THE REPUBLICAN STUDY COMMITTEE

BACK TO BASICS

A BUDGET FOR FISCAL YEAR 2015

RSC

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From the Chairmen.

With President Obama in the White House, budget season feels a lot like Groundhog Day. While Republicans have continuously pushed for restrained, responsible spending levels with thoughtful, meaningful reforms to the main drivers of our debt - mandatory spending - this Administration continues to call for higher taxes and explosive spending. All of this in spite of the colossal failures stemming from the tax-and-spend agenda of the President's first years in office.

The President's answer to a stagnant economy was a dramatic increase in deficit spending. He urged the Democrat-led Congress, who readily obliged, to rush through unpaid-for stimulus programs that led to nothing but more stagnation and more debt. But that wasn't enough. He wanted a government takeover of our health care system despite vocal opposition including a roster of medical doctors in the Republican Conference practically pleading to have their concerns addressed. Despite those concerns, the President and his liberal allies again rushed through his health care legislation - colloquially referred to as Obamacare - which forced the greatest private-sector takeover in history, instituting billions in new taxes on American families and businesses. Under this Administration, no one was safe, with the exception of labor unions and a select few others who received waivers from Obamacare.

Thankfully, in 2010, voters across the country said enough is enough and elected a Republican majority to serve as a check and balance against the President's radical agenda. Since then, House Republicans have authored legislation to combat the mountains of regulations that President Obama has promulgated which are strangling economic growth and American innovation. We've passed bills to balance the budget, forcing Washington to live within its means, increase access to capital, unleash America's energy potential, remove the shackles from our job creators, and clean up the mess created by Obamacare.

And we don't stop there. In order to secure America's future and preserve the American Dream, ensuring that we leave our country better for the next generation than when it was passed down to us, we must be bold and willing to lead.

Leading means making tough decisions that get America's mandatory spending house in order. This year, the Republican Study Committee is again presenting our vision for America - an ideological alternative to the President's "more of the same, tax and spend" agenda. The RSC's agenda protects the sanctity of life, extends the solvency of Medicare and Social Security, demands pro-growth tax reform, calls for a patient-centered, free-market Obamacare replacement, and balances within the budget window. Please join us in supporting this bold proposal.

Steve Scalise
The Republican Study Committee
Chairman

Rob Woodall
The Budget & Spending Task Force
Chairman

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The Principles and Summary.

The Republican Study Committee's budget is based upon the following common-sense principles:

- The budget should balance in ten years or less without raising any taxes.

  - ✓ Our proposal balances in four years, bringing spending down to an average of 18.1 percent of GDP while limiting average revenue to 18.1 percent of GDP, close to the historical average.

- The budget should repeal and replace President Obama's job-killing health care law.

  - ✓ Our proposal repeals the entirety of Obamacare (including all Obamacare tax provisions), and outlines an alternative vision with the American Health Reform Act to put patients in charge of their health care choices, lower costs, and increase access to care.

- The budget should strengthen Medicare, Medicaid, Social Security, and Disability Insurance to ensure their long-term sustainability.

  - ✓ Our proposal makes common-sense reforms to strengthen Medicare and Medicaid by offering increased choices and improved services, and protects Social Security and the Disability Insurance program by strengthening their trust funds.

- The budget should reduce deficit spending and other government impediments to job creation.

  - ✓ Our proposal reduces agency spending below FY2008 levels, and calls for enactment of the RSC's Jumpstarting Opportunities with Bold Solutions (JOBS) Act

- The budget should terminate federal programs that are unconstitutional, duplicative, or harmful.

- ✓ Our proposal reduces spending to terminate unconstitutional and duplicative programs and forces the federal government to prioritize, something American families across the country have been required to do in these tough economic times.

The budget should make our tax code simpler, fairer, and promote growth.

- ✓ Our proposal includes pro-growth tax reform that is revenue neutral on a dynamic basis, vastly simplifies the tax code, and ensures America remains competitive.

The budget should preserve and expand successful welfare reforms.

- ✓ Our proposal promotes self-sufficiency by including work requirements for welfare programs, including the Temporary Assistance for Needy Families (TANF) program and the Supplemental Nutrition Assistance Program (SNAP).

The budget should implement reforms to Washington's broken budget process.

- ✓ Our proposal prohibits earmarks and forces tough choices to give hard-working taxpayers the accountability and transparency they deserve from their federal government.

Specifically, this proposal sets the following common-sense policies:

REDUCE SPENDING.

- Freeze discretionary spending at $950 billion, the pre-2008 spending levels, starting in FY2015until the federal budget is balanced.

REESTABLISH OUR NATIONAL DEFENSE.

- Secure our Nation's defense by growing our military funding from $521 billion in FY2015 to $696 billion in FY2024, the same level as the House Republican budget

REPEAL and REPLACE OBAMACARE.

- Repeal Obamacare to eliminate $2.1 trillion in additional spending over ten years.

- Implement real patient-centered health care reform that would lower costs and improve access with the RSC's American Health Care Reform Act.

SAVE MEDICARE FROM BANKRUPTCY.

- The RSC believes we should save Medicare from bankruptcy by transitioning to a solvent premium-support system, as passed in previous House Republican Budgets. This preserves traditional Medicare for current seniors and future seniors in 2019 and beyond will enjoy the reduced costs, increased choice, and quality care provided by this reform.
- In order to shore up Medicare's solvency and to keep pace with increases in longevity, the RSC proposal embraces Ronald Reagan's Social Security reform by slowly phasing in an increase in the Medicare eligibility age at a rate of two months per year, beginning in 2024, until it reaches 67.

REFORM MEDICAID.

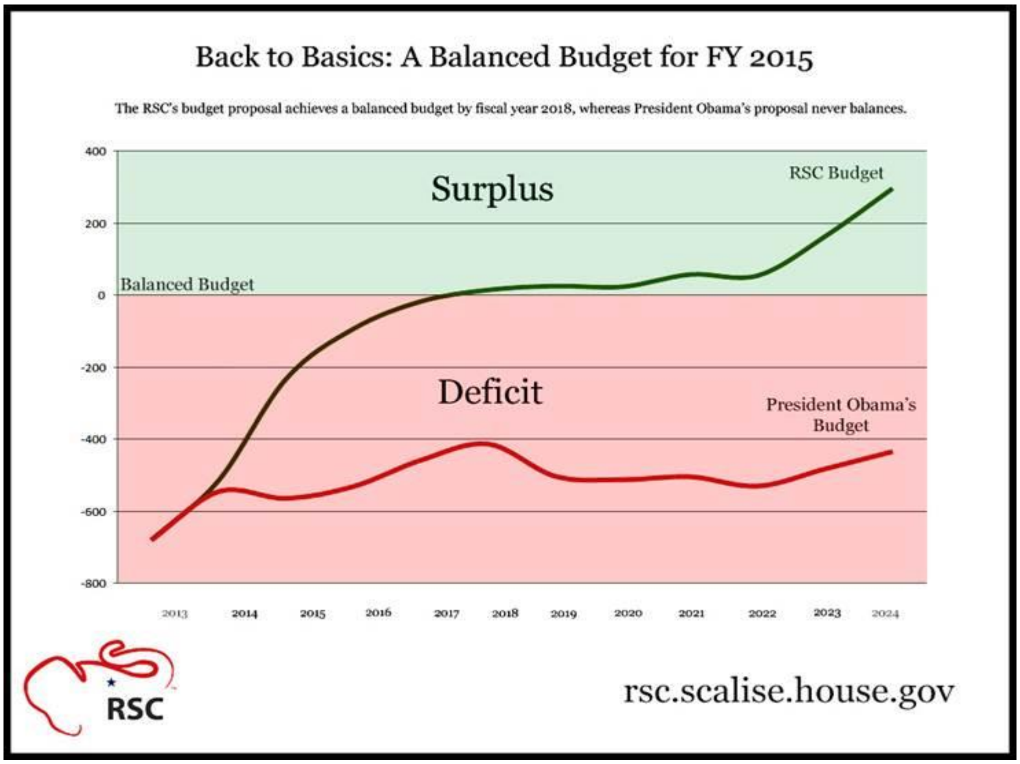
- This budget empowers the states with flexibility to determine the Medicaid eligibility and benefits, encouraging innovation that will improve the quality of care and access to vital services for the neediest and most vulnerable Americans.

SAFEGUARD SOCIAL SECURITY and DISABILITY INSURANCE.

- This budget would slowly phase in an increase in the Social Security full-retirement age. The full retirement age would continue the current-law's gradual increase of two months per year beginning in 2022 until the full retirement age reaches 70.
- To further strengthen Social Security's long-term finances, this budget would change the formula for cost of living adjustments (COLA) by adopting a more accurate measure of inflation (chained CPI-U) that takes into account real-world choices consumers make.
- Recognizing that Disability Insurance is projected to go bankrupt in 2016, this budget adopts bold reforms proven to pull people out of poverty, including the promotion of work, updating eligibility rules, fighting fraud and abuse, and ending double dipping in both unemployment and disability insurance that robs billions from hard-working taxpayers

ENACT PRO-GROWTH TAX REFORM.

- This budget proposes a smarter tax code that is revenue neutral on a dynamic basis, promotes economic growth, and is simpler, flatter, and fairer



Introduction.

The Republican Study Committee (RSC) is dedicated to preserving the values that America was founded upon: a limited and Constitutional role for the federal government, a strong national defense, the protection of individual and property rights, and the preservation of traditional family values. These principles have guided our country over the last 238 years and made our country prosperous and a force for good.

It is the purpose of the RSC's Back to Basics budget for Fiscal Year 2015 to address head-on the challenges facing the federal budget and the American people – challenges that threaten America's place in the world. Government has expanded beyond its core constitutional responsibilities. Spending by the federal government has risen to unsustainable levels. Too many people are unable to find good paying jobs. And confidence in our political leadership has fallen.

This budget puts forward principled conservative reforms that would balance our budget, help put Americans back to work, and repair Washington's broken political system. This positive governing agenda is filled with more than 85 specific, bold solutions put forward by RSC Members.

Those who set out to write a responsible budget faced significant challenges this year. The most recent Budget and Economic Outlook from the Congressional Budget Office (CBO)[1] confirms what we already know: The fallout from President Obama's failed economic policies has far-reaching consequences. Specifically, the CBO predicts lower gross domestic product (GDP) growth, reduced wages, and lower profits. Because of this lower growth, the CBO lowered its revenue projections by $1.4 trillion over the ten-year budget window compared to last year's baseline.

The negative effects of President Obama's economic policies have worsened the nation's fiscal outlook, and would drive our national debt from its current $17.5 trillion to over $27 trillion in

[1] "The Budget and Economic Outlook: 2014 to 2024," Congressional Budget Office, Feb. 2014.

the next decade. According to the CBO, "Such a large amount of federal debt will reduce the nation's output and income below what would occur if the debt was smaller, and it raises the risk of a fiscal crisis."[2]

In contrast, this budget puts forward specific reforms to the programs that are driving us deeper and deeper into debt. These reforms would help maintain our safety net programs, including Medicare and Social Security, which without reform, will go bankrupt.

Significantly, these reforms are good for the economy. Just as we have seen the drag imposed by high debt and deficits on the economy, reducing debt and deficits would spur lasting economic growth, investment, and job creation. It is well understood that changes in fiscal policy have significant implications on the economy, which in turn has a feedback effect on the budget, resulting in a "fiscal dividend" from pro-growth policies that would help reduce the deficit.

The biggest challenge facing many Americans is our struggling economic climate. The CBO states that "The economy is about 6 million jobs short of where it would be if the unemployment rate was back down to its prerecession level" and labor force participation returned to historical norms.[3] Too many people feel as though they do not have the opportunity to succeed in today's economy. In contrast to the President's higher taxes, overregulation, and big government mandates, the RSC puts forward a plan to put the American people back to work.

This budget proposal would impose some much needed fiscal discipline on Washington. But we do not just propose spending cuts. The RSC wants to make government work better so that it truly helps the people it is meant to serve. Because the federal government does too much, too poorly, with too little accountability, this budget puts forward ideas that would rein in

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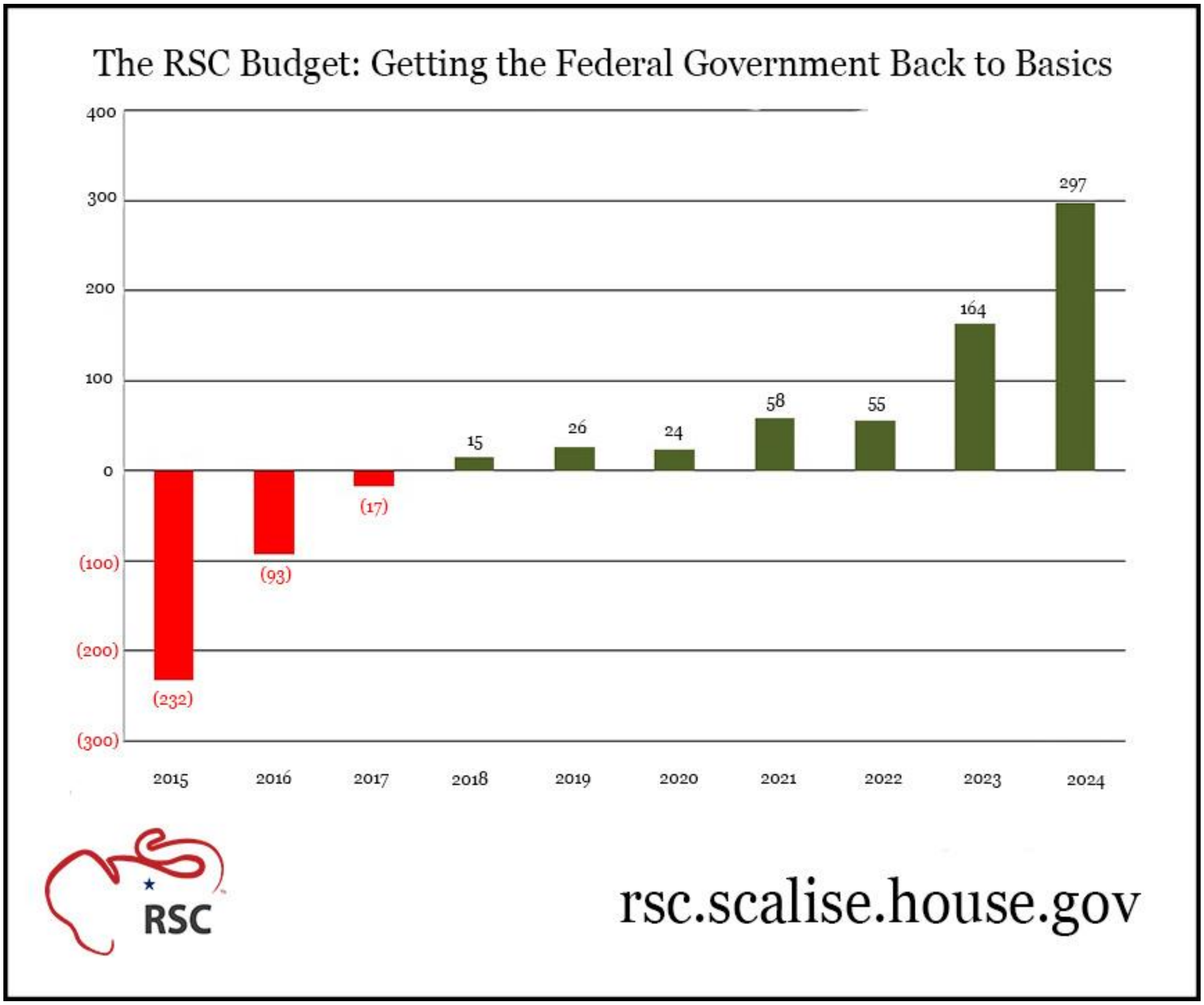
[2] "Macroeconomic Effects of Alternative Budgetary Paths," Congressional Budget Office, Feb. 2014.

