113TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
113–17

CONCURRENT RESOLUTION ON THE BUDGET— FISCAL YEAR 2014

R E P O R T

OF THE

COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES

TO ACCOMPANY

H. Con. Res. 25

ESTABLISHING THE BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 2014 AND SETTING FORTH APPROPRIATE BUDGETARY LEVELS FOR FISCAL YEARS 2015 THROUGH 2023

together with

MINORITY VIEWS

MARCH 15, 2013.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. RYAN of Wisconsin, from the Committee on the Budget, submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H. Con. Res. 25]

INTRODUCTION

Five years ago, we had a financial crisis. It flared up suddenly, though the tinder had built up over time. And the damage was severe. Four million families lost their homes.[1] Nine million people lost their jobs.[2] In some ways, Washington helped put out the flames. But much of what the government tried—more regulations, more spending—didn't work. In fact, it may have delayed the recovery.

Today, we face a crisis of another sort—one more predictable than the last and more dangerous than ever. We face the threat of a debt crisis.

Our national debt is growing faster than our economy. In other words, our obligations are growing faster than our ability to pay them. Debt held by the public is 73 percent of our economy. By 2023, the Congressional Budget Office [CBO] expects it to hit 77 percent. In fact, under an alternative scenario that assumes a plausible set of policy choices, it could hit 87 percent by 2023. And total national debt is already bigger than our economy.

Federal spending is the problem. In 2023, the CBO expects revenue to be double last year's total. Yet the deficit will be nearly $1 trillion. As 80 million baby boomers retire and the population gets older, our entitlement programs will start bursting at the seams. In the next decade, Social Security will grow at an annual average of 5.8 percent. Medicare will grow at 6.2 percent. And Medicaid—thanks in part to its expansion under the health-care law—will grow at an astounding 9.9 percent.

Without reform, entitlement programs will overwhelm all other items in the federal budget. And our national debt will overwhelm our economy. At some point, lenders might question our ability to pay our obligations. They might demand higher interest rates. If they did, we would have a debt crisis, and the pain would be intense. This budget offers a way to avoid this crisis. And it does so with an appreciation of what a debt crisis would mean to the country—and the individual.

Impact on the Country

Today, we're enjoying historically low interest rates because investors have retreated to U.S. securities amid global turmoil. But the federal government's growing obligations may shake their con-

[1] Tara Steele, "Nearly Four Million Foreclosures Completed since Housing Crash," *AGBeat*, 3 December 2012.

[2] Christopher J. Goodman and Steven M. Mance, "Employment Loss and the 2007–09 Recession: An Overview," *Monthly Labor Review*, April 2011.

fidence. In return, they might demand compensation for that higher risk. Foreigners own almost half of our publicly held debt.[3]

The Federal Reserve is also buying large amounts of the federal debt as part of its quantitative-easing program to keep interest rates low. The combination of a large and growing debt and low interest rates makes the country vulnerable to a sudden shift in foreign-investor sentiment. In addition, we will have to roll over much of our debt in the next two years—when interest rates might be higher.

As interest rates rose, debt payments would crowd out other parts of the budget. At some point, rates would reach prohibitive highs. Unable to borrow more money, the federal government would have to resort to austerity: big tax hikes and big spending cuts. To put that into perspective, Bill Gross, bond-fund manager at PIMCO, estimates that we would need to cut spending or raise taxes by 11 percent of GDP (or $1.6 trillion) over the next five to ten years to keep our debt below a crisis level.

If we waited until a debt crisis broke out, the pain would be worse. Treasury bonds are the lynchpin of global debt markets. Virtually all financial institutions consider them safe, liquid assets. If interest rates rose, bond prices would drop, tearing up these firms' balance sheets. Len Burman, former director of the Tax Policy Center, warns that such an event would be "disastrous."[4] The federal government would be unable to borrow money to support private enterprise, as it did during the financial crisis. As a result, he estimates that the economy would shrink by 25 to 30 percent—a contraction rivaling the Great Depression in size.[5] He writes that "it could easily take the nation a generation or longer to recover from [such a] disaster."[6]

Impact on the Individual

The effects of a debt crisis would cascade through the economy—all the way down to the individual. Nearly all consumer-borrowing rates are linked to long-term Treasury rates. As Treasury rates increased, rates on mortgages, credit cards, and car loans would follow.

Roughly half of all household debt consists of variable-interest-rate loans, so a spike in Treasury rates would lead to higher borrowing costs for families. One estimate suggests that an interest-rate increase of just one percentage point would increase annual interest payments for the average family by $400.[7] In fact, the added costs could easily exceed $1,000 per year. To a new homebuyer, a one-percentage-point increase in mortgage rates would add as much as 19 percent to the total cost.[8]

A debt crisis would not only mean higher interest payments. It would also cost jobs and slow wage growth. The corporate sector

[3] "Major Foreign Holders of Treasury Securities," Treasury Department, Accessed 3 March 2013.
[4] Len Burman et al. "Catastrophic Budget Failure," Presented at Joint TPC–USC Conference, 15 January 2010.
[5] Ibid.
[6] Ibid.
[7] Center for American Progress, "Payment Due: The Effects of Higher Interest Rates on Consumers and the Economy," 20 September 2004.
[8] "Interest Rates Have Nowhere to Go but Up." *New York Times*, 10 April 2010.

has roughly $11.5 trillion in loans that will mature over the next five years.[9] A sharp rise in interest rates would force businesses to curb investment. They would cut the amount they spent on equipment and plant development—which workers need to earn higher wages. Over time, lower investment would depress wage growth, as productivity slowed.

A debt crisis would also mean higher taxes. If current federal interest payments were allotted to taxpayers, they would equal about $255 per month, according to Deloitte LLP. Under Deloitte's alternative scenario, that amount would jump to $424 for each taxpayer over the next decade.[10]

Finally, a debt crisis would hurt the most vulnerable worst of all. During the financial crisis, the federal government was able to borrow money to finance higher spending for unemployment insurance, Food Stamps, Medicaid, and other programs that assist low-income families. In a debt crisis, however, the government would be unable to provide that assistance.

We do not need to look far for examples of a debt crisis in action. There are examples in the United States, where municipalities have gone bankrupt and been unable to provide basic services. In Central Falls, Rhode Island, for instance, retirees' pensions have been slashed by up to 55 percent.[11] In Stockton, California, the city has laid off 25 percent of its police force in the face of increasing pension costs.[12]

Millions of Americans—the elderly, the handicapped, the poor—depend on assistance from the federal government. If we had a debt crisis, we wouldn't be able to keep our promises to these families.

The Solution: A Balanced Budget

The greatest threat is inaction. Allowing the status quo of uncontrolled spending and ever rising a debt invites a debt crisis. The federal government can avoid that outcome by taking steps to get its fiscal house in order. That is why this budget achieves balance within the next ten years. It does so with emphasis on six areas. It expands opportunity by growing our economy. It strengthens the safety net by retooling federal aid. It secures seniors' retirement by reforming entitlements. It restores fair play to the marketplace by ending cronyism. It keeps our country safe by rebuilding our military. And it ends Washington's culture of reckless spending.

1. Opportunity Expanded

This budget offers a plan to expand opportunity. While not sufficient by themselves, policy reforms at the federal level can help foster an environment that expands opportunity. This budget seeks to equip Americans with the skills to succeed in a 21st-century economy and to grow that economy through long-overdue tax reform.

[9] "The Untold Story of America's Debt," Deloitte LLP, June 2012.
[10] Ibid.
[11] Bidgood, Jess. "Plan to End Bankruptcy in Rhode Island City Gains Approval." *New York Times*. 6 September 2012.
[12] Gonzales, Richard. "An Example to Avoid: City of Stockton on the Brink." NPR. 11 March 2012.

Both reforms work off the same principle: The American people know their needs better than bureaucrats thousands of miles away.

Higher education and job-training in brief

- Encourage policies that promote innovation.
- Adopt a sustainable maximum-award level for Pell.
- Ensure aid for higher education is targeted to the truly needy.
- Eliminate ineffective and duplicative federal education programs.
- Consolidate job-training programs, based on reforms in the SKILLS Act, and provide for a career-scholarship fund.

Tax reform in brief

- Simplify the tax code to make it fairer to American families and businesses.
- Reduce the amount of time and resources necessary to comply with tax laws.
- Substantially lower tax rates for individuals, with a goal of achieving a top individual rate of 25 percent.
- Consolidate the current seven individual-income-tax brackets into two brackets with a first bracket of 10 percent.
- Repeal the Alternative Minimum Tax.
- Reduce the corporate tax rate to 25 percent.
- Transition the tax code to a more competitive system of international taxation.

2. Safety Net Strengthened

This budget applies the lessons of welfare reform to all federal-aid programs. It gives states more flexibility to tailor programs to their people's needs. It gives those closest to the people better tools so they can root out waste, fraud, and abuse. Finally, it empowers recipients to get off the aid rolls and back on the payroll. By enlisting states in the fight against poverty, this budget builds a partnership between the federal government and our communities.

Health care in brief

- Provide states flexibility on Medicaid.
- Repeal the health-care law's expansion of Medicaid.
- Repeal the health-care law's exchange subsidies.

Welfare reform in brief

- Allow states to customize SNAP to address the needs unique to their citizens.
- Address barriers to upward mobility.
- Reinstitute welfare's work requirements.

3. Retirement Secured

This budget protects and strengthens Medicare for current and future generations. It also requires the President and Congress to work together to forge a solution for Social Security. This budget recognizes that the federal government must keep its word to current and future seniors. And to do that, it must reform these programs.

Medicare in brief

- Preserve Medicare for those in or near retirement.
- Reform Medicare for younger generations.
- End the raid on the Medicare Trust Fund.
- Repeal the Independent Payment Advisory Board.
- Reform the medical-liability system.
- Means-test premiums for high-income seniors.

Social Security in brief

- Require the President to submit a plan to shore up the Social Security Trust Fund.
- Require Congress to submit a plan of its own.

Federal-workforce retirement in brief

- Reform civil-service pensions.
- Reform the Pension Benefit Guaranty Corporation.

4. Fairness Restored

The administration's uncontrolled, wasteful spending in combination with an overzealous regulatory agenda has weakened an anemic economy and created barriers to job creation, especially for small businesses. To restore fairness—and vitality—to our economy, this budget ends cronyism; eliminates waste, fraud, and abuse; and returns the federal government to its proper sphere of activity.

Energy in brief

- Restore competition to the energy sector with the goal of energy independence.
- Unlock America's vast energy resources in an environmentally responsible manner.
- Stop the government from buying up unnecessary land.

Housing in brief

- Wind down Fannie Mae and Freddie Mac.
- Accurately account for trillions in federal loans and guarantees.

Financial services in brief

- Revisit flawed financial regulations.

Health care in brief

- Repeal the President's health-care law.
- Move toward patient-centered reform.

Cutting spending in brief

- Cap spending.
- Eliminate waste.

5. A Nation Protected

The first job of the federal government is to secure the safety of its citizens from threats at home and abroad. Whether defeating the terrorists who attacked this country on September 11, 2001, deterring the proliferation of weapons of mass destruction, or battling insurgents who would harbor terrorist networks that threaten Americans' lives, the men and women of the United States' military have performed superbly. This budget provides the best equipment, training, and compensation for their continued success. It also keeps faith with the veterans who have served and protected the nation.

Defense in brief

- Provide $579.2 billion in defense spending for fiscal year 2014, an amount consistent with America's military goals and strategies.
- Fully fund our nation's commitment to veterans.

6. A Budget Process Reformed

When it comes to fixing the broken budget process, the choice facing Americans could not be clearer: The President and his party's leaders have failed to meet their budgetary responsibilities. The President has failed to submit his budget by the statutory deadline in four of the past five years. It appears his budget will be two months late, the latest submission by a President since the statutory requirement to submit a budget was enacted nearly 100 years ago. The Senate has failed to pass a budget in four years.

