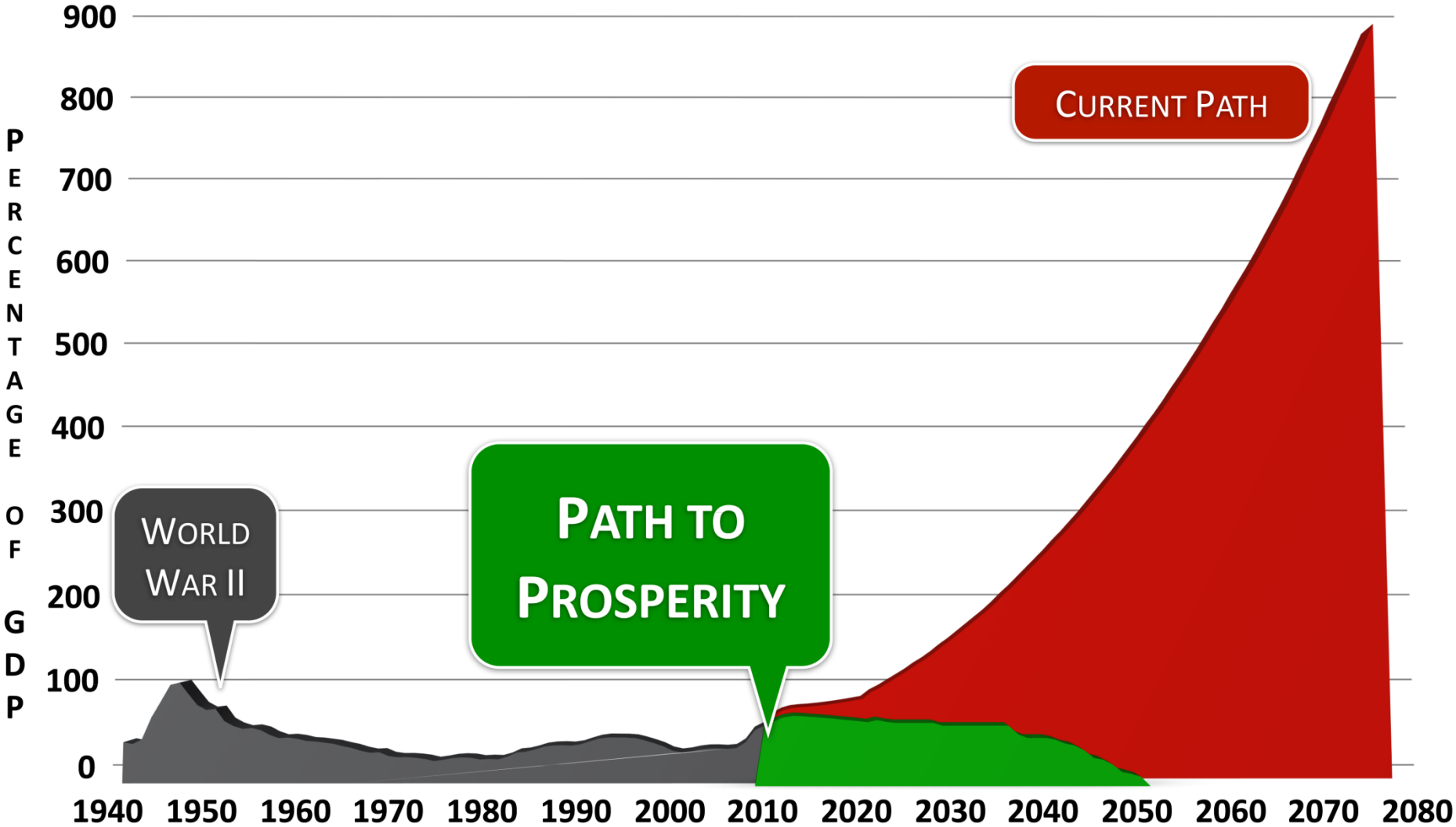
House-Passed Budget & Pro-Growth Reforms

- ✓ Spending Restraints and Reforms
- ✓ Pro-Growth Tax Reform: Fair, Simple, Competitive
- ✓ Predictable, Reasonable Regulatory Environment
- ✓ Patient-Centered Health Care Reform
- ✓ An American Energy Policy
- ✓ Strengthened Social Safety Net

budget.house.gov

A Choice of Two Futures

(Debt as a Share of the Economy)

