

NEW
Challenges

NEW
IDEAS

Center for American Progress



America today faces profound challenges. As **progressives**, we believe America's path forward requires that our leaders offer **bold, new approaches** built on **careful analysis** and **common ideals**.

The pages that follow lay out **15 new ideas** from **Center for American Progress** experts for tackling America's challenges head-on. Each page outlines an idea and provides a link to more detailed treatments. **While the ideas are new**, they are grounded in **values** as old as our country: offering **opportunity** to all, promoting a more **just and secure** world, building **strong** communities, creating **open** and **fair** government.

Offering **Opportunity** for All:

Build an opportunity nation where every hard-working person—regardless of background—can realize his or her dreams through **education, decent work and fair pay.**

- Creating a Fair and Simple Tax Code: Tax Reform
- Extending Learning Time
- Improving Teacher Quality
- Increasing College Opportunity and Completion
- Reducing Debt Burdens by Fighting Abusive Lending
- Strengthening Pensions: Universal 401(k)

Promoting a **Just and Secure** World:

Use America's awesome strength to **bring the world together**, not pull it apart.

- Integrated Power
- A Strong All-Volunteer Army
- Growing the World's Energy Future
- Investing in Global Equity

Building **Strong** Communities:

Reawaken America's conscience—our sense of shared and personal responsibility—to build **healthy, vibrant communities**

- A Healthy Plan for America: Universal Coverage
- Health Care for Hybrids
- Comprehensive Worker Adjustment Assistance

Creating **Open and Fair** Government:

Reform government so that it is of, by, and for the people: open, effective, and **committed to the common good.**

- Government Decisionmaking in the Information Age
- Congressional Reform

15 NEW IDEAS

1 Creating a Fair and Simple Tax Code

Reform the Tax Code to Reward Hard Work Not Just Wealth

President Bush and his congressional allies have enacted an explosion of tax giveaways and earmarks that have created a massive \$400 billion deficit and lined the pockets of the wealthiest individuals and corporate special interests. As a result of the tax changes from 2001 and later, someone making more than \$1 million can expect to receive a tax break over \$100,000, while average middle-class Americans have been overwhelmed by falling incomes, higher gas prices, and mounting debt. As the Congress has shifted the tax burden away from accumulated wealth, an idle millionaire can easily pay just half the tax rate of an average American who is working for a living.

We are faced with a fundamental choice about our tax structure: continue the policies that have failed the vast majority of taxpayers and our country for the benefit of a few, or reform the tax system to be consistent with American ideals of hard work and opportunity. It is time for a fairer and simpler tax system that reduces the massive deficits created over the last several years, strengthens the middle class while honoring their work, and creates opportunity for Americans of all income levels to succeed. Comprehensive progressive tax reform is badly needed.

The Plan:

1. **Ensures fairness by honoring work:** by taxing each source of income according to the same progressive rate structure—whether from dividends, capital gains, wages, or salaries.
2. **Restores the progressivity of the code:** by reducing the number of income tax brackets from six to three at the rates of 15 percent, 25 percent, and 39.6 percent; and by removing the employee component of the Social Security payroll tax, immediately reducing by 6.2 percent the tax rate all Americans pay on the first \$90,000 of earnings. The reform provides a substantial tax cut to about 70 percent of taxpayers earning under \$200,000. Higher income individuals, who have disproportionately received the benefits of the Bush tax changes, would see an increase.
3. **Simplifies the tax code:** by closing corporate and individual loopholes and eliminating the Alternative Minimum Tax in a responsible manner.
4. **Promotes fiscal responsibility and economic growth:** while protecting Social Security by raising \$500 billion more than under the president's policy over the next decade—thus reducing our nation's debt burden below that of current policy.
5. **Promotes opportunity:** by expanding eligibility for the child tax credit to low-income workers, and by ensuring earned income tax credit recipients do not lose benefits when they marry.

For more information: americanprogress.org/simpletax.

Contact: John Irons

2 Extending Learning Time

Give All Children a Real Chance to Succeed

Today's students spend between six and seven hours per day in school, five days a week, 180 days a year. This school year is 13 days less than the international average for industrialized nations. Across 12 years of study, this 13-day deficit means that our children lose 156 days-almost one entire school year. When that learning loss is viewed against the background of huge achievement gaps among U.S. students and mediocre achievement by our students as a whole, America's use of learning time cries out for change. Lengthening the school day and school year will help move our education system out of the agrarian age into the information, knowledge-driven era of today. Better preparing our students for the challenges of the 21st century will strengthen our economy and our democracy.