By contrast, the Republican majority in the House has met its legal and moral obligation by passing a bold budget that tackles America's most pressing fiscal challenges. Last Congress, the House Budget Committee authored and advanced several statutory reforms to bring more accountability to the federal budget process. This budget continues in the spirit of those proposed reforms, which the Committee will again pursue after this resolution has been adopted by the House.

Budget reform in brief

- Extend the Budget Control Act's federal spending caps through the end of the budget window.
- Create a budget point of order against legislation that increases net mandatory spending beyond the ten-year window, a limitation that can help check Congressional appetite to create costly open-ended entitlement programs.
- Close the loophole that allows discretionary limits to be circumvented through advance appropriations.
- Require that the costs of legislation related to housing be calculated on a fair-value basis and authorize the use of fair-value-costs estimates for other credit programs.
- Call on congressional committees to regularly review programs for waste, fraud, and abuse.

* * * * *

By submitting this budget resolution, the House Budget Committee has fulfilled its responsibility—a full month before the April 15 deadline for completion of the budget resolution by Congress. The budget resolution is the only legislation that views the federal government as a whole. As such, it serves many functions: It resolves conflicting judgments about our national priorities. And it reconciles divergent views of our country's future. Ultimately, the budget is more than a list of numbers. It's an expression of our governing philosophy. The Committee on the Budget will again complete its budget on time—in recognition of the need for transparent government. And it will do so with great purpose: to provide for the orderly execution of Congress's duties and to restore the promise of this exceptional nation.

TABLE 1.—FISCAL YEAR 2014 BUDGET RESOLUTION TOTAL SPENDING AND REVENUE

[In millions of dollars]

Fiscal year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
Summary												
Total Spending:												
BA	3,489,046	3,446,742	3,671,760	3,853,937	4,021,925	4,253,248	4,447,663	4,637,529	4,847,279	5,007,175	18,483,409	41,676,305
OT	3,530,739	3,497,685	3,660,305	3,819,541	3,991,109	4,198,013	4,401,226	4,586,618	4,826,867	4,954,157	18,499,378	41,466,259
On-Budget:												
BA	2,769,406	2,681,581	2,857,258	2,988,083	3,104,777	3,281,142	3,414,838	3,540,165	3,681,407	3,768,151	14,401,105	32,086,807
OT	2,815,079	2,736,849	2,850,434	2,958,619	3,079,296	3,231,642	3,374,336	3,495,489	3,667,532	3,722,071	14,440,278	31,931,347
Off-Budget:												
BA	719,640	765,161	814,502	865,854	917,148	972,106	1,032,826	1,097,364	1,165,872	1,239,025	4,082,305	9,589,498
OT	715,659	760,836	809,871	860,921	911,814	966,371	1,026,891	1,091,128	1,159,335	1,232,086	4,059,101	9,534,912
Revenues:												
Total	3,002,649	3,372,984	3,591,091	3,765,227	3,937,081	4,100,928	4,279,464	4,495,918	4,734,285	4,961,308	17,669,032	40,240,934
On-Budget	2,270,932	2,606,592	2,778,891	2,903,673	3,028,951	3,149,236	3,284,610	3,457,009	3,650,699	3,832,145	13,589,039	30,962,737
Off-Budget	731,717	766,392	812,200	861,554	908,130	951,691	994,855	1,038,909	1,083,586	1,129,163	4,079,994	9,278,197
Recommended Change in Revenues												
Total	0	0	0	0	0	0	0	0	0	0	0	0
On-Budget	0	0	0	0	0	0	0	0	0	0	0	0
Off-Budget	0	0	0	0	0	0	0	0	0	0	0	0
Surplus/Deficit(-):												
Total	-528,090	-124,700	-69,214	-54,314	-54,028	-97,085	-121,762	-90,700	-92,582	7,151	-830,346	-1,225,324
On-Budget	-544,147	-130,257	-71,544	-54,947	-50,345	-82,405	-89,726	-38,480	-16,833	110,073	-851,239	-968,610
Off-Budget	16,057	5,556	2,330	633	-3,683	-14,680	-32,036	-52,220	-75,750	-102,922	20,893	-256,714
Debt Held by the Public (end of year)	12,849,621	13,069,788	13,225,569	13,362,146	13,485,102	13,648,470	13,836,545	13,992,649	14,154,363	14,210,984		
Debt Subject to Limit (end of year)	17,776,278	18,086,450	18,343,824	18,635,129	18,938,669	19,267,212	19,608,732	19,900,718	20,162,755	20,319,503		
By Function												
National Defense (050)												
BA	560,225	574,359	585,556	598,822	612,125	625,445	639,780	654,096	671,181	688,640	2,931,087	6,210,229
OT	579,235	563,976	570,288	575,457	582,678	600,508	614,250	628,265	649,221	660,461	2,871,634	6,024,337
International Affairs (150)												
BA	41,010	39,357	40,355	41,343	42,342	43,349	44,366	44,898	46,240	47,304	204,407	430,564
OT	42,005	40,876	40,019	39,821	39,922	40,248	41,070	41,970	43,208	44,030	202,643	413,169
General Science, Space and Technology (250)												
BA	27,733	28,318	28,994	29,677	30,386	31,088	31,798	32,506	33,244	33,991	145,108	307,735
OT	27,811	28,193	28,641	29,251	29,932	30,574	31,275	31,886	32,609	33,344	143,828	303,516
Energy (270)												
BA	-1,218	1,527	1,433	1,570	1,764	1,932	2,121	2,200	2,105	-12	5,075	13,420
OT	1,366	2,024	984	1,091	1,331	1,612	1,864	2,039	1,989	-147	6,796	14,154
Natural Resources & Environment (300)												
BA	38,146	37,457	36,445	37,295	38,120	38,552	39,530	39,730	40,124	39,792	187,463	385,191
OT	41,002	40,169	39,860	39,612	39,378	39,655	40,167	40,332	40,330	39,382	200,021	399,886
Agriculture (350)												
BA	21,731	16,737	21,254	19,344	18,776	19,087	19,380	19,856	19,736	20,335	97,842	196,236
OT	20,377	16,492	20,827	18,856	18,238	18,461	18,864	19,365	19,244	19,859	94,750	190,543

TABLE 1.—FISCAL YEAR 2014 BUDGET RESOLUTION TOTAL SPENDING AND REVENUE

[In millions of dollars]

Fiscal year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
Commerce & Housing Credit (370)												
On-Budget												
BA	2,548	-7,818	-7,398	-6,328	-2,946	-866	-579	-295	-1,076	-1,200	-21,942	-25,958
OT	-9,000	-19,413	-21,697	-22,908	-20,314	-23,410	-22,954	-17,517	-19,406	-20,654	-93,332	-197,273
Off-Budget												
BA	-1,485	-2,034	-2,138	-2,142	-2,048	-1,957	-1,864	-1,771	-1,783	-1,590	-9,847	-18,812
OT	-1,485	-2,034	-2,139	-2,143	-2,049	-1,958	-1,865	-1,772	-1,784	-1,591	-9,850	-18,820
Transportation (400)												
BA	87,056	40,030	81,453	91,498	68,776	92,602	72,693	92,988	74,694	99,499	368,813	801,288
OT	93,142	82,089	74,235	85,791	84,548	82,681	84,625	85,244	85,945	86,906	419,805	845,206
Community & Regional Development (450)												
BA	8,533	8,401	8,341	8,442	8,556	8,766	8,962	9,172	9,424	9,641	42,274	88,238
OT	27,669	22,978	16,911	13,910	10,925	9,787	9,418	9,283	9,209	9,271	92,392	139,360
Education, Training, Employment, and Social Services (500)												
BA	56,440	73,848	85,577	95,462	100,910	95,734	97,329	98,900	99,965	101,606	412,238	905,772
OT	77,310	77,042	84,250	93,615	99,755	95,741	97,270	98,917	100,219	101,780	431,971	925,899
Health (550)												
BA	363,762	358,156	359,280	375,308	387,073	393,079	422,229	420,834	441,207	456,935	1,843,579	3,977,864
OT	378,695	353,470	362,833	375,956	386,264	392,141	410,876	419,365	439,353	455,134	1,857,218	3,974,088
Medicare (570)												
BA	515,944	534,494	581,788	597,570	621,384	679,457	723,313	770,764	845,828	875,417	2,851,180	6,745,959
OT	515,713	534,400	581,834	597,637	621,480	679,661	723,481	771,261	843,504	874,988	2,851,064	6,743,959
Income Security (600)												
BA	509,418	480,285	487,623	484,222	484,653	495,065	501,101	505,927	515,637	510,654	2,446,201	4,974,585
OT	508,082	476,897	487,046	479,516	475,612	490,660	496,983	501,832	516,362	506,354	2,427,153	4,939,344
Social Security (650)												
On-Budget												
BA	27,506	30,233	33,369	36,691	40,005	43,421	46,954	50,474	54,235	58,441	167,804	421,329
OT	27,616	30,308	33,407	36,691	40,005	43,421	46,954	50,474	54,235	58,441	168,027	421,552
Off-Budget												
BA	836,158	881,740	930,243	982,450	1,038,574	1,099,399	1,164,692	1,232,724	1,304,245	1,379,031	4,669,165	10,849,256
OT	832,177	877,415	925,613	977,518	1,033,241	1,093,665	1,158,758	1,226,489	1,297,709	1,372,093	4,645,964	10,794,678
Veterans Benefits and Services (700)												
BA	145,730	149,792	162,051	160,947	159,423	171,032	175,674	179,585	191,294	187,945	777,943	1,683,473
OT	145,440	149,313	161,441	160,117	158,565	170,144	174,791	178,655	190,344	186,882	774,877	1,675,692
Administration of Justice (750)												
BA	51,933	53,116	56,644	56,712	58,586	60,495	62,400	64,507	70,150	72,809	276,990	607,350
OT	53,376	52,918	55,745	57,949	59,859	60,666	61,878	63,950	69,561	72,195	279,847	608,097
General Government (800)												
BA	23,225	21,922	23,263	23,814	24,573	25,454	26,293	27,178	27,821	28,717	116,797	252,260
OT	24,172	20,749	22,559	23,435	24,158	24,803	25,645	26,566	27,219	28,116	115,073	247,422

TABLE 1.—FISCAL YEAR 2014 BUDGET RESOLUTION TOTAL SPENDING AND REVENUE

[In millions of dollars]

Fiscal year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
Net Interest (900)												
On-Budget												
BA	341,099	367,647	405,960	476,448	555,772	613,411	661,810	694,647	723,923	745,963	2,146,925	5,586,678
OT	341,099	367,647	405,960	476,448	555,772	613,411	661,810	694,647	723,923	745,963	2,146,925	5,586,678
Off-Budget												
BA	-98,714	-97,622	-96,005	-96,129	-100,302	-105,523	-109,457	-112,300	-114,543	-115,586	-488,772	-1,046,181
OT	-98,714	-97,622	-96,005	-96,129	-100,302	-105,523	-109,457	-112,300	-114,543	-115,586	-488,772	-1,046,181
Allowances (920)												
BA	-59,061	-58,840	-65,587	-71,859	-77,299	-82,155	-85,543	-89,377	-88,897	-92,469	-332,646	-771,087
OT	-44,044	-53,255	-59,258	-65,151	-71,278	-76,769	-81,785	-85,845	-85,661	-89,323	-292,986	-712,369
Government-Wide Savings (930)												
BA	-9,407	-21,577	-17,617	-13,371	-11,556	-9,584	-8,457	-7,094	-21,151	-35,807	-73,528	-155,621
OT	-6,660	-9,971	-8,873	-6,739	-3,340	-703	1,740	3,666	-2,703	-13,555	-35,583	-47,137
Undistributed Offsetting Receipts (950)												
On-Budget												
BA	-75,946	-80,864	-86,525	-90,525	-91,645	-99,220	-101,316	-106,332	-109,276	-115,049	-425,505	-956,698
OT	-75,946	-80,864	-86,525	-90,525	-91,645	-99,220	-101,316	-106,332	-109,276	-115,049	-425,505	-956,698
Off-Budget												
BA	-16,319	-16,923	-17,598	-18,325	-19,076	-19,813	-20,545	-21,289	-22,047	-22,830	-88,241	-194,765
OT	-16,319	-16,923	-17,598	-18,325	-19,076	-19,813	-20,545	-21,289	-22,047	-22,830	-88,241	-194,765
Overseas Contingency Operations/ Global War on Terrorism (970)												
BA	93,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	233,000	408,000
OT	46,621	40,851	39,948	38,789	37,451	37,570	37,431	37,466	38,102	37,694	203,660	391,923

Notes:

1. Only on-budget amounts for fiscal years 2013-2023 are entered into the budget resolution legislative text. Off-budget amounts are shown for display purposes only.

