



Legislative Bulletin.....March 20, 2013

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H.Con.Res. 25 – FY 2014 Budget Resolution

H.Con.Res. 25—FY 2014 Budget Resolution (Rep. Ryan, R-WI)

Order of Business: Consideration of the resolution began on Tuesday, March 19, 2013, and will continue Wednesday, March 20, 2013, under a [structured rule](#) that provides four hours of general debate. The rule also provides 30 minutes (15 minutes per side) for each amendment made in order, with the exception of the amendment offered by Rep. Mulvaney (R-SC) (Senate Democrat budget), which will be debatable for 20 minutes (10 minutes per side).

Summary: Among other things, the FY 2014 budget resolution sets recommended spending, revenue, deficit, and debt levels over the 2014-2023 period. Actual spending and revenue figures for each year would depend on subsequent legislation.

Proposed Revenues, Spending, and Deficits: The House Republican budget resolution proposes to change revenues \$0 relative to the CBO February 2013 Baseline, to cut spending by \$4.6 trillion relative to the House Budget Committee’s current policy baseline¹, and to reduce the deficit by \$4.6 trillion relative to the current policy baseline.

Budget Details: The [House Republican budget](#) reduces spending relative to current policy by ten percent, and reduces projected deficit spending over the ten year budget window by 79 percent. On the tax revenue side, this resolution brings in average revenue relative to GDP of 18.9 percent. This is within the range of 18 and 19 percent called for in [tax reform framework legislation](#), H.R. 8, offered by Rep. Camp (R-MI) and passed by the House on August 1, 2012.

Medicare: Reduces spending by \$106 billion over ten years relative to the baseline. Beyond the ten-year window, Medicare transitions to a solvent premium-support system.

¹ The current policy baseline is a House Budget Committee adjustment of the CBO February 2013 Baseline. The current policy baseline more accurately reflects current law. For a full description of the current law baseline see pages 81 and 82 of the [House Republican Budget](#). This baseline, instead of the CBO February 2013 baseline, is used for all baseline analysis throughout this bulletin.

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

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

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

Discretionary Spending:

War Funding: Reflecting the United States military drawdown in Afghanistan, war funding Goes from \$93 billion to \$35 billion and freezes over ten years.

Defense Spending: Defense spending (discretionary) begins at \$552 billion for FY 2014 and grows to \$678 billion for FY 2023.

Non-Defense Funding: Rises from \$414 billion in FY 2014 to \$500 billion in FY 2023.

302(a) Allocation: The budget resolution sets the 302(a) allocation – the cap on how much non-emergency spending can occur during the FY 2014 appropriations process – at \$966 billion. This is a \$62 billion cut from last year’s House Republican Budget FY 2013 302(a) spending levels. This 302(a) level is \$92 billion below the Budget Control Act’s *pre-sequester* cap for FY 2014, and is near the Budget Control Act’s *post-sequester* level for FY 2014 (the exact amount of the sequester’s cut to FY 2014 discretionary spending is not yet known).

Reconciliation Instructions: Reconciliation instructions are provided to eight House committees to find at least \$1 billion in savings. These reconciliation instructions are meant to be a starting point for negotiations with the Senate.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Totals
Spending											
Current Policy Baseline	3,611	3,751	3,990	4,204	4,428	4,684	4,939	5,199	5,529	5,765	46,099
Senate Democrats	3,715	3,845	4,052	4,246	4,457	4,719	4,957	5,198	5,486	5,687	46,362
House Democrats	3,756	3,852	4,068	4,260	4,478	4,724	4,965	5,215	5,522	5,736	46,576
House Republican Budget	3,531	3,498	3,660	3,820	3,991	4,198	4,401	4,587	4,827	4,954	41,467
RSC	3,483	3,440	3,568	3,681	3,791	3,976	4,143	4,304	4,516	4,620	39,522
Tax Revenue											
CBO Baseline Revenue	3,003	3,373	3,591	3,765	3,937	4,101	4,279	4,496	4,734	4,961	40,241
Senate Democrats	3,023	3,413	3,646	3,835	4,019	4,197	4,395	4,631	4,884	5,121	41,164
House Democrats	2,974	3,460	3,716	3,894	4,071	4,239	4,424	4,646	4,891	5,126	41,441
House Republican Budget	3,003	3,373	3,591	3,765	3,937	4,101	4,279	4,496	4,734	4,961	40,240
RSC	2,960	3,325	3,536	3,703	3,870	4,030	4,204	4,414	4,647	4,866	39,555
Deficit/Surplus											
Current Policy Baseline	-608	-378	-398	-438	-491	-583	-659	-703	-795	-803	-5,858
Senate Democrats	-693	-433	-407	-411	-438	-522	-562	-566	-602	-566	-5,200
House Democrats	-782	-392	-352	-366	-407	-484	-542	-569	-631	-610	-5,135
House Republican Budget	-528	-125	-69	-54	-54	-97	-122	-91	-93	7	-1,226
RSC	-523	-115	-32	22	79	54	61	110	131	246	33

Substitute Amendments Made in Order Under the Rule

1. Senate Democrat Budget (Rep. Mulvaney, R-SC)

This amendment will allow members of the House to vote on the budget framework passed out of the Senate Budget Committee this week. This is the first budget produced by the Senate in nearly four years (since April 29, 2009). Over ten years, this budget increases spending by \$263 billion, increases taxes by \$923 billion, and reduces deficits by \$658 billion relative to the current policy baseline. To read this budget, [click here](#).