[3] "CBO's Outlook for the Economy," Congressional Budget Office, Feb. 2014.

government, increase transparency, and cut out red tape. Finally, this budget would revamp the broken budget process.

America faces a time for choosing. We can accept the status quo, or we can adopt a positive future for this country. Do we accept a $17.5 trillion and growing national debt, or do we begin to pay down this debt? Do we accept a government that only looks out for the special interests, or do we get back to a system where those in power respect the will of the people? Do we accept policies that force people out of the workforce, or do we empower individuals to achieve the American dream? This budget chooses the path towards a freer, more prosperous future for this nation and her citizens.


The RSC Budget: Getting the Federal Government Back to Basics
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Repeal Obamacare.

The Affordable Care Act – better known as Obamacare – fundamentally changed the health care delivery system in this country, putting the government between patients and their doctors and mandating that all Americans purchase a government-approved product or face tax penalties enforced by the IRS. In addition to changes to the private insurance market, Obamacare paralyzed efforts to reform medical entitlement programs by dramatically expanding Medicaid and its broken health care delivery model raiding the Medicare trust fund to offset the cost of Obamacare.

Since the beginning, Americans have had a front row seat to the unworkable law. They've witnessed promise after promise made by this Administration prove untrue all while the White House unilaterally delayed or suspended parts of the law – completely without statutory authority – more than 20 times.

Obamacare has destroyed competition in the marketplace, driven health care costs to the point that "Affordable" in Obamacare's title is now a misnomer, narrowed networks, and severely limited access to health care for American families while unions and big business allies were handed exemptions and waivers from the law. Sadly, this is just the beginning.

The RSC budget fully repeals Obamacare and provides no funding for it over the next ten years. This reduces spending by $2.066 trillion over ten years and follows through on the commitment of House conservatives to reverse the Administration's unconstitutional federal government takeover of the nation's health care system.

A Better Way Forward: The American Health Care Reform Act.

Republicans aren't simply opposed to Obamacare, and we are not blind to the problems that existed pre-Obamacare. Rising costs, limited access to the health care marketplace, and a serious need for medical malpractice reform were issues that existed both before and after Obamacare. The American Health Care Reform Act

(AHCRA), the only comprehensive Obamacare alternative to be endorsed by a majority of House Republicans, was born from this realization.

The RSC budget recognizes that patient-centered reforms rooted in free market principles are the best way to lower costs, increase access, level the playing field, and solve the problems that existed before Obamacare, as well as the problems compounded by Obamacare.

Under the current system, families and individuals who do not enjoy employer-sponsored health care are penalized via the tax code. The AHCRA provides tax reform that allows families and individuals to deduct health care costs, just like companies, ensuring equality and provides all Americans with a standard deduction for health insurance. This allows freedom to find a health insurance plan that suits each individual's needs or the needs of their family best. It also spurs competition to lower health care costs by allowing Americans to purchase health insurance across state lines and enabling small businesses to pool resources to get the same buying power as large corporations.

Importantly, our plan acknowledges that no one with a pre-existing condition should have to worry about where they will purchase their health insurance. The AHCRA bolsters state-high risk pools, caps premiums for those who enroll, and strengthens HIPAA (the Health Insurance Portability and Accountability Act) guaranteed availability protections. This ensures those who maintain continuous coverage can move throughout the markets without fear of discrimination due to a pre-existing condition.

Other reforms included in the AHCRA include expanding access to Health Savings Accounts (HSAs) to groups who have previously been unable to take advantage of them, and increasing the amount of pre-tax dollars individuals can deposit into portable savings accounts to be used for health care expenses. HSAs are proven to lower health care spending by putting patients in charge of their money and encouraging those who hold these savings accounts to shop for the best prices for medical services. This budget further recommends medical liability reform, addressing runaway costs caused by frivolous lawsuits and the resulting practice of defensive medicine. This proposal does not sacrifice a state's prerogative for federal whim; rather it protects states with existing functional medical liability laws from federal preemption.

Medicaid and the Children's Health Insurance Program.

As a quasi-voluntary federal-state partnership, the Medicaid program subsidizes health care services for the most vulnerable Americans, including the poor, chronically ill and disabled, children, the elderly, and pregnant women. Medicaid is the largest federal means-tested welfare program, and it accounts for 40 percent of all federal means-tested spending. Besides often failing to provide quality care or even access to care, it grows more unaffordable each year while hampering states with more red tape from Washington.

Medicaid's open-ended entitlement structure encourages states to spend more in exchange for between 50 and 74 percent federal matching funds. Under Obamacare's Medicaid expansion, the federal government will finance 100 percent for the first few years while phasing down to 90 percent in 2020. Thus, a perverse incentive structure is created: For every dollar of waste states eliminate they save only pennies for their own budget. With Obamacare's planned enrollment of millions of new beneficiaries for able-bodied adults, spending will bankrupt state budgets.

Separately, the Children's Health Insurance Program (CHIP) provides aid to children in families above Medicaid's income-eligibility level. In both programs, instead of focusing exclusively on the specific needs of their citizens, states must maneuver through a bureaucratic maze of rules and mandates. States may petition the federal government for exemptions, yet it can take years to get a decision.

When granted flexibility, states have created reforms ensuring those in need receive quality health care services while taxpayer funds are used wisely. Rhode Island is a model example for this approach. In 2009, it earned a waiver called the Global Consumer Choice Compact that provided budgetary certainty for the state in the form of a $12.075 billion allotment through 2013. To date, Rhode Island's reforms have cut the projected growth of Medicaid expenditures in half and will spend approximately three billion dollars *under* its planned cap. Rhode Island's example illustrates that when given budget certainty and flexibility to innovate, states can both save money and deliver higher quality service.

The RSC proposes combining Medicaid and CHIP funding into a single, streamlined block grant at pre-Obamacare FY2015 levels. This common sense proposal gives states budgetary certainty as well as maximum flexibility to address the unique health care needs of their vulnerable citizens. Modeled after the State Health Flexibility Act (H.R. 567), this proposal would create a Medicaid and CHIP block grant that answers governors' calls for more independence to use federal funds in ways that best meet the needs of their vulnerable populations. Implementing this reform would save $1.5 trillion over ten years compared to the projected increases under current law.

Reinforce Medicare's Commitment to Seniors.

The RSC budget proposes a Medicare reform plan to ensure that the promises made to current beneficiaries and younger Americans will be kept. This budget makes minimal changes for individuals in or near retirement and applies common-sense reforms for individuals born in 1954 or later.

This budget recognizes that the United States is facing unprecedented demographic challenges. Medicare currently covers more than 50 million seniors, and every day for the next 16 years, 10,000 baby boomers will reach retirement age. By 2024, it is predicted 60 percent of baby boomers will be receiving Medicare benefits. As such, the number of working age individuals is not keeping up with the number of individuals reaching retirement age.

According to the Medicare Trustees, unless we reform the program, Medicare's Trust Fund will be depleted by 2026.

Indeed, saving Medicare presents policymakers, health care professionals, and all Americans with a daunting challenge. Unless we take steps to strengthen Medicare's financial footing and improve the program's quality of care, Medicare will not be in a position to help current or future beneficiaries.

Simplify Medicare by Combining Parts A and B.

To address this problem our budget simplifies the Medicare program and makes it easier for seniors to navigate by combining Part A, which primarily covers services furnished in a hospital, and Part B, which traditionally covers outpatient services. The current arcane system causes beneficiaries confusion due to each part having a separate deductible, copayments, and cost sharing. Our budget would merge the two so seniors would have a single annual deductible of $550 and a coinsurance rate of 20 percent for amounts above the deducible.

Medigap Reform.

In addition, under the current fee-for-service Medicare program there is no catastrophic cap on out-of-pocket costs, which subject enrollees to substantial financial risk. For this reason, many beneficiaries choose to purchase supplemental insurance, sometimes referred to as medigap plans. These plans reduce or eliminate beneficiary cost-sharing obligations. Currently, over 60 percent of beneficiaries choose plans that offer first-dollar coverage. Studies released by the Medicare Payment Advisory Commission indicate Medicare spends 33 percent more on a person who enrolls in supplemental coverage. Studies have also identified that Medicare enrollees who are subject to less cost sharing consume more medical expenses than those without supplemental coverage. This continues to drive the cost of health care and leaves taxpayers on the hook for increased Medicare spending.

Our budget addresses this by establishing an annual cap of $5,500 for each Medicare enrollee's cost sharing while also reforming medigap plans. New medigap plans would be barred from covering the first $550 for Part A and Part B services, and for all spending after meeting the $550 deductible, beneficiaries would be subject to a uniform coinsurance rate of 10 percent. This would ensure out-of-pocket costs would not exceed $3,025 for those with supplemental coverage in 2015.

The current structure of Medicare Part A and B and its separate deductible and copayment schedule, coupled with the need for supplemental insurance make it a very different system than the private health insurance market. In order to align the two markets, these reforms will push Medicare in the right direction.

Premium Support.

In addition, beginning in 2019, our budget gradually transforms Medicare into a health insurance program similar both to the system that federal employees enjoy, and to the current Medicare Part D program, both of which allow participants to choose among health and prescription drug plans provided on a regulated exchange. These changes would only apply to individuals born in 1954 or later.

By introducing the powerful forces of consumer choice and competition in Medicare, health care plans and providers will be incentivized to deliver value for taxpayer and beneficiary dollars. The standard federal contribution towards each beneficiary's premium would be based upon the average-bid in each region. The CBO predicts this would lower beneficiary premiums by six percent as compared to the current Part B premiums.

Beginning in 2019, enrollees in the newly created private insurance market would receive premium subsidies to offset the cost of their health insurance policies. Seniors can direct this premium support payment to the plan of their choice offered on a regulated exchange. This includes private plans as well as Medicare's traditional fee-for-service option. To guarantee that health insurance remains accessible and affordable, the premium subsidies would be adjusted for an individual's current health, the cost of medical care in the area where they live, and the individual's wealth and income. In addition, under this plan, Medicare beneficiaries would receive several cost protections, including those from catastrophic health care costs.

"The CBO predicts this would lower beneficiary premiums by six percent as compared to the current Part B premiums."

Under the RSC's proposal, wealthier seniors would be required to pay slightly more in annual premiums than those with fewer financial resources, and conversely, poorer seniors would receive higher health insurance subsidies. Even today, in the current Medicare program, wealthier seniors pay higher premiums in the Medicare Part B fee-for-service program and Medicare Part D Prescription Drug benefit plan. This reasonable proposal would help put the Medicare program as a whole on more sound financial footing.

Experts on both sides of the political aisle agree that providing Medicare enrollees a greater menu of choices, harnessing the power of competition among private insurance plans to reduce costs for seniors, and improving the quality of care would substantially improve Medicare's long-term fiscal outlook. This reform will help render Medicare solvent in the long term while helping to lower costs for seniors.

Adjust the Medicare Eligibility Age to Reflect Life Expectancy.

Since Medicare's creation in 1965, independent advances in science and medical technology have increased average life expectancy. As a result, the average length of time individuals are covered by the program has increased by 163 percent, from 5.2 years to 13.7 years. According to the U.S. Centers for Disease Control and Prevention, the average life expectancy in the U.S. was 78.7 years in 2011. In 1965, it was 70.2 years. We have every reason to believe this trend will continue.

To address the increased demands on Medicare, this budget proposes raising the age of Medicare eligibility, beginning in 2024, by two months every year beginning with those born in 1959 until the eligibility age reaches 67. Bringing Medicare's eligibility age in line with longevity will help strengthen its foundation for future retirees.

Address Medicare Waste, Fraud, and Abuse.

Medicare fraud impacts all of us. Waste, fraud, and abuse take critical resources out of our health care system, contribute to the rising costs of health care, and take more tax dollars out of the hands of hard-working Americans. The independent Government Accountability Office (GAO) estimates that in 2012 alone, Medicare made more than $44 billion in improper payments, defined as fraudulent or erroneous overpayments to health care providers. Malcolm Sparrow of Harvard University, a top specialist in health care fraud, argues that estimates by federal auditors do not accurately measure all types of improper payments. Sparrow believes improper payments account for as much as 20 percent of federal health spending, or nearly $120 billion. While this budget does not assume explicit savings in Medicare waste, fraud, and abuse, the RSC believes that it must be addressed.

Strengthen Social Security.

Social Security is the nation's largest single program and an essential part of retirement for millions of Americans. This important program is made up of two main components, Old-Age and Survivors Insurance (the retirement benefits we normally refer to as Social Security) and Disability Insurance. Unfortunately, Social Security is not built on a sound foundation. The President and Congress must soon act to protect and preserve both Social Security and Disability Insurance.

"Unless meaningful Social Security reforms are enacted, a dramatic and immediate benefit cut will hit *all seniors.*"

In 2010, Social Security began operating a cash flow deficit, spending more on benefits than it collects in payroll taxes. As the number of retirees continues to increase, the Social Security Trustees predict that the shortfall will grow larger each year.

This growing deficit will deplete the Social Security Trust Funds, which will become bankrupt by 2033. Unless meaningful Social Security reforms are enacted, a dramatic and immediate benefit cut will hit *all seniors* in order to bring spending in line with revenue.

Fortunately, there is a better way. This budget lays out the specific proposals that could be implemented to help put Social Security on a path towards solvency for the long term, protecting seniors and preserving the program for generations to come.

More Accurate Cost of Living Adjustments.

To ensure that the purchasing power of benefits stays constant each year, the Social Security cost of living adjustment (COLA) increases the dollar amount of benefits by a formula tied to inflation. Unfortunately, the formula uses an old index, CPI-W (the Consumer Price Index for Urban Wage Earners and Clerical Workers), that overstates the effects of inflation. This outdated policy contributes to the current program's path to bankruptcy.

This budget recommends switching to a more accurate index for all government programs called chained CPI-U, which economists across the political spectrum agree tracks the effects of inflation more accurately. This more accurate index better achieves the goal of the COLA: ensuring that retirees who depend on Social Security do not see their benefits eroded by inflation. This proposal would save $137 billion over ten years, and more importantly, according to the Social Security Trustees 2013 report, would solve about 20 percent of Social Security's long-range actuarial balance.

