



**WHO HAS “REAL PLANS” TO HELP “REAL  
PEOPLE”?**

**GORE-LIEBERMAN  
VS.  
BUSH-CHENEY**

## WHO HAS “REAL PLANS” TO HELP “REAL PEOPLE”?

George W. Bush says he wants to campaign on his “*real plans for real people*,” but which candidate has “real plans” that work for “real people”? That’s the question this document will address.

The Gore-Lieberman economic plan makes its central priority paying down the debt and strengthening Social Security and Medicare – keeping interest rates low and the economy strong. In the context of this fiscally responsible plan, the Gore-Lieberman plan includes nearly \$500 billion in targeted tax cuts to help families save for retirement, pay for college, child care or long-term care.

In addition, their plan includes sound investments in critical priorities to grow our prosperity for all American families. The investments will provide a Medicare prescription drug benefit that is available and affordable for all seniors. Millions more families will receive quality health care coverage and all patients in all health plans will be protected by a real and enforceable Patients’ Bill of Rights. Every child will have access to high quality preschool and health insurance. They will learn more in smaller classes with qualified teachers. Parents will have the tools they need to be involved in their children’s lives.

By contrast, the Bush-Cheney tax plan would drain \$1.6 trillion of our hard-earned budget surplus – the vast majority of the surplus -- on a tax cut that provides 43 percent of its benefits to the top 1 percent of families. Because most of the benefits of the Bush plan focus on the wealthy, many middle class families will receive more from Gore-Lieberman’s targeted tax plan. Since they have used most of the budget surplus on a large tax cut, there is little room for real investments in health care or education.

**BECAUSE OF THESE IMPORTANT DIFFERENCES, MOST REAL FAMILIES WILL BENEFIT SUBSTANTIALLY MORE FROM THE GORE-LIEBERMAN APPROACH – INDEED, MANY FAMILIES WILL BE LEFT OUT ENTIRELY BY THE BUSH-CHENEY APPROACH.**

But the American people don’t have to take our word for it – they can make the comparisons for themselves. Under the Gore-Lieberman plan:

- (1) **A family with two small children making \$35,000: \$6,946 more from Gore-Lieberman than from Bush-Cheney.** This family would benefit from tax cuts to help pay for childcare, save for a first home, and marriage penalty relief. This family would also benefit from the minimum wage increase. In addition, this family would benefit from the Gore-Lieberman plan for health coverage through the Children’s Health Insurance Program expansion, guaranteed preschool, and affordable and high quality child care.
- (2) **A family making \$50,000, caring for an elderly parent and hoping to send their child to college: \$12,960 more from Gore-Lieberman than from Bush-Cheney.** This family would benefit from tax relief that helps pay for long-term care, save for college, and provides marriage penalty relief. Lower interest rates that result from fiscal discipline will save this family on mortgage payments and car payments. The mother, one of the best teachers in the district, will

receive a pay increase through “Higher Standards / Higher Pay for Teachers.” In addition to the \$12,960 advantage under the Gore plan, this family will also accumulate twice as much to send their children to college over the next 18 years.

- (3) **A family with three children making \$60,000: \$4,850 more from Gore-Lieberman than from Bush-Cheney.** This family will save through tax cuts for working families, including marriage penalty relief, tax cuts to help pay for college, and the Retirement Saving Plus plan. Lower interest rates will save this family money on everything from mortgages to student loans. This family will also benefit from being able to participate in a high-quality after school program and benefit from job training for the mother. Under the Gore-Lieberman plan this family could ALSO enjoy a retirement income that is nearly twice as large under the Bush-Cheney plan, both because they save Social Security and because they provide greater opportunities for saving through Retirement Savings Plus accounts.
- (4) **An elderly couple, making \$45,000, in need of health coverage and prescription drug coverage: \$6,169 more from Gore-Lieberman than from Bush-Cheney.** This family will save money on lower taxes through marriage penalty relief and fiscal discipline which results in lower interest rates. The wife will be able to buy into Medicare, saving her substantially on premiums, and to use the health insurance tax credit to save even more. The husband will get a prescription drug benefit through Medicare, rather than being forced to pay all the bills himself.
- (5) **A single mother with three children earning \$22,000: \$7,979 more from Gore-Lieberman than from Bush-Cheney.** This family benefits from guaranteed access to preschool, expanded health insurance, increased child support payments, and tax cuts to reward work and pay for child care. The mother, recently diagnosed with breast cancer is receiving potentially lifesaving treatment. The children are getting individualized attention in smaller classes. Once a “deadbroke dad,” the noncustodial father is meeting his responsibilities by going to work and paying child support. The Bush-Cheney plan would not provide any benefits to this family.

# (1) A FAMILY WITH TWO SMALL CHILDREN MAKING \$35,000

*A couple from Michigan has two children ages 2 and 4. The husband earns \$24,700 as a short-order cook. The wife works full-time at the corner supermarket and earns the minimum wage. They have two children, a 2 year old in childcare and a 4 year old who has just started preschool. They are saving \$10 every week for a down payment on a home.*

|   | <u>Gore -<br/>Lieberman</u> | <u>Bush -<br/>Cheney</u> | <u>Difference</u> |
|---|-----------------------------|--------------------------|-------------------|
| <b><u>Tax Cuts for Working Families</u><sup>1</sup></b> |                             |                          |                   |
| Marriage Penalty Relief                                 | \$225                       | \$154                    | +\$71             |
| Child / Childcare Tax Credit                            | \$600                       | \$61 <sup>2</sup>        | +\$539            |
| Tax Credit for Savings                                  | \$500                       | \$0                      | +\$500            |
| EITC Expansion  | \$303                       | \$0                      | +\$303            |
| Other Tax Cuts  | \$0                         | \$600                    | -\$600            |
| <i>Total Tax Cut</i>                                    | <i>\$1,628</i>              | <i>\$815</i>             | <i>+\$813</i>     |
| <b><u>Minimum Wage Increase</u><sup>3</sup></b>         | <i>\$2,000</i>              | <i>\$0</i>               | <i>+\$2,000</i>   |
| <b><u>Expanding Health Coverage</u><sup>4</sup></b>     | <i>\$3,400</i>              | <i>\$1,667</i>           | <i>+\$1,733</i>   |
| <b><u>Qualified Universal Pre-School</u></b>            | <i>\$2,400<sup>5</sup></i>  | <i>\$0</i>               | <i>+\$2,400</i>   |
| <b>Total Savings For Families</b>                       | <b>\$9,428</b>              | <b>\$2,482</b>           | <b>+\$6,946</b>   |

<sup>1</sup> See appendix for details on tax calculations.