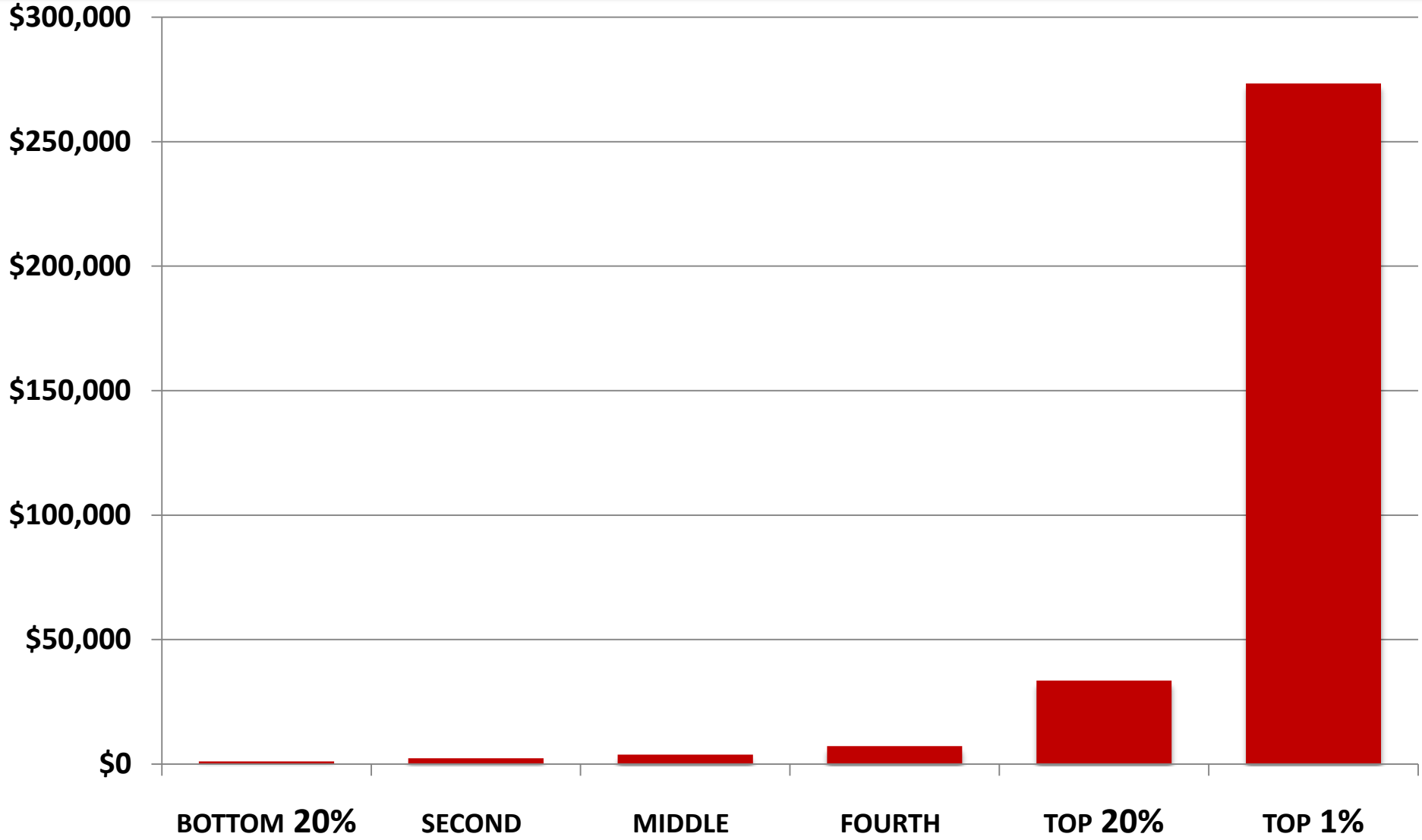


Source: OMB/CBO

Additional Slides

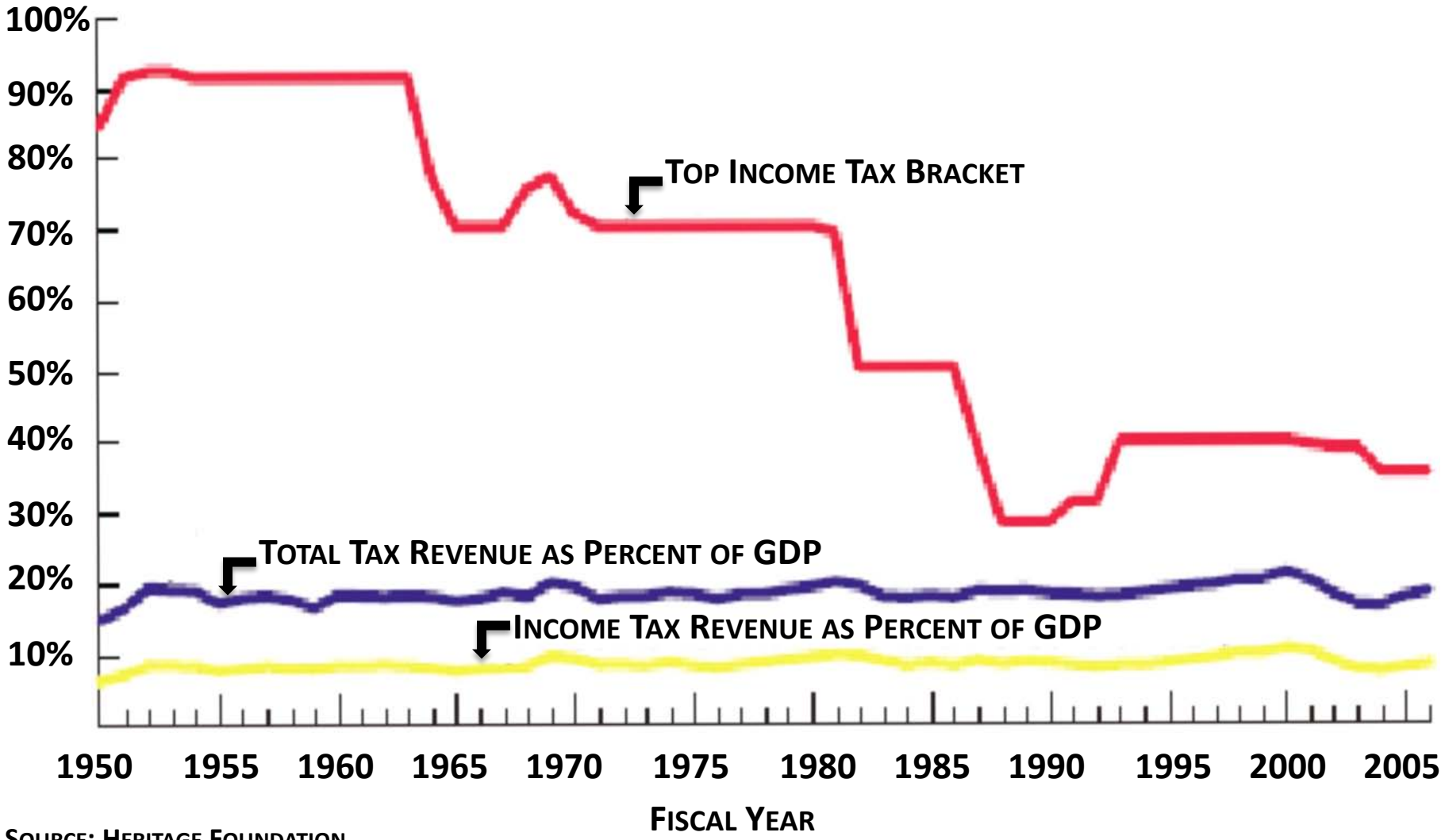
Who Benefits from Tax Loopholes

Average Per Person Benefit By Category of Earners



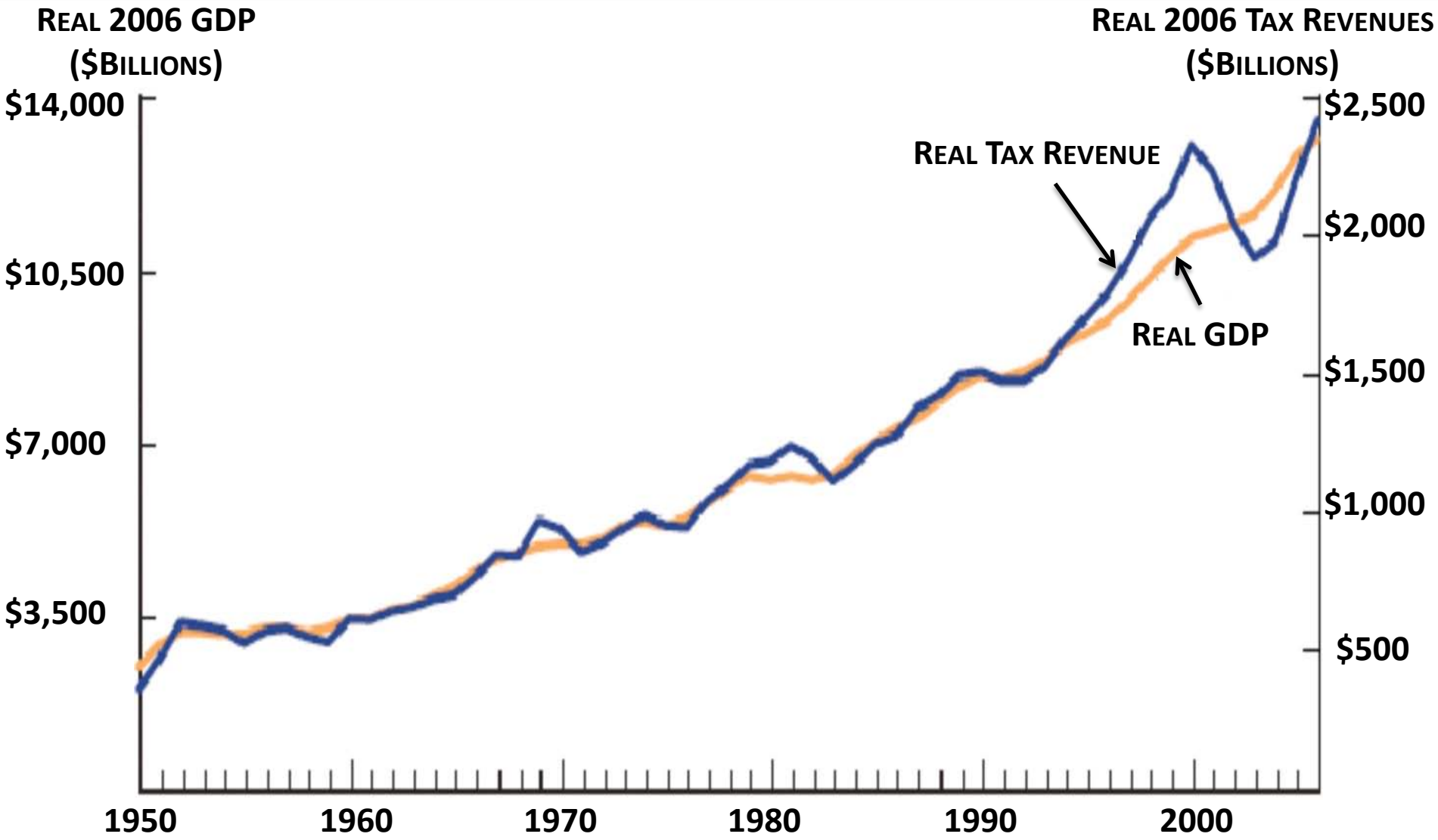
Source: Tax Policy Center/IRS