TABLE 2.—FISCAL YEAR 2014 BUDGET RESOLUTION DISCRETIONARY SPENDING

[In millions of dollars]

Fiscal year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
Total Spending												
BA	1,059,375	1,029,664	1,050,853	1,075,368	1,100,972	1,127,867	1,155,370	1,182,126	1,197,489	1,213,252	5,316,232	11,192,336
OT	1,160,881	1,119,818	1,104,872	1,122,408	1,132,607	1,157,542	1,183,287	1,208,740	1,235,237	1,246,503	5,640,585	11,671,894
Base Defense (050):												
BA	552,000	566,000	577,000	590,000	603,000	616,000	630,000	644,000	660,744	677,923	2,888,000	6,116,667
OT	571,010	555,529	561,645	566,557	573,480	590,994	604,398	618,095	638,712	649,678	2,828,221	5,930,096
Base Non Defense:												
BA	414,375	428,664	438,853	450,368	462,972	476,867	490,370	503,126	501,745	500,329	2,195,232	4,667,669
OT	543,250	523,438	503,279	517,061	521,677	528,978	541,458	553,179	558,424	559,131	2,608,705	5,349,874
By Function												
National Defense (050)												
BA	552,000	566,000	577,000	590,000	603,000	616,000	630,000	644,000	660,744	677,923	2,888,000	6,116,667
OT	571,010	555,529	561,645	566,557	573,480	590,994	604,398	618,095	638,712	649,678	2,828,221	5,930,096
International Affairs (150)												
BA	38,703	39,507	40,444	41,379	42,362	43,322	44,295	45,272	46,320	47,366	202,395	428,970
OT	43,017	41,948	41,400	41,677	42,032	42,353	43,196	44,108	45,116	45,988	210,074	430,835
General Science, Space and Technology (250)												
BA	27,633	28,218	28,894	29,577	30,286	30,988	31,698	32,406	33,144	33,891	144,608	306,735
OT	27,706	28,093	28,541	29,151	29,832	30,474	31,175	31,786	32,509	33,244	143,323	302,511
Energy (270)												
BA	2,918	2,928	3,055	3,188	3,320	3,427	3,503	3,583	3,670	3,749	15,408	33,340
OT	5,454	3,931	3,079	3,135	3,245	3,374	3,462	3,535	3,613	3,635	18,844	36,463
Natural Resources & Environment (300)												
BA	33,513	34,238	33,822	34,926	36,099	37,256	38,379	39,541	40,760	41,995	172,598	370,530
OT	38,127	37,952	37,566	37,106	36,920	37,476	38,397	39,458	40,604	41,330	187,671	384,935
Agriculture (350)												
BA	5,985	6,153	6,338	6,533	6,734	6,933	7,133	7,340	7,555	7,771	31,743	68,475
OT	5,957	6,078	6,254	6,445	6,643	6,841	7,040	7,242	7,455	7,668	31,377	67,623
Commerce & Housing Credit (370)												
On-Budget												
BA	-10,944	-9,866	-9,621	-9,173	-6,997	-5,463	-5,527	-5,222	-4,704	-4,166	-46,601	-71,683
OT	-10,350	-9,542	-9,578	-9,181	-7,057	-5,528	-5,591	-5,292	-4,772	-4,239	-45,708	-71,130
Off-Budget												
BA	262	272	284	295	308	319	332	345	357	371	1,421	3,145
OT	262	272	283	294	307	318	331	344	356	370	1,418	3,137
Transportation (400)												
BA	31,483	32,191	33,936	34,999	36,126	37,237	38,347	39,468	40,639	41,845	168,734	366,270
OT	90,984	80,814	72,863	84,374	83,072	81,176	83,068	83,625	84,520	85,412	412,107	829,907
Community & Regional Development (450)												
BA	7,967	8,142	8,355	8,567	8,787	9,012	9,229	9,459	9,690	9,923	41,819	89,131
OT	26,166	22,097	16,632	13,929	11,159	10,121	9,760	9,636	9,508	9,558	89,982	138,565

TABLE 2.—FISCAL YEAR 2014 BUDGET RESOLUTION DISCRETIONARY SPENDING

[In millions of dollars]

Fiscal year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
Education, Training, Employment, and Social Services (500)												
BA	95,097	96,753	98,479	100,142	101,894	103,722	105,664	107,577	109,302	111,164	492,366	1,029,794
OT	94,043	103,930	97,489	98,853	100,541	102,259	104,087	106,003	107,878	109,630	494,855	1,024,712
Health (550)												
BA	40,141	58,404	59,849	61,309	62,848	64,376	65,908	67,451	69,059	70,685	282,551	620,030
OT	57,648	58,446	59,395	60,578	61,470	62,701	64,002	65,420	66,976	68,561	297,537	625,197
Medicare (570)												
BA	6,658	7,068	7,514	7,989	8,492	9,026	9,579	10,155	10,750	11,376	37,721	88,607
OT	6,633	7,012	7,452	7,923	8,422	8,951	9,501	10,073	10,667	11,288	37,442	87,922
Income Security (600)												
BA	61,067	61,371	61,858	62,320	63,194	64,849	66,538	68,118	69,710	71,244	309,810	650,269
OT	64,048	62,926	62,155	62,251	62,825	64,146	65,751	67,315	68,830	70,322	314,205	650,569
Social Security (650)												
On-Budget												
BA	0	0	0	0	0	0	0	0	0	0	0	0
OT	110	75	38	0	0	0	0	0	0	0	223	223
Off-Budget												
BA	5,784	5,968	6,176	6,392	6,619	6,846	7,073	7,304	7,544	7,792	30,939	67,498
OT	5,803	5,943	6,146	6,360	6,586	6,812	7,039	7,269	7,508	7,754	30,838	67,220
Veterans Benefits and Services (700)												
BA	63,297	64,547	66,695	68,923	71,272	73,588	75,939	78,315	80,779	83,329	334,734	726,684
OT	63,126	64,167	66,168	68,164	70,480	72,764	75,122	77,457	79,915	82,363	332,106	719,726
Administration of Justice (750)												
BA	50,375	51,944	53,802	55,741	57,789	59,806	61,825	63,878	66,014	68,233	269,650	589,406
OT	51,815	52,652	53,973	55,723	57,470	59,436	61,302	63,351	65,468	67,670	271,633	588,860
General Government (800)												
BA	16,862	15,529	16,819	17,452	18,116	18,867	19,633	20,409	21,204	22,037	84,778	186,928
OT	17,363	14,157	16,195	17,131	17,768	18,280	19,040	19,830	20,637	21,456	82,614	181,857
Allowances (920)												
BA	-53,018	-53,127	-60,228	-66,820	-72,720	-77,659	-80,721	-85,180	-88,897	-92,469	-305,913	-730,839
OT	-38,001	-47,542	-53,899	-60,112	-66,699	-72,273	-76,963	-81,648	-85,661	-89,323	-266,253	-672,121
Government-Wide Savings (930)												
BA	-9,407	-21,577	-17,617	-13,371	-11,556	-9,584	-8,457	-7,094	-21,151	-35,807	-73,528	-155,621
OT	-6,660	-9,971	-8,873	-6,739	-3,340	-703	1,740	3,666	-2,703	-13,555	-35,583	-47,137
Overseas Contingency Operations/ Global War on Terrorism (970)												
BA	93,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	233,000	408,000
OT	46,621	40,851	39,948	38,789	37,451	37,570	37,431	37,466	38,102	37,694	203,660	391,923

TABLE 3.—FISCAL YEAR 2014 BUDGET RESOLUTION MANDATORY SPENDING

[In millions of dollars]

Fiscal year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
Total Spending:												
BA	2,429,671	2,417,078	2,620,907	2,778,569	2,920,953	3,125,381	3,292,293	3,455,403	3,649,790	3,793,923	13,167,177	30,483,969
OT	2,369,858	2,377,867	2,555,434	2,697,132	2,858,503	3,040,471	3,217,939	3,377,878	3,591,629	3,707,654	12,858,793	29,794,365
On-Budget:												
BA	1,716,077	1,658,157	1,812,865	1,919,402	2,010,732	2,160,440	2,266,873	2,365,688	2,491,819	2,563,062	9,117,233	20,965,114
OT	1,660,264	1,623,246	1,751,992	1,842,865	1,953,582	2,081,230	2,198,419	2,294,363	2,440,158	2,483,693	8,831,948	20,329,810
Off-Budget:												
BA	713,594	758,921	808,042	859,167	910,221	964,941	1,025,421	1,089,715	1,157,971	1,230,862	4,049,945	9,518,855
OT	709,594	754,621	803,442	854,267	904,921	959,241	1,019,521	1,083,515	1,151,471	1,223,962	4,026,845	9,464,555
By Function												
National Defense (050)												
BA	8,225	8,359	8,556	8,822	9,125	9,445	9,780	10,096	10,437	10,717	43,087	93,562
OT	8,225	8,447	8,643	8,900	9,198	9,514	9,852	10,170	10,509	10,783	43,413	94,241
International Affairs (150)												
BA	2,307	-150	-89	-36	-20	27	71	-374	-80	-62	2,012	1,594
OT	-1,012	-1,072	-1,381	-1,856	-2,110	-2,105	-2,126	-2,138	-1,908	-1,958	-7,431	-17,666
General Science, Space and Technology (250)												
BA	100	100	100	100	100	100	100	100	100	100	500	1,000
OT	105	100	100	100	100	100	100	100	100	100	505	1,005
Energy (270)												
BA	-4,136	-1,401	-1,622	-1,618	-1,556	-1,495	-1,382	-1,383	-1,566	-3,762	-10,333	-19,920
OT	-4,088	-1,907	-2,095	-2,044	-1,914	-1,762	-1,598	-1,496	-1,624	-3,782	-12,048	-22,309
Natural Resources & Environment (300)												
BA	4,633	3,219	2,623	2,369	2,021	1,296	1,151	189	-637	-2,203	14,865	14,661
OT	2,875	2,217	2,294	2,506	2,458	2,179	1,770	874	-274	-1,949	12,350	14,950
Agriculture (350)												
BA	15,746	10,584	14,916	12,811	12,042	12,154	12,247	12,516	12,181	12,564	66,099	127,761
OT	14,420	10,374	14,573	12,411	11,595	11,620	11,824	12,123	11,789	12,191	63,373	122,920
Commerce & Housing Credit (370)												
On-Budget												
BA	13,492	2,048	2,223	2,845	4,051	4,597	4,348	4,927	3,628	2,966	24,659	45,725
OT	1,350	-9,871	-12,119	-13,727	-13,257	-17,882	-17,363	-12,225	-14,634	-16,415	-47,624	-126,143
Off-Budget												
BA	-1,747	-2,306	-2,422	-2,437	-2,356	-2,276	-2,196	-2,116	-2,140	-1,961	-11,268	-21,957
OT	-1,747	-2,306	-2,422	-2,437	-2,356	-2,276	-2,196	-2,116	-2,140	-1,961	-11,268	-21,957
Transportation (400)												
BA	55,573	7,839	47,517	56,500	32,650	55,364	34,345	53,520	34,055	57,654	200,079	435,019
OT	2,158	1,275	1,372	1,417	1,476	1,505	1,557	1,619	1,425	1,494	7,698	15,299
Community & Regional Development (450)												
BA	566	259	-14	-125	-231	-246	-267	-287	-266	-282	455	-893
OT	1,503	881	279	-19	-234	-334	-342	-353	-299	-287	2,410	795