2. Congressional Black Caucus Substitute (Rep. Fudge, D-OH)

Over ten years, this amendment increases spending by \$1.1 trillion, increases taxes by \$2.8 trillion, and reduces deficits by \$1.7 trillion relative to the current law baseline. To read this budget, [click here](#).

3. Congressional Progressive Caucus Substitute (Rep. Grijalva, D-AZ)

Over ten years, this amendment increases spending by \$4.1 trillion, increases taxes by \$5.7 trillion, and reduces the deficit by \$1.6 trillion relative to the current law baseline. To read this budget, [click here](#).

4. Republican Study Committee Substitute (Rep. Woodall, R-GA, Rep. Scalise, R-LA)

Spending: Over ten years, the RSC budget proposes to reduce spending by \$6.5 trillion, decrease taxes by \$685 billion, and reduce deficits by \$5.9 trillion relative to the current law baseline. To read about the RSC budget in more detail, [click here](#).

Discretionary Spending/302(a) Allocation: The RSC budget sets the FY 2014 302(a) allocation at \$950 billion. This rolls discretionary spending back just below FY 2008 non-war discretionary spending levels.

War Funding: Funded at \$93 billion in FY 2014, and falls to \$35 billion for FY 2015 through FY 2017. In FY 2018 through FY 2023 no emergency war funding is provided.

Defense Spending: As in the House Republican budget, defense is funded at \$552 billion for FY 2014 and grows to \$678 billion for FY 2023.

Non-Defense Funding: Falls from \$398 billion in FY 2014 to \$392 billion in FY 2023.

Medicare: Like the House Republican budget, the RSC budget reduces Medicare by \$106 billion over ten years relative to the baseline. The RSC also calls for early implementation of the premium support reforms called for in the House Republican budget. The RSC budget implements these reforms in 2019, which would mean individuals currently 59 and younger would be able to enjoy this solvent system with more choice and greater quality. The RSC budget would also increase the Medicare eligibility age beginning in 2024 (which would have no impact on individuals currently 55 and older) in two-month per year increments until the eligibility age reaches 70.

Medicaid: The RSC budget would combine the Medicaid program and the Children’s Health Insurance Program (CHIP) in a single block grant and would empower states with flexibility and certainty while providing a powerful incentive to eliminate waste. The block grant spending level would be frozen at the FY 2014 Medicaid spending level.

Social Security: The RSC budget reforms the formula used to calculate cost of living adjustments (COLAs) using chained CPI-U, an index that economists widely agree is a more accurate measure of inflation than the current CPI-W index. The RSC budget also increases the Social Security retirement age in two month increments beginning in 2024 until the full retirement age reaches 70. The early retirement age, which is currently 62, remains unchanged.

Reconciliation Instructions:

- Spending: As provided in the House Republican budget, reconciliation instructions are given to eight House committees to find at least \$1 billion in savings.
- Taxes: The RSC budget instructs the Ways and Means Committee to implement pro-growth tax reform that reduces tax revenue by \$685 billion over ten years. This would result in a revenue line averaging 18.5 percent, which is close to the historic average.

5. Democrat Caucus Substitute (Rep. Van Hollen, D-MD)

Over ten years, this amendment increases spending by \$477 billion, increases taxes by \$1.2 trillion, and reduces deficits by \$723 billion relative to the current law baseline. To read this budget, [click here](#).

Year-By-Year Spending, Tax, and Deficit Levels

	Spending	Tax Revenue	Deficit/Surplus
2014	3,756	2,974	-782
2015	3,852	3,460	-392
2016	4,068	3,716	-352
2017	4,260	3,894	-366
2018	4,478	4,071	-407
2019	4,724	4,239	-484
2020	4,965	4,424	-542
2021	5,215	4,646	-569
2022	5,522	4,891	-631
2023	5,736	5,126	-610
Totals	46,576	41,441	-5,135

Committee Action: The House Budget Committee held a markup and approved H.Con.Res. 25 on March 13, 2013, by a vote of 22 to 17. Details of the markup can be found by visiting docs.house.gov or clicking [here](#).

Cost to Taxpayers: The House Republican budget resolution proposes to **cut spending by \$4.6 trillion** relative to the current policy baseline and to **reduce the deficit by \$4.6 trillion** relative to the current policy baseline. This eliminates **79 percent** of the deficits projected in the ten year window under the current policy baseline.

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

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

Does the Bill Contain Any Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: This resolution contains no earmarks.

What Is the Constitutional Authority for the Legislation?: The statement of Constitutional authority for H.Con.Res. 25 is provided on page four of the [House Republican budget](#).

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NOTE: RSC Legislative Bulletins are for informational purposes only and should not be taken as statements of support or opposition from the Republican Study Committee.