Tax Revenues Do Not Correlate Well with Tax Rates



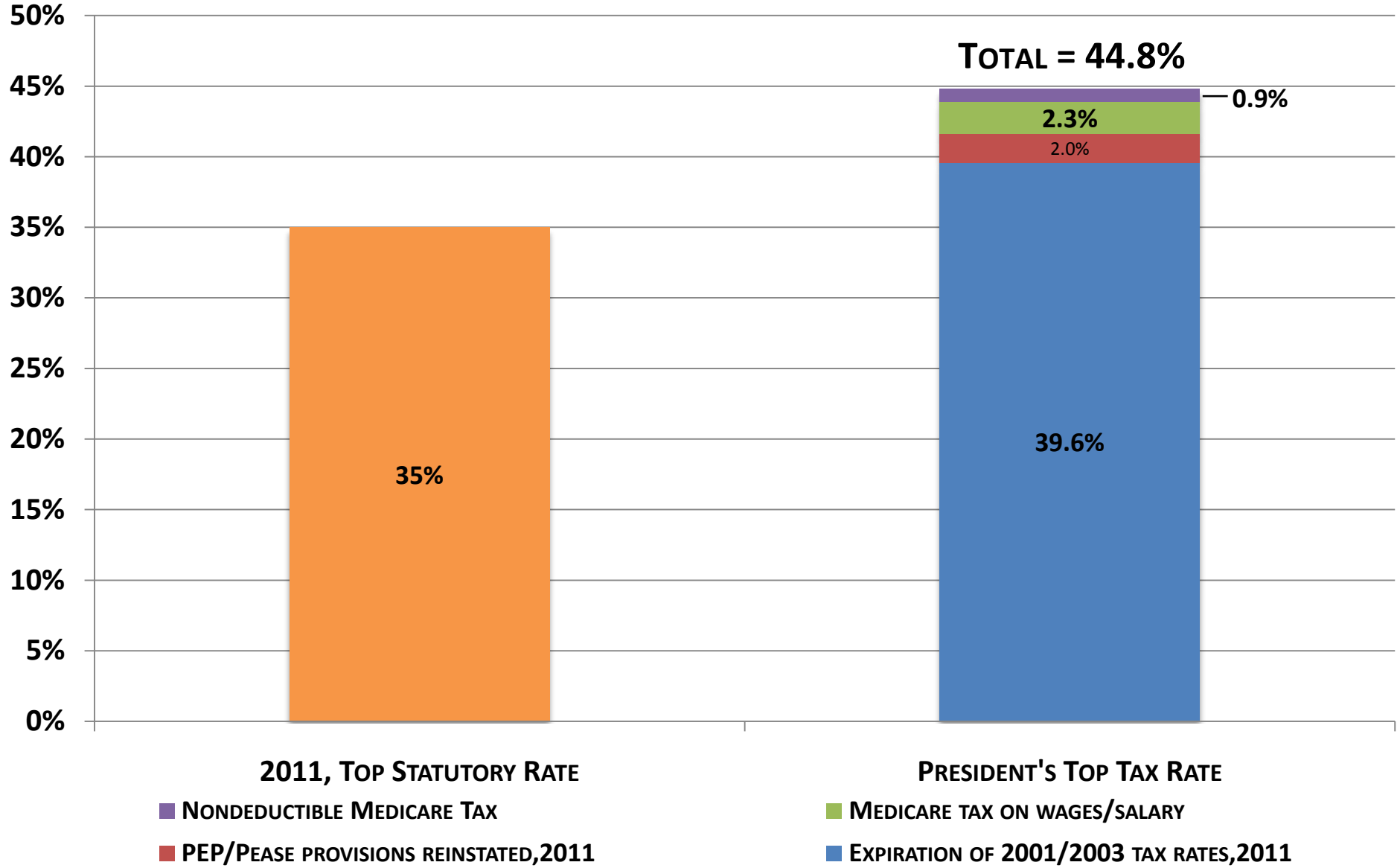
Source: Heritage Foundation

Tax Revenues are Highly Correlated With GDP



Source: Heritage Foundation

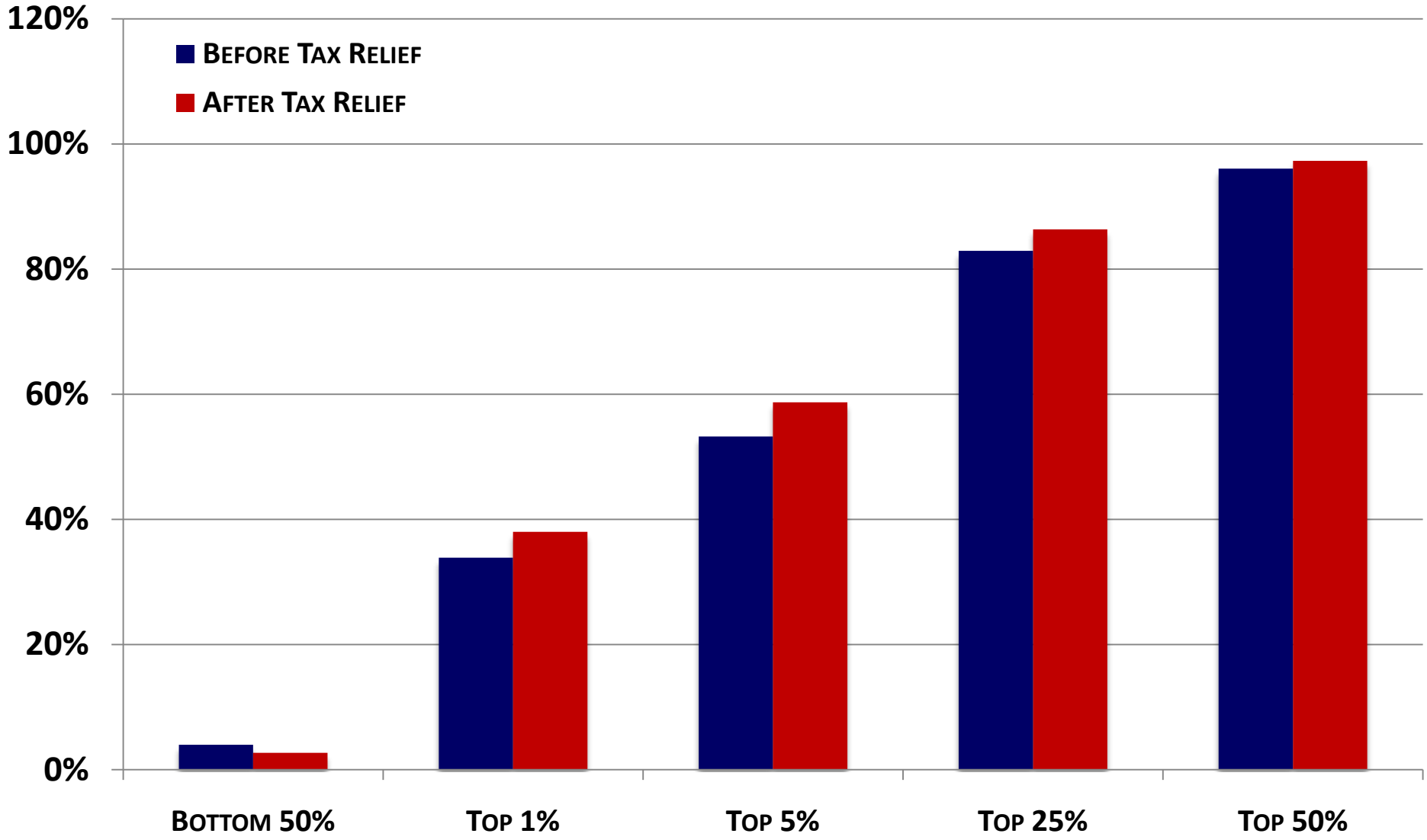
President's Tax Hikes



Source: IRS, President's FY2012 Budget, House Budget Committee Estimates