TABLE 3.—FISCAL YEAR 2014 BUDGET RESOLUTION MANDATORY SPENDING

[In millions of dollars]

Fiscal year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
Education, Training, Employment, and Social Services (500)												
BA	-38,657	-22,905	-12,902	-4,680	-984	-7,988	-8,335	-8,677	-9,337	-9,558	-80,128	-124,022
OT	-16,733	-26,888	-13,239	-5,238	-786	-6,518	-6,817	-7,086	-7,659	-7,850	-62,884	-98,813
Health (550)												
BA	323,621	299,752	299,431	313,999	324,225	328,703	356,321	353,383	372,148	386,250	1,561,028	3,357,834
OT	321,047	295,024	303,438	315,378	324,794	329,440	346,874	353,945	372,377	386,573	1,559,681	3,348,891
Medicare (570)												
BA	509,286	527,426	574,274	589,581	612,892	670,431	713,734	760,609	835,078	864,041	2,813,459	6,657,352
OT	509,080	527,388	574,382	589,714	613,058	670,710	713,980	761,188	832,837	863,700	2,813,622	6,656,037
Income Security (600)												
BA	448,351	418,914	425,765	421,902	421,459	430,216	434,563	437,809	445,927	439,410	2,136,391	4,324,316
OT	444,034	413,971	424,891	417,265	412,787	426,514	431,232	434,517	447,532	436,032	2,112,948	4,288,775
Social Security (650)												
On-Budget												
BA	27,506	30,233	33,369	36,691	40,005	43,421	46,954	50,474	54,235	58,441	167,804	421,329
OT	27,506	30,233	33,369	36,691	40,005	43,421	46,954	50,474	54,235	58,441	167,804	421,329
Off-Budget												
BA	830,374	875,772	924,067	976,058	1,031,955	1,092,553	1,157,619	1,225,420	1,296,701	1,371,239	4,638,226	10,781,758
OT	826,374	871,472	919,467	971,158	1,026,655	1,086,853	1,151,719	1,219,220	1,290,201	1,364,339	4,615,126	10,727,458
Veterans Benefits and Services (700)												
BA	82,433	85,245	95,356	92,024	88,151	97,444	99,735	101,270	110,515	104,616	443,209	956,789
OT	82,314	85,146	95,273	91,953	88,085	97,380	99,669	101,198	110,429	104,519	442,771	955,966
Administration of Justice (750)												
BA	1,558	1,172	2,842	971	797	689	575	629	4,135	4,575	7,340	17,944
OT	1,561	266	1,772	2,226	2,389	1,230	576	599	4,092	4,525	8,214	19,237
General Government (800)												
BA	6,363	6,393	6,444	6,362	6,457	6,587	6,660	6,769	6,617	6,680	32,019	65,332
OT	6,809	6,592	6,364	6,304	6,390	6,523	6,605	6,736	6,582	6,660	32,459	65,565
Net Interest (900)												
On-Budget												
BA	341,099	367,647	405,960	476,448	555,772	613,411	661,810	694,647	723,923	745,963	2,146,925	5,586,678
OT	341,099	367,647	405,960	476,448	555,772	613,411	661,810	694,647	723,923	745,963	2,146,925	5,586,678
Off-Budget												
BA	-98,714	-97,622	-96,005	-96,129	-100,302	-105,523	-109,457	-112,300	-114,543	-115,586	-488,772	-1,046,181
OT	-98,714	-97,622	-96,005	-96,129	-100,302	-105,523	-109,457	-112,300	-114,543	-115,586	-488,772	-1,046,181
Allowances (920)												
BA	-6,043	-5,713	-5,359	-5,039	-4,579	-4,496	-4,822	-4,197	0	0	-26,733	-40,248
OT	-6,043	-5,713	-5,359	-5,039	-4,579	-4,496	-4,822	-4,197	0	0	-26,733	-40,248
Government-Wide Savings (930)												
BA	0	0	0	0	0	0	0	0	0	0	0	0
OT	0	0	0	0	0	0	0	0	0	0	0	0

TABLE 3.—FISCAL YEAR 2014 BUDGET RESOLUTION MANDATORY SPENDING

[In millions of dollars]

Fiscal year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
Undistributed Offsetting Receipts (950).												
On-Budget												
BA	-75,946	-80,864	-86,525	-90,525	-91,645	-99,220	-101,316	-106,332	-109,276	-115,049	-425,505	-956,698
OT	-75,946	-80,864	-86,525	-90,525	-91,645	-99,220	-101,316	-106,332	-109,276	-115,049	-425,505	-956,698
Off-Budget												
BA	-16,319	-16,923	-17,598	-18,325	-19,076	-19,813	-20,545	-21,289	-22,047	-22,830	-88,241	-194,765
OT	-16,319	-16,923	-17,598	-18,325	-19,076	-19,813	-20,545	-21,289	-22,047	-22,830	-88,241	-194,765

TABLE 4.—SUMMARY OF FISCAL YEAR 2014 BUDGET RESOLUTION

[As a percentage of GDP]

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Average 2014-2023
Deficit:											
Committee Recommendation..........................	3.2%	0.7%	0.4%	0.3%	0.3%	0.4%	0.5%	0.4%	0.4%	0.0%	0.6%
CBO..	3.7%	2.4%	2.5%	2.7%	2.9%	3.2%	3.5%	3.6%	3.8%	3.8%	3.2%
President's Budget..	4.2%	3.1%	2.8%	2.4%	2.4%	2.7%	2.8%	2.8%	2.9%	n.a	n.a
Debt Held by the Public:											
Committee Recommendation..........................	77.2%	74.1%	70.4%	66.9%	64.4%	62.4%	60.5%	58.7%	56.9%	54.8%	n.a
CBO..	77.7%	76.3%	74.6%	73.4%	73.1%	73.5%	74.2%	75.0%	76.0%	77.0%	n.a
President's Budget..	80.1%	79.3%	77.8%	76.2%	75.6%	75.5%	75.5%	75.5%	75.7%	n.a	n.a
Outlays:											
Committee Recommendation..........................	21.2%	19.8%	19.5%	19.1%	19.1%	19.2%	19.3%	19.2%	19.4%	19.1%	19.5%
CBO..	21.7%	21.6%	21.6%	21.5%	21.7%	22.0%	22.2%	22.4%	22.9%	22.9%	22.1%
President's Budget..	22.9%	22.4%	22.3%	21.8%	21.7%	22.1%	22.2%	22.4%	22.6%	n.a	n.a
Revenues:											
Committee Recommendation..........................	18.0%	19.1%	19.1%	18.9%	18.8%	18.7%	18.7%	18.9%	19.0%	19.1%	18.8%
CBO..	18.0%	19.1%	19.1%	18.9%	18.8%	18.7%	18.7%	18.9%	19.0%	19.1%	18.8%
President's Budget..	18.6%	19.4%	19.5%	19.4%	19.3%	19.3%	19.4%	19.6%	19.6%	n.a	n.a

TABLE 5.—FISCAL YEAR 2014 BUDGET RESOLUTION VS. THE PRESIDENT'S BUDGET

[In millions of dollars]

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
Fiscal Year 2014 Budget Resolution as Approved												
Total Spending:												
BA	3,489,046	3,446,742	3,671,760	3,853,937	4,021,925	4,253,248	4,447,663	4,637,529	4,847,279	5,007,175	18,483,409	41,676,305
OT	3,530,739	3,497,685	3,660,305	3,819,541	3,991,109	4,198,013	4,401,226	4,586,618	4,826,867	4,954,157	18,499,378	41,466,259
On-Budget:												
BA	2,769,406	2,681,581	2,857,258	2,988,083	3,104,777	3,281,142	3,414,838	3,540,165	3,681,407	3,768,151	14,401,105	32,086,807
OT	2,815,079	2,736,849	2,850,434	2,958,619	3,079,296	3,231,642	3,374,336	3,495,489	3,667,532	3,722,071	14,440,278	31,931,347
Off-Budget:												
BA	719,640	765,161	814,502	865,854	917,148	972,106	1,032,826	1,097,364	1,165,872	1,239,025	4,082,305	9,589,498
OT	715,659	760,836	809,871	860,921	911,814	966,371	1,026,891	1,091,128	1,159,335	1,232,086	4,059,101	9,534,912
Revenues:												
Total	3,002,649	3,372,984	3,591,091	3,765,227	3,937,081	4,100,928	4,279,464	4,495,918	4,734,285	4,961,308	17,669,032	40,240,934
On-Budget	2,270,932	2,606,592	2,778,891	2,903,673	3,028,951	3,149,236	3,284,610	3,457,009	3,650,699	3,832,145	13,589,039	30,962,737
Off-Budget	731,717	766,392	812,200	861,554	908,130	951,691	994,855	1,038,909	1,083,586	1,129,163	4,079,994	9,278,197
Surplus/Deficit(-):												
Total	-528,090	-124,700	-69,214	-54,314	-54,028	-97,085	-121,762	-90,700	-92,582	7,151	-830,346	-1,225,324
On-Budget	-544,147	-130,257	-71,544	-54,947	-50,345	-82,405	-89,726	-38,480	-16,833	110,073	-851,239	-968,610
Off-Budget	16,057	5,556	2,330	633	-3,683	-14,680	-32,036	-52,220	-75,750	-102,922	20,893	-256,714
Debt Held by the Public (end of year)	12,849,621	13,069,788	13,225,569	13,362,146	13,485,102	13,648,470	13,836,545	13,992,649	14,154,363	14,210,984	n.a	n.a
Debt Subject to Limit (end of year)	17,776,278	18,086,450	18,343,824	18,635,129	18,938,669	19,267,212	19,608,732	19,900,718	20,162,755	20,319,503	n.a	n.a
CBO Reestimate of the President's FY2013 Budget*												
Total Spending:												
BA	3,748,644	3,942,229	4,193,744	4,399,345	4,617,546	4,862,376	5,134,473	5,380,295	5,652,070	n.a	20,901,508	n.a
OT	3,806,624	3,951,672	4,186,081	4,356,249	4,552,698	4,829,023	5,083,044	5,338,933	5,612,643	n.a	20,853,324	n.a
On-Budget:												
BA	3,036,509	3,183,712	3,388,753	3,545,013	3,713,179	3,903,527	4,116,158	4,299,370	4,504,615	n.a	16,867,166	n.a
OT	3,098,134	3,197,095	3,385,620	3,506,849	3,653,640	3,875,989	4,070,744	4,264,323	4,472,110	n.a	16,841,338	n.a
Off-Budget:												
BA	712,135	758,517	804,991	854,332	904,367	958,849	1,018,315	1,080,925	1,147,455	n.a	4,034,342	n.a
OT	708,490	754,577	800,461	849,400	899,058	953,034	1,012,300	1,074,610	1,140,533	n.a	4,011,986	n.a
Revenues:												
Total	3,104,533	3,412,944	3,657,048	3,867,882	4,042,765	4,227,347	4,444,985	4,661,235	4,884,592	n.a	18,085,173	n.a
On-Budget	2,373,500	2,640,705	2,835,767	2,996,291	3,123,888	3,262,770	3,434,833	3,606,140	3,782,963	n.a	13,970,152	n.a
Off-Budget	731,033	772,239	821,281	871,591	918,877	964,577	1,010,152	1,055,095	1,101,630	n.a	4,115,021	n.a
Surplus/Deficit(-):												
Total	-702,091	-538,728	-529,033	-488,367	-509,933	-601,676	-638,059	-677,698	-728,051	n.a	-2,768,151	n.a
On-Budget	-724,634	-556,390	-549,853	-510,558	-529,752	-613,219	-635,911	-658,083	-689,047	n.a	-2,871,186	n.a
Off-Budget	22,543	17,662	20,820	22,191	19,819	11,543	-2,148	-19,615	-39,003	n.a	103,035	n.a

