



U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON THE BUDGET

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The Democratic 2015 Budget Resolution:

Powering our Economy and Expanding Opportunity

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This document has not been reviewed and approved by the Democratic Caucus of the House Budget Committee and may not necessarily reflect the views of all members.

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Powering our Economy and Expanding Opportunity

Overview

While the economy is recovering from the worst recession since the Great Depression, too many people still remain out of work, unable to take advantage of the nation's promise of opportunity for all. Too many people lack access to a high quality education or effective job training, so necessary to success in a global 21st century economy. Too many people struggle to make ends meet with jobs that do not pay a living wage. What is needed are investments in job creation and education, tax reform that promotes the growth of American businesses and tax fairness, and policies that support access to health care, retirement security, and a safe and secure nation. Those are the goals and policies behind the fiscal year 2015 Democratic budget resolution.

The Democratic budget stands in strong contrast to the reckless Republican budget, which casts a dark shadow over the American Dream. The Republican budget is a direct attack on job creation and condemns America to economic decline, by protecting perverse tax incentives to ship American jobs overseas while shortchanging investments in jobs here at home. It violates our commitments to seniors, punishes Americans struggling to stay afloat economically, and steepens inequality by protecting wealthy special interests as it takes resources away from everyone else. The Republican budget violates the fundamental promise that every hard-working American should have a fair shot at success.

The Democratic budget adheres to the discretionary spending caps established for 2015 by the Bipartisan Budget Act of 2013. This reflects the same framework as the President's budget, without endorsing all of its specific policies. Like the President's budget, the Democratic resolution also supports additional discretionary funding for 2015, divided equally between defense and non-defense, once offsets are identified. This will support additional key investments in jobs, economic opportunity and national security.

The Democratic budget maintains the nation's commitment to seniors, reinforcing the Affordable Care Act reforms that strengthen Medicare and improve benefits. It protects Medicaid, preserves Social Security, and strengthens the safety net. To adequately serve the nation's needs, it eliminates the sequester on mandatory spending entirely (including the cut to Medicare), eliminates the non-defense discretionary sequester starting in 2016, and keeps the nation secure with defense funding at the President's requested level. All told, the Democratic budget is committed to fiscal responsibility, with debt declining as a share of the economy at the end of the budget window.

Jobs and Investments that Strengthen the Economy

Job creation through investments and incentives – The economy has seen a return to job creation since the depths of the recession. Over the last 49 months, the economy has created 8.9 million private sector jobs. The private sector has now regained all of the jobs lost during the last recession. However, total employment remains below its previous peak because of a significant loss of governmental jobs. Further, while the private sector has recovered its losses, the population has grown over that period and we have yet to make up for the normal job growth that would have occurred in recent years if there had been no recession.

Too many Americans remain out of work or underemployed. For this reason, the resolution makes job creation a key priority. It includes a reserve fund to accommodate deficit-neutral legislation to create jobs. A wide range of legislation could make use of this reserve fund, including investments in infrastructure beyond the funding provided by the resolution for surface transportation. These could include additional funding to maintain America’s many harbors, seaports, and waterways, including the vital practice of dredging or deepening them.

The Democratic Budget by the Numbers

Deficits – provides for significant reduction in the deficit. At the end of the budget window, the deficit – at 2.3% of Gross Domestic Product (GDP) – is growing more slowly than the economy and debt is shrinking as a share of the economy.

Revenues – a total revenue increase equivalent to that in the President’s budget, but does not assume the President’s policy changes. Expands the EITC for childless workers and extends the tax credits from the American Taxpayer Relief Act due to expire at the end of 2017. Accommodates additional deficit-neutral tax relief for individuals and families and encourages tax reform that does not increase the tax burden for the middle-class or low-income Americans, and that closes tax breaks for special interests.

Discretionary spending – abides by the 2015 spending cap, and includes a deficit-neutral reserve fund to accommodate additional spending, split evenly between defense and non-defense. From 2016 through 2024, lifts the sequester on non-defense funding. Defense funding matches the level in the President’s budget. Overseas Contingency Operations matches the President’s request for 2015, and then stops.

Mandatory spending – maintains commitment to Medicare, Medicaid, and Social Security. Eliminates the mandatory sequester. Includes funding to extend Emergency Unemployment Compensation for one year, President Obama’s four-year \$302 billion surface transportation reauthorization, and a \$76 billion early childhood education initiative.

Powering job growth and opportunity – The Democratic budget’s top priority is to promote an economy that allows every American to make it in America: creating more jobs now and making investments that will lead to long-term economic growth. While the current unemployment rate continues to fall, it still remains unacceptably high, and according to the Administration, more than 3.6 million people are long-term unemployed. The budget supports smart investments in national priorities to keep the nation strong and competitive – investments in an educated and well-trained workforce, infrastructure that supports a 21st century economy, and scientific research and development that can lead to innovative discoveries that have been a hallmark of America’s success. It also supports investing in small businesses and the American manufacturing sector through tax incentives that will spur business development, support more jobs, and strengthen the economy.

Infrastructure – Our aging infrastructure system cannot keep up with the demands of our dynamic economy, and we risk falling behind in an increasingly competitive global economy if we underinvest in our infrastructure needs. The Democratic budget makes infrastructure a top priority, in contrast to the deep transportation cuts in the Republican resolution. Robust and sustainable transportation infrastructure investments will increase and protect American jobs, and pay significant dividends to our long-term economic growth.