Tax Code More Progressive After Tax Relief

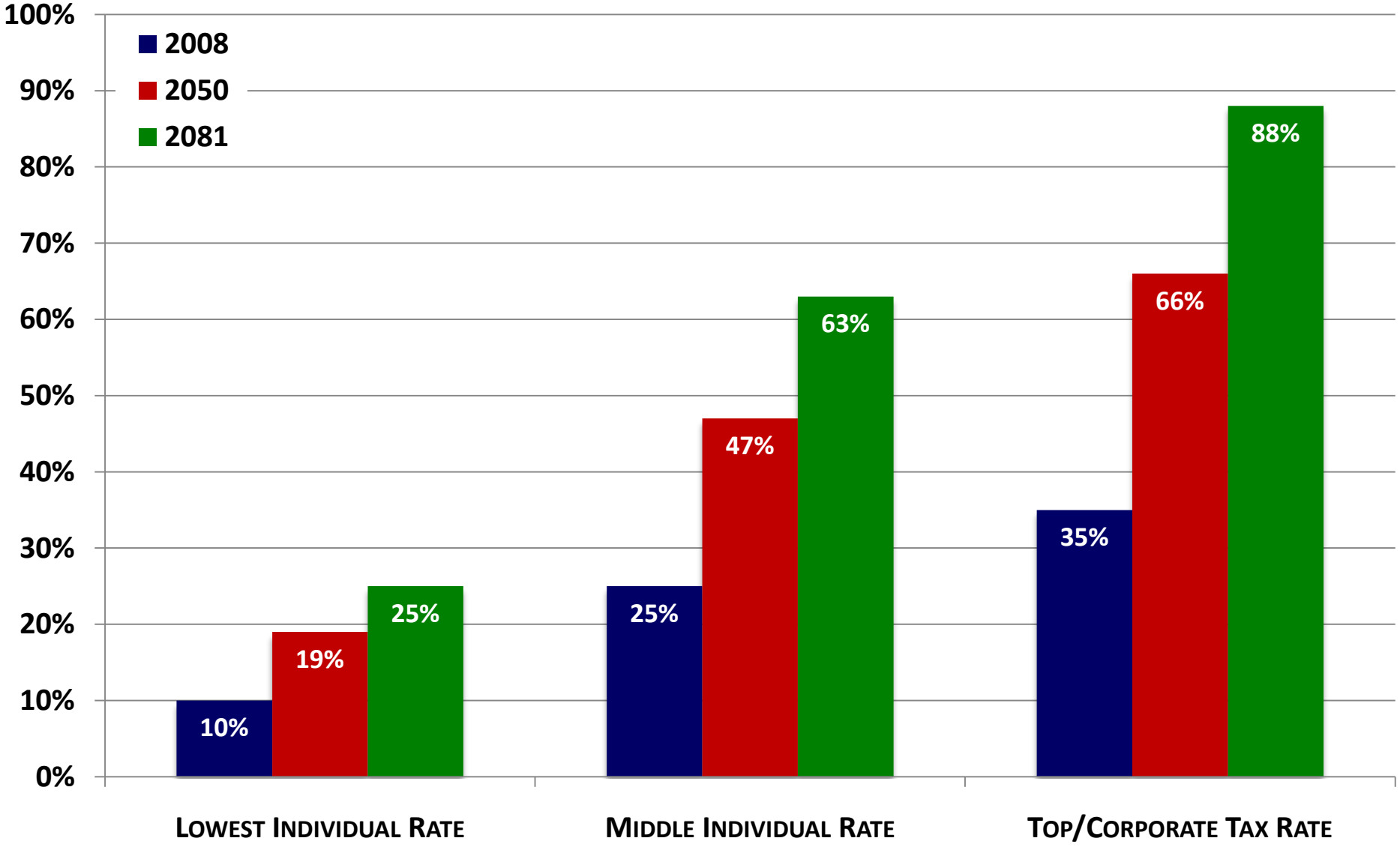
Breakdown of Tax Burden by Income Level – 2001 vs. 2008



Source: IRS

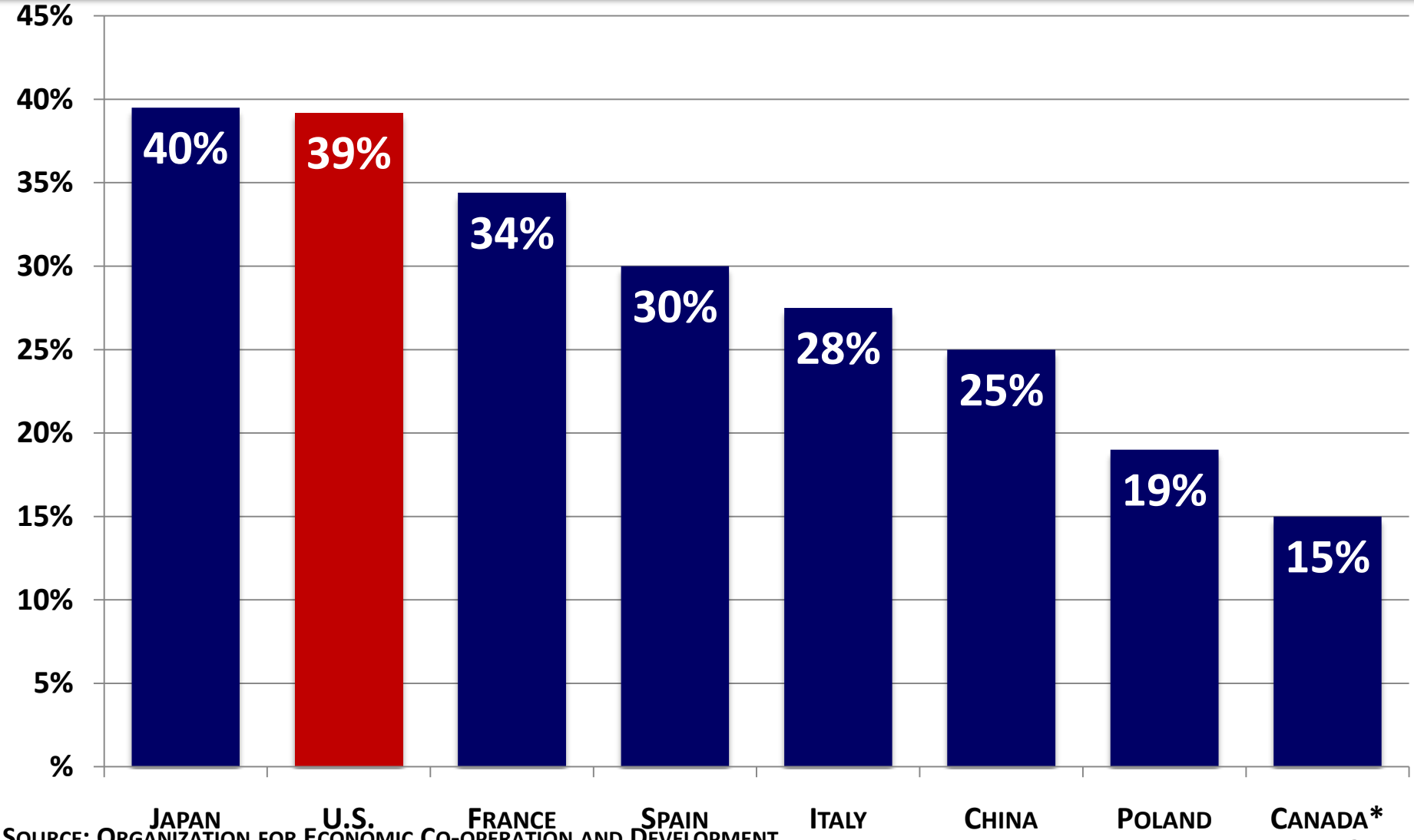
Chasing Higher Spending with Taxes

(Increase in Tax Rates Necessary to Keep Pace Spending)