Adjust the Retirement Age to Reflect Longevity.

As a result of the bipartisan Social Security Amendments of 1983 (P.L. 98-21), an increase of the Social Security full retirement age is being phased in over time – beginning at 65 and reaching 67 by 2022 for those born in 1960 and later.

This budget proposes to continue a gradual increase of two months per year until the full retirement age reaches 70. Under this plan, for individuals born in 1962 the retirement age will be 67 and two months. The full retirement age will reach 70 for individuals born in 1979 or later.

This adjustment would realign the Social Security full retirement age to account for increases in life expectancy since the program's creation. As noted by the Social Security Administration, since the program first began paying monthly Social Security benefits in 1940, the average life expectancy for men reaching age 65 has increased to age 81. For women reaching age 65, the average life expectancy has increased to age 86.[4]

This common-sense, incremental approach protects individuals in and near retirement and makes changes for younger workers commensurate with the time they have remaining in the work force. According to the Social Security Trustees reports on similar proposals, this plan could close up to half the Social Security funding gap over the next 75 years.

Can't Tax Our Way Out.

The Left's solution for Social Security is the same as it is for every other fiscal problem

[4] "Calculators: Life Expectancy," Social Security Administration, Accessed April 6, 2014.

they encounter: raise taxes. But this is a problem that we cannot tax away. Social Security payroll taxes have increased 20 times[5] since the program's inception, significantly increasing the payroll tax rate from its original two percent to the current 12.4 percent. These tax increases have not been able to keep Social Security solvent in the face of overwhelming demographic and economic forces.

Further, Social Security contains an automatic tax increase *every single year* there is inflation. The taxable wage base – the maximum amount of earnings subject to the payroll tax and used to calculate benefits – increases every year with the growth in average wages. These tax increases have not made Social Security solvent and proposals to increase or eliminate the taxable wage base do not eliminate the program's deficits.

"The fact that the SSDI program will be bankrupt in just a year's time should be the proverbial "canary in the coal mine," alerting us that we must reform our entitlement programs."

[5] "Social Security and Medicare Tax Rates," Social Security Administration, Accessed April 6, 2014.

Saving Social Security Disability Insurance (SSDI).

The 2013 Social Security Trustees Report projects that the Disability Insurance Trust Fund will be depleted in 2016. This means that in 2016, disabled recipients will face a twenty percent across-the-board cut in their benefits, unless strong reforms are enacted.

SSDI costs have exceeded income since 2005. The Trustees describe the need for legislation to save SSDI as "urgent." Yet the President has failed to take any action. It seems as though the President's plan is to wait and bail out the Disability Insurance Trust Fund using payroll taxes meant for the Social Security Trust Fund. In response to a question on the Administration's plan to solve the SSDI crisis at a Senate Finance Committee hearing in March, Secretary of the Treasury Jack Lew – a Trustee of the Social Security Trust Funds – said "there's gonna [*sic*] need to be some kind of reallocation of premiums that go into the trust funds for the short term."[6]

This is not the first time we have come to the brink of exhausting the Disability Insurance Trust Fund. Because the SSDI Trust Fund was on course to be depleted in the next year, the Democrat controlled Congress and Democrat President reallocated the payroll tax in 1994, so that SSDI received additional funds and the Old Age and Survivor's Insurance Trust Fund received less. Instead of simply bailing out one program to the detriment of the other, we should take steps that would *reform and preserve <u>both</u> Social Security's Old Age and Survivors Insurance and Disability Insurance programs.*

The fact that the SSDI program will be bankrupt in just a year's time should be the proverbial "canary in the coal mine," alerting us that we must reform our entitlement programs. Thankfully, there are steps that we can take to help secure the future of the important Disability Insurance program, so that the benefits will be there for those who need them. Options to save SSDI could include:

Encourage Work.

In the past twenty years, enrollment in SSDI has doubled. Just since 2008, enrollment has increased by more than 18 percent. At the same time, the labor force participation rate has fallen to the lowest levels we have seen since the 1970's.

Because of the way that the Disability Insurance program is currently designed, beneficiaries can become trapped in the program, unable to earn a living even if they get healthier and want to return to work. Surveys of SSDI beneficiaries have shown that 40 percent of those receiving benefits are interested in working. However, only 0.5 percent of beneficiaries leave the rolls each year due to earnings from work.[7] Because beneficiaries face a "cash cliff" if they earn above a set amount, or else they

[6] "Written Testimony of Secretary Jacob J. Lew Before the Senate Finance Committee," Jacob J. Lew, Mar. 5, 2014.

[7] "Johnson Statement: Hearing on Encouraging Work Through SSDI," Rep. Sam Johnson, Jun. 19, 2013.

will be removed from the rolls, there is a powerful incentive for beneficiaries to not find employment. It should be the goal of the DI program to help those who can and want to return to work, find employment.

Update the Eligibility Rules.

It should be the goal of the Disability Insurance program to ensure that only those who are truly disabled are eligible to receive benefits. Unfortunately, the Government Accountability Office has designated federal disability programs, including the SSDI program as "High Risk," in part because the criteria to determine eligibility has not been updated to reflect advances in medicine, technology, and the labor market. Many of the medical criteria have not been updated since the 1980's. A large percentage of applicants for benefits suffer from mental or musculoskeletal problems which can be difficult to definitively diagnose. Because determining diagnoses and the functions that a person can or cannot do can be subjective, determinations could vary from one adjudicator to the next. This budget recommends that the eligibility standards be updated to take advantage of the advances in science and medicine that have taken place in the last 30 years and to be more uniformly applied.

Require Social Security Disability Insurance Applicants to Have Worked in Recent Years.

In general, applicants for Disability Insurance must have worked in five of the last ten years to be eligible for benefits. That means that someone who has not worked in the last five years could be eligible for SSDI benefits. In order to focus the program on people who leave the workforce because of a new disability, applicants could be required to have worked in four of the past six years.

Fight Fraud.

The fraud and abuse in the SSDI program has been widely reported. Under the leadership of Chairman Sam Johnson, the Ways and Means Subcommittee on Social Security has held 14 hearings on the Disability Insurance program in the last three years. Many of these hearings have focused on the conspiracy fraud found in SSDI, including the case of over 100 retired New York police officers and firefighters who have been accused of collecting $22 million in fraudulent benefits. In addition there was a scheme in Puerto Rico involving doctors providing fraudulent medical evidence. Under this scheme, more than 70 claimants submitted false claims aided by a non-attorney representative.[8]

Other examples of fraud and abuse include:

- A 2013 report from the GAO identified $1.29 billion in improper SSDI payments made to 36,000 individuals.[9]
- A report by the Senate Homeland Security and Governmental Affairs Committee chronicled improper collusion between a law firm that represented SSDI claimants, doctors who made questionable medical determinations, and a judge who approved a large number of these cases.[10]
- Another report released by Senator Coburn in 2012 found that a review of disability cases showed that 25 percent of cases contained significant errors.[11]

Each case of fraud that goes undetected can cost the taxpayers well over $300,000, an amount equal to the average lifetime benefit for an SSDI recipient.[12] It is imperative that the Social Security Administration do a better job of preventing fraud and abuse of SSDI, so that this program can exist for those who truly need the benefits.

Fund and Complete Anti-Fraud Reviews.

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[8] "Johnson Opening Statement: Hearing on Preventing Disability," Rep. Sam Johnson, Feb. 26, 2014.

[9] "Disability Insurance," Government Accountability Office, Sep. 13, 2013.

[10] "HSGAC Senators Release Social Security Disability Fraud Report," Sen. Tom Coburn, Sen. Tom Carper, Sen. Carl Levin, Sen. John McCain, Oct. 3, 2013.

[11] "Social Security Disability Programs: Improving the Quality of Benefit Award Decisions," Sen. Tom Coburn, Sep. 13, 2012.

[12] "Disability Fraud Probe Leads to Arrests in Puerto Rico," Office of the Inspector General, Social Security Administration, Aug. 21, 2013.

The Social Security Administration has the authority to conduct periodic reevaluations called continuing disability reviews (CDR) to determine whether beneficiaries continue to meet the definition of disability. In order to preserve the SSDI program for those who truly need it, only those who actually qualify should be allowed to draw benefits.

According to the SSA, these reviews are one of the most cost-effective tools for improving program integrity; for every dollar spent on reviews in 2010, $9.30 in future program savings were found. Unfortunately, the SSA faces a backlog of over one million pending CDRs. An earlier report released by the Inspector General estimated that if SSA had been able to eliminate the backlog faced in 2010, up to $2.6 billion in improper payments could have been avoided. The Budget Control Act provides an adjustment to the spending caps, permitting necessary funding for program integrity activities such as CDRs. Beginning in FY2015, the Appropriations Committee should fully fund CDRs and the SSA should fully clear its backlog of pending reviews.

Prohibit Double Dipping.

In 2010, 117,000 individuals received more than $850 million in payments from both the Disability Insurance program and Unemployment Insurance benefits.[13] These two programs are meant to serve different populations: DI is for individuals who are unable to work and UI is for individuals temporarily unemployed. Individuals should not be allowed to draw benefits from both programs at the same time. This proposal is based upon H.R. 1502, the Social Security Disability Insurance and Unemployment Benefits Double Dip Elimination Act. The GAO identified this issue as one where the program could be improved and President Obama has endorsed a similar approach in his budget request.

[13] "Income Security: Overlapping Disability and Unemployment Benefits," Government Accountability Office, Aug. 30 2012.

American families and small businesses are struggling under the weight of burdensome regulations and a stagnant economy created by the Obama Administration. Too many Americans are experiencing firsthand that radical regulations and laws are the biggest impediment to American job creation. Under President Obama's failed policies, the size of government, the regulatory burden, and the national debt have grown. Unfortunately, opportunity in our economy has not.

Ten and a half million people are unemployed and another seven million have been forced into part-time work for economic reasons. The nation's labor force participation rate has steadily declined over the last five years, falling to levels we have not seen since the Carter Administration. According to an analysis by the Joint Economic Committee, if private sector payrolls had recovered after the recession at the same pace as the average of other post-recession recoveries, we would have an additional 4.4 million private sector jobs.[14] If payrolls had recovered at the same pace that the economy rebounded from recession as it did under President Reagan's leadership, we would have 7 million more private sector jobs.[15]

The best way to get our economy on track is by enacting bold, conservative solutions that get America working again. That is why this budget recommends adoption of H.R. 4304, the Jumpstarting Opportunities with Bold Solutions (JOBS) Act, a bill introduced by the RSC that unleashes the power of American energy, reforms federal labor laws, promotes transparency and accountability in the regulatory process, and spurs more investment in businesses. These bold solutions get the government out of the

[14] "Another Disappointing Jobs Report," Joint Economic Committee, Republican Staff Analysis, Feb. 12, 2014.

[15] "Reagan-Style Recovery," Joint Economic Committee, Republican Staff Analysis, Accessed April 6, 2014.

way so jobs can be created and the economy can grow.

Unleashing North American Energy Production.

America should be exploring and unleashing our vast reserves of energy and mineral resources on public lands. Tapping our domestic energy resources would allow countless jobs to be created and decrease our dependence on foreign oil.

The JOBS Act promotes energy production by including mandatory leasing on federal lands and waters. It also lifts the current ban on energy exploration in the Arctic National Wildlife Refuge (ANWR) and the Eastern Gulf of Mexico.

This budget approves the Keystone XL pipeline, something that even the Obama Administration is having a harder time opposing after a recent State Department environmental impact statement that found construction of the pipeline would support more than 40,000 jobs.[16] America has already waited on the Administration for more than 2,000 days to make a decision on Keystone XL. It is past time to green light this job-creating project.

Our plan also accelerates approval for liquefied natural gas (LNG) exports, fights back against the Obama Administration's war on coal, and strengthens America's ability to advance nuclear power. These are all common sense solutions to put Americans to work and increase our energy security.

Labor Reform.

It is also past time we revamp our nation's labor laws. The JOBS Act fully repeals Davis-Bacon, which requires prevailing wages to be paid for all government contracting jobs. By some estimates, removing this job-killing requirement would allow for over 100,000 more construction workers to be employed.

In addition, this budget allows employers of workers operating under a union contract to award bonuses and pay raises to employees without having to get permission from union bosses.

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[16] "State Department Closes Eyes to Truth in Keystone XL Pipeline Report," Jeffery Dorfman, Forbes, Feb. 6, 2014.

The JOBS Act also prohibits federal employees from using official taxpayer-paid time for union activity. The Office of Personnel Management (OPM) estimated that in Fiscal Year 2011 taxpayers paid over $155 million in official time (salary plus benefits) for employees to conduct union activities.

The proposal also repeals the ability of the General Counsel of the National Labor Relations Board to prosecute before the Board.

Regulatory Reform.

The JOBS Act ensures that those affected by regulations are able to weigh in and have their voices heard.

Specifically, our plan requires, for the first time, that all federal agencies objectively weigh the economic impact of proposed new red tape against the estimated benefits, and conduct a cost-benefit analysis for proposed rules.

This budget requires the Administrator of the Small Business Administration to conduct an annual study of the total costs to small businesses of federal regulations and provides small businesses with a six-month grace period for regulatory violations and allows the agency to waive the sanction if the small business corrects the violation within the six month window.

The JOBS Act also requires federal agencies to periodically review their existing rules that have an effect on the economy of $100 million or more and modify, consolidate, or terminate (sunset) these rules on a periodic basis.

It also provides a mechanism for people affected by burdensome regulations to petition for sunset review of particular regulations, regardless of their economic impact.

As a final consumer protection against radical regulations, the JOBS Act incorporates the REINS Act to require that Congress approve of any regulations that have an annual economic impact of $50 million or more.

Increase Access to Capital.

The JOBS Act allows more capital to flow to Main Street to spur investment. It does this by providing regulatory relief to community banks and credit unions so local financial institutions can more effectively lend to small businesses.

This proposal also removes unnecessary regulations that inhibit investment in businesses. American businesses must have the ability to obtain loans to expand their businesses.

It is time to get the government off the backs of our job creators so we can rebuild an America that works.

Transform our Safety Net to Encourage Work and Self-Reliance.

Too many people are trapped at the bottom rungs of the economic ladder. Conservatives believe that every citizen should have the opportunity to rise, escape from poverty, and achieve their own potential. This idea that everyone has the God-given right to the pursuit of happiness is embodied in our Declaration of Independence.

The House Budget Committee has identified 92 federal programs designed to assist low income Americans. In 2012, taxpayers spent $799 billion on these programs.[17] However, conservatives believe that compassion is not measured by how much we can spend on a problem, but by the positive results we can achieve – how many people we can help escape from poverty.

We know what works. In 1996, conservatives in the Congress worked to enact reforms of the Aid to Families with Dependent Children program that had created a culture of dependency. These reforms created the Temporary Assistance to Needy Families (TANF) program which instead incentivized work. The results were dramatic: thanks to these reforms, we saw child poverty decrease and employment for single mothers increase.