The Plan:

To make more and better use of learning time, beginning with schools serving educationally disadvantaged students, we should:

1. **Redesign the formula for distribution of funds under Title I, Part A of the No Child Left Behind Act (NCLB)** to provide an extra amount to school districts for each school that they have identified as in need of improvement under NCLB and for which they agree to extend learning time for all students by 30 percent. In addition to all other NCLB requirements for these schools, the district would have to describe in each school's improvement plan how these funds will be used to significantly improve student achievement.
2. **Establish a federal competitive grant demonstration program for states** that would pay a portion of the cost of extending learning time in a number of their school districts identified as in need of improvement under NCLB. A small number of states would be funded to initiate one of the three programs below in their selected low-achieving districts:
 - Extended learning time (longer days and/or school years) by 30 percent or more in all the schools.
 - Innovative, high quality, full-day summer learning programs for low-income students and students who are behind in school that are provided by local school districts or other nonprofit and for-profit entities approved by the state education agency.
 - Reorganization of their school year with three-week intersession breaks during which they offer voluntary tutoring or enrichment programs that are free for low-income students.

For more information: americanprogress.org/fairschools.

Contact: Cindy Brown

3 Improving Teacher Quality

Recruit, Train, and Reward

Effective Teachers for All Our Children

Teachers are the single most important element in fostering student achievement. Recent research shows that teacher quality is critical to how much students learn from year to year. A Tennessee study found that students placed with effective teachers three years in a row performed 50 points better on a 100-point scale than their counterparts placed with three ineffective teachers. Every public school student in America should be taught by highly qualified, well-trained and adequately supported teachers. Nowhere is this need greater than in high-poverty, high-minority schools. The Center for American Progress proposes that the federal government promote state and local steps to recruit, retain, and reward a high quality teacher workforce by:

The Plan:

1. **Encouraging the treatment of teachers as professionals:** The federal government should support experiments in the development of enriched career advancement structures that reflect the best practices in other fields. Elements of a restructured teacher compensation system should include: raising starting salaries to recruit well-prepared new teachers; basing a proportion of pay on teacher skills and knowledge and on teacher success in increasing student achievement; and providing incentive pay to work in challenging schools or to teach subjects with serious teacher shortages. Reform of teacher pay is difficult, but it is essential so that the teaching profession can attract and retain America's most talented young people.
2. **Ensuring that all education funds are distributed based on student need,** beginning with the reform of a Title I provision accounting for teachers. Most school districts make budgetary decisions that provide less money, not more, for low-performing and high-poverty schools. This often happens when districts allocate money among schools as if all teachers made the same salary, even though better-paid teachers, usually those with more years of experience or advanced university credits, are much more likely to be teaching in relatively more affluent neighborhoods. On top of this, the federal government's current Title I "comparability" requirement (i.e., the equitable distribution of state and local funds before Title I funds are added on top) exempts teacher salary differentials based on years of employment. The federal "comparability" loophole needs to be closed by accounting for all teacher differences in pay. The federal government should reward states and districts that switch to weighted pupil allocation systems based on student needs—systems that account for actual teacher pay. These reforms will give more funding to the districts and schools that need it most.
3. **Improving information on the quality of teaching:** The federal government should demand better information about the quality of America's teachers. It should provide extra dollars to states that adopt data systems that longitudinally track student performance linked to their teachers. Use of such data can improve instruction and help rectify inequities in student opportunities for learning.

For more information: americanprogress.org/teaching.

Contacts: Cindy Brown, Robert Gordon

4 Increasing College Opportunity and Completion

Reaching Out Reaching Down: Expand Opportunity and Success through College

Encouraging diversity and expanding educational opportunity are both important and necessary to protect our founding values of fair starts and upward mobility. Unfortunately, current efforts fall short in critical ways. First, programs aimed at increasing enrollment of minorities and disadvantaged students overly focus on the admissions decisions of today's *existing pool* of qualified 12th graders, rather than trying to *expand this pool*. High school reform and affirmative action, though important, are insufficient to address this problem as millions of children fall off the right track in grade school, never to return. Second, for those students who do reach college, too many lack the support they need to finish: the graduation rate for high-income students is 60 percent higher than the rate for low-income students.

Addressing these problems will require a new ethic for colleges and universities, one that calls on them to go into their communities to reach out to entire classes of students early in life—providing support and mentoring through grade school, into high school, and beyond.