<sup>2</sup> The Gore-Lieberman proposal makes the childcare tax credit refundable, so this family enjoys the full benefit of the expansion. The Bush-Cheney plan has a non-refundable child tax credit. Since this family has its tax liability eliminated, its child tax credit would be greatly curtailed.

<sup>3</sup> Al Gore and Joe Lieberman have proposed to increase the minimum wage by \$1 from \$5.15 an hour to \$6.15 an hour.

<sup>4</sup> See appendix for details on health calculations.

<sup>5</sup> This is the estimated savings on childcare. The value to the family could be even greater.

**ANOTHER “REAL” DIFFERENCE FOR “REAL” FAMILIES:  
PRESCHOOL AND CHILD CARE**

*While the parents are hard at work, under Al Gore and Joe Lieberman’s plan they can rest assured that their children are safe and flourishing in high quality child care and preschool. As shown above, Al Gore and Joe Lieberman’s plan will make child care more affordable by increasing the Child and Dependent Care Tax Credit. In addition, the new “Ready to Learn” fund ensures quality and accountability through safety standards and age appropriate education programs to prepare their children for school. Finally, the Gore-Lieberman plan provides parents with the tools they need to balance work and family, ensuring that if their children get sick, they can take time off from work without being afraid of losing their jobs.*

|                                    | <b>Gore-Lieberman</b>  | <b>Bush-Cheney</b>   |
|------------------------------------|--|--|
| <b>PRESCHOOL</b>                   |  |  |
| <b>Access to Preschool</b>         | <b>YES</b><br>This 4-yr old is guaranteed high-quality preschool. The local school received funds to create public preschool program.          | <b>NO</b><br>Bush has no plan to expand access to pre-school.  |
| <b>Quality teacher</b>             | <b>YES</b><br>The child has a qualified teacher, thanks to the Preschool Quality Fund to recruit, train and certify early childhood educators. | <b>NO</b><br>Bush has no plan to test all new teachers, and no plan to remove low-performing teachers. |
| <b>CHILD CARE</b>                  |  |  |
| <b>Quality Centers</b>             | <b>YES</b><br>The ‘Ready-to-Learn’ Fund ensures that the center meets health and safety standards, and is regularly inspected.                 | <b>NO</b><br>Bush has no plan.   |
| <b>Quality Staff</b>               | <b>YES</b><br>The toddler’s child care worker received a scholarship for meeting high educational standards.                                   | <b>NO</b><br>Bush has no plan.   |
| <b>BALANCING WORK &amp; FAMILY</b> |  |  |
| <b>Family Leave</b>                | <b>YES</b><br>The parents who work in small businesses can take time off from work to care for their children without fear of losing job.      | <b>NO</b><br>Unless FMLA is expanded, this mother will not be able to take time off her kids.          |

## (2) A COUPLE MAKING \$50,000 AND CARING FOR AN ELDERLY PARENT AND SAVING TO SEND THEIR CHILD TO COLLEGE

*A couple from Connecticut makes \$50,000, has a 1 year-old child and cares for their elderly mother. The wife makes \$30,000 per year as a teacher. She has been teaching for several years and recently became fully certified as a master teacher. The husband works part-time as a free-lance writer making \$20,000 per year but spends significant time caring for his mother who has Alzheimers and lives with the family. Even with all their expenses, they manage to save \$1,000 per year which they will use to put their child through college.*

|  | <u>Gore -<br/>Lieberman</u> | <u>Bush -<br/>Cheney</u> | <u>Difference</u> |
|--|-----------------------------|--------------------------|-------------------|
| <b><u>Tax Cuts for Working Families<sup>6</sup></u></b>  |                             |                          |                   |
| Marriage Penalty Relief                                  | \$225                       | \$300                    | -\$75             |
| Long-term Care Tax Relief                                | \$3,000                     | \$435                    | +\$2,565          |
| Tax Credit for Savings                                   | \$1,000                     | \$0                      | +\$1,000          |
| Other Tax Cuts   | \$0                         | \$1,100                  | -\$1,100          |
| <i>Total Tax Cut</i>                                     | <i>\$4,225</i>              | <i>\$1,835</i>           | <i>+\$2,390</i>   |
| <b><u>Savings From Fiscal Discipline<sup>7</sup></u></b> |                             |                          |                   |
| Mortgage Payment Savings <sup>8</sup>                    | \$105                       | -\$415                   | +\$520            |
| Car Payment Savings <sup>9</sup>                         | \$10                        | -\$40                    | +\$50             |
| <i>Total Interest Savings</i>                            | <i>\$115</i>                | <i>-\$455</i>            | <i>+\$570</i>     |
| <b><u>Higher Standards/Higher Pay for Teachers</u></b>   | <i>\$10,000</i>             | <i>\$0</i>               | <i>+\$10,000</i>  |
| <b>Total Savings For Families</b>                        | <b>\$14,340</b>             | <b>\$1,380</b>           | <b>\$12,960</b>   |

<sup>6</sup> See appendix for details on tax calculations.

<sup>7</sup> Based on the magnitude of the Bush tax cuts and other policies, Deutsche Bank estimates that interest rates would be 0.75 to 0.5 percent higher under Bush's tax cut and spending policies than under the Gore-Lieberman economic plan [Deutsche Bank, 9/7/00].

<sup>8</sup> Assumes a \$100,000 home mortgage.

<sup>9</sup> Assumes a \$15,000 car loan.

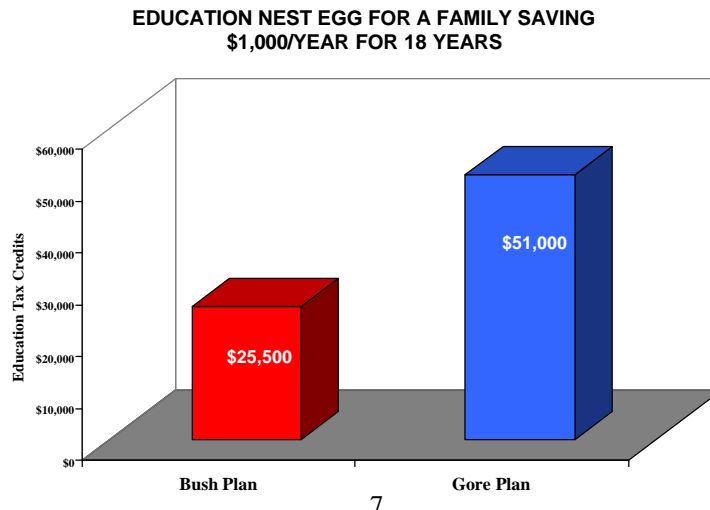
**ANOTHER “REAL” DIFFERENCE FOR “REAL” FAMILIES:  
SAVING TO PAY FOR COLLEGE**

|   | <b><u>Gore -<br/>Lieberman</u></b> | <b><u>Bush -<br/>Cheney</u></b> | <b><u>Difference</u></b> |
|---|------------------------------------|---------------------------------|--------------------------|
| <b><u>Nest Egg to Pay For College</u></b> |                                    |                                 |                          |
| Current Law Save \$1,000 for 18 years     | \$24,500                           | \$24,500                        | +\$0                     |
| Added Savings from Tax Benefits           | \$26,500                           | \$1,000                         | +\$25,500                |
| <b>Total Nest Egg for College</b>         | <b>\$51,000</b>                    | <b>\$25,500</b>                 | <b>+\$25,500</b>         |

Note: Inflation-adjusted, after-tax dollars. Assumes a 5.3 percent real rate of return.