- **Surface transportation** – The Democratic budget provides funding to support the President’s four-year, \$302 billion surface transportation reauthorization proposal that will help repair and modernize the nation’s roads, bridges, railways and transit systems. Funding for many transportation projects is due to expire later this year and, according to the Administration, more than 700,000 jobs would be at risk.
- **Harbor Maintenance Trust Fund** – The budget resolution supports an increased use of funds from the Harbor Maintenance Trust Fund (HMTF) to address the growing needs of our nation’s ports. Unless America’s infrastructure investment gaps are filled, transporting goods will become costlier, prices will rise, and our nation will become less competitive in the global market. We encourage the Appropriations Committee to consider maximizing the use of available HMTF funding to ensure that contributions sustain the increasing operation and maintenance requirements of our nation’s ports, increasing American exports and creating jobs.

Education – Funding education is one of the best investments we can make, both for the students themselves and for the economy, which benefits from increased productivity and earnings from the future workforce and lowered spending on supplemental services. In particular, to maintain equity and educational services for the children who need it the most, it is important to fund special education and Title I at the highest levels we can afford. This budget makes a real investment in education, ranging from a ten-year early education initiative to accommodating legislative policies that make getting a college education more affordable.

- **Early childhood** – The Democratic budget invests \$76 billion over ten years to provide access to high-quality early education for all four-year-olds. The early education programs must meet quality benchmarks that are linked to better outcomes for children, including rigorous curriculum, qualified teachers, small class sizes, and effective evaluation and review. This initiative is in addition to increased support for Head Start and other effective early childhood programs.
- **Special education** – The budget includes a deficit-neutral reserve fund to accommodate regular increases in funding for the Individuals with Disabilities Education Act (IDEA). Its goal is to put the federal government on a ten-year path to fulfill its commitment to America’s children and schools by providing 40 percent of the average per pupil expenditure for special education.
- **College affordability** – A college education is increasingly important for success, yet student debt now stands at \$1.1 trillion, and student loans are the most troubled type of consumer debt, with more than 11 percent of student loan balances 90 days or more delinquent or in debt. To help make college more affordable and increase college completion, the Democratic budget accommodates deficit-neutral legislation to encourage states and higher education institutions to improve educational outcomes and access for low- and moderate-income students; ensure continued full funding for Pell grants; and help borrowers lower and manage their student loan debt through refinancing and expanded repayment options.
- **Institutional support** – The Democratic budget provides funding for institutions that serve high proportions of minority and disadvantaged students, including Hispanic-Serving Agricultural Colleges and Universities, Hispanic-Serving Institutions, Asian American and Pacific Islander-Serving Institutions, and Historically Black Colleges and Universities, among others. This funding improves educational opportunities, provides fundamental and applied research grants, and assistance to undergraduate and graduate programs.
- **Support for rural counties and schools** – The budget accommodates deficit-neutral legislation to reauthorize the Secure Rural Schools and Community Self Determination Act, which helps support historically forest-dependent communities that have been impacted over the last several decades by downturns in the forest-products industry.

Job training – To help get unemployed Americans back to work, the resolution accommodates legislation that helps ensure that all Americans have access to good-paying jobs by fully reauthorizing the Trade Adjustment Assistance program. To strengthen our workforce, the resolution accommodates legislation to fund effective job training and employment programs.

Scientific research and development (R&D), energy, and climate change science – The Democratic budget provides robust funding for the National Aeronautics and Space Administration, National Science Foundation, and the Department of Energy (DOE) in

recognition of their strong record of improving aeronautics and space exploration, industrial productivity, information technology, energy, public safety, and goods consumers use on a daily basis. Funding for these activities is essential to competing in the global economy through innovations that improve the quality of life for all Americans.

- **Energy efficiency and security** – Democrats recognize the importance of the Office of Science, Efficiency and Renewable Energy program, and the Advanced Research Projects Agency-Energy program at DOE. These programs support cutting-edge research that is pivotal to delivering energy efficient products and systems to American households and businesses, improving energy generation, storage and utilization. By establishing an Energy Security Trust Fund, the Democratic budget furthers the development of technologies that increase our energy independence.
- **Clean energy** – The Republican budget criticizes government investments in clean energy, while ignoring the tax breaks big oil companies have benefited from for decades, even as their profits exceeded \$1 trillion over the last ten years. China invested \$54.2 billion in clean energy last year and the U.S. invested \$36.7 billion – a 9 percent decline from 2012.
- **Electricity generation and climate change science** – The President presented a clear plan to improve electricity generation, reduce pollution, and ensure we prepare for and mitigate the effects of a changing climate. The Democratic budget funds programs with a wide-range of benefits, from reducing emissions and improving the electric grid to helping low-income households reduce their energy expenses.

Small businesses and trade – Small businesses create two out of every three net new jobs in the United States and half of all working Americans own, or are employed, by a small business. This budget provides funding to ensure small businesses are not denied access to capital, and supports initiatives such as the Small Business Investment Company program. It also provides additional resources for efforts that promote trade and investment, spur American innovation, and strengthen our manufacturing base, including programs such as the Minority-Serving Institution Digital and Wireless Technology Opportunity Program.