The Plan:

1. **Promote a nationwide educational early intervention effort** by expanding GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) and other mentoring programs through partnerships between private and state universities and local communities. In addition to providing public support, we should ask colleges to take the lead themselves—ideally with tuition assistance or promises that qualified students would receive scholarships at their sponsor schools. We could encourage top universities to form a “High Hopes Coalition,” where schools would commit to long-term early intervention programs and offer free tuition to any qualified student admitted from a participating program.
2. **Create a “College Completion Bonus Fund.”** The Bonus Fund would build on the Clinton administration’s College Completion Challenge Grants program and reward schools that take the initiative to improve the performance of their disadvantaged students with cash bonuses. The Fund would:
 - Require colleges report data on the number of low- and middle-income and minority students they enroll and graduate.
 - Focus financial incentives on the number of students graduated, rather than the percentage, so that colleges aren’t encouraged to admit fewer low-income students.

For more information: Gene Sperling, The Pro-Growth Progressive Chapter 8, pages 137-148.

Contact: Gene Sperling

5 Reducing Debt Burdens by Fighting Abusive Lending Banking Industry Reform

Rising debt is the overlooked crisis of the American family. Household debt has now reached a record high 121 percent of disposable income. The average family with a credit card carries an astonishing \$9,300 in debt, and the average student borrower now graduates with \$27,600 of debt, almost three-and-a-half times as much as a decade ago. These huge debt burdens mean that one pink slip or medical bill can drive a family into bankruptcy. Between 2001 and 2010, 4.4 million low- and moderate-income academically qualified students will opt not to enroll in a four-year university, and 2 million of them will forgo college entirely. Huge debt burdens undermine family economic security and the nation's productivity.

One source of America's debt problem is the power of lenders that can engage in unfair practices that Congress fails to stop, or claim public funds that should be available to ordinary Americans. In the world of credit cards, penalty fees and interest now cost average credit card-holding households more than \$800 each year or over \$90 billion annually. For a single missed payment, fees can include a \$39 penalty and a 24.99 percent penalty interest rate. Cardholders who never miss a payment can be hit with penalty rates because of credit score changes. Yet the risk of these fees and charges is often disclosed in largely incomprehensible small print.

At a time when student aid is declining in real terms and the cost of college has risen by 30 percent over the last decade, the federal government continues to spend billions of dollars each year subsidizing banks making student loans. The largest lender in the business is among the most profitable corporations in America, with a CEO who made over \$40 million in 2004. Both the credit card industry and the student loan industry are ready for reform:

The Plan:

1. Reform Credit Card Industry Practices:

- **Ground rules that serve credit card customers, not companies.** When signing up for a card, companies should be required to have a policy of linking their customers' credit cards to their checking accounts. Those accounts would be set up to make automatic regular payments, significantly reducing late fees and interest charges. And companies should no longer be permitted, without getting cardholders' specific permission, to impose retroactive rate increases or over-the-limit charges when credit is extended.
- **Improved consumer access to information.** Companies should be required to provide information about cardholders' borrowing habits and informed predictions to consumers about the costs of their future borrowing. And there should be a new rating system that helps consumers to judge the risks associated with different cards.

2. Eliminate the student loan industry subsidies.

The federal student loan volume should be shifted entirely from the Federal Family Educational Loan (FFEL) Program to the direct loan program, for a savings of \$7 billion annually. A March 2004 GAO report on loan consolidations found that the Direct Loan program brought a “net gain” of more than \$1 billion to taxpayers while the FFEL program cost taxpayers \$2.7 billion in 2002-03. These savings can be used to bring down debt by reinvesting them in the Pell Grant program with students pursuing math, science, or engineering eligible for additional funds.

Find more information: americanprogress.org/credit or americanprogress.org/fairschools

Contacts: Derek Douglas, Robert Gordon

6 Universal 401(k)

Ensure That People Can Retire With Dignity by Reaping the Benefits of Their Lifelong Work

Our current system for encouraging savings is woefully inadequate. High-income earners are triple winners. First, they are the most likely to have employer-provided 401(k)s with generous company matches. Second, because many have business income, they have access to other tax-deferred savings options, like SEP IRAs. Third, and most importantly, being in the 35 percent tax bracket gives them \$0.35 in tax benefits for every \$1.00 they put away. In contrast, low-income earners are the least likely to have an employer plan and if they pay no income taxes they get no incentive from retirement savings deductions.

At the same time, our system is as full of holes as Swiss cheese: *half of working families lack an employer-provided retirement plan in any given year. Amongst families closest to retirement (those 55-59), half have \$10,000 or less in an IRA or 401(k).* This has had a sizable impact on the economy: our private savings rate has plummeted from 2.3 percent in 2000 to -1.8 percent in the third quarter of last year—*the lowest since the Great Depression*.