Source: CBO

Corporate Income Tax Rates

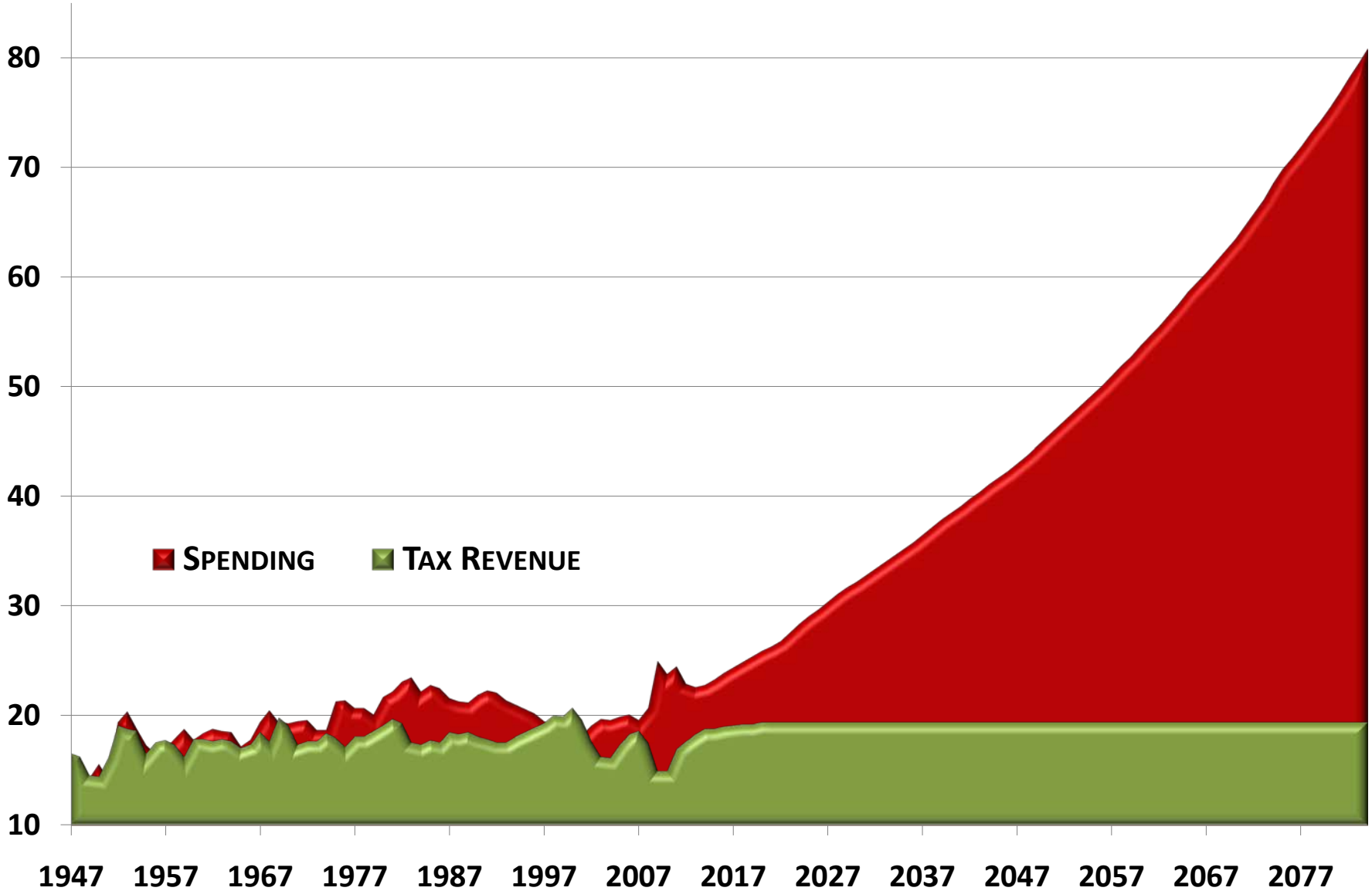


Source: Organization for Economic Co-operation and Development

*=Canada 's Corporate tax rate will drop to 15% in January 2012

We Are In A Spending-Driven Debt Crisis

Historic/Projected Spending & Revenue As A Percentage Of The Economy

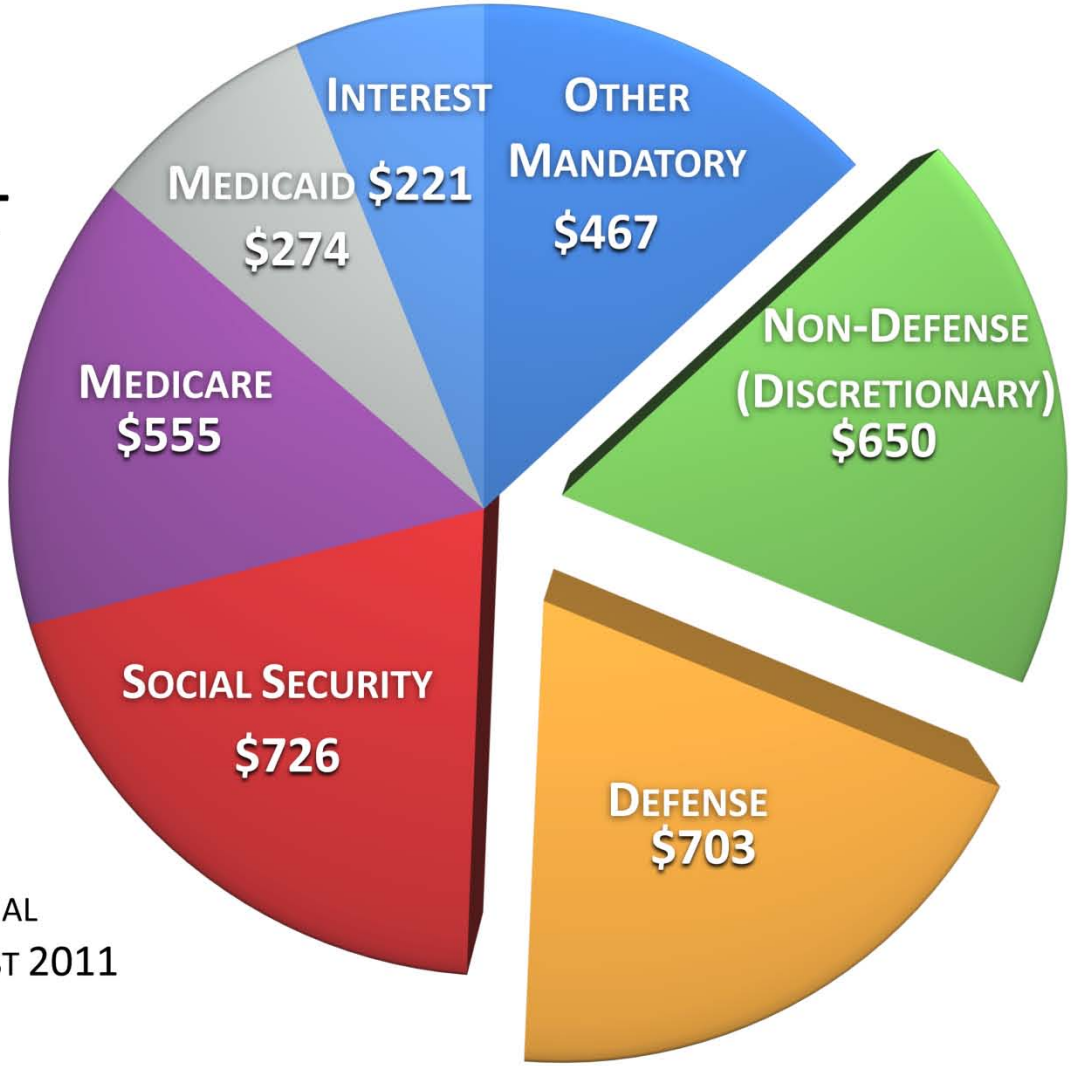


Source: Office of Management and Budget Historic Tables, Congressional Budget Office; projections based on the CBO's Alternative Fiscal Scenario.

