



Legislative Bulletin.....March 28, 2012

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H.Con.Res. 112— FY 2013 Budget Resolution

H.Con.Res. 112—FY 2013 Budget Resolution (Ryan, R-WI)

Order of Business: Consideration of the resolution began on Wednesday, March 28, 2012, and will continue Thursday, March 29, 2012 under a structured rule that provides four hours of general debate. The rule waives all points of order against consideration of the concurrent resolution, and makes in order the amendments in the nature of a substitute described below.

Summary: Among other things, the FY 2013 budget resolution sets recommended spending, revenue, deficit, and debt levels over the 2013-2022 period. Actual spending and revenue figures for each year would depend on subsequent legislation.

Proposed Revenues, Spending, and Deficits: The Republican budget resolution proposes to cut spending by **\$4.2 trillion** compared to the baseline and by **\$5.3 trillion** compared to the President’s request. It cuts taxes by **\$4.4 trillion** compared to the baseline (much of this is simply preventing tax increases by extending current law).

House Republican Budget Resolution

In Billions of Dollars

	Spending	Tax Revenue	Deficit/Surplus
2013	3530	2734	-797
2014	3476	2980	-496
2015	3536	3232	-304
2016	3690	3449	-241
2017	3824	3642	-182
2018	3977	3811	-166
2019	4199	3986	-213
2020	4409	4184	-225
2021	4605	4388	-217
2022	4888	4601	-287

Spending Details: The resolution provides a 9.3% reduction to all spending in CBO’s baseline over the FY 2013-2022 period. The House GOP inherited a federal budget with spending at historic highs—24.1% of GDP in 2011, the highest level since World War II. Under H.Con.Res 112, spending would decline to 19.3% of GDP by 2018, and then stay below 20% of GDP

through the budget window (the recent historic average is 20.7% of GDP). The budget resolution would put the country on track to completely eliminate the national debt (last accomplished by President Andrew Jackson) within four decades.

Medicare: Reduces spending by \$123 billion compared to the baseline over ten years. Beyond the ten-year window, Medicare transitions to a solvent premium-support system.

Medicaid: The Medicaid program would no longer be an open-ended entitlement, but would instead be block-granted to the states. The program would be allowed to grow in line with inflation plus population growth.

Social Security: No change in spending assumed during ten-year window. The resolution proposes a trigger that would have the President propose a plan, leading to congressional consideration, to make Social Security permanently solvent.

Obamacare: Proposes to repeal the law and budgets \$0 for it over ten years.

Discretionary Spending:

- **War Funding:** Same as the President’s budget request: \$97 billion in 2013 and then \$44 billion in subsequent years.
- **Defense Spending:** Grows from \$554 billion in 2013 to \$699 billion in 2022.
- **Non-Defense Funding:** This spending was \$517 billion in FY 2012. It would decline to \$473 billion in FY 2013 and then \$406 billion in FY 2014. This spending then slowly rises to \$477 billion by 2022.

302(a) Allocation: The budget resolution sets the 302(a) allocation—the cap on how much non-emergency spending can occur during the FY 2013 appropriations process—at \$1.028 trillion. This is the figure the House-passed FY 2012 budget proposed for FY 2013. This is \$19 billion below the *cap* set by the Budget Control Act (Public Law 112-25). The Budget Control Act set a cap on this category of spending, but did not set a floor.

Reconciliation/Sequestration: The budget resolution sets up a process to replace \$78 billion of FY 2013 sequestration under the Budget Control Act with mandatory spending cuts through the reconciliation process. The plan would specifically call on six committees to reduce spending (through the reconciliation process) equivalent to \$18.3 billion in 2013, \$116.3 billion through 2017, and \$261.5 billion over ten years. The savings by committee (in millions of dollars):

	2012-13	2012-17	2012-22
Agriculture	8,200	77,799	77,799
Energy and Commerce	3,750	19,700	33,200
Financial Services	3,000	28,430	96,760
Judiciary	100	16,700	29,800
OGR	2,200	30,100	78,900
Ways and Means	1,200	23,000	53,000
Net Total	18,350	116,330	261,460

Tax Details: The budget resolution cuts taxes by \$4.4 trillion over ten years compared to the baseline. Within the revenue number set by the budget resolution, the resolution envisions revenue-neutral tax reforms that would lower both the top individual and corporate rates to 25%.