Restore the TANF Work Requirements. Unfortunately, in 2012, President Obama gutted the reforms enacted on a bipartisan basis in 1996. In contravention of the law, the Department of Health and Human Services offered to waive the work requirements through executive fiat. To restore this important provision, the Congress should quickly enact H.R. 890, the Preserving Work Requirements for Welfare Programs Act of 2013.

Continue to Improve the Rest of the Safety Net.

This budget proposes to reform our federal welfare system so that it encourages work and puts people on a path to self-reliance. The federal government should give states

[17] "The War on Poverty: 50 Years Later," House Budget Committee Report, Mar. 2014.

the flexibility to implement and improve their safety net programs based on the needs of their citizens. Building on the success of the 1996 welfare reforms, this budget proposes reforms that would incentivize states to encourage work so that people learn the basic skills they need so that they can become self-reliant. To be eligible for benefits, able bodied adults without dependents would be required to work or be preparing for work, including enrolling in educational or job training programs, contributing community service, or participating in a supervised job search.

This proposal is based on a simple premise – government should offer a hand up, not a just a hand out. The most effective welfare benefit is one that leads to a job. We should change the incentives of our safety net programs, so that instead of dependency, we foster a path towards success and self-sufficiency. Everyone deserves the dignity and freedom that comes from the self-reliance provided by employment.

We do not advocate these requirements to impose a burden on those most in need. To the contrary, we advocate crafting a better system that creates better outcomes for individuals, their families and their communities. Justice for the poor is giving those most in need the opportunity to be successful. We should help the poorest among us build the skills they need to prosper, climb the economic ladder, and achieve the American dream.

Of course, no amount of government intervention can replace the pillars of American civil society – the family, friends, neighbors, Churches, and charities that we all rely on. One of the most important predictors of whether a family lives in poverty is whether the mother and father remain married. In 2012, 30.9 percent of families headed by a single mother with no husband present and 16.4 percent of families headed by single fathers without a wife present lived in poverty, while 6.3 percent of married-couple families lived in poverty.[18] Deepening the ties that hold our families and local communities together is the most effective way to fight poverty.

Conservatives fundamentally reject the idea that government can solve every problem for

[18] "Historical Poverty Tables," U.S. Census Bureau, Accessed April 6, 2014.

every individual. But we believe that government can and should create an environment where the right incentives are in place to promote positive results for our fellow citizens. That is why this budget puts forward these important reforms.

Reform the Food Stamp Program.

The Supplemental Nutrition Assistance Program (SNAP, formerly called Food Stamps) rolls have grown by 69 percent since 2008 while spending on the program has increased by 112 percent to $80 billion per year. Loopholes in the current program have allowed those who wouldn't normally qualify for benefits to enroll or receive additional benefits that they were not intended to be eligible for. The GAO found that in 2010, more than 473,000 households received benefits despite the fact their incomes were over the federal eligibility limit.[19] The GAO also found more than $2 billion in SNAP benefits paid in error in 2009.[20] Because states administer the program, but do not have the ability to reap the full savings from preventing fraud, the SNAP program is fundamentally flawed.

This budget recommends that the House Agriculture Committee put forward legislation that would authorize the food stamp program as a block grant with funding subject to the annual discretionary appropriations process. Nutrition assistance funds would be distributed to states based on a formula that takes into account poverty and unemployment in each state. States would have flexibility to administer their own programs and supplement federal funds with state funds.

Many benefit programs are already funded through the appropriations process and distributed by formula, including the Housing Opportunities for Persons With AIDS program, the Community-Based Child Abuse Prevention program, the Weatherization Assistance program, the HOME Investment Partnerships Program,

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[19] "Supplemental Nutrition Assistance Program," Government Accountability Office, Jul. 30, 2012.

[20] "Supplemental Nutrition Assistance Program," Government Accountability Office, Jul. 28, 2010.

the Stephanie Tubbs Jones Child Welfare Services Program, and the Native American Housing Block Grants program. Unlike with mandatory spending programs that are on budgetary autopilot, Congress is able to fully analyze, review, and conduct oversight of programs every year through the appropriations process. In 2013, the House Appropriations Committee held more than 100 oversight hearings with federal agencies. Since Congress considers appropriations bills each year, lawmakers are able to suitably respond to the changing needs for funding for nutrition assistance and other types of programs.

In an effort to combat fraud, it is recommended that states also require nutrition assistance beneficiaries to present a photographic identification card when using an electronic benefit card to make a purchase. This proposal, which is based on H.R. 4006, the SNAP Verify Act, would help crack down on the estimated $750 million in SNAP card trafficking fraud that takes place each year.

That nearly 50 million people currently receive food stamps points to the failure of President Obama's economic policies to provide economic opportunity for the most vulnerable in our society. Because it is the goal of this proposal to move those in need off of the assistance rolls and back into the workforce and towards self-sufficiency, funds from the grant must be used by the states to establish and maintain a work activation program for able-bodied adults without dependents. These programs will be administered by the states and could include training and work placement activities.

Until this common sense proposal can be implemented, this budget adopts the recommendations put forward by the House Budget Committee to reform SNAP, promote work, protect the integrity of nutrition assistance programs, and ensure that only those who are eligible receive benefits.

The federal government has a spending problem. Since President Obama took office, the national debt has increased by almost $7 trillion, to $17.5 trillion. A child born today faces a tab of $55,600 – more than the median annual household income. A family of four's share of the national debt is $222,400, an amount more than the price of the median single-family home.[21] This level of debt is irresponsible and immoral.

"A family of four's share of the national debt is $222,400, an amount more than the price of the median single-family home."

We now owe more as a nation than our annual gross domestic product. Our national debt is now larger than the combined GDPs of the next three largest economies (China, Japan, and Germany) in the world. Without reform, it is projected that the national debt will top $27 trillion in 2024. This is larger than the economies of China, Japan, Germany, France, the United Kingdom, Brazil, and Russia *combined*.[22]

So-called "mandatory spending" programs make up about two-thirds of our spending each year. These programs are on budgetary autopilot, spending higher and higher sums each year without Congressional review. These programs continue on indefinitely, whether they are using the taxpayers' money wisely or not. Over the last decade, mandatory spending increased by more than 70 percent and within ten years the CBO projects that mandatory spending will have increased by another $1.4 trillion. On the current path, the next generation of Americans will see mandatory spending consume *all* government revenues, leaving nothing for defense, infrastructure, and other national priorities. Because this autopilot spending is driving our deficits and debt, it is imperative we begin to tackle these programs.

[21] "Metro Areas See Solid Home-Price Growth," National Association of Realtors, Feb. 11, 2014.

[22] "GDP," The World Bank, Accessed April 6, 2014.

The exploding interest payments that come with runaway debt add another level of urgency. By 2024, the CBO projects that net interest spending will increase from $233 billion per year to $880 billion per year – a 277 percent increase. Unless we implement bold reforms, this country will spend more on interest payments – much of it to countries like China and Saudi Arabia – than we do for our national defense by the year 2020.

This budget puts forward sensible reforms that bring spending back to a responsible level, reducing spending by $7.4 trillion over the next ten years compared to current law.

Decouple Farm Subsidy Programs from Nutrition Subsidy Programs.

For decades, Congress has reauthorized subsidies for farmers and nutrition subsidy programs (primarily SNAP, commonly known as food stamps) together in the same legislation for purely political reasons. The House of Representatives finally decoupled these two issues in 2013, only to see them cobbled back together once again in the Conference Committee with the Senate. About 80 percent of the spending in the final version of the Agricultural Act of 2014 goes towards nutrition programs, not agriculture programs. This budget proposes that farm subsidies and nutrition subsidies be considered separately, each on their own merits, in future reauthorizations. This proposal is based on a plan put forward by Representative Marlin Stutzman.

Crop Insurance Reform.

Farmers use the Federal Crop Insurance Program to protect themselves from financial losses by purchasing policies that are sold and serviced by private vendors. The federal government subsidizes about 62 percent of the premiums paid for by this program. Beginning in FY2015, the federal government's subsidy would be reduced to 40 percent of the crop insurance premium. This would result in a savings of $13 billion over ten years.

Prohibit New Enrollment in the Conservation Reserve Program (CRP).

The CRP provides payments to farmers to take certain cropland out of production for 10 years or more. While CRP was established for soil conservation and commodity reduction, it is a perfect example of a government program reaching for new ways to justify its existence. The program is now also promotes increasing native wildlife populations. This budget would prohibit new enrollments in the CRP, significantly reducing the acres that farmers are paid to not farm. This would save $5.6 billion over ten years.

Prohibit New Enrollment in the Conservation Stewardship Program.

The Conservation Stewardship Program (CSP) encourages agricultural producers to adopt more environmentally sustainable practices on their working land. The program subsidizes agricultural producers to use conservation techniques that many have already adopted. Agricultural producers already have an existing incentive to conserve their resources and practice sustainable farming. Therefore, paying agricultural producers to use techniques they have already adopted does not enhance conservation efforts. This budget would prohibit new enrollments in the CSP. Land that is currently enrolled in the CSP would continue to be eligible to receive payments until the contract expired. The National Commission on Fiscal Responsibility and Reform targeted this program as one in need of change. This would save $10.5 billion over ten years.

Eliminate Funding for Farmers Market and Local Food Promotion.

The Farmers Market Promotion Program provides grants to support local farmers markets and roadside stands, community supported agriculture, and agri-tourism activities. These are local programs that should not be subsidized by the federal government.

Repeal Biomass Crop Assistance Program (BCAP).

The BCAP provides subsidies to farmers who produce biomass feedstock. The federal government should not be in the business of picking winners and losers for certain types of energy sources. If it is profitable to grow certain types of feedstock for energy purposes, then farmers will do so without the inducement of a taxpayer subsidy. The BCAP would be eliminated beginning in FY2015, saving $25 million per year.

Eliminate the Foreign Market Development Program (FMDP).

The FMDP is used by agricultural trade associations and commodity groups to help promote exports and provide nutritional and technical assistance to other countries. This program would be terminated beginning in FY2015. The private sector should be responsible for promoting its own products as it receives the profits from the sales of these products.

Eliminate the Market Access Program (MAP).

The MAP is intended to promote overseas marketing of U.S. agricultural products. MAP funds consumer promotions, market research, trade shows, advertising campaigns, and other programs designed to subsidize the sale of brand-name products in foreign markets by private cooperatives, trade associations, and businesses. Taxpayers should not be forced to pick up the tab for this kind of corporate welfare. The National Commission on Fiscal Responsibility and Reform targeted this program as one in need of change. This program would be terminated in FY2015, saving $2 billion over ten years.

Repeal the Acer Access and Development Program (maple syrup).

The Farm Bill authorizes $20 million per fiscal year in grants to states, tribal governments, and research institutions to promote the domestic maple syrup industry. This special interest handout to a mature industry is not a wise use of taxpayer dollars and should be repealed.

Repeal Additional Crop Insurance for Organic Crops.

The 2014 Farm Bill requires the federal government to pay higher prices when making insurance payouts for federally insured organic crops. These higher payments should be repealed, saving $8 million over ten years

Repeal Organic Product Promotion Order.

This new provision in the 2014 Farm Bill allows the federal government to add a new tax on organic crops and to use those fees to promote the organic industry. Advertising niche products is not a core responsibility of the federal government, and this program should be repealed, saving a net of $7 million over the next ten years.

Repeal Specialty Crop Block Grants (SCBGP).

The SCBGP provides grants to state agriculture agencies to support specialty crops. This special interest subsidy program is an inefficient use of taxpayer dollars and should be repealed.

Repeal Christmas Tree Promotion Order.

The final version of the 2014 Farm Bill included a new Christmas Tree Tax. The new 15 cent-per tree fee would fund the Christmas Tree Promotion Board with the goal "to enhance the image of Christmas trees and the Christmas tree industry in the United States." The federal government should not have a special tax on Christmas trees, and this provision should be repealed.

Repeal National Organic Certification Cost Share Program.

The National Organic Certification Cost-Share Program subsidizes organic producers up to 75 percent of their costs to be certified as organic. This special interest program was highlighted as a wasteful use of taxpayer dollars by the RSC Sunset Caucus in 2010 and should be eliminated.

Eliminate the National Sheep Industry Improvement Center.

The National Sheep Industry Improvement Center provides grants to support sheep and goat farmers, including financing annual trips to Australia. This special interest handout to a mature industry is not a wise use of taxpayer dollars and should be repealed.

Allow States to Help Pay Down the National Debt.

States should be allowed to designate unneeded or unwanted federal funds to the Treasury in order to help pay down the national debt. Under current law, the federal government often simply spends elsewhere any funds that are refused by a state, creating a "use it or lose it" mentality among state lawmakers regarding federal dollars. This proposal is based upon H.R. 282, the Returned Exclusively For Unpaid National Debt (REFUND) Act.

Repeal the Universal Service Fund (USF).

The Universal Service Fund provides subsidized telephone and broadband services for low-income and areas that are considered underserved. The USF is funded by "contributions" from telecommunications companies – in reality, consumers pay a tax that is included on each monthly bill. Unfortunately, the programs run by the Fund, including the LifeLine program that provides free government cell phones, are too often fraught with waste, fraud, and abuse. This outdated program should be ended, saving the taxpayers $96 billion in spending over the next ten years.

Transfer the Tennessee Valley Authority's (TVA) Electric Utility Functions to the Private Sector.

The TVA was created in 1933 to develop hydroelectric capability on the Tennessee River. Since that time, the federally-run TVA has expanded its electric generating and transmission infrastructure significantly, accounting for five-percent of the nation's electric generation in 2010. Because power generation no longer needs to be carried out by the federal government, the TVA's electric utility functions should be transferred to the private sector, saving the taxpayers $550 million over the next ten years.

Reform the Pell Grant Program.

The Pell Grant program is the largest federal program that supports low-income undergraduate students, assisting about 9 million students per year. According to the Congressional Budget Office, studies have shown that schools have responded to the increases in the size of Pell grants by raising tuition or shifting aid to other students. This budget proposes eliminating the "add-on" funding for the Pell Grant program that created by the 2009 failed stimulus spending bill, saving $93 billion over ten years.

Eliminate In-School Subsidies for Undergraduates.

Under current law, interest does not accrue for undergraduate students who take advantage of federal backed student loans. Meanwhile, recent reforms eliminated the in-school subsidy for graduate students. This budget proposes to also eliminate the in-school subsidy for undergraduate students, saving $41 billion over the next decade.

Allow States to Control Their Education Policies.

Education policies should be designed and implemented by those who understand our children the best – parents, teachers, school boards, and locally elected officials – not Washington bureaucrats. However, the federal government has gotten more and more involved in education, with spending by the Department of Education doubling since the year 2000. Instead, states should be able to opt out of the federal government's education red tape in exchange for returning federal education funding. The taxpayers in states that return federal education funding should be given a tax credit proportionally equal to how much funding the state would have been eligible for. This proposal is based upon H.R. 2394, the Local Education Authority Returns Now (LEARN) Act.