Total Spending in FY 2011 = $3.6 Trillion

(Outlays in Billions of Dollars)

Autopilot Spending

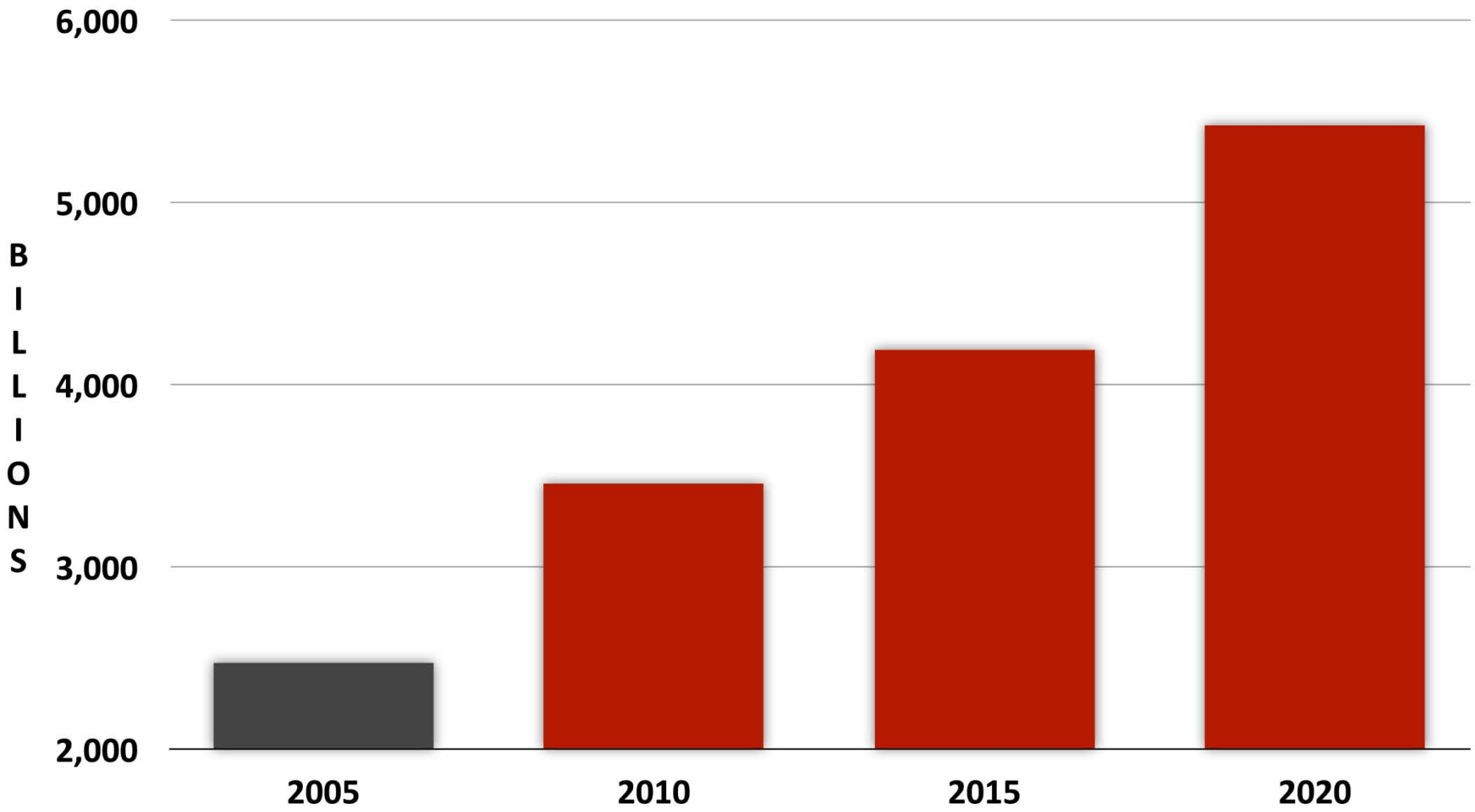


Discretionary Spending

Source: Congressional Budget Office August 2011 Budget & Economic Outlook

Reckless Spending Spree

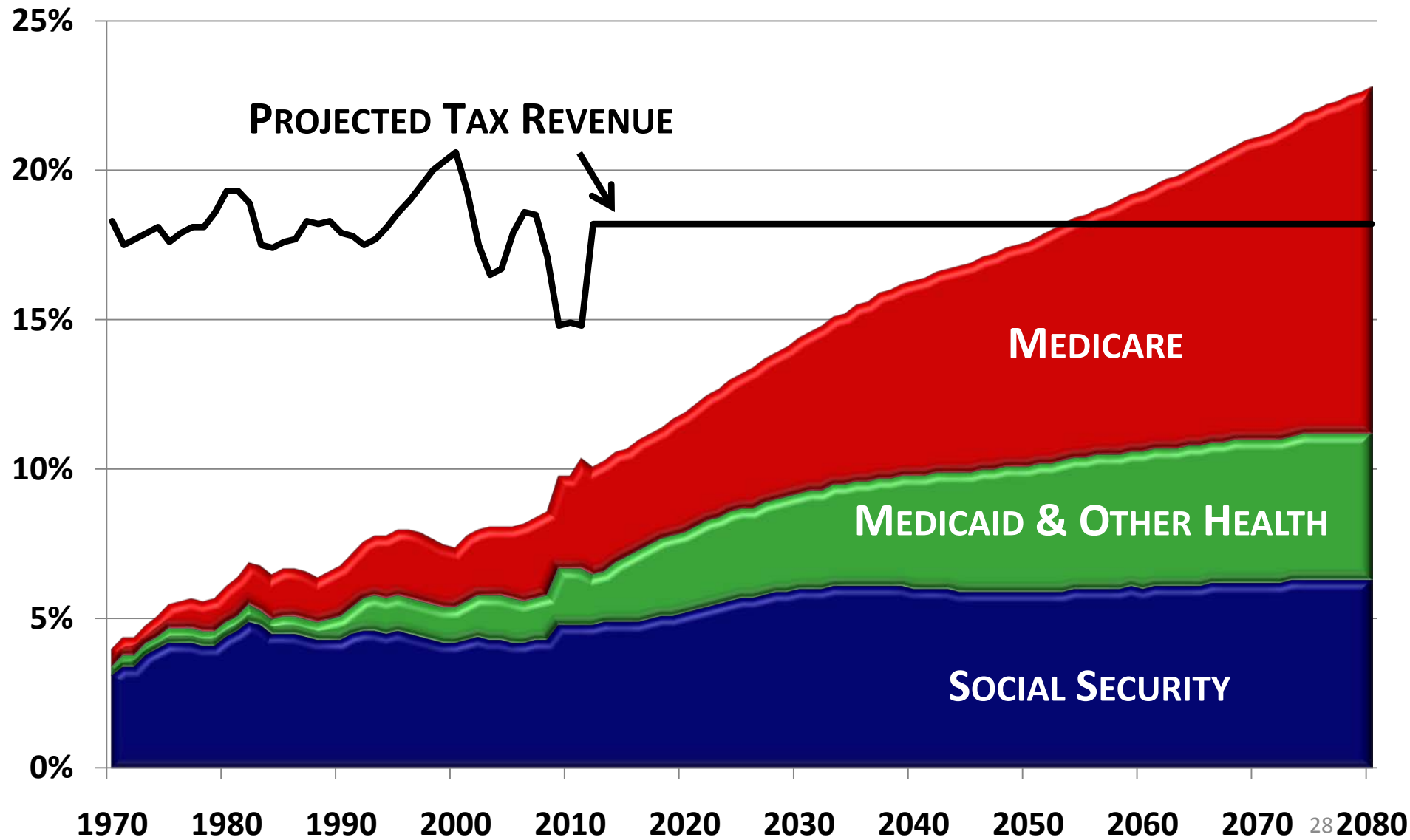
Government Spending in Billions of Dollars, Under Obama Budget