TABLE 5.—FISCAL YEAR 2014 BUDGET RESOLUTION VS. THE PRESIDENT'S BUDGET

[In millions of dollars]

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
Debt Held by the Public (end of year)	13,330,583	13,981,546	14,618,296	15,215,406	15,824,696	16,518,942	17,245,767	18,007,496	18,818,701	n.a	n.a	n.a
Debt Subject to Limit (end of year)	18,251,238	19,050,579	19,855,892	20,624,430	21,419,275	22,288,175	23,197,859	24,143,484	25,123,397	n.a	n.a	n.a
Difference												
Total Spending:												
BA	-259,598	-495,487	-521,984	-545,408	-595,621	-609,128	-686,810	-742,766	-804,791	n.a	-2,418,099	n.a
OT	-275,885	-453,987	-525,776	-536,708	-561,589	-631,010	-681,818	-752,315	-785,776	n.a	-2,353,946	n.a
On-Budget:												
BA	-267,103	-502,131	-531,495	-556,930	-608,402	-622,385	-701,320	-759,205	-823,208	n.a	-2,466,061	n.a
OT	-283,055	-460,246	-535,186	-548,230	-574,344	-644,347	-696,408	-768,834	-804,578	n.a	-2,401,060	n.a
Off-Budget:												
BA	7,505	6,644	9,511	11,522	12,781	13,257	14,511	16,439	18,417	n.a	47,963	n.a
OT	7,169	6,259	9,410	11,521	12,756	13,337	14,591	16,518	18,802	n.a	47,115	n.a
Revenues:												
Total	-101,885	-39,960	-65,957	-102,655	-105,683	-126,420	-165,521	-165,316	-150,308	n.a	-416,141	n.a
On-Budget	-102,568	-34,113	-56,876	-92,618	-94,937	-113,534	-150,224	-149,130	-132,264	n.a	-381,113	n.a
Off-Budget	684	-5,847	-9,081	-10,037	-10,747	-12,885	-15,298	-16,186	-18,044	n.a	-35,028	n.a
Surplus/Deficit(-):												
Total	-174,001	-414,027	-459,819	-434,053	-455,905	-504,591	-516,296	-586,999	-635,469	n.a	-1,937,805	n.a
On-Budget	-180,486	-426,133	-478,310	-455,611	-479,408	-530,813	-546,185	-619,604	-672,215	n.a	-2,019,947	n.a
Off-Budget	6,486	12,106	18,491	21,558	23,502	26,222	29,888	32,605	36,746	n.a	82,142	n.a
Debt Held by the Public (end of year)	-480,962	-911,759	-1,392,727	-1,853,259	-2,339,594	-2,870,472	-3,409,223	-4,014,847	-4,664,338	n.a	n.a	n.a
Debt Subject to Limit (end of year)	-474,960	-964,129	-1,512,068	-1,989,301	-2,480,607	-3,020,963	-3,589,127	-4,242,766	-4,960,642	n.a	n.a	n.a

* The President's FY2014 Budget was not released before the budget resolution report went to press. The figures in this table reflect the President's Fiscal Year 2013 budget

ECONOMIC ASSUMPTIONS OF THE BUDGET RESOLUTION

The Current Economic Situation

Real gross domestic product was virtually flat in the fourth quarter of 2012, increasing by just 0.1 percent, according to preliminary estimates. That represented a sharp slowdown from the 3.1 percent increase posted in the third quarter. Although many economists attribute this recent slowdown to temporary factors, economic growth remains sluggish, nearly four years after the recession officially ended. For all of 2012, real GDP grew by 2.2 percent on a year-over-year basis, representing the seventh straight year of growth below the 3 percent mark. (The trend rate of real GDP growth over time in the U.S. has been roughly 3 percent.)

The outlook for 2013 calls for moderate, though sub-par, economic growth. The Blue Chip consensus expects just 1.9 percent real growth next year. Among the expected drags to growth this year are increased taxes resulting both from the fiscal-cliff deal as well as scheduled tax hikes associated with the Patient Protection and Affordable Care Act; a sharp rise in gasoline prices that could weigh on consumer spending; and subdued export growth due to continued weakness abroad. Among the positive factors supporting growth going forward are strength in residential investment, a rebound in business inventories, and gains in business investment. The Blue Chip consensus sees real GDP growth picking up to a healthier pace—2.8 percent—in 2014.

Total payroll employment increased by a robust 236,000 in February, well above market expectations. That represented a higher rate of employment growth than the 183,000–per-month average posted in 2012. The unemployment rate also declined from 7.9 to 7.7 percent. It was an improvement, but the last time unemployment was that high was 29 years ago, and that was on the heels of a deep recession. Moreover, the decline in the unemployment rate was partly due to people leaving the labor force. A broader gage of underemployment—which includes people who have stopped looking for work or who cannot find full-time jobs—is still above 14 percent. In addition, the labor-force-participation rate ticked down in February from 63.6 to 63.5 percent, the lowest level in over 30 years.

After suffering an unprecedented decline during the financial crisis, the U.S. housing market is gradually improving. Over the past four years, home prices have made some gains since dropping to a very low level. In the fourth quarter of 2012, for instance, national average home prices were up over 7 percent from year-before levels. The pace of residential investment is also set to improve. The Blue Chip consensus expects housing starts to reach 990,000 units this year. Although that level is not particularly high by historical standards, it would represent a 27 percent increase from 2012 levels.

Crude-oil prices have risen lately and are flirting with the $100–per-barrel mark, which is causing higher prices at the pump. Since the start of the year, the average price of retail gasoline in the U.S. has risen by $0.50 (or 14 percent) to $3.85 per gallon. Analysts point out that gas prices will likely continue to rise through the spring and summer months, which could dampen consumer spending.

Despite the rise in energy prices, the Federal Reserve notes that inflation levels remain low. The Fed's preferred inflation gage—the price index for personal-consumption expenditures—rose at an annual rate of just 1.5 percent in the latter half of 2012. Looking ahead, the Fed believes that overall inflation levels over the medium term will run "at or below" its 2 percent objective.

With a sub-par labor market and inflation running slightly below levels that it believes are consistent with its mandate, the Fed has been engaged in a "highly accommodative monetary policy"—to quote Chairman Ben Bernanke—to support the economy. For instance, at its December Federal Open Market Committee meeting, the Fed provided more explicit policy guidance on how it is likely to change interest rates in response to economic conditions. The Fed essentially said that exceptionally low interest rates will likely be required as long as the unemployment rate remains above 6.5 percent and expected medium-term inflation runs no more than half a percentage point above the FOMC's 2 percent long-run goal. In addition to assuring markets that the federal funds rate will likely be low for an extended period of time, the Fed is making regular, large-scale purchases of both mortgage-backed securities and Treasury securities to put downward pressure on long-term interest rates. The Fed is purchasing roughly $85 billion in securities ($40 billion in MBS and $45 billion in long-term Treasuries) per month, or more than $1 trillion per year in so-called quantitative easing.

The yield on the ten-year Treasury has ticked higher in recent months, though it still was just below the 2 percent mark as of late February, which is extremely low by historical standards. The low level of Treasury yields is partly a function of the Fed's extremely accommodative monetary policy as well as the "flight to quality" among global credit investors seeking a relatively risk-free haven in the storm of ongoing financial crises, particularly in Europe.

The stock market has continued to make impressive gains. As of late February, the S&P 500 was up over 10 percent from year-before levels and had doubled from its crisis low point in the middle of 2009. Since then, the Federal Reserve's large-scale asset purchases have lowered bond yields, and they likely have been a contributing factor in boosting equity prices in recent years, as investors have moved into stocks and out of lower-yielding bonds. These strong market gains may taper off as analysts expect company-profit growth to slow over the year ahead.

The Economic Outlook

Economic projections from the CBO and private forecasters generally predict just modest economic growth in 2013, though the pace of growth is expected to pick up in subsequent years. The President's budget, which was due on February 4, includes an economic forecast and is usually accompanied by the Economic Report of the President, but the administration has yet to submit its FY 2014 budget.[1]

CBO expects real GDP growth, measured on a year-over-year basis, of just 1.4 percent this year, slightly below the current private-sector forecast of 1.9 percent. Both forecasts show growth picking up in 2014 to the 2.5–3 percent range, but the predictions differ more sharply over the medium term. For instance, CBO expects growth in the middle part of the decade to be around 4 percent. That would mark the best string of annual growth rates since the latter part of the 1990s. By contrast, the private-sector Blue Chip forecast is more subdued over the medium term, predicting annual growth at or slightly below the 3 percent mark.

Both forecasts predict the unemployment rate will decline slowly from its current elevated level. CBO does not see the unemployment rate dipping below the 7 percent mark until the latter part of 2015. It doesn't see the unemployment rate falling back to the pre-recession, pre—financial crisis range of just over 5 percent until the latter part of the decade.

As the economy recovers, the forecasts predict that interest rates will gradually move higher. According to CBO, the ten-year Treasury rate, which has been hovering at an all-time low between 1.5 and 2 percent, will rise back above 4 percent in 2016 and 5 percent in the latter part of the decade. The Blue Chip consensus expects slightly lower interest rates, on average, over the medium and longer term.

Rates of inflation are also expected to normalize in the coming years from their current low levels. CBO expects just a 1.6 percent increase in prices in 2013. That rate of inflation is expected to rise back above 2 percent in the middle and latter part of the decade. For the most part, the Blue Chip consensus expects a slightly higher rate of inflation than CBO does throughout the ten-year budget window.

CBO's annual economic assumptions were adopted for use in the budget resolution and are shown in Table 7.

As noted earlier, interest rates will gradually rise from their historically low levels as the economy recovers. That rise in interest rates, combined with the large stock of debt we are carrying, will mean that net interest payments will become a significant part of overall government spending later in the decade. This increase is a function of debt levels that are expected to rise in the future as a share of the economy. As a result, debt-service costs absorb an increasing share of national income, and the country must borrow an increasing amount each year both to fund its ongoing services and to make good on its previous debt commitments.

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[1] The law requires the President to submit his budget no later than the first Monday in February, which fell on February 4 this year. The Economic Report of the President is due within ten days of the President's budget submission.

Because of this growing debt burden and a projection that interest rates will not remain abnormally low, CBO projects that the fastest-growing category of the federal budget is net interest expense. In nominal terms, net interest spending rises from $224 billion in FY 2013 to $857 billion in 2023. During the same period, it rises from 1.4 percent of GDP today to 3.3 percent of GDP in 2023.

Debt as a share of GDP will rise from 72.5 percent to 77 percent at the end of the budget window. Economists caution that government leverage in excess of about 60 percent of the economy is not sustainable for an extended period of time. When debt is growing faster than a country's economy indefinitely, that country's budget is on an unsustainable course, and it accelerates over time to a crisis situation. Federal debt as a burden on the economy has doubled in the past five years. This higher debt burden and projections that it will continue to rise will place an increasing drag on the economy, raise the risk of a fiscal crisis, and limit the federal government's capacity to respond to events.