**GORE-LIEBERMAN RETIREMENT SAVINGS PLUS:** This couple could take advantage of Gore’s Retirement Savings Plus accounts which provide a generous government match to help families save for retirement, a college education, or other specified purposes. If they put \$1,000 a year into the account the government will match them dollar for dollar, allowing them to save \$2,000 a year. If they invest this money conservatively in a mixture of stocks and bonds at a 5.3 percent real rate of return, then at the end of 18 years they will have an after-tax nest egg of \$51,000 (in after tax, inflation-adjusted 2000 dollars), enough to pay for four years of tuition at a private college.

**BUSH-CHENEY PLAN:** Bush has proposed expanding the Education IRAs that were signed into law by the current Administration. Most likely this expansion would provide no benefits to this family for two reasons: (1) given their income, this family would probably find saving through a traditional IRA more beneficial for tax reasons, and thus, would not use the expanded education IRA, and (2) the benefits of the education IRA would be curtailed by the existing Hope and Lifetime Learning tax credits. If this family benefited, the total tax benefits would be one-twentieth of the benefits conferred by Retirement Savings Plus accounts. At the end of 18 years, they would only have \$25,500 for college.



**ANOTHER “REAL” DIFFERENCE FOR “REAL” FAMILIES:  
SAFER HOMES AND COMMUNITIES**

*Families can rest assured that their community is safe under Al Gore and Joe Lieberman. The Gore-Lieberman plan will put 50,000 more community police officers on the street to fight crime. Al Gore and Joe Lieberman will also tighten standards for cleaner, safer water. A Gore-Lieberman Administration will designate more parks and green space through Better America Bonds, making our homes and communities safe and secure for all of America’s families.*

| <b>SAFER HOMES AND COMMUNITIES</b> | <b>GORE-LIEBERMAN</b>   | <b>BUSH-CHENEY</b> |
|------------------------------------|---|--------------------|
| <b>More Police</b>                 | <b>YES</b><br><br>50,000 more community police officers.                | <b>NO</b>          |
| <b>Cleaner Water</b>               | <b>YES</b><br><br>Tightened standards for water.                        | <b>NO</b>          |
| <b>More Parks</b>                  | <b>YES</b><br><br>More parks and green space with Better America Bonds. | <b>NO</b>          |



### (3) A FAMILY WITH THREE CHILDREN EARNING \$60,000

*A couple from Pennsylvania with three children ages 9, 14 and 19 earns \$60,000 per year. The husband manages a small business earning \$45,000 and his wife makes \$15,000 as an executive assistant. She is in a training course to learn the computer skills that will allow her to advance in her job. Their eldest child is in college -- where tuition and fees are \$11,000 per year. The youngest child spends his afternoons in an after-school program. The parents save \$2,000 per year for their retirement.*

|  | <u>Gore -<br/>Lieberman</u>  | <u>Bush -<br/>Cheney</u> | <u>Difference</u> |
|--|------------------------------|--------------------------|-------------------|
| <b><u>Tax Cuts for Working Families</u></b> <sup>10</sup>  |                              |                          |                   |
| Marriage Penalty Relief                                    | \$225                        | \$225                    | +\$0              |
| Tax Credit for College                                     | \$800                        | \$0                      | +\$800            |
| Tax Credit for Savings                                     | \$2,000                      | \$0                      | +\$2,000          |
| Other Tax Cuts   | \$0                          | \$1,600                  | -\$1,100          |
| <i>Total Tax Cut</i>                                       | <i>\$3,025</i>               | <i>\$1,825</i>           | <i>+\$1,200</i>   |
| <b><u>Savings From Fiscal Discipline</u></b> <sup>11</sup> |                              |                          |                   |
| Mortgage Payment Savings <sup>12</sup>                     | \$105                        | -\$415                   | +\$520            |
| Car Payment Savings <sup>13</sup>                          | \$10                         | -\$40                    | +\$50             |
| Student Loan Savings <sup>14</sup>                         | \$15                         | -\$65                    | +\$80             |
| <i>Total Interest Savings</i>                              | <i>\$130</i>                 | <i>-\$520</i>            | <i>+\$650</i>     |
| <b><u>After School</u></b>                                 | <i>\$1,000</i> <sup>15</sup> | <i>\$0</i>               | <i>+\$1,000</i>   |
| <b><u>Training for Computer Skills</u></b>                 | <i>\$2,000</i>               | <i>\$0</i>               | <i>+\$2,000</i>   |
| <b>Total Savings For Families</b>                          | <b>\$6,155</b>               | <b>\$1,305</b>           | <b>+\$4,850</b>   |

<sup>10</sup> See appendix for details on tax calculations.

<sup>11</sup> Based on the magnitude of the Bush tax cuts and other policies, Deutsche Bank estimates that interest rates would be 0.75 to 0.5 percent higher under Bush's tax cut and spending policies than under the Gore-Lieberman economic plan [Deutsche Bank, 9/7/00].

<sup>12</sup> Assumes a \$100,000 home mortgage.

<sup>13</sup> Assumes a \$15,000 car loan.

<sup>14</sup> Assumes a \$20,000 student loan.

<sup>15</sup> This is the money saved on after-school expenses because they put their child in a new, high-quality, program. The economic and social value of after-school could considerably exceed this conservative estimate.

**ANOTHER “REAL” DIFFERENCE FOR “REAL” FAMILIES:  
SAVING FOR RETIREMENT**

|  | <b><u>Gore -<br/>Lieberman</u></b> | <b><u>Bush -<br/>Cheney</u></b> | <b><u>Difference</u></b> |
|--|------------------------------------|---------------------------------|--------------------------|
| <b><u>Total Retirement Benefit</u></b>     |                                    |                                 |                          |
| Current Guaranteed Social Security Benefit | \$22,000                           | \$22,000                        | +\$0                     |
| Cut in Guaranteed Benefit                  | \$0                                | -\$7,333                        | +\$7,333                 |
| Annuity From Savings                       | \$8,150                            | \$2,900                         | +\$5,250                 |
| <b>Total Retirement Benefit</b>            | <b>\$30,150</b>                    | <b>\$17,567</b>                 | <b>+\$12,583</b>         |

Note. Inflation-adjusted, after-tax dollars. Assumes a 5.3 percent real rate of return.