Source: CBO

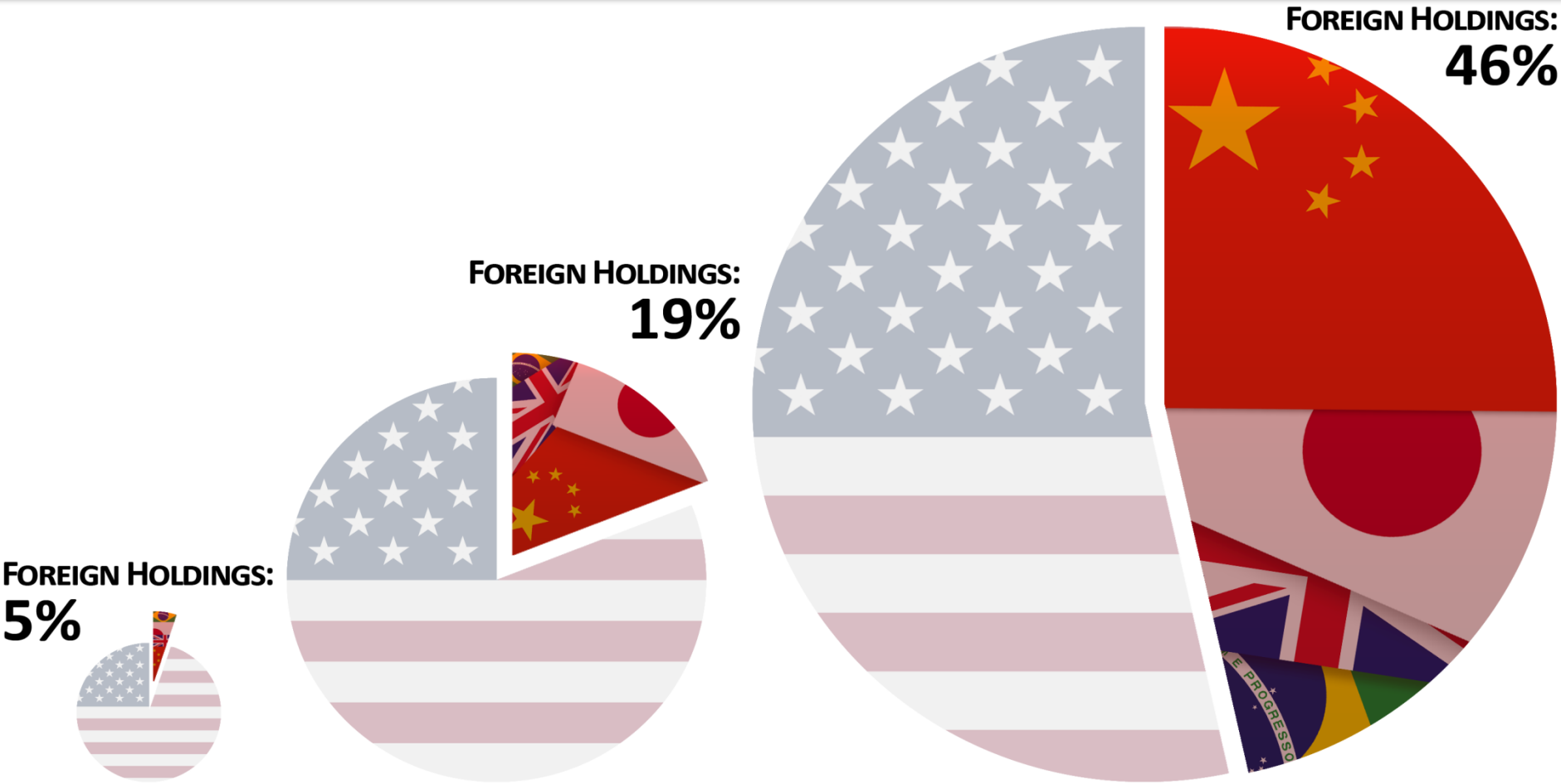
What Drives Our Debt

(Government Spending as Share of Economy)



Source: CBO

Who Owns Our Debt
(Debt Held by Public, 1970-2011)