Manufacturing – The Democratic budget supports investments that advance innovation in U.S. manufacturing. This is a critical part of the economy, with the highest multiplier effect among economic sectors, accounting for almost 60 percent of U.S. exports. The budget supports accelerating the transfer of new technologies from the laboratory to industry, recognizing that advanced manufacturing helps companies increase productivity and competitiveness.

Financial oversight – This budget includes the funding necessary to carry out the Dodd-Frank Wall Street Reform and Consumer Protection Act and help prevent another financial crisis. It increases funding to the Securities and Exchange Commission and the Commodity Futures Trading Commission to ensure a level playing field for investors and a more resilient American

economy. Recent funding levels have been insufficient to accommodate the increased responsibilities of these agencies since enactment of Dodd-Frank. Unless we provide these agencies the resources they need to keep up with financial industry practices and carry out their enforcement missions, we risk repeating one of the same mistakes that contributed to the earlier crisis.

This budget supports the effective oversight structure of the Consumer Financial Protection Bureau (CFPB). Recently, Republicans passed the Consumer Financial Protection Safety and Soundness Improvement Act of 2013 (H.R. 3193), which drastically reduces consumer protection. That bill defunds the CFPB from 2015 to 2024 despite the agency's recent successes, which include recovering over \$3 billion for consumers and service members from credit card companies and debt relief services, curtailing longstanding illegal industry activities, and carrying out rule-making functions to protect borrowers from irresponsible mortgage lending and foreclosure practices.

Natural resources – The budget provides funding to address critical environmental protection and land management priorities.

- **Land and Water Conservation Fund** – It includes a deficit-neutral reserve fund to accommodate full funding of the Land and Water Conservation Fund, which uses receipts from oil, gas, and other non-renewable resources to help states and local governments acquire and develop recreation sites. It also uses funding to help preserve natural areas, wildlife habitats, and historical sites.
- **Wildfire suppression** – The resolution includes a deficit-neutral spending cap adjustment for wildfire suppression operations similar to the one requested by the President. This will give the flexibility to finance wildfire suppression activities for extreme fire events that cannot be covered by the normal budget, and will help prevent destabilizing transfers from other Forest Service and Interior Department accounts.

Growth and Opportunity for All

Tax reform and tax fairness – The budget includes a number of tax reform policies.

- **Additional tax relief for individuals and families** – A number of congressional Democrats have introduced legislation to expand tax benefits for families with children. This budget could accommodate these proposals as well as other efforts to provide tax relief for hard-working Americans.
- **Expiring tax credits** – The resolution assumes extension of the tax credits from the American Taxpayer Relief Act due to expire at the end of 2017. These credits include an increase in refundability of the child tax credit, relief for married earned income tax credit filers, the American Opportunity Tax Credit and a larger earned income tax credit

for larger families. In addition, the tax code has a number of temporary provisions that have expired or will expire in the coming years. The resolution accommodates extension of some or all of those provisions, provided that their cost is offset within deficit-neutral legislation.

- **Tax reform and fairness for middle- class Americans** – The resolution opposes tax reform plans – like what is assumed in the Republican budget – that would lower the top individual income tax rate for millionaires to 25 percent while raising taxes on middle-class families.
- **Earned Income Tax Credit** – The budget provides for enactment of legislation to expand the Earned Income Tax Credit for childless workers.

Raising the minimum wage – The resolution makes explicit that it assumes enactment of H.R.1010, which increases the minimum wage to \$10.10 per hour in three steps. Such an increase is overdue and would raise the wages for tens of millions of Americans, helping bring many of them and their families out of poverty.

Immigration reform – The resolution includes spending and revenue levels that accommodate adoption of H.R. 15, the Border Security, Economic Opportunity, and Immigration Modernization Act. It also emphasizes the need for an immediate vote on comprehensive immigration reform. Adopting H.R. 15 will provide an immediate boost to our economy and will lower our deficits by \$900 billion over the next two decades.

Emergency Unemployment Compensation – The resolution provides funding to extend Emergency Unemployment Compensation for one year. Over two million workers and their families have lost benefits since they were allowed to expire at the end of 2013, and thousands more are losing benefits each week. The budget endorses the fully paid-for bipartisan Senate bill, which extends the program for five months, and assumes enactment of additional legislation to extend the program for the rest of the year. Over the course of the year, five million workers and their families will benefit from the extension, and the Congressional Budget Office (CBO) estimates that this extension will create 200,000 jobs by the end of the year.

The social safety net – The resolution addresses support for a number of vital programs that serve low-income families.

- **Appropriations** – The budget maintains funding for the Low Income Home Energy Assistance Program, and increases funding for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to support the 8.7 million individuals expected to participate. Resources would also be available to fund housing assistance programs, including the Housing Choice program and public housing operating subsidies, at increased levels allowing additional families to be served. The budget

maintains funding for the Community Services Block Grant and other key programs that support families and build communities.

- **Programs for children** – The resolution supports additional funding to improve the lives of American children. Although the resolution does not restrict which improvements could be addressed, it does specifically champion additional child care assistance, improvements to foster care and child support enforcement, and increased funding to move toward meeting the federal government’s commitment to pay its share of the cost of special education services.
- **Housing** – The budget includes a deficit-neutral reserve fund that allows for the capitalization of the Affordable Housing Trust Fund, which will expand the supply of housing for extremely low-income families.
- **Poverty alleviation** – The resolution endorses development of a national strategy to eliminate poverty, with the initial goal of cutting poverty in half in ten years, and to extend equitable access to economic opportunity to all Americans. The resolution includes findings highlighting the important role that government plays in reducing poverty and notes that more than 40 million people are not living in poverty today because of these efforts. It discusses a multipronged approach that allows workers to develop skills and have good jobs, removes barriers and obstacles to taking advantage of economic opportunities, and supports the most vulnerable in society. It also calls for additional targeting of spending toward persistent poverty areas to revitalize these areas of pervasive historical poverty, unemployment, and general distress.