End the Government Sponsored Enterprises Fannie Mae and Freddie Mac and Reform the Federal Housing Administration.

The taxpayers have bailed out Fannie Mae and Freddie Mac to the tune of $187 billion since they were placed in conservatorship in 2008. Since that time, the government sponsored enterprises (GSEs) have funded between 75 and 85 percent of all mortgage originations.[23] The Federal Housing Administration's (FHA) fiscal situation is so bad that the President's FY2014 budget requested $943 million to bail out the mortgage insurer.

According the House Financial Services Committee, this level of government intervention into the housing market has left taxpayers liable for over $5 trillion in mortgage guarantees.[24]

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[23] "Selected Legislative Proposals to Reform the Housing Finance System," Congressional Research Service, Sep. 10, 2013.

[24] "PATH Act," Committee on Financial Services, Majority, Jul. 24, 2013.

This budget recommends that the GSEs be phased out and the charters of Fannie Mae and Freddie Mac be repealed. Further, the FHA should be reformed so that it can operate on a self-sufficient basis. Reforms to the GSEs and the FHA could include those included in H.R. 2767, the Protecting American Taxpayers and Homeowners Act.

Eliminate the Consumer Financial Protection Bureau (CFPB).

The Dodd-Frank financial reform law created the CFPB to be a new financial products regulator with wide authority. Unlike other regulatory agencies, the CFPB operates with little Congressional oversight. The CFPB should be eliminated.

End Dodd-Frank Bailout Authority For Big Banks.

Instead of ending bailouts for "too-big-to-fail" financial institutions, the Dodd-Frank financial reform law gave the Federal Deposit Insurance Corporation (FDIC) the authority to access taxpayer dollars in order to bail out the creditors of large, "systemically significant" financial institutions. Instead of rewarding corporate failure with taxpayer dollars, this budget calls for a policy that places responsibility of large, failing firms in the hands of shareholders who own them, the managers who run them, and the creditors who finance them, saving $37.7 billion over ten years.

Reform the Federal Commemorative Coins Program.

The Congress routinely authorizes the U.S. Mint to create commemorative coins that honor a specific event or organization. These coins are sold to the public, including a surcharge which is then funneled back to specific private organizations. Instead of earmarking these funds to private interest groups, the surcharge revenue for new commemorative coins should be directed to the Treasury for the purpose of paying down our national debt. This proposal is based upon H.R. 1218, the Commemorative Coins Reform Act.

Use a More Accurate Measure of Inflation, Government Wide.

Spending increases for many programs are tied to increases in inflation, as measured by changes in the consumer price index (CPI). However, it is widely understood that the

CPI fails to fully take into account the way people actually respond to changes in prices and therefore overstates the true level of inflation.

Since 2002, the Bureau of Labor Statistics has published a more accurate measure of inflation, called the Chained Consumer Price Index (chained CPI). This budget proposes to move away from the outdated CPI measurement and instead begin using the more accurate chained CPI, saving the taxpayers $222 billion in total over the next ten years, with $137 billion of that amount going toward making Social Security solvent.

Reform Federal Employee Pension Plans.

Federal employees hired since 1984 are entitled to a hybrid pension, which includes a 401(k)-style plan that the government matches up to five percent in addition to a defined-benefit plan called the Federal Employees Retirement System (FERS). For FERS, federal workers contribute only 0.8 percent of their pay while the taxpayers now contribute in 11.7 percent of employees' salaries to keep the system solvent. A recent CBO report found that, on average, federal civilian employees receive 48 percent more in benefits than the average private-sector employee with similar characteristics.

This budget would make several reforms to the federal employee retirement system. First, instead of basing the size of a retiree's benefits on the highest three years of earnings, the annuity would be calculated from the highest five year period. This proposal would save $3.3 billion over ten years.

Second, all federal employees would be required to contribute more towards their retirement. The Middle Class Tax Relief and Job Creation Act of 2012 required new federal employees to contribute more towards their retirement annuity. However, no changes were made for current federal employees. This proposal would equalize the treatment for all federal workers.

Adopt Premium Support For Federal Employee Health Care.

The Federal Health Benefits Program (FEHBP) provides health insurance coverage for federal employees and their dependents. Participants chose from a range of competing plans, paying about 30 percent of the premium while the federal government covers the remaining 70 percent. Because the federal government pays more if the employee chooses a more expensive plan, federal workers have less of an incentive to choose a less costly plan. This budget would move to a premium support system for the FEHBP, offering federal employees a standard federal contribution for their health insurance premiums. Since employees who select plans that cost more than the federal contribution would pay the additional cost in full, this policy would incentivize consumers to choose lower-priced plans. As a result, price competition among health care plans would be strengthened. This proposal would save $29 billion over ten years.

Increase Federal Insurance Premiums for Private Pension Plans.

The Pension Benefit Guarantee Corporation (PBGC) provides federal insurance for participants in private defined-benefit pension plans. If an insured pension plan is terminated without sufficient assets to pay promised benefits, the plan is assumed by the PBGC. At the end of 2012, the PBGC reported that the difference between its assets and the present value of benefits owed to workers in terminated plans was $29 billion. This budget proposes to increase the premiums charged to private pension plans, more closely aligning them with the risk posed to the PBGC (and the taxpayer) and increasing the incentive for employers to properly fund their pension plans. This proposal would save $5 billion over the next ten years.

Prohibit the Federal Government from Bailing Out Irresponsible State and Local Governments.

Much like the federal government, certain state and local governments have spent beyond their means for far too long. Most notably, the City of Detroit was forced to file for bankruptcy in July, 2013. On the other hand, many states have budgeted responsibly, implementing reforms that make their governments run more efficiently. Citizens from the responsible states should not be forced to bail out irresponsible state and local governments through funding from the federal government. This proposal is based upon

H.R. 3002, the No Bailouts for State and Local Governments Act.

Sell Unneeded Federal Land and Property.

According to the Congressional Research Service, the federal government owns about 640 million acres, an amount equal to 28 percent of the land in the United States.[25] The federal government owns anywhere from just 0.3 percent of Connecticut and Iowa to 81.1 percent of Nevada.[26] Additionally, the federal government owns over 900,000 buildings and structures that are worth hundreds of billions of dollars. A 2011 GAO report found that 24 federal agencies operated 45,190 underutilized buildings at a cost of $1.66 billion.[27]

[25] "Federal Lands and Natural Resources: Overview and Selected Issues for the 113th Congress," Congressional Research Service, Mar. 19, 2014.

[26] "Federal Land Ownership: Overview and Data," Congressional Research Service, Feb. 8, 2012.

[27] "The Government Faces Challenges to Disposing of Unneeded Buildings," Government Accountability Office, Feb. 10, 2011.

The federal government should look for ways to reduce its holdings of unnecessary lands and real property in a responsible way. Legislation, such as H.R. 328, the Excess Federal Building and Property Disposal Act of 2013 and H.R. 695, the Civilian Property Realignment Act, could serve as ideal ways to sell off the government's holdings. The federal government should also explore ways to transition certain federal lands to state governments or the private sector.

Return Transportation Policy to the States.

A one-size-fits-all transportation policy simply does not work. Because different areas of the country have different transportation needs, state and local officials are in a much better position to understand the needs of local commuters, not bureaucrats in Washington. Ironically, Washington, D.C. was rated as the most congested metropolitan area by a Texas A&M Transportation Institute study.[28] The policies that caused these outcomes are

[28] "Washington Rated the Worst for Traffic Congestion Again," Washington Post, Feb. 5, 2013

hardly the type of policies Washington should be forcing on the rest of the nation.

Federal transportation policy is supposed to be self-financed by the 18.4 cent per gallon federal gas tax. But, as is too often the case, Washington has spent beyond its means and left the taxpayers to foot the bill. The Highway Trust Fund has been depleted, and since 2008, Congress has bailed the Trust Fund out to the tune of $53 billion from the general fund.

To make matters worse, the federal government uses the gas tax revenues and federal highway dollars to force states to do things that are not necessarily in their best interest. For instance, only about seventy percent of the most recent highway bill's spending actually goes towards highway programs. Meanwhile, 18 percent goes to public transportation and one percent to "transportation alternatives" – which can be anything from bike paths to walking trails.

Instead, Congress should phase down the federal government's control over most highway and transit programs to where they belong – the state and local governments. Over a five year period, federal transportation funding will be gradually reduced, with states receiving block grants.

After the five year phase-out, federal transportation spending will be limited to core federal duties, including the interstate highway system, transportation infrastructure on federal land, responding to emergencies, and research. As the level of federal responsibility is reduced, Congress should also concurrently reduce the federal gas tax.

This budget includes a deficit neutral fund recommending these reforms, based on the principles laid out in H.R. 3486, the Transportation Empowerment Act.

The end result of this proposal is a policy that puts commuters and local ideas first. This approach is more than just a better plan for building roads—it's a plan for improving people's lives. It would create jobs and improve the economy. States would be able to respond to transportation needs much more quickly and efficiently. Doing so helps people spend more time with their families and less time stuck in traffic. Along with a better work-life balance, a better highway system could open up more housing options and connect where people want to live with where they want to work.

Eliminate Transportation Alternatives Program (TAP).

The TAP provides federal funding for a number of local alternative transportation projects, including bike paths, trails, and scenic overlooks. These types of transportation projects are not the responsibility of the federal government. Eliminating the TAP would save taxpayers $820 million per year.

Eliminate the Essential Air Service Program.

This program heavily subsidizes flights to and from rural areas – often to the tune of several hundred dollars per passenger. The federal government should not be borrowing money from China and elsewhere to provide air service to areas of the country where the market will not support it.

Eliminate the Social Services Block Grant (SSBG).

The SSBG program provides funding to states that can be used for a wide range of social programs. However, this funding is duplicative of many other federal programs. The single largest use of these funds is to cover states' administrative costs of providing information and referrals to government programs. The SSBG should be eliminated, saving $16.8 billion over the next decade.

Discretionary spending only makes up about one-third of spending each year, but it is important that Congress spends wisely in the annual appropriations bills. This budget proposes to reduce total discretionary spending to $950 billion in Fiscal Year 2015. This would bring discretionary spending to slightly below FY2008 levels. The RSC budget freezes total discretionary spending until the budget is balanced in 2018, and then allows it to grow with inflation.

> **"Discretionary spending only makes up about one-third of spending each year, but it is important that Congress spends wisely in the annual appropriations bills."**

Within the overall level of discretionary spending, the RSC budget funds defense at the same level as the House budget resolution. In FY2015, defense spending would be $521 billion and would grow to $696 billion by 2024.

It is the position of the RSC that the first duty of government is to "provide for the common defense," as called for both in the preamble to the Constitution, as well as Article I, Section 8. Funding for national security must be strategy driven and based on the threats that exist in the world to America and her allies. At the same time, the Department of Defense must understand that it does not have a blank check to waste the taxpayer's hard-earned money. Given the resources allocated for Defense, the President should prioritize funding the accounts that will provide the highest return on investment. Further, the Pentagon should do a better job of managing its resources and renew its commitment to a full audit of its books.

This budget lays out an illustrative menu of discretionary spending cuts that Congress could implement, saving billions of dollars for the taxpayers each year.

Repeal USDA Catfish Inspection Program.

The USDA Catfish Inspection Program should be repealed beginning in FY2015, saving $15 million annually. This duplicative program was "airdropped" into the 2008 Farm bill without prior consideration by the House or Senate. Currently, the Food and Drug Administration inspects all seafood, except for catfish, while the USDA is charged with inspecting meat, poultry, eggs, and catfish.

Eliminate Rural Cooperative Development Grants (RCDG).

The RCDG program is meant to provide grants to subsidize rural cooperatives. Grantees are only subject to a 25 percent cost-sharing requirement and may use the funds for the operation, expansion, or startup of a cooperative. It should not be the role of the federal government to subsidize consulting services for private businesses. The RCDG program should be eliminated in FY2015, saving $26 million per year.

Eliminate Rural Energy for America.

This program should be eliminated beginning in FY2015, saving the taxpayers $3.5 million per year. This program subsidizes the development of renewable energy programs for small rural businesses and agriculture producers. The federal government should not be in the business of subsidizing inefficient types of energy that would be better produced by the private market. According to the GAO, this is just one of 679 different initiatives meant to promote green energy.

Eliminate the Legal Services Corporation (LSC).

Though created with the intent to provide free, legal assistance to those not capable of providing it for themselves in non-criminal cases, the LSC has evolved into an organization that also takes part in the advocacy of political causes and lobbying. Coupling the misuse of taxpayer funds with the redundancy of free legal services provided by states and other organizations eliminates the need for this federally funded entity. Beginning in FY2015, the Legal Services Corporation should be eliminated, saving the taxpayers $365 million per year. This proposal is based on H.R. 350.

Eliminate the Advanced Manufacturing Technology Consortia (AmTech).

AmTech is an unnecessary public-private partnership that amounts to the Federal Government intruding into private sector manufacturing research and development.

Eliminating this program beginning in FY2015 could save taxpayers $15 million per year.

Reduce Funding for the National Science Foundation (NSF).

The NSF is charged with promoting science and engineering research projects through grant funding. Unfortunately, the NSF has a history of using taxpayer funds on wasteful projects, such as a laundry folding robot, a study of shrimp running on a treadmill, a study of Americans' attitudes towards the U.S. Senate filibuster, and paying for participants' expenses to attend an annual snowmobile competition in Michigan, among other examples. Beginning in FY2015, funding for the NSF should be reduced.

Eliminate the Economic Development Administration (EDA).

The EDA is a duplicative program and seeks to accomplish many of the same goals as the Neighborhood Reinvestment Corporation. The EDA should be eliminated beginning in FY2015, saving the taxpayers $247 million per year. This proposal is based on H.R. 887, the EDA Elimination Act.

Eliminate the International Trade Administration (ITA).

These funds are corporate welfare, pure and simple. By the ITA's own account, their activities provide "counseling to American companies in order to develop the most profitable and sustainable plans for pricing, export, and the full range of public and private trade promotion assistance, as well as market intelligence, and industry and market-specific research." U.S. companies produce outstanding products that can compete with those produced anywhere in the world. These successful companies do not need Uncle Sam pitching in to do market research (funded by taxpayer dollars and debt). Beginning in FY2015, the ITA should be eliminated, saving $470 million per year.

Eliminate Hollings Manufacturing Extension Program (MEP).

The MEP provides financial support to local centers that provide technical services to small manufacturing companies. Originally meant to be self-sustaining, federal funding for the MEP should be eliminated beginning in FY2015, saving $143 million per year.

Prohibit the Purchase of Expensive Biofuels.