The Plan:

1. **Creating a Flat Tax Incentive to encourage savings:** providing every American a flat 30 percent refundable credit for retirement savings, regardless of their income.

2. **Establishing a Universal 401(k)** to ensure every American has access to a savings plan, with generous matching funds. Building on the model of the Clinton USA accounts proposal, the Universal 401(k) would provide:

- A \$2-to-\$1 matching credits for the first \$2,000 low-income families save each year;
- A \$1-to-\$1 match for middle-income families; and
- A \$0.50-to-\$1 match for those in the upper-middle class.

Ideally, workers would be automatically enrolled in new accounts. We should also authorize workers to automatically deposit portions of their EITC or Child Tax Credit refunds directly into these accounts to help low- and moderate-income families build nest eggs.

For more information: americanprogress.org/saving

Contact: Gene Sperling

7 Integrated Power

A National Security Strategy for the 21st Century

Today Americans can look back at the years since the end of the Cold War and those since the attacks of 9/11 and begin to forge a more coherent understanding of the opportunities we can seize and the threats we must address. The greatest danger to the American people today is not a single great power or a group of rising powers, but rather three forces of fragmentation. They are: terrorist networks with a global reach; extreme regimes that aspire to nuclear weapons and threaten their neighbors; and the ever-growing group of weak and failing states that can provide safe harbor for terrorists and destabilize critical regions. Arrayed against these are strong forces of integration. We have the opportunity to marshal four dynamic forces—globalization, democratization, the emergence of new powers, and technology—to promote the interests of the American people and to help others find the road to security, prosperity, and freedom.

The Center for American Progress advocates a multidimensional and integrated approach to employing U.S. power to protect our national security—one that reflects the world as it is, not as some wish it to be.

To implement this approach, the United States should:

1. **Create a 21st century framework for national security** by integrating, where appropriate, approaches, missions, and institutions.
2. **Prevent conflict by deterring extreme regimes**, bolstering weak and failing states, intervening before disaster strikes, and undermining the long-term appeal of extremist ideologies.
3. **Protect the American people by taking military action alone if necessary**, destroying global terrorist networks, cutting off access to nuclear and biological weapons, and investing in a comprehensive program to secure the homeland.
4. **Lead vital alliances and modernize international institutions** because collective action is more powerful and more legitimate than unilateral action and can help save American lives and dollars.
5. **Promote the spread of democratic institutions and freedoms** to give people the chance to determine their own future, better ensure stability and create new allies.
6. **Increase economic opportunities in developing countries** to help their people join the global economy and build new markets for the United States.

For more information: americanprogress.org/integrated

Contacts: Bob Boorstin, Lawrence Korb

8 A Strong All-Volunteer Army

Build a Robust Army for the 21st Century

Over-extension, overuse, and inadequate priority to the men and women of our armed forces threaten the U.S. all-volunteer Army. In order to conduct combat operations in Iraq and Afghanistan and to meet other U.S. commitments around the globe, the Pentagon has been forced to violate the policies that have been established over the past 30 years to maintain the quality and readiness of the Army. If the administration and Congress do not move quickly to address the problems facing our Army and soldiers, they risk breaking the all-volunteer force at a time when it is most critically needed.

The Plan :

1. **Increase the size of the total Army** by at least 86,000 troops through: adding two division-sized peacekeeping or stabilization units; doubling the size of the active-duty Special Forces; and adding 10,000 military police, civil affairs experts, engineers, and medical personnel to the active-duty force.
2. **Amend the “back door draft” policies** by reducing the duration of the military service obligation. And reduce the length of the military service obligation—which by law lasts eight years from the date of initial enlistment—to six years after enlistment or four years of active duty, whichever comes first. Change stop-loss policy implementation. Furthermore, enlisted people who are affected by stop-loss or whose tours in Iraq or Afghanistan are extended beyond

one year should receive a bonus of \$2,000 per month for the duration of their extra service. The president should issue an executive order that directs the secretary of defense not to recall a selected reserve unit to active duty for more than one year out of every five unless the president has declared a national emergency.