Women’s empowerment – The Democratic budget recognizes that when women succeed, America succeeds. The resolution supports economic equality and women’s health and safety. It calls on Congress to fight pay inequity, increase the minimum wage, support women entrepreneurs and small businesses, and support work and family balance through paid sick leave, and paid and expanded family and medical leave. The resolution also calls on Congress to increase funding for the prevention and treatment of women’s health issues such as breast cancer and heart disease, support access to family planning, and enact measures to prevent and protect women from domestic violence.

Jobs for veterans – The resolution provides \$1 billion for the President’s proposed Veterans Job Corps to address high unemployment among veterans. The funding will enable veterans to leverage the skills acquired during their military service to jobs in the county’s public lands and in its communities. It will immediately put veterans on the job working on conservation and infrastructure projects. These projects would include those that adapt and expand the capacity of veterans’ facilities to address changing needs, especially those associated with the growing population of women veterans. It will help place veterans in first responder jobs, including firefighter and law enforcement positions. The initiative will also help veterans overcome barriers to employment, such as assisting with child care services. As described in “National

Security” later in this document, the Democratic budget makes additional changes to better address veterans’ needs.

Our Commitment to Health Care

Reinforces the Affordable Care Act – The Democratic budget supports ongoing implementation of the Affordable Care Act. The Affordable Care Act ensures the right to equal treatment regardless of gender or health status. It slows growth in national health expenditures and shrinks the deficit by approximately \$100 billion in the first ten years and by more than a trillion dollars in the second decade. Millions of consumers are receiving rebates and saving money thanks to the Medical Loss Ratio and Rate Review activities under the law, and millions of Americans have already signed up for health insurance under the law.

Preserves Medicare – The Democratic budget rejects the Republican attempt to end Medicare as we know it. The Republican budget creates a voucher program that will raise premiums for those choosing traditional Medicare and destabilize the system that has served seniors well for nearly half a century. The Democratic budget rejects cuts to benefits and instead strengthens Medicare for the 52 million seniors and individuals with disabilities who rely on it for secure, stable health coverage.

- **Supports Affordable Care Act Reforms that Strengthen Medicare and Improve Benefits** — The budget supports the principle that Affordable Care Act Medicare savings be used to strengthen Medicare’s finances, reduce seniors’ expenses, and improve benefits. Seniors’ premiums and other out-of-pocket costs are lower than they would be without the Affordable Care Act, thanks to the law’s numerous provisions to reduce wasteful overpayments and reward higher-quality and coordinated care. These reforms have helped slow the growth in Medicare costs. The law also eliminates cost sharing for important, life-saving preventive services such as cancer screenings. Last year, 37 million people with Medicare took advantage of at least one preventive service with no cost sharing, thanks to the Affordable Care Act. And 7.9 million people with Medicare have already saved a total of \$9.9 billion on their prescription drugs, averaging savings of \$1,265 per beneficiary, because the Affordable Care Act is closing the Part D coverage gap, or “doughnut hole.” The Republican budget repeals these important benefit improvements for seniors.
- **Stops Across-the-Board Cuts** — The Democratic budget provides funding to stop the meat-ax sequester cuts to hospitals, doctors, and other providers of critical health services for people with Medicare.
- **Addresses Medicare Physician Payment Reform** — The budget includes a deficit-neutral reserve fund that accommodates permanent reform of Medicare physician payments. Permanent reform will provide stability and protect access to care by preventing harmful steep cuts in payment rates required under current law.

- **Improves Medicare Efficiency** — The Affordable Care Act includes virtually every cost containment provision recommended by health care experts. But there is more that can be done. The Democratic budget achieves \$144 billion in Medicare savings over 10 years through efficiency improvements, without any cuts to benefits. These savings could be achieved by a range of different policy changes. Options include the President’s proposal to allow Medicare to receive the same rebates on prescription drugs for low-income beneficiaries that Medicaid receives, and/or measures recommended by the Medicare Payment Advisory Commission, the Government Accountability Office (GAO), or others to reward quality, reduce wasteful overpayments, and correct misaligned incentives.

Protects Medicaid – The Democratic budget protects the Medicaid program and supports its expansion under the Affordable Care Act. Medicaid coverage improves health, access to health services, and financial security for the sixty million people who rely on the program. Medicaid coverage lowers infant, child, and adult mortality rates and increases the use of critical preventive services, such as prenatal care. Medicaid is an important safety net for middle-class families. It helps grandparents who have already spent their savings pay for nursing home care, and it helps families afford medical care if they experience unanticipated events, like the birth of a disabled child. Medicaid is particularly vital to seniors. One in five Medicare beneficiaries depends on Medicaid for help paying for health care. Sixty percent of people living in nursing homes depend on Medicaid to help pay their bill.

