



## Ryan plan raises middle class taxes, cuts social programs, enriches wealthy

On Tuesday January 25th, House Republicans will debate and vote on instructing House Budget Committee Chairman Paul Ryan (R – Wis.) to cut non-security discretionary spending back to fiscal year 2008 levels or less. Cutting non-security discretionary spending is one part of Chairman Ryan’s budget vision, as detailed in his “Roadmap for America’s Future,” which he argues is a desirable alternative to the federal government’s present fiscal path.

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In [\*Paul Ryan’s Plan for Millionaires’ Gain and Middle Class Pain\*](#), Economic Policy Institute (EPI) Policy Analyst Andrew Fieldhouse exposes the consequences of the Ryan plan if implemented: a massive transfer of wealth from the middle class to wealthy Americans and corporations and a wholesale dismantling of the social programs that all Americans rely on, including Medicare and Social Security.

- Representative Ryan’s plan would raise taxes on most Americans earning under \$200,000 while cutting millionaires’ taxes in half, and *the wealthiest 0.1% of taxpayers—families making \$3 million or more—would see an average yearly tax cut of \$1.7 million.*
- It would also replace the corporate income tax system with an 8.5% business consumption tax, which would be passed on to consumers in the form of a value-added tax (that would fall most heavily on low- and middle-income people).

Far from promoting fiscal responsibility, these changes in the tax code would reduce federal revenue relative to where it is now and justify draconian cuts in government programs.

- The Ryan plan would also replace Medicare, Medicaid, the Children’s Health Insurance Program and the tax exemption for employer-sponsored health care with a system of vouchers, subsidies and tax credits that would result in higher out-of-pocket costs for consumers and higher state taxes and/or reduced services.
- Finally, the Ryan plan would cut Social Security benefits and give the wealthiest taxpayers an incentive to divert tax contributions to private accounts. This partial privatization would have as a consequence a two-tiered system that would require massive transfers from general federal revenue.

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*The Economic Policy Institute (EPI) is an independent, nonprofit, nonpartisan think tank that researches the impact of economic trends and policies on working people in the United States and around the world. EPI’s mission is to inform people and empower them to seek solutions that will ensure broadly shared prosperity and opportunity.*