

Schakowsky Unveils Progressive Deficit Reduction Plan

Brian Beutler | November 16, 2010, 1:07PM

A member of the White House's fiscal commission has released her own progressive plan for deficit reduction, after the commission's chairmen unveiled [recommendations](#) she vehemently opposes.

"Their proposal would have serious consequences for lower and middle class Americans, and that is why I cannot support it," says Rep. Jan Schakowsky (D-IL) in a statement. "I am releasing my own plan today because I believe that there is a better way to achieve our goal - one that protects the poor and the middle-class."

Her plan, which she claims would achieve fiscal balance by 2015, includes a host of ideas that were not included in the report released last week by Alan Simpson and Erskine Bowles. It makes provision for another \$200 billion worth of stimulus to take the form of unemployment insurance extensions and additional aid to states.

On spending, the Schakowski plan calls for \$8.55 billion in non-defense discretionary spending cuts in 2015, largely by ending [overpayments by federal agencies](#) for various programs, including Medicaid. She says her plan would save over \$110 billion on the defense side, by reducing overseas troop deployments, and shrinking the nuclear arsenal, among numerous other options.

By adding a robust public option to the health care law and requiring Medicare to bargain down drug prices, among other options, Schakowsky says she can save over \$17 billion of mandatory spending in 2015.

Schakowsky proposes to limit the extent to which corporations can deduct interest payments on debt, and close a loophole that allows firms to avoid paying taxes on income earned overseas -- reforms she says would save over \$100 billion in 2015. She would also require dividends and capital gains to be taxed as ordinary income (i.e., at higher rates than they are now, in many cases), and would erect a cap and trade system for greenhouse gas emissions, generating over \$140 billion in revenue.

Her plan for Social Security involves no benefit cuts: She would erase the long-term shortfall by, among other things, eliminating the Social Security payroll tax cap on the employer side.

It's worth noting that her plan does not address the cost growth of Medicare and Medicaid, which are the single biggest driver of long-term deficits in the long-term.

You can view the [full report here](#).