The Democratic budget establishes a deficit-neutral reserve fund for improvements to the Medicaid program, such as extension of Express Lane Eligibility to simplify the enrollment of children in Medicaid and CHIP and extension of the CHIP bonus fund. It also protects access to primary care for Medicaid enrollees by establishing a deficit-neutral reserve fund for the health care workforce to accommodate policies that enable states to continue increased primary care reimbursement rates in the Medicaid program.

Supports public health – The Democratic budget provides additional discretionary health funding above the level in the President’s budget to promote scientific jobs and biomedical research, protect Americans from infectious diseases and improve their health and safety, fight health disparities, and invest in mental health research and treatment.

The Democratic budget supports funding for minority health and the goal of achieving a nation free of disparities in health and health care. Minorities remain more likely to suffer from chronic conditions, such as diabetes, than non-Hispanic whites, and more likely to die from cancer and other causes, leading to a gap in life expectancy between some minority groups and non-Hispanic whites. The Democratic budget also supports continued implementation of the

Affordable Care Act, which includes many provisions that will help eliminate persistent health disparities, including improving data collection and reporting around health disparities. The budget also invests in mental health treatment and prevention through its support of the public health agencies and military health care. The tragic events at Ft. Hood highlight the need to continue robust investments in research and treatment of post-traumatic stress disorder and other mental illnesses that afflict these individuals. The budget also contains a deficit-neutral reserve fund for policies that improve the Medicaid program, including policies to improve mental health service delivery to children in Medicaid. The Medicaid expansion in the Affordable Care Act has expanded insurance coverage to millions of individuals suffering from mental illnesses in those states that have taken up the expansion.

National Security

National Security – The resolution emphasizes the need to continue to support a strong military that is second to none and to continue to provide the necessary support for the selfless men and women who serve in uniform. It also highlights that we still must be vigilant in reining in wasteful spending at the nation’s security agencies – including the Pentagon, which is the last department unable to pass an audit – and must maintain as a priority implementation of the GAO’s recommendations, which could save billions of dollars. It emphasizes the need to replace the sequester with a balanced deficit-reduction plan that protects investments to keep our economy growing, which is the foundation of our security, and that takes into account a comprehensive security strategy that includes careful consideration of international, defense, homeland security, and law enforcement programs.

Overseas Contingency Operations (OCO) – The resolution includes a budget enforcement provision that limits 2015 funding for OCO to the level requested by the President. This provision will help prevent the abuse of the OCO designation as a backdoor loophole to skirt discretionary spending caps. Additionally, the resolution eliminates OCO funding starting in 2016 through 2021.

Intelligence agencies – The resolution recognizes the importance of congressional oversight over the nation’s intelligence agencies so that taxpayer funds are used wisely. In the interest of providing greater oversight, the resolution encourages the committees of jurisdiction to review the prospect of making the budgets of the intelligence agencies more transparent and ensuring the proper balance is struck between the nation’s security and the public’s right to know.

Veterans – The Democratic budget provides greater certainty for the Department of Veterans Affairs’ budget by allowing all discretionary appropriations to be enacted in the funding bill for the prior year. Currently, only VA’s medical programs – approximately 85 percent of VA’s budget – is provided a year early through advance appropriations. The resolution makes the

Differences in Deficit Calculations

The Republican budget would not balance without playing games. It includes all of about \$2 trillion worth of the Affordable Care Act's Medicare savings and revenues. Republicans have voted to repeal or undermine this law more than 50 times and claim to repeal again in their budget. If their budget actually reflected full repeal, it would fall short of reaching balance in 2024 by several hundred billion dollars.

The deficits in the President's budget are based on the Administration's economic assumptions. The Democratic budget is based on the Congressional Budget Office's economic forecast, which is not as positive in the outyears as the Administration's.

remaining 15 percent eligible for advance appropriations, including the funding for the day-to-day operations at the Veterans Benefits Administration (VBA). The government shutdown last fall led to furloughs at the VBA, which resulted in further delays in the processing of benefit claims. Extending advance appropriations to all of VA's discretionary activities would help prevent that from happening again. The resolution also provides \$1 billion for the President's proposed Veterans Job Corps to address high unemployment among veterans and to enable them to overcome obvious barriers to employment such as job training and the less obvious barriers such as child care.

The resolution includes a deficit-neutral reserve fund to accommodate initiatives that enhance the delivery of health care to the nation's veterans, including the treatment of post-traumatic stress disorder and other mental illnesses, and that expand the capacity to address the needs unique to women veterans. It also accommodates initiatives that make improvements to the Post 9/11 GI Bill, expedite the claims process, expand concurrent receipt, and eliminate the offset between Survivor Benefit Plan annuities and veterans' dependency and indemnity compensation.

Non-defense security agencies – The resolution recognizes the importance of all the nondefense agencies that are integral components of our security, such as the Department of Homeland Security, and that sequestration has adversely affected their operations. For example, GAO documented that last year, as a result of sequestration, the U.S. Coast Guard saw a 29 percent drop in the number of migrant interdictions at sea and a 24 percent drop in drug interdictions. Customs and Border Protection canceled training classes, including those related to detecting potential terrorists and high-risk air cargo. The Federal Emergency Management Agency reduced homeland security grants that help prepare our first responders and port security grants that help prevent from entering the U.S. materials that could be used to make a weapon of mass destruction. The resolution

eliminates the sequester on nondefense funding starting in 2016 to ensure adequate resources are in place so that operations of these important agencies continue in an effective manner.