Comparison of Budget Proposals
(in billions of dollars)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	13-22
SPENDING											
Baseline	3,580	3,668	3,846	4,097	4,267	4,447	4,708	4,953	5,200	5,520	44,286
President	3,717	3,807	3,952	4,186	4,356	4,553	4,829	5,083	5,339	5,613	45,435
GOP	3,530	3,476	3,536	3,690	3,824	3,977	4,199	4,409	4,605	4,888	40,134
RSC	3,457	3,362	3,409	3,514	3,614	3,734	3,924	4,095	4,263	4,483	37,855
Democrat	3,704	3,757	3,885	4,109	4,286	4,481	4,753	5,008	5,264	5,544	44,791
TAXES											
Baseline	2,968	3,283	3,589	3,838	4,066	4,272	4,484	4,719	4,962	5,218	41,399
President	2,741	3,105	3,413	3,657	3,868	4,043	4,227	4,445	4,661	4,885	39,045
GOP	2,734	2,980	3,232	3,449	3,642	3,811	3,986	4,184	4,388	4,601	37,007
RSC	2,734	2,980	3,232	3,449	3,642	3,811	3,986	4,184	4,388	4,601	37,007
Democrat	2,739	3,068	3,377	3,622	3,834	4,012	4,199	4,422	4,642	4,869	38,784
DEFICITS											
Baseline	612	385	257	259	201	175	224	234	237	303	2,887
President	977	702	539	529	488	510	602	638	678	728	6,391
GOP	797	496	304	241	182	166	213	225	217	287	3,128
RSC	723	382	177	65	(28)	(77)	(62)	(89)	(125)	(118)	848
Democrat	965	689	508	487	451	469	554	586	622	675	6,006

Substitute Amendments Made in Order Under the Rule

1. Garrett (R-NJ)/Jordan (R-OH)/Mulvaney (R-SC)/McClintock (R-CA)/Huelskamp (R-KS)—The RSC Substitute (30 Minutes of Debate)

Proposed Revenues, Spending, and Deficits: The RSC budget resolution proposes to cut spending by **\$7.5 trillion** compared to the President’s request. It cuts taxes by **\$4.4 trillion** compared to the baseline (much of this is simply preventing tax increases by extending current law). The budget would balance in 2017 and then remain in surplus through 2022, see table below:

RSC Budget Resolution

In Billions of Dollars

	Spending	Tax Revenue	Deficit/Surplus
2013	3457	2734	-723
2014	3362	2980	-382
2015	3409	3232	-177
2016	3514	3449	-65
2017	3614	3642	28
2018	3734	3811	77
2019	3924	3986	62
2020	4095	4184	89
2021	4263	4388	125
2022	4483	4601	118

Tax Cuts: The same revenue figures as the Republican budget with reconciliation instructions to enact the [Jobs Through Growth Act](#) (H.R. 3400).

Discretionary Spending/302(a) Allocation: In FY 2013, the RSC budget proposes that discretionary spending be at the level proposed for FY 2013 in last year's House-passed budget resolution minus the dollar amount of sequestration that would occur under the Budget Control Act. This is nearly identical to the amount of spending enacted in the last appropriations process prior to the Obama Administration (\$933 billion in FY 2008). This sets the 302(a) allocation for FY 2013 at \$931 billion. Until the budget is balanced, from FY 2014-2017, total discretionary spending would be frozen at this level. From FY 2018-2022, discretionary spending is allowed to grow with inflation.

Within this discretionary spending total, defense grows from \$554 billion in 2013 to \$699 billion in 2022. Non-defense discretionary spending falls from \$377 billion in 2013 to \$329 billion in 2022.