CBO completed a study last month, entitled "Macroeconomic Effects of Alternative Budgetary Paths," which illustrated the economic impact of both smaller and larger deficits compared to the current trajectory. CBO examined three alternative budget paths: 1) a deficit increase of $2 trillion over the next decade compared to current law; 2) a deficit reduction of $2 trillion; and 3) a deficit reduction of $4 trillion. The study concluded that reducing budget deficits is a net positive for economic growth over time. Likewise, increasing budget deficits is a net negative for economic growth over time. There is a distinction between CBO's short-term and long-term effects from these various budget paths. CBO's short-term economic models are driven mainly by demand-side factors, and they show a slight reduction in economic growth over the near term from reducing the deficit. Similarly, the models show a temporary increase in economic output over the near term from an increase in deficits. Over the longer term, however, these results flip. For instance, according to CBO, a $4 trillion deficit-reduction package would reduce economic output by about 0.6 percent over the short-term, but it would increase output by a much larger amount—that is, by 1.7 percent—over the longer term, meaning after 2017. The logic is that deficit reduction creates long-term benefits because it increases the pool of national savings and boosts investment, thereby raising economic growth and job creation. In terms of what that higher long-term growth might mean to the budget, CBO estimates that the economic benefit of a $4 trillion deficit-reduction package (i.e., an increase in the budget surplus or a decrease in the budget deficit) would equal about $82 billion in deficit reduction in 2023.

TABLE 6.—ECONOMIC PROJECTIONS: ADMINISTRATION, CBO, AND PRIVATE FORECASTERS

[Calendar years]

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
					Year to Year, Percent Change							
Real GDP												
Administration Budget*	--	--	--	--	--	--	--	--	--	--	--	--
CBO (Feb. 2013)	2.3	1.4	2.6	4.1	4.4	3.8	2.6	2.4	2.3	2.2	2.2	2.2
Blue Chip**	2.2	1.9	2.8	3.1	2.9	2.8	2.7	2.5	2.5	2.5	2.5	2.5
Consumer Price Index												
Administration Budget*	--	--	--	--	--	--	--	--	--	--	--	--
CBO (Feb. 2013)	2.1	1.6	1.9	2.1	2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3
Blue Chip**	2.1	1.9	2.1	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
					Annual Average, Percent							
Unemployment Rate												
Administration Budget*	--	--	--	--	--	--	--	--	--	--	--	--
CBO (Feb. 2013)	8.1	7.9	7.8	7.1	6.3	5.6	5.5	5.5	5.4	5.4	5.3	5.3
Blue Chip**	8.1	7.7	7.2	6.9	6.5	6.1	5.9	5.8	5.8	5.8	5.8	5.8
3-Month Treasury Bill												
Administration Budget*	--	--	--	--	--	--	--	--	--	--	--	--
CBO (Feb. 2013)	0.1	0.1	0.2	0.2	1.5	3.4	4.0	4.0	4.0	4.0	4.0	4.0
Blue Chip**	0.1	0.1	0.2	1.5	2.6	3.2	3.5	3.6	3.6	3.6	3.6	3.6
10-Year Treasury Note												
Administration Budget*	--	--	--	--	--	--	--	--	--	--	--	--
CBO (Feb. 2013)	1.8	2.1	2.7	3.5	4.3	5.0	5.2	5.2	5.2	5.2	5.2	5.2
Blue Chip**	1.8	2.1	2.6	3.7	4.2	4.6	4.7	4.8	4.8	4.8	4.8	4.8

* The Administration's FY2014 Budget was not released before the budget resolution report went to press.

** Figures for 2013 and 2014 are from the February 2013 Blue Chip forecast. Subsequent years are from Blue Chip's long-term projections released in October 2012

Sources: Congressional Budget Office and Blue Chip Economic Indicators

TABLE 7.—ECONOMIC ASSUMPTIONS OF THE FISCAL YEAR 2014 BUDGET RESOLUTION

[Calendar years]

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Year to Year, Percent Change												
Real GDP												
CBO (Feb. 2013)	2.3	1.4	2.6	4.1	4.4	3.8	2.6	2.4	2.3	2.2	2.2	2.2
Consumer Price Index												
CBO (Feb. 2013)	2.1	1.6	1.9	2.1	2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3
Annual Average, Percent												
Unemployment Rate												
CBO (Feb. 2013)	8.1	7.9	7.8	7.1	6.3	5.6	5.5	5.5	5.4	5.4	5.3	5.3
3-Month Treasury Bill												
CBO (Feb. 2013)	0.1	0.1	0.2	0.2	1.5	3.4	4.0	4.0	4.0	4.0	4.0	4.0
10-Year Treasury Note												
CBO (Feb. 2013)	1.8	2.1	2.7	3.5	4.3	5.0	5.2	5.2	5.2	5.2	5.2	5.2

Table 8.--Tax Expenditure Estimates By Budget Function, Fiscal Years 2012 - 2017 [1]

[Billions of Dollars]

Function	Corporations						Individuals						Total	Total
	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017	2012-16	2013-17
National Defense														
Exclusion of benefits and allowances to armed forces personnel	---	---	---	---	---	---	4.0	4.6	5.0	5.4	5.7	5.9	24.7	26.6
Exclusion of military disability benefits	---	---	---	---	---	---	0.2	0.2	0.2	0.2	0.3	0.3	1.2	1.3
Deduction for overnight-travel expenses of national guard and reserve members	---	---	---	---	---	---	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.5
Exclusion of combat pay	---	---	---	---	---	---	0.9	0.9	0.9	1.0	1.2	1.3	4.9	5.3
International Affairs														
Exclusion of certain allowances for Federal employees abroad	---	---	---	---	---	---	1.8	1.9	2.0	2.1	2.2	2.3	10.0	10.5
Exclusion of foreign earned income:														
Housing	---	---	---	---	---	---	1.0	1.0	1.0	1.2	1.4	1.5	5.5	6.1
Salary	---	---	---	---	---	---	4.9	4.8	5.0	5.9	6.9	7.7	27.5	30.3
Inventory property sales source rule exception	3.1	3.2	3.4	3.5	3.7	3.8	---	---	---	---	---	---	16.9	17.6
Deduction for foreign taxes instead of a credit	0.2	0.2	0.3	0.3	0.3	0.3	---	---	---	---	---	---	1.3	1.4
Interest expense allocation:														
Unavailability of symmetric worldwide method*	-1.4	-1.6	-1.8	-2.0	-2.2	-2.5	---	---	---	---	---	---	-9.1	-10.1
Separate grouping of affiliated financial companies	0.6	0.6	0.7	0.7	0.7	0.7	---	---	---	---	---	---	3.2	3.2
Apportionment of research and development expenses for determination of foreign tax credits	0.5	0.5	0.5	0.5	0.4	0.3	---	---	---	---	---	---	2.3	2.2
Special rules for interest-charge domestic international sales corporations	0.4	0.3	0.4	0.4	0.4	0.4	---	---	---	---	---	---	2.0	1.9
Tonnage tax	0.1	0.1	0.1	0.1	0.1	0.1	---	---	---	---	---	---	0.5	0.5
Deferral of active income of controlled foreign corporations	36.8	42.4	49.5	53.9	57.2	62.8	---	---	---	---	---	---	239.7	265.7
Deferral of active financing income [2]	5.0	5.9	1.5	---	---	---	---	---	---	---	---	---	12.4	7.4
General Science, Space, and Technology														
Credit for increasing research activities (Code section 41)	6.0	6.8	5.4	3.9	3.1	2.4	0.1	0.1	0.1	0.1	0.1	0.1	25.7	22.0
Expensing of research and experimental expenditures	4.9	5.3	5.9	6.8	7.4	7.6	0.1	0.1	0.1	0.1	0.1	0.1	31.0	33.8
Therapeutic research credit	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.0	1.0

Function	Corporations						Individuals						Total	Total
	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017	2012-16	2013-17
Energy														
Credit for energy-efficient improvements to existing homes	---	---	---	---	---	---	2.9	3.0	2.5	---	---	---	8.5	5.5
Credit for holders of clean renewable energy bonds (Code sections 54 and 54C) [3] [4]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1	0.4	0.5
Exclusion of energy conservation subsidies provided by public utilities	---	---	---	---	---	---	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1
Credit for holder of qualified energy conservation bonds [3] [4]	---	---	---	---	---	---	[5]	[5]	[5]	[5]	0.1	0.1	0.2	0.3
Credits for alcohol fuels [6]	0.1	[5]	[5]	[5]	[5]	[5]	---	---	---	---	---	---	0.2	0.1
Energy credit (section 48)	0.4	0.4	0.5	0.5	0.5	0.5	0.1	0.1	0.1	0.1	0.1	0.1	2.8	2.9
Solar	0.3	0.4	0.4	0.4	0.4	0.4	[5]	[5]	[5]	[5]	[5]	[5]	1.9	2.4
Geothermal	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]
Fuel Cells	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]
Microturbines	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]
Combined heat and power	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]
Small wind	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]
Geothermal heat pump systems	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]
Credits for electricity production from renewable resources (section 45):														
Wind	1.3	1.4	1.5	1.6	1.6	1.7	[5]	[5]	[5]	[5]	[5]	[5]	7.3	7.7
Closed-loop biomass	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1
Geothermal	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1
Qualified hydropower	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1
Small irrigation power	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1
Municipal solid waste	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1
Open-loop biomass	0.3	0.3	0.3	0.3	0.3	0.3	[5]	[5]	[5]	[5]	[5]	[5]	1.5	1.5
Special rule to implement electric transmission restructuring	1.8	-0.2	-0.2	-0.1	-0.1	-0.1	---	---	---	---	---	---	1.1	-0.6
Credits for investments in clean coal facilities	0.2	0.2	0.2	0.2	0.2	0.2	---	---	---	---	---	---	1.0	1.2
Coal production credits:														
Refined coal	[5]	[5]	[5]	[5]	[5]	[5]	---	---	---	---	---	---	0.1	0.1
Indian coal	[5]	[5]	[5]	[5]	[5]	[5]	---	---	---	---	---	---	0.1	0.1
Credit for the production of energy-efficient appliances	0.2	0.2	0.1	0.1	[5]	[5]	---	---	---	---	---	---	0.6	0.6
Credits for alternative technology vehicles:														
Other alternative fuel vehicles	[5]	[5]	[5]	[5]	[5]	[5]	---	---	---	---	---	---	0.1	0.1
Credit for clean-fuel vehicle refueling property	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.3	0.3
Residential energy-efficient property credit	---	---	---	---	---	---	0.8	0.9	1.0	1.0	1.1	0.9	4.8	4.9