**Gore-Lieberman Plan:**

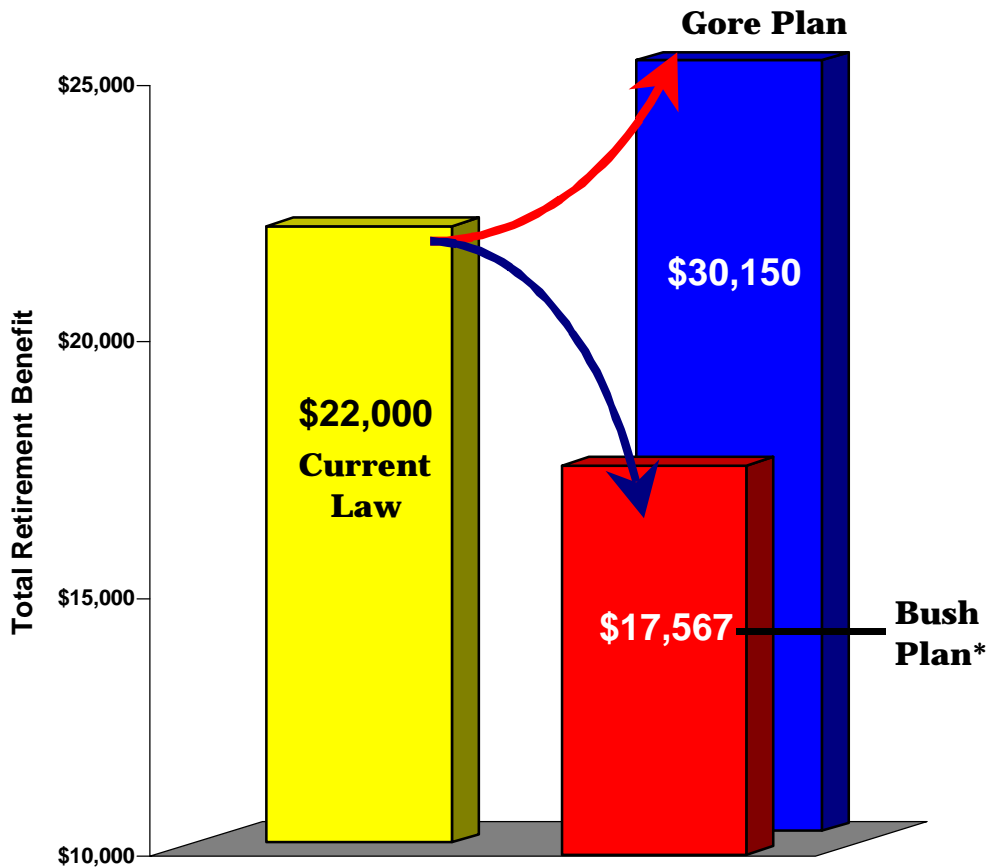
- **Social Security benefit guaranteed.** Under the Gore-Lieberman plan this family would get a guaranteed Social Security benefit, a projected \$22,000 when they retire in twenty years.
- **Voluntary Retirement Savings Plus accounts.** If this family saved \$2,000 per year for 20 years, then at the end of 20 years they would accumulate a retirement nest egg of \$142,000 (in inflation-adjusted dollars). This is enough to buy an inflation-protected annuity of \$8,150.

**Bush-Cheney Plan:**

- **Guaranteed Social Security benefit.** Since the Bush-Cheney plan does not invest any more money in Social Security, then it will need to make cuts in guaranteed benefits. For this couple the cut would be 33 percent, with the cuts growing to 54 percent for younger couples.<sup>16</sup> *As a result, their guaranteed Social Security benefit would be reduced by \$7,333.*
- **Social Security individual accounts.** If 2 percent of payroll were put into individual accounts, after 20 years this family would accumulate \$43,000 – enough for an inflation-adjusted annuity of \$2,900.

<sup>16</sup> Cite Century Foundation.

# WHAT'S THE DIFFERENCE ON RETIREMENT SECURITY? *Gore-Lieberman Plan vs. Bush-Cheney Plan*



\* The Bush-Cheney budget does not include any general revenues to pay for the transition to individual accounts. In the absence of such transfers, benefit cuts would be required to avoid Social Security going bankrupt in 2023.

**ANOTHER “REAL” DIFFERENCE FOR “REAL” FAMILIES:  
INCREASING STANDARDS AND ACCOUNTABILITY  
FOR OUR SCHOOLS**

*This family’s second child is a freshman in high school and is interested in math. However, like many schools, his high school has had trouble recruiting teachers -- math and science teachers in particular. As such, they have not been able to offer many advanced classes in this area. The school, with over 1,000 students, hasn’t been able to provide individualized attention to students with particular interests.*

| <b>EDUCATION</b>                               | <b>Gore-Lieberman</b>   | <b>Bush-Cheney</b>  |
|--|---|---|
|  | <b>YES</b>  | <b>NO</b>   |
| <b>Ensures Quality Teachers</b>                | <p>Each new teacher has been tested;</p> <p>All teachers have met quality standards;</p> <p>Master teachers with advanced degrees receive \$10,000 bonuses;</p> <p>A few low-performing teachers have been removed.</p> | <p>The Bush plan does not do anything to require improvement in the quality of teachers</p> |
| <b>Individual Attention in Smaller Schools</b> | <b>YES</b>  | <b>NO</b>   |
|  | <p>Grants for schools that build small schools, resulting in more individualized attention.</p>   |   |