1970
$283 billion

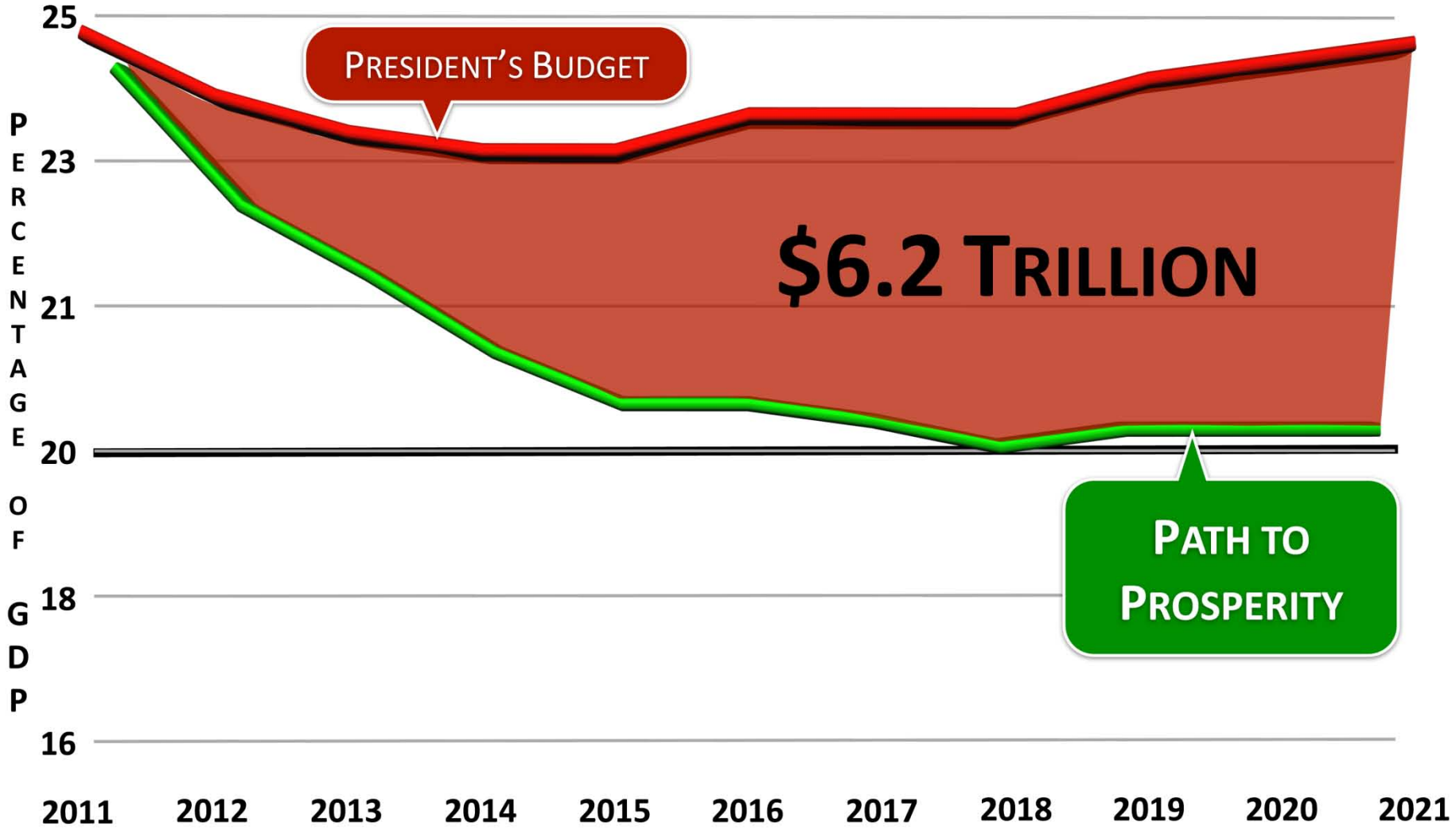
1990
$2.4 trillion

2011
$9.7 trillion
as of July 2011

Source: U.S. Department of Treasury

Government Spending

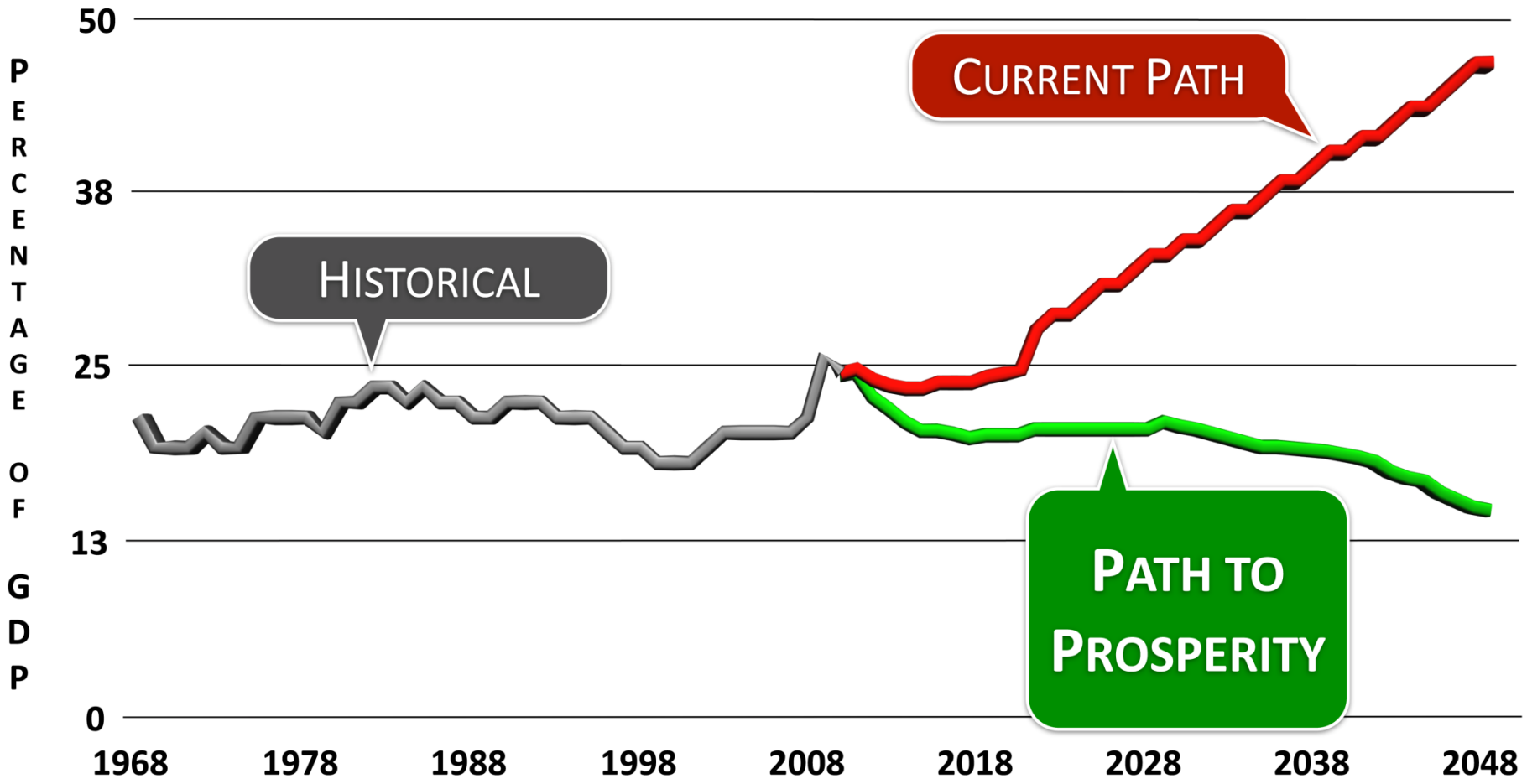
(As Percentage of GDP)



Source: CBO/House Budget Committee

Government Spending

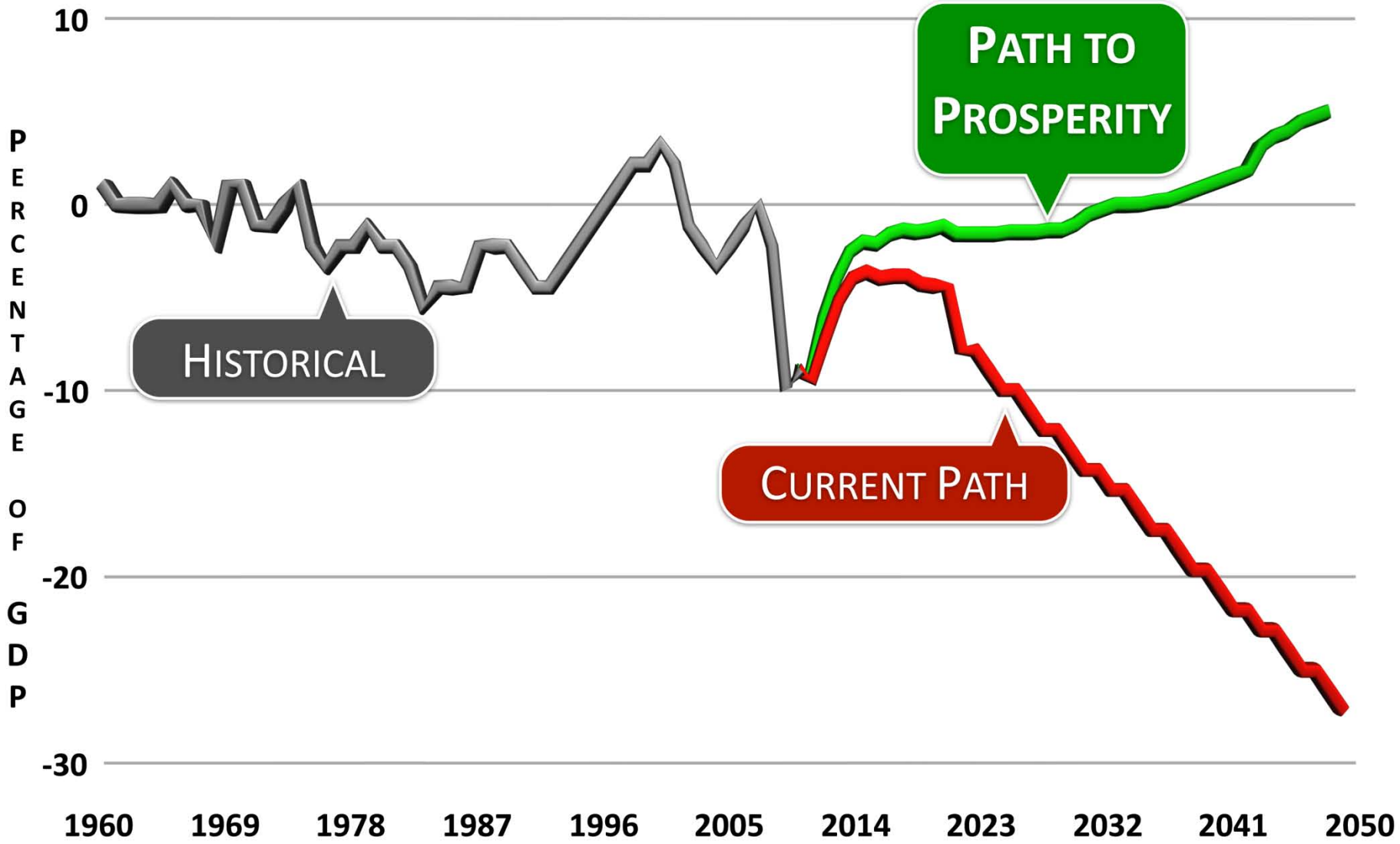
(As Percentage of GDP)



Source: CBO

Federal Deficit or Surplus

(As Percentage of GDP)



Source: CBO/House Budget Committee