3. **Maintain homeland security capability through enlarging critical billets** to include emergency responders. The president should direct the secretary of defense to add first responders, such as police and firefighters, to the list of people with critical jobs who are currently prohibited from joining or remaining in the selected reserve. The president should direct the secretary of homeland security to work with the 50 governors to establish in each state a non-deployable homeland security corps of volunteer citizens with skills that are central to responding to a terrorist attack as well as to natural disasters. The Congress should increase the Department of Homeland Security's budget by \$1 billion for the plan.
4. **Repeal the "don't ask, don't tell" policy.** The Congress should repeal the "don't ask, don't tell" policy that prohibits openly gay men and women from remaining in the armed services. Nearly 10,000 people have been discharged because of it over the past ten years. The areas of expertise of a significant number of those who were discharged are the same as those in which the military has had personnel shortfalls and been forced to activate individuals from the Individual Ready Reserve.
5. **Enable reservists and their families to enroll in TRICARE.** Direct the secretary of defense to maintain quality of life benefits such as special pay, commissaries, and schools on military bases. The administration should also allow imminent danger and family separation allowances to maintain their real value by placing sufficient funds in the defense budget, and should call a moratorium on studies about closing commissaries and schools on military bases, at least as long as the U.S. military is trying to stabilize Iraq and Afghanistan.

For more information: americanprogress.org/strongarmy

Contact: Lawrence Korb

9 Growing the World's Energy Future

Grow Eco-Capitalism by Using American Ingenuity to Secure our Energy Future and Curb Global Warming

Farmers in the United States are struggling to compete in today's global marketplace, while an uneven international playing field in agriculture keeps millions of small scale producers in the developing world mired in poverty. At the same time, ongoing U.S. dependence on oil carries tremendous costs to our economic well-being, agricultural production, national security, environment, and changing climate. In World Trade Organization (WTO) talks, success or failure in the current Doha Round of negotiations will largely be determined by the long-term agricultural policies of rich countries.

The strategy is focused on improving the lives of farming families at home and abroad, and rests on three critical elements.

1. **Invest in the capacity of America’s family farmers** to lead our nation into the future—a future of diversified domestic energy production, increased prosperity, and greater security. By bringing the innovations afforded by biofuels and emerging biomass industries to bear, we can create a new generation of marketable products for family farmers. The agriculture sector has the potential to meet a significant portion of our liquid fuels needs right here in the United States. Energy crops can be produced in almost every region of the United States. An agricultural economy that runs on renewable energy will provide two new and potentially substantial markets for farmers to enter: one for energy products and one for the tradable carbon credits that are the mechanism for tracking emission reductions.
2. **Federal government should make the investments needed to jump start and sustain an agricultural economy driven by energy and innovation**, with some of those investments coming from the redeployment of funds now invested in agricultural subsidies. We propose investments in five key areas: •Research and development for genomics and other key scientific and technical innovations; •Investment in the infrastructure that will allow the successful deployment of biofuel production and distribution; •Financing—including loan guarantees and other mechanisms—for new biofuel production projects to promote deployment; •Investment in the risk management and other tools required by American farmers to shift into energy production; and •Market development including, for example, the renewable fuel standards that can extend consumer choice and bring consumers to new energy markets.
3. **Promote global economic growth** and new markets for U.S. products through investment in the economic development of developing countries by: focusing our foreign aid investments in agriculture and, in particular, increasing the capacity of the world’s poorest countries to produce value-added exports; breaking down non-tariff barriers that constrain expanding market access for the world’s poorest countries; and, importantly, sharing with the developing world the know-how that can allow them to reduce the high cost of oil imports, make energy more affordable and accessible to rural communities, and potentially open new sub-regional markets through the transfer of emerging biobased energy technologies.

For more information: americanprogress.org/globalgrowth

Contact: Gayle Smith, Jake Caldwell

10 Investing in Global Equity Transform Foreign Aid to Meet Today's Challenges

In a world rife with tensions—between the world's most powerful and powerless nations; between democracy and authoritarianism; between vast technological innovation and grotesque deprivation—America has both the opportunity and the obligation to lead. In the face of the sweeping changes and new threats posed by globalization, our challenge is to ensure that the world is more united than divided.

We are making little progress. Worldwide, an estimated 115 million children are not in school, and some 11 million children die before their parents each year. More than 50 countries are poorer today than they were in 1990. Meanwhile, the world's ten wealthiest nations, which constitute only 14% of the world's population, are more than 75 times richer than the ten poorest and account for 75% of global GDP.

Our commitments to human dignity, equity, and freedom from need can only be realized if we make every effort to transform those commitments from ideals to reality. And this is not just about our ideals: As President Bush pointed out in his 2002 National Security Strategy, the United States faces an increasing threat from weak and impoverished states that are unable to provide for their citizens or protect their borders from terrorist or criminal infiltration.

Our new threats and challenges have fostered efforts to overhaul our intelligence systems, transform our military, and create entirely new

government departments and functions. Far less has been done, however, to streamline the agencies and resources that we use to promote economic development, develop functional economies and new markets, knit together regional markets, and build capable, democratic states.