## (4) AN ELDERLY COUPLE RECEIVING MEDICARE PRESCRIPTION DRUGS AND BUYING INTO MEDICARE

*A 62-year old woman with hypertension, who has been a foster mother and community volunteer for 25 years, has lost her health insurance because her husband retired. Her spouse who was a package handler was forced to retire at age 65 because he could no longer physically do his work. He is now on Medicare. This couple has a combined Social Security and pension income of \$45,000 annually. His prescription drug bills are \$610 per month (\$7,320 per year).*

|   | <u>Gore -<br/>Lieberman</u> | <u>Bush -<br/>Cheney</u> | <u>Difference</u> |
|---|-----------------------------|--------------------------|-------------------|
| <b><u>Tax Cuts for Working Families</u></b> <sup>17</sup>     |                             |                          |                   |
| Marriage Penalty Relief                                       | \$225                       | \$0                      | +\$225            |
| Other Tax Cuts  | \$0                         | \$225                    | -\$225            |
| <i>Total Tax Cut</i>  | \$225                       | \$225                    | +\$0              |
| <b><u>Savings From Fiscal Discipline</u></b> <sup>18</sup>    |                             |                          |                   |
| <i>Car Payment Savings</i> <sup>19</sup>                      | \$10                        | -\$40                    | +\$50             |
| <b><u>Health Insurance for 62 Year-old</u></b> <sup>20</sup>  |                             |                          |                   |
| Savings on Premiums   | \$3,235                     | \$0                      | +\$3,235          |
| Health Insurance Tax Credit                                   | \$978                       | \$500                    | +\$478            |
| <i>Total Savings on Health Insurance</i>                      | \$4,213                     | \$500                    | +\$3,713          |
| <b><u>Prescription Drug Benefit Savings</u></b> <sup>21</sup> |                             |                          |                   |
|   | \$2,288                     | -\$118                   | +\$2,406          |
| <b>Total Savings For Family</b>                               | <b>\$6,736</b>              | <b>\$567</b>             | <b>\$6,169</b>    |

<sup>17</sup> See appendix for details on tax calculations.

<sup>18</sup> Based on the magnitude of the Bush tax cuts and other policies, Deutsche Bank estimates that interest rates would be 0.75 to 0.5 percent higher under Bush's tax cut and spending policies than under the Gore-Lieberman economic plan [Deutsche Bank, 9/7/00].

<sup>19</sup> Assumes a \$15,000 car loan.

<sup>20</sup> See appendix for details.

<sup>21</sup> See appendix for details.

**ANOTHER “REAL” DIFFERENCE FOR “REAL” FAMILIES:  
STRENGTHENING MEDICARE**

*This 62 year old woman with hypertension recently lost her health insurance because her husband retired. Fortunately, under the Gore-Lieberman Administration, she now has access to quality health care options and can buy into Medicare with a 25 percent tax credit to make it affordable. Under the Bush-Cheney plan, she may have had to wait until she became 67 to become eligible for Medicare. Her 65 year old husband is on Medicare, saves \$2,288 every year on prescription drugs through the Gore-Lieberman drug benefit, and does not have to worry about rising premium costs. Thanks to Gore-Lieberman proposal to provide coverage for preventive and early diagnostic care, and to assure that all preventive benefits are approved on a fast track basis, this man is regularly screened for potentially life-threatening conditions such as colorectal cancer.*

| <b>MEDICARE</b>                               | <b>Gore-Lieberman</b>   | <b>Bush-Cheney</b>  |
|---|---|---|
| <b>Covers Preventive Benefits</b>             | <b>YES</b><br><br>Eliminates all cost sharing for all preventive benefits, such as colorectal cancer screening. | <b>NO</b><br><br>Leaves existing copayments.  |
| <b>Access to new tests for prevention</b>     | <b>YES</b><br><br>Assures that all preventive benefits are approved on a fast track basis.                      | <b>NO</b>   |
| <b>No premiums increase</b>                   | <b>YES</b><br><br>No increase.  | <b>NO</b><br><br>Supports controversial recommendations that could include increasing premiums by 18 to 47 percent.         |
| <b>No home health copayment</b>               | <b>YES</b>  | <b>NO</b><br><br>Supports controversial recommendations that could include a new 10 percent copay.                          |
| <b>Maintains eligibility age for Medicare</b> | <b>YES</b><br><br>Also provides options for those between 55 and 65   | <b>NO</b><br><br>Supports controversial recommendations that could raise the age for eligibility from 65 to 67.<br>65 to 67 |

## (5) A SINGLE MOTHER WITH THREE CHILDREN EARNING \$22,000

*A single mother from Wyoming is raising three children and working for the local phone company making \$22,000. She was recently diagnosed with breast cancer. While she is at work or at the doctor's, her toddler spends time at a local day care center, her 4 year old is in preschool, and her 8 year old is in the 3<sup>rd</sup> grade. This family also benefits from the Fatherhood initiative, which requires non-custodial parents to pay child support or go to work. He is enrolled in a fatherhood program where he gets on-the-job training and earns a modest salary. He has just started paying some child support and can meet his responsibilities as a father.*

|   | <u>Gore -<br/>Lieberman</u> | <u>Bush -<br/>Cheney</u> | <u>Difference</u> |
|---|-----------------------------|--------------------------|-------------------|
| <b><u>Tax Cuts for Working Families</u></b> <sup>22</sup> |                             |                          |                   |
| EITC Expansion for 3+ Children                            | \$500                       | \$0                      | +\$500            |
| EITC Expansion to Reward Work                             | \$179                       | \$0                      | +\$179            |
| <i>Total Tax Cut</i>                                      | \$679                       | \$0 <sup>23</sup>        | +\$679            |
| <b><u>Expanded Health Insurance</u></b> <sup>24</sup>     | \$4,400                     | \$0 <sup>25</sup>        | +\$4,600          |
| <b><u>Child Support</u></b>                               | \$500                       | \$0                      | +\$500            |
| <b><u>Qualified Universal Pre-School</u></b>              | \$2,400                     | \$0                      | +\$2,400          |
| <b>Total Savings For Families</b>                         | <b>\$7,979</b>              | <b>\$0</b>               | <b>+\$7,979</b>   |

<sup>22</sup> See appendix for details on tax calculations.

<sup>23</sup> The Bush-Cheney plan does not reduce taxes for families with not tax liability. According to accountants at Deloitte and Touche, his proposals would not reduce taxes for a single mother with two children making \$22,000. [*Time*, 9/4/00].

<sup>24</sup> See appendix for details.

<sup>25</sup> Assumes she would not spend the \$5,736 necessary to buy a policy that would allow her to benefit from Governor Bush's proposed \$2,000 tax credit.

