

Congressman Jim Jordan (R-OH), Chairman

May 26, 2010

FY 2011 RSC Budget Plan

It is 41 days and counting since the deadline for Congress to pass an FY 2011 budget went unnoticed by House Democrats. All reports indicate that the Democrats will not bring a budget resolution to the House floor, which is unprecedented in the modern process. As Chairman Spratt said in 2006: "If you can't budget, you can't govern." In the absence of a plan by Congressional Democrats, the RSC will introduce a balanced budget plan this week. Highlights below:

A BALANCED BUDGET

Balance: The RSC budget plan will achieve surpluses in fiscal years 2019 and 2020. The RSC plan improves the budget outlook in every single year.

Less Debt: The national debt declines by more than \$6.4 trillion compared to the President's budget.

TAX RELIEF

\$1.7 Trillion of Tax Relief Over the Next Five Years: The RSC budget accommodates making permanent the 2001 and 2003 tax cuts, and making permanent the AMT "patch," and includes none of the tax increases proposed by President Obama or congressional Democrats.

DISCRETIONARY SPENDING POLICY

Returns to FY 2008 Spending Levels: The RSC budget proposes that overall discretionary spending resources return to the FY 2008 levels that were in effect less than two years ago. Overall discretionary spending resources would be frozen at that level until the budget is balanced in 2019. Within this amount, the RSC budget assumes defense will be fully-funded (including the President's war funding requests).

MANDATORY SPENDING POLICY

Social Security: Makes **NO** changes to current law. Social Security spending increases from \$612 billion in FY 2008 to \$1.2 trillion in FY 2020.

Medicare: Provides spending increases equivalent to economic growth (the 1995 Contract with America budget included a similar policy). Medicare spending increases from \$385 billion in 2008 to \$622 billion in 2020.

Medicaid: Provides spending increases equivalent to inflation (the 1995 Contract with America budget included this proposal). Medicaid spending increases from \$201 billion in FY 2008 to \$255 billion in FY 2020.

Wasteful, Unnecessary, or Lower-Priority Mandatory Spending: Requires each committee to find savings equal to one percent of total mandatory spending under its jurisdiction from activities that are determined to be wasteful, unnecessary, or lower-priority.

Repeals Troubled Asset Relief Program (TARP): Prohibits further obligations under the Troubled Asset Relief Program (TARP), saving taxpayers \$36 billion.

Other Reforms Provided for: Provides for medical liability reform, allows the purchase of healthcare across state lines, opens ANWR to leasing, repeals Davis-Bacon Act, ends taxpayer funding of presidential campaigns, reforms federal retiree benefits, reforms food stamp spending, and sells a small percentage of federal assets.

REFORM

Earmarks: Assumes savings from an earmark moratorium.

Budget Enforcement: Creates "Family Budget Protection Accounts," turns off the Gephardt rule, provides a definition of emergency spending that is enforceable via a point of order, and provides for quarterly consideration of rescission bills to cut the deficit.