Function	Corporations 2012	Corporations 2013	Corporations 2014	Corporations 2015	Corporations 2016	Corporations 2017	Individuals 2012	Individuals 2013	Individuals 2014	Individuals 2015	Individuals 2016	Individuals 2017	Total 2012-16	Total 2013-17
New energy-efficient home credit	[5]	[5]	[5]	[5]	[5]	[5]	---	---	---	---	---	---	0.1	0.1
Credit for plug-in electric vehicles	0.2	0.3	0.4	0.4	0.5	0.5	[5]	0.1	0.1	0.1	0.1	0.1	2.5	3.2
Credit for investment in advanced energy property	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	[5]	1.3	1.5
Exclusion of interest on State and local government qualified private activity bonds for energy production facilities	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.3	0.3
Deduction for expenditures on energy-efficient commercial building property	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.0	1.1
Expensing of exploration and development costs, fuels:														
Oil and gas	0.5	0.7	0.9	1.0	1.1	1.1	0.2	0.2	0.3	0.3	0.3	0.4	5.4	6.2
Other fuels	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.4	0.5
Excess of percentage over cost depletion, fuels:														
Oil and gas	1.1	1.1	1.1	1.1	1.1	1.2	[5]	[5]	[5]	[5]	[5]	[5]	5.6	5.7
Other fuels	0.2	0.2	0.2	0.2	0.1	0.1	[5]	[5]	[5]	[5]	[5]	[5]	0.9	1.0
Amortization of geological and geophysical expenditures associated with oil and gas exploration	0.1	0.1	0.1	0.1	0.1	0.1	[5]	[5]	[5]	[5]	[5]	[5]	0.7	0.7
Amortization of air pollution control facilities	0.4	0.4	0.4	0.3	0.3	0.3	---	---	---	---	---	---	1.8	1.7
Depreciation recovery periods for energy-specific items:														
Five-year MACRS for certain energy property (solar, wind, etc.)	0.3	0.3	0.3	0.3	0.2	0.2	[5]	[5]	[5]	[5]	[5]	[5]	1.4	1.5
10-year MACRS for smart electric distribution property	0.1	0.1	0.2	0.2	0.2	0.2	---	---	---	---	---	---	0.7	0.9
15-year MACRS for certain electric transmission property	0.2	0.2	0.2	0.2	0.2	0.2	---	---	---	---	---	---	0.9	1.0
15-year MACRS for natural gas distribution line	0.1	0.1	0.1	0.2	0.2	0.2	---	---	---	---	---	---	0.6	0.7
Election to expense 50 percent of qualified property used to refine liquid fuels	0.4	0.4	0.7	0.8	0.8	0.6	---	---	---	---	---	---	3.1	3.4
Exceptions for publicly traded partnership with qualified income derived from certain energy-related activities	---	---	---	---	---	---	1.1	1.2	1.2	1.4	1.4	1.5	6.3	6.7
Natural Resources and Environment														
Special depreciation allowance for certain reuse and recycling property	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1
Expensing of exploration and development costs, nonfuel minerals	0.1	0.1	0.1	0.1	0.1	0.1	[5]	[5]	[5]	[5]	[5]	[5]	0.4	0.5
Excess of percentage over cost depletion, nonfuel minerals	0.1	0.1	0.1	0.1	0.1	0.1	[5]	[5]	[5]	[5]	[5]	[5]	0.4	0.5
Expensing of timber-growing costs	0.2	0.2	0.2	0.2	0.2	0.2	[5]	[5]	[5]	[5]	[5]	[5]	1.2	1.3
Special rules for mining reclamation reserves	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.2	0.2

Function	Corporations						Individuals						Total	Total
	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017	2012-16	2013-17
Special tax rate for nuclear decommissioning reserve funds	1.0	1.1	1.1	1.2	1.2	1.3	---	---	---	---	---	---	5.5	5.8
Exclusion of contributions in aid of construction for water and sewer utilities	[5]	[5]	[5]	[5]	[5]	[5]	---	---	---	---	---	---	0.2	0.2
Exclusion of earnings of certain environmental settlement funds	[5]	[5]	[5]	[5]	[5]	[5]	---	---	---	---	---	---	0.1	0.1
Amortization and expensing of reforestation expenditures	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.0	1.1
Special tax rate for qualified timber gain	---	---	---	---	---	---	0.4	0.5	0.5	0.5	0.5	0.5	2.4	2.5
Treatment of income from exploration and mining of natural resources as qualifying income under the publicly-traded partnership rules	---	---	---	---	---	---	0.1	0.1	0.1	0.2	0.2	0.2	0.7	0.8
Agriculture														
Expensing of soil and water conservation expenditures	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1	0.1	0.1	0.3	0.4
Expensing of the costs of raising dairy and breeding cattle	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1	0.1	0.1	0.5	0.6
Exclusion of cost-sharing payments	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1
Exclusion of cancellation of indebtedness income of farmers	---	---	---	---	---	---	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.4
Income averaging for farmers and fishermen	---	---	---	---	---	---	[5]	[5]	[5]	[5]	[5]	[5]	0.2	0.2
Five-year carryback period for net operating losses attributable to farming	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1	0.1	0.1	0.3	0.4
Expensing by farmers for fertilizer and soil conditioner costs	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1	0.1	0.1	0.3	0.4
Commerce and Housing														
Housing:														
Deduction for mortgage interest on owner-occupied residences	---	---	---	---	---	---	68.5	69.7	71.7	75.0	79.2	83.4	364.0	379.0
Deduction for property taxes on real property	---	---	---	---	---	---	24.5	27.0	28.6	30.4	32.5	34.4	143.0	152.9
Exclusion of capital gains on sales of principal residences	---	---	---	---	---	---	22.3	23.8	24.8	26.0	27.1	28.0	124.1	129.8
Exclusion of interest on State and local government qualified private activity bonds for owner-occupied housing	0.3	0.3	0.3	0.3	0.3	0.3	0.8	0.9	0.9	1.0	1.0	1.0	6.2	6.7
Deduction for premiums for qualified mortgage insurance	---	---	---	---	---	---	0.2	0.2	[5]	---	---	---	0.4	0.2
Exclusion of income attributable to the discharge of principal residence acquisition indebtedness	---	---	---	---	---	---	1.3	1.3	0.3	---	---	---	3.0	1.6
Credit for low-income housing	5.7	6.1	6.4	6.8	7.4	7.9	0.3	0.3	0.3	0.4	0.4	0.4	34.2	36.5
Credit for rehabilitation of historic structures	0.4	0.4	0.4	0.4	0.5	0.5	0.2	0.2	0.2	0.2	0.2	0.3	3.1	3.2

Function	Corporations						Individuals						Total	Total
	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017	2012-16	2013-17
Credit for rehabilitation of structures, other than historic structures	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.3	1.5	1.6
Exclusion of interest on State and local government qualified private activity bonds for rental housing	0.2	0.3	0.3	0.3	0.3	0.3	0.6	0.7	0.7	0.8	0.8	0.8	5.0	5.2
Depreciation of rental housing in excess of alternative depreciation system	0.5	0.4	0.4	0.4	0.4	0.4	4.2	4.0	3.8	3.7	3.7	3.8	21.5	21.0
Other business and commerce:														
Exclusion of interest on State and local government small-issue qualified private activity bonds	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.3	0.3	0.3	0.3	1.9	2.0
Carryover basis of capital gains on gifts	---	---	---	---	---	---	5.5	13.2	-1.4	-3.6	1.6	2.2	15.3	12.0
Deferral of gain on non-dealer installment sales	6.0	7.0	6.9	6.9	6.8	6.7	1.3	2.6	2.7	2.1	1.7	1.4	44.0	44.8
Deferral of gain on like-kind exchanges	4.2	4.9	5.7	6.5	7.3	8.0	2.0	2.0	3.0	3.1	3.3	3.5	42.0	47.3
Expensing under section 179 of depreciable business property	0.5	0.4	0.4	0.4	0.4	0.4	4.2	4.0	3.8	3.7	3.7	3.9	21.6	21.1
Amortization of business startup costs	[5]	[5]	[5]	[5]	0.1	0.1	[5]	[5]	0.1	0.1	0.1	0.1	0.5	0.6
Reduced rates on first $10,000,000 of corporate taxable income	2.4	3.1	3.7	4.0	3.9	4.1	---	---	---	---	---	---	17.1	18.8
Exemptions from imputed interest rules	[5]	[5]	[5]	[5]	[5]	[5]	0.5	0.6	0.6	0.6	0.6	0.7	2.9	3.1
Expensing of magazine circulation expenditures	0.1	[5]	[5]	[5]	[5]	[5]	0.1	[5]	[5]	[5]	[5]	[5]	0.4	0.4
Special rules for magazine, paperback book, and record returns	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.2	0.2
Completed contract rules	0.7	0.8	0.8	0.9	0.9	0.9	[5]	[5]	[5]	[5]	[5]	[5]	4.1	4.3
Cash accounting, other than agriculture	[5]	[5]	[5]	[5]	[5]	[5]	1.1	1.1	1.2	1.3	1.3	1.4	6.0	6.3
Credit for employer-paid FICA taxes on tips	0.7	0.8	0.8	0.9	0.9	1.0	0.5	0.5	0.6	0.6	0.6	0.7	6.9	7.3
Deduction for income attributable to domestic production activities	9.6	10.1	10.6	11.2	11.7	12.3	3.8	4.0	4.2	4.5	4.7	4.9	74.5	78.2
Credit for the cost of carrying tax-paid distilled spirits in wholesale inventories	[5]	[5]	[5]	[5]	[5]	[5]	---	---	---	---	---	---	0.1	0.1
Reduced rates of tax on dividends and long-term capital gains	---	---	---	---	---	---	108.4	160.8	91.3	114.9	120.6	128.5	596.0	616.2
Surtax on net investment income*	---	---	---	---	---	---	---	-4.0	-16.7	-19.8	-20.9	-22.4	-61.4	-83.8
Exclusion of capital gains at death	---	---	---	---	---	---	37.8	42.8	48.4	51.6	55.5	59.7	236.1	258.0
Expensing of costs to remove architectural and transportation barriers to the handicapped and elderly	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1
Exclusion for gain from certain small business stock	---	---	---	---	---	---	0.4	0.3	0.5	0.7	0.7	0.8	2.6	3.0

Function	Corporations 2012	2013	2014	2015	2016	2017	Individuals 2012	2013	2014	2015	2016	2017	Total 2012-16	Total 2013-17
Distributions in redemption of stock to pay various taxes imposed at death	---	---	---	---	---	---	[5]	[5]	[5]	[5]	[5]	[5]	0.2	0.2
Inventory methods and valuation:														
Last in first out	4.0	4.2	4.4	4.6	4.8	5.1	0.6	0.6	0.7	0.7	0.7	0.7	25.2	26.5
Lower of cost or market	0.4	0.5	0.5	0.6	0.6	0.6	0.1	0.1	0.1	0.1	0.1	0.1	3.1	3.3
Specific identification for homogeneous products	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.2	0.2
Exclusion of gain or loss on sale or exchange of brownfield property	[5]	[5]	[5]	[5]	[5]	[5]	---	---	---	---	---	---	0.1	0.1
Income recognition rule for gain or loss from section 1256 contracts	[5]	[5]	[5]	0.1	0.1	0.1	0.7	0.9	1.0	1.0	1.0	1.0	4.8	5.0
Net alternative minimum tax attributable to net operating loss limitation*	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-3.0	-3.0
Exclusion of interest on State and local qualified private activity bonds for green buildings and sustainable design projects	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1
Depreciation of buildings other than rental housing in excess of alternative depreciation system	0.2	0.2	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	2.2	2.2
Depreciation of equipment in excess of the alternative depreciation system [7]	22.3	13.9	-21.4	-18.4	-1.9	9.4	9.1	5.7	-8.8	-7.5	-0.8	3.9	-7.7	-25.9
Inclusion of income arising from business indebtedness discharged by the reacquisition of a debt instrument	0.5	0.3	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.8	0.3
Financial institutions														
Exemption of credit union income	0.5	0.5	0.7	0.8	0.9	1.0	---	---	---	---	---	---	3.4	3.9
Insurance companies:														
Exclusion of investment income on life insurance and annuity contracts	2.6	2.7	2.7	2.8	2.8	2.9	26.6	27.3	28.0	28.7	29.4	30.2	153.8	157.6
Small life insurance company taxable income adjustment	[5]	[5]	[5]	[5]	[5]	[5]	---	---	---	---	---	---	0.2	0.2
Special treatment of life insurance company reserves	2.3	2.4	2.6	2.7	2.7	2.8	---	---	---	---	---	---	12.7	13.2
Special deduction for Blue Cross and Blue Shield companies	0.4	0.4	0.4	0.4	0.4	0.5	---	---	---	---	---	---	2.1	2.2
Tax-exempt status and election to be taxed only on investment income for certain small property and casualty insurance companies	0.1	0.1	0.1	0.1	0.1	0.1	---	---	---	---	---	---	0.3	0.4
Interest rate and discounting period assumptions for reserves of property and casualty insurance companies	0.7	0.7	0.8	0.8	0.8	0.8	---	---	---	---	---	---	3.8	3.9