**ANOTHER “REAL” DIFFERENCE FOR “REAL” FAMILIES:  
PATIENT PROTECTIONS TO ASSURE THE QUALITY HEALTH CARE**

*Health care is particularly important in this family right now, because the mother is being treated for breast cancer and her doctors believe that she should be in a clinical trial for treatment. Luckily, they health insurance coverage. However, they have had trouble with their HMO in the past, which has made it difficult to access specialists, and other needed services.*

| <b>PATIENTS BILL OF RIGHTS</b>   | <b>Gore-Lieberman</b> | <b>Bush-Cheney</b>                            |
|--|-----------------------|---|
| <b>Protections for <u>all</u> Americans in health plans?</b>             | <b>YES</b>            | <b>NO</b><br>Leaves Out 135 million Americans |
| <b>Access to health care specialists for treatment of cancer?</b>        | <b>YES</b>            | <b>NO</b>                                     |
| <b>Access to treatments and clinical trials?</b>                         | <b>YES</b>            | <b>NO</b>                                     |
| <b>Access to emergency room services when and where the need arises?</b> | <b>YES</b>            | <b>NO</b>                                     |
| <b>HMOs held accountable for bad decisions?</b>                          | <b>YES</b>            | <b>NO</b>                                     |



**ANOTHER “REAL” DIFFERENCE FOR “REAL” FAMILIES:  
IMPROVED CHILD CARE AND EDUCATION**

*While this mother is hard at work, she can rest assured that under the Gore-Lieberman plan, her toddler is at quality child care center being supervised by a licensed provider, her 4 year old is enrolled in a high-quality preschool, and her 8 year old is in a smaller class with only 18 children. She also has a better teacher because of the Gore-Lieberman plan to test every new teacher and assure every teacher is fully qualified.*

|                           | <b>Gore-Lieberman</b>  | <b>Bush-Cheney</b>  |
|---------------------------|--|---|
| <b>Smaller Classes</b>    | <b>18</b>  | <b>28</b><br>Eliminates class size initiative   |
| <b>Quality Child Care</b> | <b>YES</b><br>Center just received new safety standards;<br>Criminal background checks; inspections;<br>Center was just recently was accredited;<br>Teachers receive enhanced pay through Ready to Learn Fund, leading to less turnover. | <b>NO</b><br>Bush plan does nothing to enhance the quality of child care  |
| <b>Free Preschool</b>     | <b>YES</b><br>Her middle child can participate in the new state program to expand pre-school.  | <b>NO</b><br>The Bush plan has no funding to expand Head Start or to make pre-school affordable. The mother has to pay additional to help care for her child. |
| <b>More Police</b>        | <b>YES</b><br>50,000 more community police officers.   | <b>NO</b>   |

**APPENDIX – DERIVATION OF TAX CUTS AND VALUE OF HEALTH PROPOSALS**

*Note that all examples assume the policies are fully phased in. The parameters are for tax year 2001, adjusted based on CBO’s projections of inflation.*

**Family #1: A Family With Two Small Children Making \$35,000**

|  | <b>Current Law</b> | <b>Gore-Lieberman Tax Plan</b> | <b>Bush-Cheney Tax Plan</b> |
|--|--------------------|--------------------------------|-----------------------------|
| <b>Adjusted Gross Income</b>                 | \$35,000           | \$35,000                       | \$35,000                    |
| <b>Standard Deduction</b>                    | -\$7,600           | -\$9,100 <sup>26</sup>         | -\$7,600                    |
| <b>Personal Exemptions</b>                   | -\$11,600          | -\$11,600                      | -\$12,630 <sup>27</sup>     |
| <b>Exclusion for Savings</b>                 | -\$500             | -\$500                         | -\$500                      |
| <b>Taxable Income</b>                        | \$15,300           | \$13,800                       | \$14,270                    |
| <b>Marginal Tax Rate</b>                     | 15%                | 15%                            | 15% <sup>28</sup>           |
| <b>Pre-Credit Tax Liability</b>              | \$2,295            | \$2,070                        | \$1,541                     |
| <b>Child Tax Credit<sup>29</sup></b>         | -\$1,000           | -\$1,000                       | -\$2,000                    |
| <b>Childcare Tax Credit<sup>30</sup></b>     | -\$480             | -\$1,080                       | -\$480                      |
| <b>RSP Tax Credit Match<sup>31</sup></b>     | n.a.               | -\$500                         | n.a.                        |
| <b>Pre-EITC Federal Income Taxes</b>         | \$815              | -\$510                         | \$0 <sup>32</sup>           |
| <b>Earned Income Tax Credit<sup>33</sup></b> | \$0                | -\$303                         | \$0                         |
| <b>Federal Income Taxes</b>                  | \$815              | -\$813                         | \$0                         |
| <b>Total Tax Cut</b>                         | <b>n.a.</b>        | <b>-\$1,628</b>                | <b>-\$815</b>               |

<sup>26</sup> **Gore Marriage Penalty Relief.** The Gore marriage penalty plan increases the standard deduction for married couples to twice that of singles, a \$1,500 increase.

<sup>27</sup> **Bush Marriage Penalty Relief.** The Bush marriage penalty proposal provides an additional exemption of 10 percent of the second earners income, up to a \$3,000 exemption.

<sup>28</sup> **Marginal Tax Rate.** Governor Bush has proposed creating a 10 percent rate that would cover the first \$12,000 of taxable income for a married couple.

<sup>29</sup> **Child Tax Credit.** The Clinton-Gore Administration signed into law a \$500 tax credit. Governor Bush has proposed increasing this credit to \$1,000.

<sup>30</sup> **Childcare Tax Credit.** Under current law, a family with an income of \$35,000 gets a 20 percent non-refundable credit on the first \$2,400 of work-related child care expenses per child. Al Gore proposes to increase this credit to 45 percent for families with this income and make it refundable.

<sup>31</sup> **Retirement Savings Plus.** This family would be eligible for a 1:1 tax credit match on their savings.

<sup>32</sup> Because Governor Bush’s tax credits are not refundable, their use is limited by the extent of their tax liability.

<sup>33</sup> **Earned Income Tax Credit.** The Gore-Lieberman plan lowers the EITC phaseout rate for families with two or more children.

**VALUE OF HEALTH INSURANCE FOR THE MARRIED COUPLE WITH TWO CHILDREN**

This family is between 200 percent and 250 percent of poverty and thus would not be eligible under current Children's Health Insurance Program (CHIP) rules but would be under the Gore-Lieberman plan.

|                              | <b>Gore-Lieberman</b>  | <b>Bush-Cheney</b>                            |
|------------------------------|--|---|
| <b>Full Cost of Coverage</b> | \$4,000 <sup>34</sup>  | \$4,000                                       |
| <b>Assistance</b>            | \$2,210 <sup>35</sup> in Federal CHIP \$<br>\$1,190 in State CHIP \$ | -\$1,667 <sup>36</sup>                        |
| <b>What Person Pays</b>      | <b>\$50 / month</b><br><b>\$600 / year<sup>37</sup></b>              | <b>\$194 / month</b><br><b>\$2,333 / year</b> |

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<sup>34</sup> Rough average per capita cost for two children.

<sup>35</sup> Assuming that the family lives in a state with a CHIP Federal matching rate of 65%.

<sup>36</sup> Bush is proposing a \$2,000 tax credit for families making up to \$30,000, phasing down for families making above \$60,000.

<sup>37</sup> \$25 premiums per child are typical in CHIP.