The Plan:

1. **Rewrite the 2000 page, 1961 Foreign Assistance Act** – which now includes 33 objectives and 75 priorities – to include the consolidation of all foreign aid programs under a single Department for International Development headed by a Cabinet-level Secretary with a clear, strategic focus on building capable states.
2. **Reform the bureaucracy to increase flexibility:** Provide contingency funding, set at no more than 10 percent of the aggregate budget, for prompt investments in post-crisis transitions or other targets of opportunity; expand budgetary flexibility, including “notwithstanding” authorities; provide authority to pool U.S. resources and harmonize aid delivery with other bilateral donors; and reduce earmarks.
3. **Increase America’s share of international development financing** to 0.7% by 2015.
4. **Initiate a public-private partnership** with major financial firms to create Global Development Bonds that can generate increased capital investments in the developing world.
5. **Devote increased intelligence resources** to monitoring and analyzing key weak and failed states.

For more information: americanprogress.org/globalequity

Contact: Gayle Smith, Peter Ogden

11 A Healthy Plan for America

Provide Guaranteed Health Insurance for All Americans

Today, 46 million Americans lack health insurance. Millions more are struggling to pay premiums that are growing five times faster than wages, while their benefits shrink. Some Americans have access to the most sophisticated medical care in the world, but others are left to overcrowded emergency rooms, under-funded clinics, or no health care at all—all because they lack the insurance it takes to pay for the care they need. It's just wrong for anyone who works hard and plays by the rules to go without decent health care or be driven into economic hardship by health care costs. Reforming our health care system to provide affordable health care to all Americans is the great moral challenge of our time.

The Plan:

1. **Affordable Coverage for All.** Give everyone the choice to select at least one of the following insurance options: employer-sponsored insurance; Medicaid; or private health coverage offered through a new group insurance pool, like the system used by federal employees and members of Congress.
 - Health care costs for individuals would be kept in check by refundable tax credits structured to guarantee that health insurance premiums never exceed more than a small, fixed percent (e.g. 5 to 7.5 percent) of income.
 - Medicaid would be expanded and simplified to protect the working poor and indigent adults who often “fall through the cracks” of today’s system.

- In return for guaranteed access to affordable coverage, everyone would be expected to enroll in one of these options or pay an income-related charge to support the care they will inevitably use. Medicaid would be the default payer for those who refuse to choose their own option.
2. **Valuable Coverage for All.** Coverage for preventive services will be removed from the insurance system and coordinated through a new, community-based benefit emphasizing disease prevention and health promotion, and new investments in effectiveness research and health information technology will make the whole system more efficient and cost-effective.
- The plan helps everyone take more personal responsibility for their health by strengthening preventive care and offering individuals and their providers the information required to make sound treatment decisions. New research would develop better information about what treatment options get the best results.
 - The plan brings our health care system out of the information dark ages by promoting cutting-edge information technology to deliver better quality health care more efficiently.
3. **Financing Necessary Investment** We propose that it be financed through a new, broad-based funding source: a small value-added tax exclusively dedicated to health system improvement.
- This approach has advantages over increasing existing taxes because it encourages savings, is difficult to evade, and can generate significant revenue at a relatively low rate.
 - Targeted exemptions would reduce the impact on low-income individuals and lower administrative costs.

For more information: americanprogress.org/healthy

Contacts: Jeanne Lambrew, Karen Davenport

12 Health Care for Hybrids

Rebuild the Auto Industry, Preserve Jobs and Break our Dependence on Oil

Sustained high gas prices and a broken system of health care finance are hurting U.S. automakers badly. Today the industry faces profit losses in the billions of dollars, and hundreds of thousands of jobs are at risk. The recent bankruptcy at Delphi, major layoffs at the Big Three auto plants, and the downgrading of GM and Ford's bond ratings to junk bond status have raised the specter of ongoing financial disruption and job loss across America's heartland. Car makers are our nation's largest manufacturing industry, and have been a leading source of industrial and economic strength for generations. At the same time, our nation's ever increasing reliance on oil continues to make our economy more vulnerable and our people less secure.

The competitive disadvantage of U.S. automakers resulting from the absence of a national strategy on health care financing is becoming increasingly clear. GM faces legacy costs (health care plus pensions for retired workers) of \$1,500 per car. Together, the Big Three automakers support roughly 800,000 retirees, compared to less than 1,000 for foreign-owned competitors in the United States. Clearly the failure to address America's health care finance problems has become a major competitive disadvantage for our economy as a whole and has placed U.S. workers in a diminished bargaining position for wages and job security in relation to

the rest of the industrialized world. Targeting retiree health costs offers a strong incentive for industry action on fuel savings investment and reduces the competitive disadvantage.