Sustainable Budgeting

Social Security — The Social Security Trust Fund is fully funded until the year 2033. After that, it will pay 75 cents on the dollar of currently scheduled benefits. The President and Congress should work on a bipartisan basis to close that gap and preserve Social Security as a reliable source of income for American seniors, survivors, and workers who develop disabilities. However, the Democratic budget does not support slashes to benefits for future generations, and affirmatively rules out privatization – rejecting the notion that the future of hard-working Americans should be left to the whims of the stock market.

Long-term deficit reduction – The Democratic budget includes revenue and spending policies that produce significant deficit reduction. At the end of the budget window, the deficit – at 2.3% of GDP – is growing more slowly than the economy and debt is shrinking as a share of the economy. Together with actions already taken since 2013, over \$5 trillion in savings are included. Of that total \$5 trillion in deficit reduction, 57 percent comes from spending cuts, 39 percent come from changes in revenue policies, and about 4 percent is due to comprehensive immigration reform. To encourage further progress, the resolution calls on Congress to develop a balanced plan to address projected long-term deficits.

Revenues

The resolution assumes a revenue increase of \$1.3 trillion relative to current law projections due to tax policy changes that close special interest tax breaks and end tax preferences for very high-income individuals. This increase is equivalent to the revenue increase in the President's budget, although it does not reflect the policy changes proposed in that budget. Earlier this year, Ways and Means Chairman Dave Camp released a tax reform plan that incorporates revenue increases of roughly the same amount in its business tax reform title alone.

Closes special interest tax loopholes – The resolution supports efforts to close special interest tax loopholes and use the savings for higher priority initiatives or for deficit reduction. For example, tax loopholes that benefit large, integrated oil companies could be cut, with the savings used to cut deficits and invest in clean energy.

Economics

The resolution uses CBO's economic assumptions as is customary for budget resolutions. However, the resolution does make an exception in factoring in some macroeconomic impacts of immigration reform. The resolution assumes passage of an immigration bill that would reduce projected deficits by \$197 billion over the ten year window. The resolution also reflects an increase in GDP that would also result from enactment of the immigration bill. That increase reflects GDP projections that CBO released in an analysis of the Senate's immigration bill.

The deficit projections for the immigration bill do include macroeconomic impacts that CBO incorporated into its estimate of the Senate bill. CBO made the decision to use those macroeconomic impacts into its cost estimate. The resolution reflects that decision by CBO. CBO indicated that its estimate for that bill departed from the practice of not incorporating macroeconomic changes because the bill would significantly increase the size of the US labor force while CBO's normal practice assumes no changes in employment.

In a March 25, 2014, letter to Minority Leader Nancy Pelosi, CBO Director Doug Elmendorf indicated that H.R. 15, the immigration legislation assumed in this resolution, would have similar deficit and economic impacts as the Senate bill.

Reserve funds

The budget includes reserve funds to accommodate changes in law for the following priorities:

- Sec. 201. Deficit-neutral reserve fund for job creation through investments and incentives.
- Sec. 202. Deficit-neutral reserve fund for the President's opportunity, growth, and security initiative.
- Sec. 203. Deficit-neutral reserve fund for increasing energy independence and security.
- Sec. 204. Deficit-neutral reserve fund for America's veterans and service members.
- Sec. 205. Deficit-neutral reserve fund for additional tax relief for individuals and families.
- Sec. 206. Deficit-neutral reserve fund for the extension of expired or expiring tax provisions.
- Sec. 207. Deficit-neutral reserve fund for Medicare improvement.
- Sec. 208. Deficit-neutral reserve fund for Medicaid and children's health improvement.
- Sec. 209. Deficit-neutral reserve fund for extension of expiring health care provisions.
- Sec. 210. Deficit-neutral reserve fund for the health care workforce.
- Sec. 211. Deficit-neutral reserve fund for initiatives that benefit children.
- Sec. 212. Deficit-neutral reserve fund for college affordability and completion.
- Sec. 213. Deficit-neutral reserve fund for a competitive workforce.
- Sec. 214. Deficit-neutral reserve fund for rural counties and schools.
- Sec. 215. Deficit-neutral reserve fund for full funding of the Land and Water Conservation Fund.
- Sec. 216. Deficit-neutral reserve fund for the Affordable Housing Trust Fund.

Policy of the Democratic Budget

The Democratic budget includes policy statements on the following high priorities:

- Sec. 501. Policy of the House on jobs: make it in America.
- Sec. 502. Policy of the House on surface transportation.
- Sec. 503. Policy of the House on tax reform and fairness for middle-class Americans.
- Sec. 504. Policy of the house on increasing the minimum wage.
- Sec. 505. Policy of the House on immigration reform.
- Sec. 506. Policy of the House on extension of emergency unemployment compensation.
- Sec. 507. Policy of the House on the earned income tax credit.
- Sec. 508. Policy of the House on women’s empowerment: when women succeed, America succeeds.
- Sec. 509. Policy of the House on a national strategy to eradicate poverty and increase opportunity.
- Sec. 510. Policy of the House on Social Security reform that protects workers and retirees.
- Sec. 511. Policy of the House on protecting the Medicare guarantee for seniors.
- Sec. 512. Policy of the House on affordable health care coverage for working families.
- Sec. 513. Policy of the House on Medicaid.
- Sec. 514. Policy of the House on national security.
- Sec. 515. Policy of the House on climate change science.
- Sec. 516. Policy of the House on investments in early childhood education.
- Sec. 517. Policy of the House on taking a balanced approach to deficit reduction.
- Sec. 518. Policy statement on deficit reduction through the reduction of unnecessary and wasteful spending.
- Sec. 519. Policy of the House on the use of taxpayer funds.