In March of 2013, the Defense Logistics Agency (DLA) entered into a contract to purchase 3,650 gallons of renewable jet fuel for $59 per gallon, while the price of conventional jet fuel was roughly $3.73 per gallon. The Department of Defense should not waste valuable taxpayer dollars on inefficient forms of energy. Beginning in FY2015, the Department of Defense should be prohibited from entering into any contract for the procurement or production of any non-petroleum based fuel for use as the same purpose or as a drop-in substitute for petroleum.

Eliminate the Energy Efficiency and Renewable Energy (EERE) Program.

This program, which invests in high-risk research and development in the fields of energy efficiency and renewable energy technologies. Some of the programs within EERE include the State Energy Program, the Super Truck program, the Advanced Technology Vehicle Manufacturing Loan program, and solid state lighting research. Not only does this allow the federal government to pick winners and losers, but it also limits research to a small sector of the energy economy – renewables. Instead of wasting taxpayer dollars on risky renewable energy schemes, the United States should be pursuing a market-based, all-of-the-above energy policy. Beginning in FY2015, the EERE account should be eliminated, saving the taxpayers $1.9 billion per year.

Eliminate the US-China Clean Energy Research Center.

With our nation deep in debt, it makes little sense to borrow from foreign nations to fund programs that aid other countries in creating new energy technologies.

Eliminate the Advanced Research Projects Agency – Energy (ARPA-E).

This agency was started by the failed 2009 stimulus law and is meant to fund high-risk green energy projects. Taxpayers should not bear the burden for research projects that the energy industry will not even take on for itself. Eliminating ARPA-E beginning in

FY2015 could save the taxpayers $280 million per year.

Eliminate regional commissions including the Denali Commission, Appalachian Regional Commission, the Northern Border Regional Commission, the Southeast Crescent Regional Commission, and the Delta Regional Authority.

The economic development programs are duplicative of other programs in the federal government and provide federal funding for *local* projects. The Federal Government is not only out of money, but it is also ill-equipped to prioritize local infrastructure and development projects. These activities are more appropriately carried out by state and local governments. Beginning in 2015, the commissions should be eliminated, saving the taxpayers $107.5 million per year.

Eliminate Title 17 Innovative Technology Loan Guarantee Program.

The Title 17 program provides loans to clean energy projects. This is the program that gave us the Solyndra scandal that resulted in the taxpayers losing more than $500 million after the Administration gambled on a politically favored company. Eliminating the Loan Guarantee program beginning in FY2015 could save the taxpayers $20 million per year in reduced administrative expenses alone.

Repeal Healthy Food Financing Initiative.

The Healthy Food Financing Initiative should be repealed in FY2015, saving $22 million per year. This program is meant to subsidize businesses in so-called "food deserts" so that they can offer healthy food options through grants, loans, and educational programs. While it is important that Americans have access to healthy food options, there are already public and private programs at the federal, state, and local levels that can better serve these communities. Additionally, the federal government should not be in the business of picking winners and losers as to who gets subsidized and who does not receive federal dollars.

Eliminate the Election Assistance Commission.

The Election Assistance Commission was created by the 2002 Help America Vote Act to help states modernize voting equipment. The Commission no longer serves a statutory purpose and should be eliminated beginning in FY2015, saving the taxpayers $10 million per year. This proposal is based on H.R. 1994, the Election Assistance Commission Termination Act.

Reduce funding for the Environmental Protection Agency (EPA).

The EPA is an agency that is out of control. In the most recent Unified Agenda and Regulatory Plan, the EPA lists 134 regulations currently being prepared to be imposed on Americans, including eight major regulations that will each have a cost of $100 million or more. These regulations impose costs on consumers, businesses, and local governments, resulting in fewer good paying jobs in important sectors like energy production and manufacturing. Beginning in FY2015, funding for the EPA should be significantly reduced, saving the taxpayers billions of dollars per year and giving some much needed regulatory certainty to American job creators.

Eliminate the National Endowment for the Arts and the National Endowment for the Humanities.

Funding the arts and the humanities are an inappropriate function of the federal government and is nowhere justified in the Constitution. Support for the arts can easily and more properly be found from private, voluntary sources. Eliminating the Endowment for the Arts could save taxpayers $146 million per year and eliminating the Endowment for the Humanities could save an additional $146 million per year.

Eliminate Diesel Emissions Reduction Act (DERA) Grants.

Grants made under DERA have gone to wasteful projects like cherry pickers, electrifying parking spaces at a rest stop, and retrofitting old tractors. Beginning in FY2015, DERA grants should be eliminated.

Eliminate Funding for the Corporation for Public Broadcasting (CPB).

A free society, by definition, should not have government-supported media outlets, especially ones that so often convey political news and opinion. Furthermore, the Corporation's mission of ensuring universal access has been fulfilled by telecommunication advances, and government-funded broadcasting is therefore unnecessary. Eliminating all taxpayer funding for the CPB beginning in FY2015 could save $445 million per year.

Eliminate the National Labor Relations Board (NLRB).

The Department of Justice (DOJ) already oversees a wide variety of civil, criminal, and administrative issues, including anti-trust, voting rights, and major mergers and acquisitions. DOJ is certainly capable of handling claims of unfair labor practices, and could do so without the pro-big-labor bias and partisanship endemic to the NLRB. Eliminating the NLRB beginning in FY2015 could save $274 million per year.

Eliminate the Institute of Museum and Library Services (IMLS).

The IMLS provides grants to local museums and libraries, a task that is not a core federal responsibility and can be better handled by the private sector and local government. Eliminating the IMLS could save $227 million per year.

Eliminate Open World Leadership Center.

The Open World Leadership Center is meant to facilitate cultural and political exchanges between the U.S. Congress and leaders in post-Soviet countries. Eliminating the Center beginning in FY2015 could save taxpayers $6 million per year.

Reduce Foreign Aid.

At a time when our gross national debt has topped $17 trillion, and we must rely on foreign countries to finance about half of the debt held by the public, we simply cannot afford to be as generous to other nations as we have been in the past. Beginning in FY2015, foreign assistance should be reduced.

Eliminate International Organizations and Programs Account.

This account provides voluntary contributions to international organizations. Within this account, the U.N. Population Fund provides family planning and abortion funding abroad. Ending U.S. contributions to the U.N. Population fund beginning in FY2015 could save the American taxpayers $35 million per year. Because the President has the authority to make contributions to organizations when it is in the national interest, this account is duplicative. Eliminating these funds beginning in FY2015 could save $344 million per year.

Eliminate Contributions to the Clean Technology Fund.

The Clean Technology Fund was created in 2010 by the Obama Administration to promote green energy abroad. Borrowing from foreign nations to spend millions promoting green energy is not a wise fiscal decision. Ending contributions to the Fund beginning in FY2015 could save $185 million per year.

Eliminate Contributions to the Strategic Climate Fund.

Created in 2010 by the Obama Administration, the Strategic Fund is meant to address climate change abroad. Ending contributions to the Fund beginning in FY2015 could save $50 million per year.

Eliminate Complex Crises Fund.

The Complex Crises Fund was established in 2010 by the Obama Administration without authorization by Congress. The Fund is meant to allow the State Department "respond to unforeseen crises," and is duplicative of other State Department funding. Eliminating the Fund beginning in FY2014 could save $20 million per year (excluding OCO).

Eliminate the Inter-American Foundation.

The Inter-American Foundation provides assistance to Latin America and the Caribbean and is duplicative of other State Department and USAID activities. Eliminating the Foundation beginning in FY2015 could save $22.5 million per year.

Eliminate the United States African Development Foundation.

The U.S. African Development Foundation provides assistance to Africa and is duplicative of other State Department and USAID activities. Eliminating the Foundation beginning in FY2015 could save $30 million per year.

Eliminate the East-West Center.

The East-West Center promotes relationships between the U.S., Pacific, and Asian countries. Eliminating the Center beginning in FY2015 could save $17 million per year.

Eliminate the Asia Foundation.

The Asia Foundation provides assistance to Asia and is duplicative of other State Department and USAID activities. Eliminating the Foundation beginning in FY2015 could save $17 million per year.

Eliminate the Center for Middle Eastern-Western Dialogue.

The Center for Middle Eastern-Western Dialogue, more commonly called the Hollings Center, is meant to foster dialogue between the U.S. and predominately Muslim countries. Eliminating the Center beginning in FY2015 could save $90,000 per year. This proposal is based on H.R. 4231.

Eliminate Funding for the Washington Metropolitan Transit Authority (WMATA).

The federal government should not be directly subsidizing the public transit system of one of the most affluent cities in the United States. Eliminating this subsidy beginning in FY2015 could save the nation's taxpayers $150 million per year.

Reduce Funding for the HUD Office of Housing.

The Office of Housing regulates the housing industry, a task that is better left to state and local governments. Beginning in FY2015, funding for the Office of Housing should be reduced.

Reduce Funding for the Public Housing Capital Fund.

The Public Housing Capital Fund provides federal funding for public housing projects, a task that is better left to state and local governments. Beginning in FY2015, the funding Public Housing Capital Fund should be reduced.

Eliminate AMTRAK Operating Grants and Capital Grants.

The federal government has subsidized the National Railroad Passenger Corporation (better known as AMTRAK) since it was created by Congress in 1970. The railroad service is notoriously a poor fiscal manager, losing $72 million on food and beverage service alone in 2012. But AMTRAK has no incentive to improve its performance if it knows that it will be able to count on the taxpayers for a bailout each year. The federal government should not force the taxpayers to subsidize AMTRAK, which should be privatized. Eliminating AMTRAK Operating grants beginning in FY2015 could save $340 million per year, while eliminating AMTRAK Capital grants beginning in FY2015 could save $1.05 billion per year.

Prohibit High-Speed Rail Funding.

The failed 2009 stimulus spending bill provided $8 billion for high-speed rail projects. To be clear, there was no demand for these big government projects, high-speed rail often costs significantly more than other forms of transportation. Thankfully, the governors of Florida, Ohio, and Wisconsin rejected funds for high-speed rail projects so the residents of their states wouldn't get stuck with the bills. The high-speed rail boondoggle shows why the states, local governments, and the market should take a leading role in determining where transportation dollars get spent, not bureaucrats in Washington.

Reduce funding for Community Development Block Grants (CDBG) and Community Development Loan Guarantees.

This program has been unauthorized (yet still funded) for decades and is a prime example of the federal government's difficulty prioritizing local programs. CDBG has paid for programs as diverse as doggie daycare, a local circus, and decorative sidewalks in an affluent suburb. Beginning in FY2015, CDBG and Loan Guarantee funding should be reduced.

Prohibit Federal Funds From Going to Entities that Provide Abortions.

While individuals are free to make personal contributions to organizations as they see fit, the federal government should not fund entities that provide abortion services. This budget ensures that no taxpayer dollars flow to entities that provide abortions.

Reduce the Annual Across the Board Adjustment for Federal Civilian Employees Pay.

Unlike most Americans, federal workers receive an automatic pay increase every year, required under the Federal Employees Pay Comparability Act of 1990. If the President determines that a national emergency exists, he can limit the size of the increase. President Obama signed legislation blocking pay increases in 2011, 2012, and 2013. With the national debt topping $17 trillion, and projected to skyrocket to $27 trillion over the next decade, a fiscal state of emergency exists. Beginning in FY2015, the annual across-the-board increase for federal workers should be reduced by just half a percentage point below the expected automatic increases.

Reduce the Size of the Federal Workforce Through Attrition.

This proposal, based on H.R. 824, could reduce the size of the federal workforce by limiting new hires to one employee for every three who leaves the workforce. The President would have flexibility in case of a national emergency.

Limit Funding for Unauthorized Programs.

Approximately $302 billion of the $1 trillion appropriated for Fiscal Year 2014 in the Consolidated Appropriations Act were for programs whose authorizations had expired. Another $68 billion was appropriated for non-defense programs whose authorizations will expire on or before the end of the fiscal year. These expired and expiring authorizations spanned 302 authorizing statutes. Beginning in FY2015, funding for unauthorized programs should be limited to encourage reauthorization and reform of worthy programs and the elimination of failing programs.

Prohibit Federal Employees From Conducting Union Business on Official Time.

Ending the federal government's sanction of union activity at federal expense will make the federal workforce more effective and efficient (as proposed by the H.R. 107, the Federal Employee Accountability Act of 2013).

Prohibit Automatic Collection of Union Dues for Federal Employee Unions.

Currently, the federal government acts as the dues collector for unionized federal workers by deducting union dues from an employee's paycheck and then remitting that to the union. If a worker wants to join a union, then the union should collect its dues from the worker, not force the taxpayers to do it. This budget recommends prohibiting the automatic deduction of union dues for federal workers.

Eliminate, Combine, or Consolidate Duplicative Government Programs.

The Government Accountability Office (GAO) issues periodic reports that expose duplicative federal programs. A few examples of duplicative programs from the GAO's 2013 report include:

- 679 programs to encourage renewable energy, spanning 23 agencies, costing taxpayers $15 billion in 2010. One hundred fifty seven of these programs were impacted by the President's failed spending stimulus law.
- 159 contracting organizations in 10 Department of Defense components to provide foreign language support services.
- 21 programs and tax credits meant to help pay for higher education.
- 3 agencies with overlapping services to promote exports.
- 76 programs for drug abuse and prevention, including 22 focusing on treatment, 21 focusing on prevention, and 13 that do both prevention and treatment. Twenty-nine of these programs reported no coordination with other programs.

In 2013, the House acted on the GAO's recommendations to eliminate duplicative job training programs by passing the H.R. 803, the Supporting Knowledge and Investing in Lifelong Skills (SKILLS) Act. The SKILLS Act would have modernized the nation's job training regime by consolidating 35 duplicative programs. Unfortunately, the Senate has yet to take up and pass this important measure.

This budget resolution charges the Committees of the House to examine the programs within their jurisdiction and to report legislation that would eliminate, consolidate, or combine unnecessarily duplicative programs.

If there's one thing that Americans can agree on, it's that the U.S. tax code, now more than 70,000 pages long, [29] is broken. It is overly complex, globally uncompetitive, and unfair. Compliance with the byzantine tax code drains a staggering amount of resources from families, small businesses, and individuals. A recent IRS study reported that American families spent more than three billion hours a year just computing and complying with individual deductions.[30]

Add to that the three billion hours businesses spend complying with the code and it takes the full time equivalent work force of 3.4 million for the nation to file its taxes. That's as if *every citizen* of Seattle, Washington worked all year on nothing but tax code compliance. It's an extraordinary waste, but there's more.

Our outdated tax code puts U.S. businesses at a distinct disadvantage to foreign competitors. Not only is our corporate tax rate the highest in the industrialized world at 35 percent, but the code also punishes multi-national corporations that earn profits (and pay taxes) abroad by forcing them to pay taxes again if they invest those profits back in the United States. This so-called "worldwide system" of corporate taxation has been abandoned by an overwhelming majority of OECD countries. Only six of 34 OECD[31] countries (including the United States) still employ a worldwide system, down from 17 in the year 2000. It is time for the United States to implement a tax code that encourages job creation in the United States with a shift to a competitive system of international taxation.