**Family #2: A Couple Making \$50,000, Caring for an Elderly Parent, and Saving to Send their Child to College**

|   | <b>Current Law</b> | <b>Gore-Lieberman Tax Plan</b> | <b>Bush-Cheney Tax Plan</b> |
|---|--------------------|--------------------------------|-----------------------------|
| <b>Adjusted Gross Income</b>                  | \$50,000           | \$50,000                       | \$50,000                    |
| <b>Standard Deduction</b>                     | -\$7,600           | -\$9,100 <sup>38</sup>         | -\$7,600                    |
| <b>Personal Exemptions</b>                    | -\$11,600          | -\$11,600                      | -\$16,500 <sup>39</sup>     |
| <b>Exclusion for Savings</b>                  | -\$1,000           | -\$1,000                       | -\$1,000                    |
| <b>Taxable Income</b>                         | \$29,800           | \$28,300                       | \$24,900                    |
| <b>Marginal Tax Rate</b>                      | 15%                | 15%                            | 15% <sup>40</sup>           |
| <b>Pre-Credit Tax Liability</b>               | \$4,470            | \$4,245                        | \$3,135                     |
| <b>Child Tax Credit<sup>41</sup></b>          | -\$500             | -\$500                         | -\$1,000                    |
| <b>Long-term Care Tax Credit<sup>42</sup></b> | n.a.               | -\$3,000                       | n.a.                        |
| <b>RSP Tax Credit Match<sup>43</sup></b>      | n.a.               | -\$1,000                       | n.a.                        |
| <b>Federal Income Taxes</b>                   | \$3,970            | -\$255                         | \$2,135                     |
| <b>Total Tax Cut</b>                          | <b>n.a.</b>        | <b>-\$4,225</b>                | <b>-\$1,835</b>             |

<sup>38</sup> **Gore Marriage Penalty Relief.** The Gore marriage penalty plan increases the standard deduction for married couples to twice that of singles, a \$1,500 increase.

<sup>39</sup> **Bush Marriage Penalty Relief and Long-term Care.** The Bush marriage penalty proposal provides an additional exemption of 10 percent of the second earners income, up to a \$3,000 exemption. The Bush long-term care proposal provides an added \$2,900 exemption, which for a family in the 15 percent bracket reduces their taxes by \$435.

<sup>40</sup> **Marginal Tax Rate.** Governor Bush has proposed creating a 10 percent rate that would cover the first \$12,000 of taxable income for a married couple.

<sup>41</sup> **Child Tax Credit.** The Clinton-Gore Administration signed into law a \$500 tax credit. Governor Bush has proposed increasing this credit to \$1,000.

<sup>42</sup> **Long-term Care Tax Credit.** Under the Gore-Lieberman proposal, a family could take a \$3,000 tax credit for long-term care expenses.

<sup>43</sup> **Retirement Savings Plus.** This family would be eligible for a 1:1 tax credit match on their savings.

**Family #3: A Family With Three Children Earning \$60,000 and Helping Send a Child to College**

|   | <b>Current Law</b> | <b>Gore-Lieberman Tax Plan</b> | <b>Bush-Cheney Tax Plan</b> |
|---|--------------------|--------------------------------|-----------------------------|
| <b>Adjusted Gross Income</b>                        | \$60,000           | \$60,000                       | \$60,000                    |
| <b>Standard Deduction</b>                           | -\$7,600           | -\$9,100 <sup>44</sup>         | -\$7,600                    |
| <b>Personal Exemptions</b>                          | -\$14,500          | -\$14,500                      | -\$16,000 <sup>45</sup>     |
| <b>Exclusion for Savings</b>                        | -\$2,000           | -\$2,000                       | -\$2,000                    |
| <b>Taxable Income</b>                               | \$35,900           | \$34,400                       | \$34,400                    |
| <b>Marginal Tax Rate</b>                            | 15%                | 15%                            | 15% <sup>46</sup>           |
| <b>Pre-Credit Tax Liability</b>                     | \$5,385            | \$5,160                        | \$4,560                     |
| <b>Child Tax Credit</b> <sup>47</sup>               | -\$1,000           | -\$1,000                       | -\$2,000                    |
| <b>College Opportunity / Lifetime</b> <sup>48</sup> | -\$2,000           | -\$2,800                       | -\$2,000                    |
| <b>RSP Tax Credit Match</b> <sup>49</sup>           | n.a.               | -\$2,000                       | n.a.                        |
| <b>Federal Income Taxes</b>                         | \$2,385            | -\$640                         | \$560                       |
| <b>Total Tax Cut</b>                                | <b>n.a.</b>        | <b>-\$3,025</b>                | <b>-\$1,825</b>             |

<sup>44</sup> **Gore Marriage Penalty Relief.** The Gore marriage penalty plan increases the standard deduction for married couples to twice that of singles, a \$1,500 increase.

<sup>45</sup> **Bush Marriage Penalty Relief and Long-term Care.** The Bush marriage penalty proposal provides an additional exemption of 10 percent of the second earners income, up to a \$3,000 exemption. The Bush long-term care proposal provides an added \$2,900 exemption, which for a family in the 15 percent bracket reduces their taxes by \$435.

<sup>46</sup> **Marginal Tax Rate.** Governor Bush has proposed creating a 10 percent rate that would cover the first \$12,000 of taxable income for a married couple.

<sup>47</sup> **Child Tax Credit.** The Clinton-Gore Administration signed into law a \$500 tax credit. Governor Bush has proposed increasing this credit to \$1,000.

<sup>48</sup> **College Opportunity Tax Cut / Lifetime Learning.** Under the Gore-Lieberman proposal, a family would have a choice of a tax deduction or a 28 percent tax credit on up to \$10,000 of tuition.

<sup>49</sup> **Retirement Savings Plus.** This family would be eligible for a 1:1 tax credit match on their savings.