HOUSE DEMOCRATIC ALTERNATIVE AGGREGATES

(in billions of dollars)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>'15-'19</u>	<u>'15-'24</u>
Receipts.....	3,365	3,570	3,740	3,900	4,066	4,244	4,440	4,718	5,052	5,295	18,640	42,389
Outlays.....	<u>3,816</u>	<u>4,043</u>	<u>4,227</u>	<u>4,432</u>	<u>4,704</u>	<u>4,946</u>	<u>5,194</u>	<u>5,501</u>	<u>5,714</u>	<u>5,932</u>	<u>21,221</u>	<u>48,507</u>
Surplus/Deficit.....	-451	-473	-487	-532	-637	-702	-753	-783	-662	-637	-2,581	-6,118
Debt held by the public.....	13,259	13,792	14,344	14,932	15,628	16,390	17,206	18,060	18,789	19,498		
As a percent of GDP:												
Receipts.....	18.5%	18.6%	18.5%	18.4%	18.3%	18.3%	18.3%	18.6%	19.0%	19.1%		
Outlays.....	<u>21.0%</u>	<u>21.1%</u>	<u>20.9%</u>	<u>20.9%</u>	<u>21.2%</u>	<u>21.3%</u>	<u>21.4%</u>	<u>21.7%</u>	<u>21.5%</u>	<u>21.4%</u>		
Surplus/Deficit...	-2.5%	-2.5%	-2.4%	-2.5%	-2.9%	-3.0%	-3.1%	-3.1%	-2.5%	-2.3%		
Debt held by the public.....	73.1%	72.0%	71.1%	70.5%	70.5%	70.7%	70.9%	71.2%	70.8%	70.3%		

DISCRETIONARY CAPS FOR 2015 AND THE DEMOCRATIC BUDGET

(in billions of dollars)

	<u>Defense</u>	<u>Non-defense</u>	<u>Total</u>
Caps as included in the Bipartisan Budget Act of 2013.....	521.3	492.4	1,013.6
Budget Authority in Democratic Budget.....	521.3	492.4	1,013.6
Dem alternative compared to caps.....	---	---	---
Adjustments allowed under the Budget Control Act:			
War funding.....			85.4
Disaster and wildfire fighting 1/.....			7.8
Program integrity.....			1.5
Memorandum:			
Initial Allocation to the Appropriations Committee for 2015:			
Caps as included in the Bipartisan Budget Act of 2013.....	521.3	492.4	1,013.6
Back out new program integrity initiatives for which no adjustment is made in the Budget Control Act.....	---	-0.5	-0.5
Initial allocation to Appropriations.....	521.3	491.9	1,013.1

1/ The resolution assumes enactment of the President's wildfire fighting proposal.

FY15 Democratic Budget

Function Totals

in billions of dollars

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2015-2019</u>	<u>2015-2024</u>
Budget Authority	3,826.9	4,027.4	4,250.1	4,469.1	4,727.6	4,986.1	5,225.4	5,529.3	5,756.8	5,989.3	21,301.1	48,788.0
Outlays	3,815.9	4,042.8	4,226.7	4,431.9	4,703.5	4,945.7	5,193.5	5,500.9	5,714.1	5,931.7	21,220.8	48,506.7
Revenue	3,364.5	3,569.5	3,739.6	3,899.9	4,066.0	4,244.0	4,440.1	4,717.6	5,052.5	5,294.9	18,639.6	42,388.7
Surplus (+)/Deficit (-)	-451.4	-473.3	-487.1	-532.0	-637.5	-701.7	-753.4	-783.2	-661.7	-636.8	-2,581.2	-6,118.0
Debt Held by the Public	13,259	13,792	14,344	14,932	15,628	16,390	17,206	18,060	18,789	19,498		
Debt Subject to Limit	18,350	19,001	19,716	20,484	21,322	22,191	23,076	23,943	24,691	25,411		
050 National Defense												
Budget Authority	529.7	569.5	577.6	586.9	595.2	604.4	613.8	624.1	639.3	656.7	2,858.8	5,997.1
Outlays	567.2	570.7	570.9	573.9	586.5	595.5	604.7	619.4	627.6	637.8	2,869.3	5,954.3
150 International Affairs												
Budget Authority	43.7	46.7	47.7	48.8	49.9	51.1	51.7	53.2	54.4	55.6	236.9	502.8
Outlays	43.6	43.6	44.7	45.6	46.6	47.3	48.1	49.3	50.4	51.5	224.1	470.7
250 General Science, Space, and Technology												
Budget Authority	29.3	30.5	31.1	31.8	32.5	33.3	34.0	34.8	35.6	36.4	155.3	329.3
Outlays	29.2	29.9	30.6	31.3	31.9	32.7	33.3	34.1	34.8	35.6	153.0	323.4
270 Energy												
Budget Authority	7.2	6.6	5.0	4.8	4.9	5.0	5.1	5.2	5.4	6.0	28.5	55.3
Outlays	7.6	5.6	3.9	3.8	4.2	4.4	4.7	4.9	5.1	5.3	25.0	49.4
300 Natural Resources and Environment												
Budget Authority	36.0	39.5	40.8	42.5	43.7	45.3	45.7	47.0	48.2	49.6	202.5	438.3
Outlays	40.3	41.2	41.3	42.5	43.3	44.7	45.4	46.5	47.8	48.5	208.5	441.5
350 Agriculture												
Budget Authority	16.5	22.2	21.8	21.7	21.2	21.4	21.9	22.1	22.6	23.0	103.4	214.3
Outlays	16.4	21.6	21.0	20.9	20.6	20.9	21.3	21.6	22.0	22.4	100.5	208.7
370 Commerce and Housing Credit												
Budget Authority	9.7	13.7	11.6	12.1	11.8	14.1	13.4	14.6	14.8	15.3	58.8	130.9
Outlays	-0.9	-1.3	-4.4	-4.9	-10.2	-8.3	-3.8	-4.1	-5.0	-5.7	-21.7	-48.6
400 Transportation												
Budget Authority	103.3	105.6	106.7	107.9	90.7	91.8	92.9	94.0	95.2	96.4	514.3	984.6
Outlays	96.3	103.1	106.8	109.0	108.0	104.4	103.3	104.0	105.0	106.0	523.1	1,045.8
450 Community and Regional Development												
Budget Authority	18.3	13.4	13.3	13.5	13.4	13.3	13.5	13.5	13.8	14.1	71.9	140.0
Outlays	25.1	22.7	22.2	19.0	18.6	18.0	15.8	13.8	13.6	13.7	107.6	182.5
500 Education, Training, Employment, and Social Services												
Budget Authority	95.8	101.4	111.3	116.4	119.8	122.1	124.4	125.7	126.7	126.9	544.6	1,170.4
Outlays	101.1	104.0	105.8	113.1	117.5	120.5	123.2	125.4	127.0	128.0	541.5	1,165.6
550 Health												
Budget Authority	490.9	554.7	611.9	635.4	669.5	714.6	743.2	782.4	823.4	866.3	2,962.5	6,892.4
Outlays	492.9	557.4	609.4	635.6	668.9	703.7	741.8	780.6	821.6	864.9	2,964.2	6,876.8