The Plan:

1. **Improves the competitiveness of US business:** Addressing the legacy health care costs of the U.S. auto industry goes to the heart of the current crisis in profitability and helps level the playing field with U.S. competitors.
2. **Reduces US dependence on oil:** Assistance to the auto industry must demand accountability for providing a strong public benefit in return for the public investment, by reducing U.S. reliance on oil through incentives for domestic manufacture of more fuel efficient vehicles like hybrid cars, advanced diesels, and increased use of farm-based biofuels, further making U.S. automakers more competitive for the future; and
3. **Promotes domestic job retention:** Only a manufacturing incentive for conversion of U.S. manufacturing plants can ensure that the next generation of high performance, energy saving cars is made in this country. Consumer incentives or regulation in the absence of domestic investment are likely to drive even more rapid outsourcing of jobs.
4. **Protects taxpayers, consumers, security, and the environment:** A proposal to use health care relief as an incentive for breaking our reliance on oil will benefit taxpayers and workers, by preserving the domestic tax base while improving national security and protecting the global environment by reducing reliance on fossil fuels.

For more information: americanprogress.org/autos

Contacts: Bracken Hendricks, Ana Unruh Cohen

13 Comprehensive Worker Adjustment Assistance

Empower Citizens to Find Dignified, Sustainable Work in the 21st Century Economy

Americans are committed to preventing devastation from natural disasters and sharing the costs of rebuilding when one strikes. Yet when global competition and accelerating economic change threaten the livelihoods of auto workers or computer programmers, we do almost nothing before devastation sets in and provide little help for those facing major falls in their standards of living. Our current “adjustment assistance” system is overly complex, disjointed, and incomprehensive. It is also far too reactive—providing help only after workers are laid off. We need a more just, effective, and preemptive system for moderating the ups and downs in the global economy. Assistance under the new system should not be tied to why or when a worker loses his or her job. Comprehensive adjustment assistance would distribute part of the broad benefits of our dynamic economy to those who shoulder a disproportionate share of the costs—often with their jobs.

The Plan:

1. **True One-Stop Shopping for Adjustment Assistance.** Out of work Americans should be able to apply for unemployment insurance, retraining programs, or health insurance assistance all in one place, no matter what state they live in.
2. **Flexible Education Accounts (FLAs).** To empower workers to invest in themselves, we should replace the Lifetime Learning Tax Credit with Flexible Education Accounts providing a 50 percent refundable credit on up to \$15,000 in education or training expenses per decade.

These accounts would give Americans the option to make a large one-time investment in their skills or spread smaller credits over a longer period—whether they’ve lost a job, or just want to change fields.

3. **Real Wage Insurance.** To cushion potential declines in standards of living and make it easier for workers to return to the workforce, we should provide 50 percent wage insurance to all established dislocated workers, regardless of how or when they lost their job. When taking a new job, workers would receive half the difference between their new wages and those at the old job for a certain time. If they lost a job paying \$20 an hour and took one paying \$10/hr, an additional \$5/hr support would bring their total pay to \$15/hr. We could also experiment with “pay-in” pilot programs where employees pay small premiums to receive more extensive coverage, defraying some of the costs. Wage insurance could be extended to younger workers as well—possibly allowing those in their 30s or 40s to receive one to two years of protection, and those in their 50s to receive more help, possibly until they are eligible for early Social Security benefits.
4. **Preemptive retraining.** Rather than providing “burial insurance,” as many workers see current retraining, we should empower workers when they are still employed. The federal government could offer compacts to at-risk communities willing to fight to stay ahead of the curve. Rapid Pre-Response Units could help local leaders navigate federal offerings and offer qualified communities support for on the job training to update or expand existing skills and entrepreneurial training to teach people to start their own small businesses.
5. **More Help Between Jobs.** Workers should have more options for retaining affordable health coverage when out of work. Expanding the health care tax credit currently offered to all displaced workers under the Trade Adjustment Act would be a good first step, but we should also look to other options both for laid off workers and those taking jobs not offering insurance. We could also look for ways to provide mortgage/foreclosure insurance to help workers make payments on their homes when out of work.

For more information: Sperling, [The Pro-Growth Progressive](#); “The Early Warning Economy,” *Washington Monthly*; “How to Refloat These Boats,” *Washington Post*.