**Family #4: An Elderly Couple Receiving Medicare Prescription Drugs and Buying Into Medicare**

|                              | <b>Current Law</b> | <b>Gore-Lieberman Tax Plan</b> | <b>Bush-Cheney Tax Plan</b> |
|------------------------------|--------------------|--------------------------------|-----------------------------|
| <b>Adjusted Gross Income</b> | \$17,900           | \$17,900                       | \$17,900                    |
| <b>Standard Deduction</b>    | -\$7,600           | -\$9,100 <sup>50</sup>         | -\$7,600                    |
| <b>Personal Exemptions</b>   | -\$5,800           | -\$5,800                       | -\$5,800                    |
| <b>Taxable Income</b>        | \$4,500            | \$3000                         | \$4,500                     |
| <b>Marginal Tax Rate</b>     | 15%                | 15%                            | 15% <sup>51</sup>           |
| <b>Federal Income Taxes</b>  | \$675              | \$450                          | \$450                       |
| <b>Total Tax Cut</b>         | <b>n.a.</b>        | <b>-\$225</b>                  | <b>-\$225</b>               |

**Health Insurance for 62 Year-old**

|                                    | <b>Current Law</b>                            | <b>Gore-Lieberman</b>                         | <b>Bush-Cheney</b>                            |
|------------------------------------|---|---|---|
| <b>Full Cost of Coverage</b>       | \$596 / month<br>\$7,147 / year <sup>52</sup> | \$326 / month <sup>53</sup><br>\$3,912 / year | \$596 / month<br>\$7,147 / year               |
| <b>Health Insurance Tax Credit</b> | \$0   | \$978 tax credit                              | \$500 tax credit                              |
| <b>What Person Pays</b>            | <b>\$596 / month</b><br><b>\$7,147 / year</b> | <b>\$245 / month</b><br><b>\$2,934 / year</b> | <b>\$554 / month</b><br><b>\$6,647 / year</b> |

<sup>50</sup> **Gore Marriage Penalty Relief.** The Gore marriage penalty plan increases the standard deduction for married couples to twice that of singles, a \$1,500 increase.

<sup>51</sup> **Marginal Tax Rate.** Governor Bush has proposed creating a 10 percent rate that would cover the first \$12,000 of taxable income for a married couple.

<sup>52</sup> The Commonwealth Fund 1999 Health Care Survey of Adults Ages 50 to 70. For an average 60-year old.

<sup>53</sup> Congressional Budget Office (April 2000).

## Prescription Drug Coverage

|   | <b>Current Law</b>                  | <b>Gore-Lieberman</b>                             | <b>Bush-Cheney</b>         |
|---|-------------------------------------|---|----------------------------|
| <b>Cost of Prescription Drugs</b>               | \$7,320                             | \$6,588 <sup>54</sup>                             | \$7,320                    |
| <b>Paid by Beneficiary</b>                      | \$7,320                             | \$4,000 <sup>55</sup>                             | \$7,320 <sup>56</sup>      |
| <b>Paid by Medicare</b>                         | \$0                                 | \$2,588   | \$0                        |
| <b>Premium for Drug Benefit</b>                 | \$0                                 | \$300 per year<br>\$25 per month                  | \$0                        |
| <b>Premium for Medicare Part B<sup>57</sup></b> | \$654 per year<br>\$54.50 per month | \$654 per year <sup>58</sup><br>\$54.50 per month | \$772 per month<br>\$64.30 |
| <b>TOTAL SAVINGS</b>                            |                                     | <b>+\$2,288</b>                                   | <b>-\$118</b>              |

<sup>54</sup> Assumes a conservative 10 percent price discount, which is consistent with CBO estimates.

<sup>55</sup> The Gore-Lieberman plan has a catastrophic benefit that limits expenses to \$4,000.

<sup>56</sup> Based on CBO analysis, half of seniors without coverage will not get coverage from the Bush-Cheney plan. This example assumes that this family is not covered.

<sup>57</sup> The projected premiums in 2002 are \$54.50 per month. For the Gore-Lieberman plan, there will be lower premiums as the reforms make the program more efficient. For the Bush-Cheney plan, the Medicare actuaries estimated that the failed Medicare Commission plan would raise premiums by 18 percent to 30 percent. This estimate assumes a \$118 increase.

<sup>58</sup>

**Family #5: Single Mother With Three Children Earning \$22,000**

|  | <b>Current Law</b> | <b>Gore-Lieberman Tax Plan</b> | <b>Bush-Cheney Tax Plan</b> |
|--|--------------------|--------------------------------|-----------------------------|
| <b>Adjusted Gross Income</b>                 | \$22,000           | \$22,000                       | \$22,000                    |
| <b>Standard Deduction</b>                    | -\$6,650           | -\$6,650                       | -\$6,650                    |
| <b>Personal Exemptions</b>                   | -\$11,600          | -\$11,600                      | -\$11,600                   |
| <b>Taxable Income</b>                        | \$3,750            | \$3,750                        | \$3,750                     |
| <b>Marginal Tax Rate</b>                     | 15%                | 15%                            | 15% <sup>59</sup>           |
| <b>Pre-Credit Tax Liability</b>              | \$563              | \$563                          | \$375                       |
| <b>Child Tax Credit<sup>60</sup></b>         | -\$1,500           | -\$1,500                       | -\$3,000                    |
| <b>Pre-EITC Federal Income Taxes</b>         | \$0                | \$0                            | \$0                         |
| <b>Earned Income Tax Credit<sup>61</sup></b> | -\$2,125           | -\$2,804                       | -\$2,125                    |
| <b>Federal Income Taxes</b>                  | -\$2,125           | -\$2,804                       | -\$2,125                    |
| <b>Total Tax Cut</b>                         | <b>n.a.</b>        | <b>-\$679</b>                  | <b>\$0</b>                  |

**Expanded Health Insurance**

|                              | <b>Current Law</b>                            | <b>Gore-Lieberman</b>  | <b>Bush-Cheney</b>                            |
|------------------------------|---|--|---|
| <b>Full Cost of Coverage</b> | \$5,736 <sup>62</sup>                         | \$5,000 <sup>63</sup>  | \$5,736                                       |
| <b>Assistance</b>            | \$0 tax credit                                | \$2,860 <sup>64</sup> in Federal CHIP\$<br>\$1,540 in State CHIP\$ | \$0 <sup>65</sup> tax credit                  |
| <b>What Person Pays</b>      | <b>\$478 / month</b><br><b>\$5,763 / year</b> | <b>\$50 / month<sup>66</sup></b><br><b>\$600 / year</b>            | <b>\$478 / month</b><br><b>\$5,763 / year</b> |

<sup>59</sup> **Marginal Tax Rate.** Governor Bush has proposed creating a 10 percent rate that would cover the first \$10,000 of taxable income for a head of household.

<sup>60</sup> **Child Tax Credit.** The Clinton-Gore Administration signed into law a \$500 tax credit. Governor Bush has proposed increasing this credit to \$1,000.

<sup>61</sup> **Earned Income Tax Credit.** The Gore-Lieberman plan lowers the EITC phaseout rate for families with two or more children.

<sup>62</sup> This is the average family premium for an employer-based group health insurance policy (Employer Health Benefits 1999 Annual Survey). Premiums in the individual insurance market are even more expensive.

<sup>63</sup> Rough average per capita cost.

<sup>64</sup> Assuming that the family lives in a state with a CHIP Federal matching rate of 65 percent.

<sup>65</sup> Assumes no take up of the private plan.

<sup>66</sup> \$25 premiums per child are typical in CHIP.