FY15 Democratic Budget

Function Totals

in billions of dollars

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2015-2019</u>	<u>2015-2024</u>
570 Medicare												
Budget Authority	524.0	562.8	573.6	597.1	659.2	706.5	755.4	836.4	858.8	887.4	2,916.8	6,961.4
Outlays	524.0	562.7	573.5	597.0	659.1	706.4	755.3	836.3	858.7	887.3	2,916.3	6,960.5
600 Income Security												
Budget Authority	532.2	543.8	548.5	553.0	572.7	585.9	600.1	618.8	628.0	635.6	2,750.2	5,818.6
Outlays	529.6	544.7	544.5	544.2	568.0	581.3	595.0	618.1	622.3	624.7	2,731.0	5,772.4
650 Social Security												
Budget Authority	896.0	944.2	1,000.4	1,062.2	1,129.2	1,201.1	1,276.3	1,354.8	1,436.2	1,521.4	5,032.1	11,821.8
Outlays	892.2	939.4	995.4	1,056.5	1,123.2	1,194.8	1,269.7	1,348.0	1,429.1	1,513.9	5,006.7	11,762.3
700 Veterans Benefits and Services												
Budget Authority	154.0	166.6	164.9	162.8	174.3	179.3	183.6	195.7	192.5	189.3	822.6	1,762.9
Outlays	153.0	165.9	164.5	162.6	174.0	178.5	182.7	194.7	191.5	188.3	820.0	1,755.7
750 Administration of Justice												
Budget Authority	54.7	59.3	59.1	60.7	62.5	64.4	66.6	69.3	71.4	73.6	296.4	641.6
Outlays	48.4	56.7	62.7	65.3	63.2	64.0	66.0	68.7	70.8	72.9	296.2	638.6
800 General Government												
Budget Authority	25.4	25.3	26.2	27.4	28.6	29.5	30.4	31.4	32.3	33.2	132.9	289.6
Outlays	24.7	25.1	26.0	27.1	28.1	29.0	29.9	30.9	31.8	32.8	131.1	285.5
900 Net Interest												
Budget Authority	268.2	324.4	399.5	484.6	554.7	616.1	669.6	722.4	772.7	816.6	2,031.4	5,628.9
Outlays	268.2	324.4	399.5	484.6	554.7	616.1	669.6	722.4	772.7	816.6	2,031.4	5,628.9
920 Allowances												
Budget Authority	2.2	-2.0	0.8	2.4	3.8	-0.7	0.6	4.2	9.8	16.8	7.3	37.9
Outlays	3.1	0.9	3.7	5.4	6.6	3.3	4.2	6.5	11.6	17.7	19.7	62.9
950 Undistributed Offsetting Receipts												
Budget Authority	-95.5	-101.0	-101.9	-102.9	-110.1	-112.3	-116.8	-120.2	-124.1	-130.7	-511.3	-1,115.4
Outlays	-95.5	-101.0	-101.9	-102.9	-110.1	-112.3	-116.8	-120.2	-124.1	-130.7	-511.3	-1,115.4
970 Overseas Contingency Operations												
Budget Authority	85.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	85.4	85.4
Outlays	49.3	25.6	6.5	2.2	0.9	0.7	0.0	0.0	0.0	0.0	84.5	85.3