[29] "The Tax Reform Act of 2014, Executive Summary," Rep. Dave Camp, House Ways and Means Committee, Accessed April 6, 2014.

[30] "The Hidden Costs of Tax Compliance," Mercatus Center, George Mason University, May 20, 2013.

[31] "Evolution of Territorial Tax Systems in the OECD," Price Waterhouse Coopers, April 2, 1013.

The current tax code is also laden with loopholes and carve-outs that favor special interests and those with means to curry political favor. For example, under the current tax code, there is a tax credit for qualified electric vehicles, residential solar water heating equipment, and small wind energy equipment.[32] These types of special exemptions and social engineering create economic distortions and cause people to make decisions that would not make economic sense otherwise.[33] The nation's tax policy should make sense for all individuals and the economy on the whole, not just when viewed through the lens of narrow special interests.

Ultimately it's American families and workers who suffer the brunt of our tax code's failures as they struggle to comply and as U.S. corporations hire fewer workers at lower wages.

For too long, tax reform packages have been scored in a vacuum that does not take into account how people will change their behaviors based on a simpler, fairer tax code. It is vital that tax reform be discussed with an understanding of its ripple effects throughout the economy. Only through dynamic scoring – rather than so-called "static scoring" which ignores macroeconomic effects – can policymakers understand the real-world impact of tax reform on the economy, businesses, and families.

In short, as Washington moves to scrap the United States' outdated tax code, it should also scrap the obsolete static-scoring model currently used to judge reforms. Instead, policymakers should factor in what every economist knows: tax reform done right triggers a virtuous chain reaction of investment, economic growth, and job creation. Dynamically scored revenue-neutral tax reform – as called for by this budget – ensures that government revenues stay steady and the dollars created by pro-growth tax reform stay in the pockets of American families.

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[32] "Tax Reform Act of 2014, Section-by-Section," Rep. Dave Camp, House Ways and Means Committee, Accessed April 6, 2014.

[33] "What Does 'Economic Distortion' Look Like?," Tax Foundation, Dec. 18, 2006.

This budget calls on the Ways and Means Committee to issue a tax reform draft that conforms to the following parameters:

- Aims for revenue neutrality (relative to the CBO baseline revenue projection) based on a dynamic score that takes into account macroeconomic effects.
- Simplifies the individual rates from seven brackets to two, with a top rate of 25 percent.
- Simplifies the tax code by ensuring that fewer Americans will be required to itemize their deductions.
- Gives equal tax treatment to individual and employer health care expenditures modeled on the American Health Care Reform Act (H.R. 3121).
- Eliminates the current Earned Income Tax Credit (EITC) that is given in a yearly lump-sum payment and replaces it with a program that would allow workers to exempt a portion of their payroll taxes every month.
- Streamlines the tax breaks available for higher education and encourages charitable giving.
- Repeals the death tax or inheritance tax.
- Reduces the rate of double taxation by lowering the top corporate rate to 25 percent and setting a maximum long-term capital gains tax rate at 15 percent.
- Sets a maximum dividend tax rate at 15 percent.
- Encourages (on net) investment and entrepreneurial activity.
- Moves to a competitive international system of taxation

To force Congress to finally act on comprehensive tax reform, this budget recommends enacting H.R. 352, the Tax Code Termination Act. This legislation would sunset the current tax code at the end of 2017, setting a firm deadline for a simpler, fairer tax code to be enacted.

We must craft a tax code that ensures American competitiveness and success for the remainder of the twenty-first century. Fundamental reform is never easy. Each of the exceptions and exemptions in the current tax code has a defender, but every economist tells us that fewer exceptions and exemptions create a broader base that paired with lower rates creates faster economic growth than does our convoluted system we have today.

There are many good ideas on that front—growth-oriented tax plans that could strengthen the economy and support the nation's funding priorities. The FairTax, for instance, is a fundamental tax-reform plan for consideration that would eliminate taxes on wages, corporations, self-employment, capital gains, and gift and death taxes in favor of a personal consumption tax that would provide the economic certainty that American families, businesses, and entrepreneurs desire. The Flat Tax, as proposed in many different forms by individuals in Congress, Nobel Prize-winning economist Milton Friedman, and think tanks such as the Heritage Foundation, also seeks to end the current income tax in favor of one that encourages more economic growth. Congress should consider the full myriad of pro-growth plans and move aggressively toward fundamental tax reform.

It is the goal of this budget to enact reforms that produce a government that isn't just smaller, but a government that works better. The federal government's reach has grown, inserting itself into virtually every facet of the economy and the lives of its citizens. This expanded state has come at the expense of the freedom and prosperity of the American people. Conservatives understand that government can play an important role in protecting its citizens' lives, liberty and property. A limited government, devoted to its core functions, gives taxpayers a more efficient government. To this end, this budget proposes specific reforms that would rein in government excesses, cut red tape, and increase government transparency.

Require the President to Fulfill his Constitutional Duty to Enforce the Law.

Article II, section 3, of the U.S. Constitution states that the President "shall take care that the laws be faithfully executed." Unfortunately, President Obama has failed to fulfil this Constitutional duty by "delaying the Obamacare employer mandate; refusing to enforce our immigration laws; granting welfare work requirement waivers in violation of the 1996 welfare reform law; failing to enforce federal drug laws in states that permit medical and recreational marijuana use; and the announcement that the Justice Department will stop prosecuting low-level drug offenders under mandatory minimum sentencing laws."[34]

Under current law, if the Attorney General determines that a law is unconstitutional and no longer enforces it, he is required to submit a report to Congress. If a federal agency decides that it will no longer enforce a law *for any reason*, the head of that agency should notify Congress and provide their legal reasoning for not enforcing the law. This proposal is based on H.R. 3973, the Faithful Execution of the Law Act.

[34] "Reining in Executive Overreach," House Judiciary Committee, Majority, Accessed April 6, 2014.

Further, because of the court system's strict standing precedent regarding Congress, it can be very difficult to challenge a President who does not uphold the law. Congress should have the ability to authorize a lawsuit against the Executive branch with an expedited process for consideration by the courts if the President fails to faithfully execute the law. This proposal is based on H.R. 4138, the Executive Needs to Faithfully Observe and Respect Congressional Enactments of the Law (ENFORCE the Law) Act.

Protect Taxpayers from the IRS.

Since 2010, the IRS has targeted certain groups applying for tax-exempt status based upon their conservative ideological leanings. The IRS denied its political targeting to Congressional investigators and the public, until finally admitting to the targeting in 2013. Any IRS employee who targets a taxpayer for political purposes does not deserve a paycheck from the taxpayers and should be terminated.

The IRS has proposed a rule change for 501(c)(4) tax-exempt organizations that would severely restrict their ability to engage in the public square. Over 143,000 public comments have been submitted in response to the proposed regulations. In addition, 81 Members of the Republican Study Committee submitted a comment opposing the rule change. The IRS should be prohibited from issuing these regulations.

Further, the IRS should be prohibited from asking taxpayers about their political or religious beliefs, as well as being required to notify taxpayers if the IRS shares their information with another government agency. Finally, the IRS should institute a Taxpayer Bill of Rights, codifying basic protections for the taxpayers.

These proposals are based on H.R. 2565, the Stop Targeting Our Politics (STOP) IRS Act, H.R. 3865, the Stop Targeting of Political Beliefs by the IRS Act, H.R. 2531, the Protecting Taxpayers from Intrusive IRS Requests Act, H.R. 2530, the Taxpayer Transparency & Efficient Audit Act, and H.R. 2768, the Taxpayer Bill of Rights Act of 2013.

Commitment to the Unborn.

One of the saddest legacies of the 20th Century is the destruction of human life at the hands of abortion practitioners. We are charged with protecting the most vulnerable among us, and that certainly extends to the unborn. The RSC budget prioritizes the sanctity of human life by prohibiting federal funds from going to entities that provide abortions.

In addition, religious liberties are protected by ensuring no individuals or institutions that have moral or religious objections be forced or coerced into participating in abortion procedures, and by clearly defining the right to life guaranteed by the Constitution as beginning at birth. These protections follow principles introduced in H.R. 949, the Health Care Conscience Rights Act, by Representative Black, and the Life at Conception Act, H.R. 1091, authored by Representative Jordan.

Do Not Force Common Core on Our Children.

We should all agree that decisions about our children's education belong to parents, teachers, and local and state officials, not bureaucrats in Washington. However, the Race to the Top program created by the President's failed stimulus spending law only increased Washington's control over our nation's education system. For any state to be eligible to receive funding, they must adopt Common Core State Standards, a one-size-fits-all approach to K-12 education standards. In effect, states are being coerced into adopting these federal standards. Instead, the federal government should return control of education back to where it belongs – the local and state level. This proposal is based on House Resolution 476.

Protect Private Property from Government Seizure.

The Fifth Amendment provides that `private property [shall not] be taken for public use, without just compensation.' However, the Supreme Court placed this important guarantee of private property rights in jeopardy with it decision in *Kelo v. City of New London* that local governments may use eminent domain to seize private property and then sell it for development purposes. To prevent this type of government abuse, federal economic development funding to local governments should be dependent on their restraint from using eminent domain for private economic development. This proposal is based on

H.R. 1944, the Private Property Rights Protection Act.

Reform the Antiquities Act.

Under the Antiquities Act of 1906, the President is authorized to unilaterally proclaim national monuments on federal lands. Like other unchecked powers that have been given to the Executive branch, this authority has been abused at times. Because a national monument designation imposes strict restrictions on land use, the Antiquities Act can hurt local economies that rely on logging, mineral development, energy creation, or recreational activities on the federal land. Before an area is designated as a national monument, the designation should be approved by an act of Congress. This proposal is based on H.R. 250, which reforms the Antiquities Act.

Hold Government Employees Accountable for their Actions.

The past few years have brought us news stories about senior government employees who have abused their positions of power. Whether it is employees at the General Services Administration taking lavish vacations on the taxpayers' dime or the IRS making parody videos and targeting conservatives, the federal government has limited options to discipline federal workers. Often employees who are under investigation are simply placed on paid leave. Federal agencies should have the ability to fire Senior Executive Service employees for serious violations or place them on unpaid leave while they are under investigation. This common sense proposal is based on H.R. 2579, the Government Employee Accountability Act.

Don't Waste Taxpayer Funds on Expensive Conferences.

In 2013, it was discovered that the Government Services Administration held a lavish conference in Las Vegas, charging more than $800,000 to the taxpayers for their good time. In 2012 alone, the taxpayers funded $340 million for 894 conferences for federal employees. While it can be important that our federal workers attend certain events and conferences, the waste, fraud, and abuse must stop. Spending limits should be in place for conferences and the heads of federal agencies should be required to approve the most expensive conferences. This proposal is based on H.R. 313, the Government Spending Accountability Act.

Limit Bonuses for Federal Workers to a Reasonable Level.

At a time when we have a $17.5 trillion national debt, we simply cannot afford to hand out lavish bonuses to senior federal workers. In 2010, 75 percent of Senior Executive Service workers received bonuses at an average of $13,081 per employee. There should be reasonable limits on the size of bonuses that can be awarded and the number of senior employees who can receive an award. This proposal is based on H.R. 1541, the Common Sense in Compensation Act.

Establish Customer Service Standards.

Unsurprisingly, a 2011 survey found that only 31 percent of Americans are very satisfied with the federal government's customer service. Because so much of what the government does is serving the public, the federal government should establish standards for customer service and improve its response time to citizen requests. This proposal is based on H.R. 1660, the Government Customer Service Improvement Act.

Transparency on Unfunded Mandates.

Federal agencies should be required to measure the effect of a proposed regulation's effect on the economy and allow those who will be affected by those mandates to weigh in on the regulation. These reviews would increase the transparency about the true costs of federal mandates on state and local governments as well as the private sector. This proposal is based on H.R. 899, the Unfunded Mandates Information and Transparency Act.

Cost-Benefit Analysis on Regulations.

Federal agencies should perform a cost-benefit analysis on their proposed regulations and choose the regulatory options that impose the lowest cost on the economy. This proposal is based on H.R. 2122, the Regulatory Accountability Act of 2013.

Transparency for Sue-and-Settle Regulatory Actions.

All too often, pro-regulatory litigants will sue federal agencies with the intention of obtaining a settlement that forces the government to take regulatory action. Unfortunately, regulatory agencies have become more than happy to cooperate with these litigants, entering into legally binding consent decrees that require a regulatory action. These settlements are negotiated behind closed doors, without the public participation required by the normal regulatory process governed by the Administrative Procedure Act, the Regulatory Flexibility Act, and the Unfunded Mandates Reform Act. In President Obama's first term, the EPA sought at least 60 settlements with advocacy groups which resulted in over 100 new regulations being promulgated.[35] Transparency should be brought to this process by requiring public disclosure of the complaints against agencies, the terms of consent decrees, and attorneys' fees. Consent decrees should also be made available for public comment in the Federal Register prior to being filed with the courts. This proposal is based on H.R. 1493, the Sunshine for Regulatory Decrees and Settlements Act of 2013.

Account for the Cost of Regulations on Small Businesses.

Before finalizing new regulations, federal agencies should understand what the impact of their proposals on small businesses will be. This understanding will allow agencies to minimize the cost on small businesses. This proposal is based on H.R. 2542, the Regulatory Flexibility Improvements Act of 2013.

Provide Regulatory Certainty.

The public should be able to know what regulations the Executive branch plans to issue. Currently, the Administration is statutorily required to publish the Unified Agenda of Federal Regulatory and Regulatory Actions twice per year. Unfortunately, this is another issue where President Obama has failed to provide transparency. The Administration published the Fall 2012 Agenda and both the Spring and Fall 2013 Agendas late. Then, the President failed to publish the Unified Agenda that was due in Spring 2012 at all. Instead, to provide real transparency

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[35] "Sue and Settle: Regulating Behind Closed Doors," U.S. Chamber of Commerce, May 2013.

and regulatory certainty, federal agencies should publish updated information about their proposed regulations each month. This proposal is based on H.R. 2804, the All Economic Regulations are Transparent (ALERT) Act.

Modernize the IT Infrastructure.

Over the last decade, the federal government has spent $600 billion on information technology infrastructure.[36] Unfortunately, it has been estimated that 20 to 30 percent of our annual IT spending could have been reduced with better management.[37] Most recently, we have seen the Obama Administration's disastrous rollout of the Obamacare website at a cost of hundreds of millions of dollars.[38] Instead, federal agencies should modernize their IT infrastructure, take advantage of new technologies, and coordinate with each other so that America has the 21st century government its citizens expect and deserve. This proposal is based on H.R. 1232, the Federal Information Technology Acquisition Reform Act.

Audit the Federal Reserve.

Article I of the Constitution gives Congress the authority to coin money and to regulate the dollar's value. To remove politics from decisions about monetary policy, Congress outsourced this responsibility to an independent Federal Reserve one hundred years ago. For too long, the Fed has operated without full transparency. Under current law, Congress actually is prohibited from accessing all of the Federal Reserve's books. The GAO, which serves as Congress's watchdog, should be allowed to audit the Fed just as it does other agencies. Only through increased transparency can Congress conduct the necessary oversight of the Fed and hold it accountable for the American people. This common sense proposal is based on H.R. 24, the Federal Reserve Transparency Act.