Contact: Gene Sperling

14 Government Decisionmaking for the Information Age

Using Better Data to Help Solve Our Health, Safety, and Environmental Problems

Our ability to address health, safety and environmental problems could be greatly enhanced through better information. Currently, there are large unanswered questions that make effective policymaking more difficult. What environmental contaminants are acutely dangerous to children? How does the interaction of multiple toxic substances affect human health? What neighborhoods are most imperiled by polluted air and water? What is the air quality inside American workplaces and industrial facilities?

Information-age technologies give us the power to answer these questions and bring our problems into focus as never before. We are now able to instantaneously collect, aggregate, analyze, and disseminate enormous volumes of information. What's missing is a coordinated, comprehensive effort to harness these technologies for more effective, data-driven policymaking. Accordingly, we recommend the building of an information infrastructure for stronger health, safety, and environmental protection.

The Plan:

- 1. Modernizing data collection to address critical gaps in our knowledge.**
We lack basic data about some of our most pressing health, safety, and environmental problems. We should invest in cutting edge information gathering technologies, such as wireless sensor networks, which allow for cost-effective real-time monitoring of just about anything in the physical environment—from air and water quality to the health of ecosystems to traffic flow to the condition of critical infrastructure, such as roads and bridges and the electrical grid.
- 2. Managing and disseminate data in a way that allows for easy analysis.**
Information collected by federal agencies is seldom linked together and made available through the Internet. This makes it more difficult for government decisionmakers, researchers, and the public to evaluate cumulative risks within communities, spot trends over time, establish correlations between corporate activity and health effects, and assess the performance of government programs and regulated entities. We should push to integrate data management and dissemination across federal agencies to facilitate analysis.
- 3. Analyzing data to drive decisionmaking.** We should develop systems to analyze data to set priorities, measure program performance, and guide effective policymaking. Crucial to this are comparative rankings that place health, safety, and environmental dangers in a context that is easily understood to policymakers and the public alike. For example, drawing on the computational power of computers, we should identify top threats to children’s health, and then rank the communities whose children are in most peril, so that we can target our resources where they are needed most.

For more information: americanprogress.org/decisions.

Contact: Reece Rushing

15 Congressional Reform

Curb Abuse of Power and Restore Ethics in Government

Last year alone, the Republican-led Congress earmarked 14,000 projects (up from just 958 in 1996) worth \$47 billion to lobbyists such as Jack Abramoff. In 2000, the number of registered lobbyists in Washington was 16,000. Today there are 35,000—65 lobbyists per congressional member. The lobbying industry spent \$2.1 billion on federal lobbying in 2004. The consequences for our nation are enormous.

Over the last several years Congress' rules have been changed to create an apparatus in which corruption has become pervasive. To transform this culture of corruption by the GOP, the Center for American Progress calls for much needed reforms:

- No recorded vote in the House of Representatives or the committee of the whole House can last longer than 20 minutes without the consent of either both floor managers or of both Leaders.
- Amend the House Ethics Code to make it an offense for a Member to condition funding for earmarks requested by another Member on how the requesting Member votes on legislation.
- Amend the House Ethics Code to make it an offense for any Member to advocate an earmark unless that Member discloses whether he or she

either has a financial interest in the entity or exercises any control over it, such as appointing members of the organization's board.

- If a rule makes in order text that is different from what the committee of jurisdiction has reported, the rule must provide the chairman or ranking minority member, if requested, a preferential amendment—neither divisible nor amendable unless adopted and all necessary points of order waived—to restore the bill (in whole or in part) to its original form.
- Before the House can adjourn at the end of a session, the House must have conducted 20 or more weeks with at least one recorded vote or quorum call on at least four of the five calendar work days.
- Except for measures on the suspension calendar, the House cannot consider legislation unless printed copies of such legislation have been available to all members of the House for a period of 24 hours. This rule can be waived only if two-thirds of the House votes to consider such a waiver.
- It shall not be in order to consider a conference report unless there has been a formal open meeting of the conference at which all provisions on which the two bodies disagree are open to discussion and the resolution of the differences between the two bodies is approved by a recorded vote of a majority of House appointed conferees.
- It shall not be in order to consider any conference report materially different from what was agreed to by a majority of House conferees in open session and was not part of the final package on which a favorable vote was cast by a majority of House conferees.

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The Center for American Progress is a nonpartisan research and educational institute dedicated to promoting a strong, just and free America that ensures opportunity for all. We believe that Americans are bound together by a common commitment to these values and we aspire to ensure that our national policies reflect these values. We work to find progressive and pragmatic solutions to significant domestic and international problems and develop policy proposals that foster a government that is “of the people, by the people, and for the people.”

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