Mandatory Spending:

- **Social Security:** No change to current retirees and those 55 and older. For younger Americans (those born in 1958 and later) the age of eligibility for Social Security would gradually increase to the age of 70.
- **Medicare:** Adopts the same numbers, and policy, as the House Republican budget.
- **Medicaid/CHIP:** The RSC budget proposes to block grant Medicaid and CHIP at FY 2012 levels (\$267 billion annually) via the RSC's [State Health Flexibility Act](#) (H.R. 4160, authored by Rep. Rokita).
- **Obamacare:** Repealed with \$0 funding provided for any program under the law.
- **Other:** Requires each committee to find 1% savings from mandatory savings under their jurisdiction, reforms means-tested social welfare programs on the model of the successful 1996 welfare reform law, and requires 5% of all federal assets to be sold. For all savings, see [this](#) long-analysis of the RSC budget.

Reconciliation Instructions:

- **Tax Cuts:** Reconciliation instructions for \$4.4 trillion of tax relief over ten years.

- **Mandatory Spending:** Reconciliation instructions for a total of \$3.6 trillion in cuts over ten years.

For much more information on the RSC budget resolution, see [here](#), including a growing number of outside groups and editorial supporters. The RSC budget was also filed as a stand-alone resolution (H.Con.Res. 113).

2. Cleaver (D-MO) —The Congressional Black Caucus Substitute (30 Minutes of Debate)

The budget proposes \$595 billion more in spending than the President’s budget and proposes \$4 trillion more in tax revenues (both figures over ten years). The resolution does not include any budget enforcement language or reconciliation instructions.

3. Cooper (D-TN)/LaTourette (R-OH) —Based on Bowles/Simpson Commission (20 Minutes of Debate)

According to the authors, the legislation would increase tax revenues by \$1.2 trillion over ten years (compared to the “current policy” baseline) and cut spending by \$2.44 trillion over ten years, which causes interest savings of \$547 billion over ten years.

The budget provides for reconciliation instructions calling for \$370 billion of mandatory spending cuts over ten years. It also provides reconciliation instructions to increase tax revenue by \$1 trillion over ten years compared to the current policy baseline.

Outside Organizations: Heritage Action is scoring against the amendment. ATR is key voting against the amendment and argues that it assumes closer to a \$2 trillion tax increase.

4. Honda (D-CA)—Progressive Caucus Budget (30 Minutes of Debate)

The resolution does not include any budget enforcement language or reconciliation instructions. The budget proposes spending, taxes, and deficits in the following amounts:

Progressive Caucus Budget Resolution

In Billions of Dollars

	Spending	Tax Revenue	Deficit/Surplus
2013	3927	2894	-1,034
2014	3971	3398	-573
2015	4106	3745	-361
2016	4328	4059	-270
2017	4489	4346	-143
2018	4665	4563	-102
2019	4925	4826	-99
2020	5171	5075	-96
2021	5425	5316	-109
2022	5743	5563	-180

5. Van Hollen (D-MD)—Democrat Budget (30 Minutes of Debate)

The Democrat budget does not include any reconciliation instructions. The Democrat budget proposes spending, taxes, and deficits in the following amounts:

Democrat Budget Resolution

In Billions of Dollars

	Spending	Tax Revenue	Deficit/Surplus
2013	3704	2739	-965
2014	3757	3068	-689
2015	3885	3377	-508
2016	4109	3622	-487
2017	4286	3834	-451
2018	4481	4012	-469
2019	4753	4199	-554
2020	5008	4422	-586
2021	5264	4642	-622
2022	5544	4869	-675

6. Mulvaney (R-SC)—President’s Budget (20 Minutes of Debate)

This amendment offers President Obama’s FY2013 Budget. Like the underlying resolution, this amendment uses CBO’s analysis of the President’s numbers so the American people can see an honest, sincere, and fair comparison of the competing visions laid out by the House Budget and the President. See the table on page 3 the year by year spending, tax, and deficit numbers associated with this plan.

Cost to Taxpayers: The Republican budget resolution proposes to cut spending by **\$4.2 trillion** compared to the baseline and by **\$5.3 trillion** compared to the President’s request. It cuts taxes by **\$4.4 trillion** compared to the baseline (much of this is simply preventing tax increases by extending current law).

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Does the Bill Comply with House Rules Regarding Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: The resolution contains no earmarks.

Constitutional Authority: No statement is required since H.Con.Res. 112 is a resolution.

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