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[36] "25 Point Implementation Plan to Reform Federal Information Technology Management," Vivek Kundra, U.S. Chief Information Officer, Dec. 9, 2010.

[37] "One Trillion Reasons," Technology CEO Council, Accessed April 6, 2014.

[38] "Doubts about HealthCare.gov Repair Date," Politico, Accessed April 6, 2014.

Review Monetary Policy.

After one-hundred years of the Federal Reserve, and 37 years after its last major reform, it is time that we have a comprehensive review of our monetary policy. This budget recommends the creation of a Centennial Monetary Commission, such as the one proposed by H.R. 1176. This Commission should examine how the Fed's policies have affected the U.S. economy and make recommendations to Congress for potential reforms.

Tell the Taxpayers Where their Dollars are Being Spent.

With the federal government spending $3.5 trillion each year – an amount equal to $11,207 for every citizen – the taxpayers deserve to know how their hard-earned dollars are being spent. Federal agencies should publicly describe each program they run, how much it costs, who benefits from it, and if the program is duplicative of other federal programs. This proposal is based on H.R. 1423, the Taxpayers Right to Know Act.

Improve the FOIA Process.

The Freedom of Information Act (FOIA) allows citizens to request records from federal agencies. To improve and modernize this process, a single online portal should be created for citizens to submit and track their requests. Further, agencies should establish a presumption of openness when complying with requests, should justify their reasoning when withholding requested records, and records that are regularly requested should be publicly released. This proposal is based on H.R. 1211, the FOIA Oversight and Implementation Act of 2013.

Require Disclosure on Taxpayer Funded Advertisements.

In the interest of transparency and accountability, the public should know when their taxpayer dollars are used to promote government projects. Television and radio advertisements, mailers, and brochures that are purchased at taxpayer expense should include a disclaimer identifying this fact, as well as the cost of the advertisement. This proposal is based on H.R. 3308, the Taxpayer Transparency Act.

The most visible example of the dysfunction in Washington is the broken federal budget process.

Of the six budget requests submitted by President Obama, five have been released after the statutory deadline.

Under Senate Majority Leader Harry Reid, the Senate has failed to pass a budget for fiscal years 2011, 2012, 2013, and 2015. A budget was passed by the Senate for fiscal year 2014 only in response to the House's "No Budget, No Pay" ultimatum.

Despite having control over all three branches of government at the time, Democrats in both the House and the Senate failed to pass a budget resolution for the first time ever in either chamber in 2010.

In the last two years, Leader Reid has refused to pass a single regular appropriations bill, forcing Congress to operate under Continuing Resolutions time and time again.

In an effort to restore order to the budget process and to bring more transparency and accountability to Washington's spending, this budget makes a number of specific recommendations.

Consequences for Not Following the Law.

The Congressional Budget and Impoundment Control Act of 1974 set in law specific budgetary responsibilities that Congress and the President must fulfill each year and the dates by which these actions must be completed on the way to enacting a federal budget. But because there are no real consequences for not following the law, these deadlines are often missed or ignored altogether.

In 2013, Congress passed the No Budget, No Pay Act, which would have withheld the salaries of Representatives and Senators if they failed to pass a budget resolution in each chamber. Not surprisingly, both the House and Senate were able to approve budgets in time to get their paychecks. Unfortunately, this law was only in effect last year.

This budget proposes to build off the success of No Budget, No Pay by imposing real consequences for lawmakers if they fail to follow the law. Each year the President, the House, and the Senate would be required to put forward proposed budgets. If the President has not submitted a budget proposal by the first Monday in February as currently required by the Budget Act, his pay will be withheld until he does so. If the House or the Senate has not passed a budget resolution by the April 15th statutory deadline, Members or Senators salaries will be withheld until their respective chamber approves a budget. This proposal is based off the ideas put forward by H.R. 325, the No Budget, No Pay Act.

Protect the Full Faith and Credit of the United States.

To prevent the possibility that the United States could ever default on its debt, this budget recommends implementing H.R. 807, the Full Faith and Credit Act. This legislation requires that in the event the statutory debt limit is reached, the Treasury is required to make timely payments of principal and interest, including on interest owed to the Social Security Trust Fund. To do this, the Treasury is permitted to issue debt that is not subject to the statutory limit.

Establish Point of Order Against Unauthorized Spending.

Since 1835, the Rules of the House (currently clause 2(a)(1) of rule XXI) have required that appropriations may only be for purposes authorized by law. But this rule is rarely enforced because the rules that bring appropriation bills to the floor routinely prevent a point of order from being raised. As a result, a large and growing portion of the discretionary budget is allocated without oversight or accountability. The Fiscal Year 2014 Consolidated Appropriations bill included $302 billion in appropriations not authorized by law, constituting about one-third of the entire discretionary budget. The RSC budget would prohibit the Rules Committee from reporting out a rule that waives the House Rule against unauthorized spending in an appropriations bill.

Improve Enforcement of Budget Rules.

The Budget Act's enforcement provisions currently require only a majority vote to waive, and this allows the majority party in Congress to ignore its provisions at will. This budget adopts a requirement for a two-thirds majority to waive points of order authorized by the Budget Act and makes it out of order to consider a rule or suspension of the rules waiving such points of order.

Continue the Earmark Ban.

Until the House Republicans' adopted an earmark moratorium, the number of earmarks included in appropriations and authorization bills had soared over the prior decade. These requests often diverted taxpayer resources to special interests, greased the wheels of Washington's spending machine, and set a poor example of fiscal responsibility. This budget would amend the House rules to make it out of order in the House to consider any legislation which includes an earmark. It would also prevent the Rules Committee from reporting a rule or order that would waive such a rule.

Dynamic Scoring.

Under current law, the Congressional Budget Office (CBO) is required to provide lawmakers with a static score on the fiscal impact of legislation, but there is no requirement that it analyze the economic impact of legislation. Because of this, lawmakers do not always have the most accurate information regarding the true impact of legislation they are voting on. This budget recommends that the CBO be required to report on the macroeconomic impact of major legislation as well as the estimated changes to the federal deficit because of these economic impacts. This proposal is based on H.R. 1874, the Pro-Growth Budgeting Act of 2013.

Disclose the Full Cost of Federal Credit Programs.

This budget proposes to increase transparency in federal budgeting by using fair value accounting for federal insurance programs. This would ensure that the full costs of these programs are included in the federal budget. This proposal is based on H.R. 1872, the Budget and Accounting Transparency Act of 2013.

Define Emergency Spending.

Congress has abused its ability to designate spending as "emergency spending" in order to exceed spending limits set by budget resolutions. According to CBO, net supplemental spending totaled $99 billion in the 1980s and $86 billion in the 1990s. In contrast, in the decade from 2000 to 2009, supplemental appropriations often exceeded $100 billion in a single year, and the cumulative total over these years was over $907 billion – ten times the total in the previous decade.

This budget would adopt in the House rules a clear definition of an emergency and provide for a point of order against consideration of a bill that includes "emergency spending" if a statement from the Chairman of the House Budget Committee has not been printed in the Congressional Record explicitly explaining why such spending meets each this definition.

Disclose Welfare Spending in the President's Budget.

In the 113th Congress, House Republicans adopted a new House rule requiring budget submissions in the House to provide a ten-year outlook of means-tested welfare spending. In the interest of transparency, this provision would extend this requirement to presidential budget submissions.

Legislative Transparency.

During the legislative battle over Obamacare, then-Speaker Pelosi famously said that Congress must "pass the bill so you can find out what's in it." That statement is true about far too many bills passed by Congress. One remedy required by this budget is to require bills to provide the legislative context for proposed changes. This has worked at the state level – 48 of the 50 states require bill text to actually show the portion of the law changed by the bill. This gives members of Congress, their staffs, and the public much needed insight into spending bills and other legislation. This proposal is based on H.R. 760, the Readable Legislation Act of 2013.

Baseline Budgeting.

Under current law, the baseline that lawmakers base their budgets off of assumes higher and higher spending every year. This budget recommends that the pro-spending bias for discretionary spending be removed from the baseline. This proposal is based on H.R. 1871, the Baseline Reform Act of 2013.

Realistic Enforcement.

This budget recommends that enforceable spending caps be put in place to restrain the growth of government. Caps on non-interest spending that take into account potential GDP, such as those in the Maximizing America's Prosperity Act, are more likely to actually be implemented by Congress and should be considered.

Implement the Cut Resolution.

The RSC budget would require the Majority Leader to bring a quarterly rescissions bill before the House under an open rule. Any rescissions approved by the House would be dedicated to deficit reduction via a reduction to the 302(a) allocation for that fiscal year. This is modeled on the Cut Resolution (H. Res. 471 in the 112th Congress).

Strengthen the Spending Reduction Accounts.

The rules of the House require that Spending Reduction Accounts be included in appropriations bills that are considered on the floor. This allows Members to lock-in any savings from amendments to an appropriations bill they propose by preventing these reductions from being used to increase funding for other accounts in the same bill. While an improvement on the status quo, spending cuts protected in Spending Reduction Accounts are not applied against the Appropriations Committee's overall 302(a) allocation, and this allows those savings to be redirected by the Committee to spending in subsequent appropriations bills and conference reports. This budget would change House rules to establish that any funds cut from an appropriations bill and allocated to a Spending Reduction Account would also be cut from the Appropriations Committee's 302(a) allocation, protecting the cuts from being spent later in the appropriations process.

Strengthen Cut-As-You-Go (CUTGO).

Similar to the current CUTGO provisions in the House rules, this modified CUTGO mechanism would not permit spending increases to be offset by tax increases or user fees and would apply only to new direct spending

Constitutional Authority Statement.

The constitutional authority on which this resolution rests is the power of Congress to lay and collect taxes, pay the debts, and provide for the common defense and general welfare of the United States as enumerated in Article I, Section 8, Clause 1 of the United States Constitution. Additionally, Article I, Section 9, Clause 7 of the Constitution provides Congress with the power of the purse and assigns Congress the role of the guardian of the public treasury by requiring that an account of the "Receipts and Expenditures of all public Money…be published from time to time."

The Congressional Budget Act of 1974 provides for the annual adoption of a concurrent resolution on the budget. The budget resolution serves as the guide created by and for Congress for all subsequent fiscal actions taken by the legislative branch during each congressional session.

As ordained by the Constitution and required by law, the legislative branch is the sole authority entrusted with the adoption of a comprehensive budget resolution for the federal government.

This budget resolution recognizes the threats to individual liberty posed by the inability of the federal government to live within its means. Failing to address the looming debt crisis now would doom American families and future generations to a crushing tax burden, smother the ability of small businesses to create jobs, result in ever-increasing interest rates, and set the nation on course for economic collapse.

This budget also takes steps toward restoring a more proper balance between the states and the federal government as defined in the 10th Amendment of the United States Constitution.

By restoring fiscal responsibility and constructing a path to a balanced budget, this resolution dissolves the chains of government debt and fulfills the promise of the Declaration of Independence—that all Americans have the unalienable right to life, liberty, and the pursuit of happiness.

In accordance with our constitutional duty, adherence to the law of the land, and the intention to preserve the American way of life for this and future generations, this budget resolution is submitted for the consideration of the 113th Congress.

Tables.

(Updated 4/8/14)

Back to Basics Revenues, Outlays, and Deficit/Surplus

(Nominal Dollars, in Billions)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Revenues	3,304	3,481	3,631	3,770	3,932	4,103	4,288	4,490	4,702	4,926	40,627
Outlays	3,536	3,574	3,648	3,755	3,906	4,079	4,230	4,435	4,538	4,629	40,331
Deficit/Surplus	**-232**	**-93**	**-17**	**15**	**26**	**24**	**58**	**55**	**164**	**297**	**296**

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Back to Basics Revenues, Outlays, and Deficit/Surplus

(as Percentages of Gross Domestic Product)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Average
Revenues	18.2%	18.2%	18.1%	18.0%	18.0%	18.0%	18.1%	18.1%	18.2%	18.4%	18.1%
Outlays	19.5%	18.7%	18.2%	17.9%	17.9%	17.9%	17.8%	17.9%	17.6%	17.3%	18.1%
Deficit/Surplus	-1.3%	-0.5%	-0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.6%	1.1%	0.1%

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Major Outlay Categories

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Social Security	884	929	983	1,041	1,104	1,173	1,244	1,320	1,398	1,479	11,557
Medicare	513	544	552	572	632	670	712	789	806	832	6,622
Medicaid/CHIP	302	302	302	302	302	302	302	302	302	302	3,021
Obamacare	0	0	0	0	0	0	0	0	0	0	0
Other Mandatory	458	435	421	405	401	415	416	427	406	369	4,154
Discretionary	1,113	1,052	1,020	1,005	994	1,012	1,031	1,054	1,070	1,084	10,436
Interest	266	312	370	430	472	506	525	542	556	563	4,542

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Discretionary Budget Authority

(Nominal Dollars, in Billions)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Non-Defense	429	384	360	347	353	358	364	367	371	374	3,708
Defense	521	566	590	603	616	630	644	661	678	696	6,205
OCO	85	30	30	30	0	0	0	0	0	0	175
Total	1,035	980	980	980	969	988	1,008	1,028	1,049	1,070	10,088

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RSC vs. Current Policy

(Nominal Dollars, in Billions)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Revenues	0	0	0	0	0	0	0	0	0	0	0
Outlays	-254	-408	-507	-603	-705	-780	-884	-975	-1,086	-1,236	-7,436
Deficit Improvement	**254**	**408**	**507**	**603**	**705**	**780**	**884**	**975**	**1,086**	**1,236**	**7,436**

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RSC vs. Current Policy Details

(Nominal Dollars, in Billions. Totals may not equal sum of figures due to rounding.)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Revenues	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Social Security	-2	-4	-6	-9	-12	-15	-18	-21	-24	-27	-137
Medicare	0	-11	-14	-18	-21	-27	-32	-37	-42	-61	-264
Medicaid and Other Health	-55	-40	-61	-77	-98	-121	-146	-171	-197	-225	-1,190
Obamacare	-76	-156	-187	-198	-209	-222	-236	-248	-263	-272	-2,066
Other Mandatory	-33	-81	-87	-99	-98	-95	-108	-122	-135	-169	-1,025
Discretionary	-86	-103	-119	-142	-178	-185	-191	-182	-184	-193	-1,563
Interest	-2	-13	-32	-59	-88	-118	-155	-195	-239	-288	-1,190
Total Outlays	**-254**	**-408**	**-507**	**-603**	**-705**	**-780**	**-884**	**-975**	**-1,086**	**-1,236**	**-7,436**
Deficit Improvement	**254**	**408**	**507**	**603**	**705**	**780**	**884**	**975**	**1,086**	**1,236**	**7,436**

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