Function	Corporations						Individuals						Total	Total
	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017	2012-16	2013-17
Proration for property and casualty insurance companies	0.3	0.4	0.4	0.4	0.5	0.5	---	---	---	---	---	---	1.9	2.1
Transportation														
Exclusion of employer-paid transportation benefits (parking, van pools, and transit passes)	---	---	---	---	---	---	4.4	4.9	5.3	5.7	6.2	6.7	26.5	28.8
Deferral of tax on capital construction funds of shipping companies	0.1	0.1	0.1	0.1	0.1	0.1	---	---	---	---	---	---	0.5	0.5
Exclusion of interest on State and local government qualified private activity bonds for highway projects and rail-truck transfer facilities	[5]	[5]	[5]	[5]	[5]	0.1	[5]	[5]	0.1	0.1	0.1	0.1	0.5	0.6
Exclusion of interest on State and local government qualified private activity bonds for high-speed intercity rail facilities	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]
Exclusion of interest on State and local government qualified private activity bonds for private airports, docks, and mass-commuting facilities	0.2	0.2	0.2	0.2	0.2	0.2	0.5	0.6	0.6	0.7	0.7	0.7	4.3	4.5
Provide a 50 percent tax credit for certain expenditures for maintaining railroad tracks	0.1	0.2	0.1	---	---	---	---	---	---	---	---	---	0.3	0.2
Community and Regional Development														
Empowerment zone tax incentives	0.4	0.2	0.1	0.1	[5]	[5]	0.2	0.1	0.1	[5]	[5]	[5]	1.2	0.7
Renewal community incentives	[5]	[5]	[5]	[5]	[5]	[5]	---	---	---	---	---	---	0.2	0.2
New markets tax credit	0.7	0.9	1.0	1.0	1.1	1.1	[5]	[5]	[5]	[5]	[5]	[5]	4.7	5.1
District of Columbia tax incentives	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1	0.1	0.1	0.1	0.1	0.6	0.6
Credit for Indian reservation employment	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1
Exclusion of interest on State and local government qualified private activity bonds for sewage, water, and hazardous waste facilities	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.3	0.3	2.1	2.2
Recovery zone bonds [3] [4]	[5]	[5]	[5]	[5]	[5]	[5]	0.2	0.2	0.2	0.2	0.2	0.2	1.0	1.0
Build America bonds [3] [4]	---	---	---	---	---	---	3.8	3.8	3.8	3.8	3.8	3.8	19.0	19.0
Eliminate requirement that financial institutions allocate interest expense attributable to tax-exempt interest	0.4	0.5	0.5	0.6	0.6	0.7	---	---	---	---	---	---	2.6	2.9
Disaster Relief:														
National disaster relief	- - - - Estimate Contained in Other Provisions - - - -													
Education, Training, Employment, and Social Services														
Education and training:														
Deduction for interest on student loans	---	---	---	---	---	---	1.3	1.3	1.4	1.4	1.5	1.5	6.9	7.1

Function	Corporations 2012	2013	2014	2015	2016	2017	Individuals 2012	2013	2014	2015	2016	2017	Total 2012-16	Total 2013-17
Deduction for higher education expenses	---	---	---	---	---	---	0.8	0.7	0.2	---	---	---	1.7	0.9
Exclusion of earnings of Coverdell education savings accounts	---	---	---	---	---	---	[5]	0.1	0.1	0.1	0.1	0.1	0.4	0.6
Exclusion of scholarship and fellowship income	---	---	---	---	---	---	2.4	2.5	2.7	2.8	3.0	3.1	13.3	14.1
Exclusion of income attributable to the discharge of certain student loan debt and NHSC and certain state educational loan repayments	---	---	---	---	---	---	0.2	0.2	0.2	0.2	0.2	0.2	0.9	1.0
Exclusion of employer-provided education assistance benefits	---	---	---	---	---	---	1.1	1.1	1.2	1.2	1.2	1.2	5.8	5.9
Exclusion of employer-provided tuition reduction benefits	---	---	---	---	---	---	0.2	0.2	0.2	0.2	0.2	0.3	1.2	1.1
Parental personal exemption for students aged 19 to 23	---	---	---	---	---	---	4.8	4.8	5.0	5.1	5.2	5.3	24.9	25.4
Exclusion of interest on State and local government qualified private activity bonds for student loans	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.4	0.4	0.4	0.4	0.4	2.6	2.7
Exclusion of interest on State and local government qualified private activity bonds for private nonprofit and qualified public educational facilities	0.9	0.9	0.9	0.9	0.9	0.9	2.2	2.5	2.6	2.7	2.8	2.9	17.4	18.2
Credit for holders of qualified zone academy bonds [3] [4]	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	1.2	1.3
Deduction for charitable contributions to educational institutions	0.3	0.3	0.3	0.3	0.3	0.3	4.9	5.3	5.9	6.1	6.4	6.7	30.0	31.9
Deduction for teacher classroom expenses	---	---	---	---	---	---	0.2	0.2	0.1	---	---	---	0.5	0.3
Credits for tuition for post-secondary education [4]:	---	---	---	---	---	---	20.3	20.1	24.5	26.8	27.4	27.6	119.1	126.4
Exclusion of tax on earnings of qualified tuition programs:														
Prepaid tuition programs	---	---	---	---	---	---	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.5
Savings account programs	---	---	---	---	---	---	0.6	0.7	0.8	1.0	1.1	1.2	4.2	4.8
Qualified school construction bonds [3] [4]	0.1	0.1	0.1	0.1	0.1	0.1	0.7	1.0	1.2	1.4	1.4	1.4	6.0	6.7
Employment:														
Exclusion of employee meals and lodging (other than military)	---	---	---	---	---	---	1.5	1.7	1.9	2.1	2.3	2.5	9.5	10.5
Exclusion of benefits provided under cafeteria plans [8]	---	---	---	---	---	---	26.8	32.2	36.6	39.1	41.1	43.3	175.8	192.3
Exclusion of housing allowances for ministers	---	---	---	---	---	---	0.7	0.7	0.7	0.8	0.8	0.8	3.7	3.8
Exclusion of miscellaneous fringe benefits	---	---	---	---	---	---	7.0	7.3	7.5	7.7	7.9	8.2	37.4	38.5
Exclusion of employee awards	---	---	---	---	---	---	0.3	0.3	0.3	0.3	0.3	0.3	1.5	1.5
Exclusion of income earned by voluntary employees' beneficiary associations	---	---	---	---	---	---	2.8	2.7	2.9	3.1	3.2	3.2	14.6	15.1

Function	Corporations						Individuals						Total	Total
	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017	2012-16	2013-17
Special tax provisions for employee stock ownership plans (ESOPs)	0.9	1.0	1.0	1.0	1.1	1.1	0.1	0.1	0.1	0.1	0.2	0.2	5.5	5.9
Deferral of taxation on spread on acquisition of stock under incentive stock option plans*	-1.4	-1.4	-1.5	-1.6	-1.6	-1.6	0.3	0.3	0.3	0.4	0.4	0.4	-5.7	-5.8
Deferral of taxation on spread on employee stock purchase plans*	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	0.1	0.1	0.1	0.1	0.1	0.1	-0.7	-0.7
Disallowance of deduction for excess parachute payments (applicable if payments to a disqualified individual are contingent on a change of control of a corporation and are equal to or greater than three times the individual's annualized includible compensation) [9]*	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	---	---	---	---	---	---	-1.1	-1.2
Limits on deductible compensation [10]*	-0.6	-0.7	-0.8	-0.8	-0.9	-0.9	---	---	---	---	---	---	-3.8	-4.0
Work opportunity tax credit	0.8	0.9	0.8	0.4	0.3	0.2	0.1	0.2	0.1	0.1	[5]	[5]	3.7	2.9
Social services:														
Credit for children under age 17 [4]	---	---	---	---	---	---	56.8	57.3	57.9	58.4	58.9	59.0	289.4	291.6
Credit for child and dependent care and exclusion of employer-provided child care [10]	---	---	---	---	---	---	3.3	3.3	3.4	3.5	3.5	3.6	17.0	17.3
Credit for employer-provided dependent care	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1
Exclusion of certain foster care payments	---	---	---	---	---	---	0.4	0.4	0.4	0.4	0.4	0.4	2.0	2.0
Adoption credit and employee adoption benefits exclusion	---	---	---	---	---	---	0.5	0.5	0.5	0.5	0.6	0.6	2.6	2.7
Deduction for charitable contributions, other than for education and health [11]	0.9	0.9	0.9	0.9	1.0	1.0	28.8	31.0	34.7	35.9	37.4	39.3	172.4	183.0
Credit for disabled access expenditures	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.2	0.2
Health														
Exclusion of employer contributions for health care, health insurance premiums, and long-term care insurance premiums [12]	---	---	---	---	---	---	117.3	131.7	143.0	153.0	161.5	171.2	706.6	760.4
Exclusion of medical care and TRICARE medical insurance for military dependents, retirees, and retiree dependents not enrolled in Medicare	---	---	---	---	---	---	2.6	2.7	2.7	2.8	2.8	2.9	13.6	13.9
Exclusion of health insurance benefits for military retirees and retiree dependents enrolled in Medicare	---	---	---	---	---	---	1.5	1.8	2.1	2.3	2.4	2.7	10.1	11.2
Deduction for health insurance premiums and long-term care insurance premiums by the self-employed	---	---	---	---	---	---	4.6	5.2	5.6	5.9	6.2	6.6	27.6	29.6

Function	Corporations						Individuals						Total	Total
	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017	2012-16	2013-17
Deduction for medical expenses and long-term care expenses	---	---	---	---	---	---	11.2	11.4	12.4	14.2	16.2	17.3	65.6	71.6
Exclusion of workers' compensation benefits (medical benefits)	---	---	---	---	---	---	5.4	5.7	4.9	4.9	5.0	5.1	25.8	25.6
Health savings accounts	---	---	---	---	---	---	1.5	1.8	2.1	2.3	2.5	2.8	10.1	11.4
Exclusion of interest on State and local government qualified private activity bonds for private nonprofit hospital facilities	0.6	0.6	0.6	0.6	0.6	0.7	1.5	1.7	1.7	1.9	1.9	2.0	11.8	12.4
Deduction for charitable contributions to health organizations	1.6	1.6	1.6	1.7	1.7	1.8	2.5	2.7	3.0	3.1	3.3	3.4	22.8	23.9
Credit for purchase of health insurance by certain displaced persons [4]	---	---	---	---	---	---	0.2	[5]	---	---	---	---	0.3	[5]
Credit for orphan drug research	0.7	0.8	0.8	0.9	0.9	1.0	[5]	[5]	[5]	[5]	[5]	[5]	4.1	4.3
Premium subsidy for COBRA continuation coverage [4]	---	---	---	---	---	---	[5]	---	---	---	---	---	[5]	---
Tax credit for small businesses purchasing employer insurance	0.2	0.3	0.4	0.5	0.1	0.3	1.2	1.5	2.2	3.1	0.8	1.6	10.3	10.8
Subsidies for participation in exchanges [4]	---	---	---	---	---	---	---	---	20.5	44.5	76.5	95.9	141.6	237.5
Medicare														
Exclusion of Medicare benefits:														
Hospital insurance (Part A)	---	---	---	---	---	---	29.1	34.0	31.7	33.8	34.2	36.6	162.8	170.3
Supplementary medical insurance (Part B)	---	---	---	---	---	---	28.9	26.4	27.1	28.9	31.0	34.3	142.2	147.6
Prescription drug insurance (Part D)	---	---	---	---	---	---	6.0	6.6	7.2	7.9	8.7	9.6	36.5	40.1
Exclusion of certain subsidies to employers who maintain prescription drug plans for Medicare enrollees	0.5	0.3	---	---	---	---	---	---	---	---	---	---	0.8	0.3
Income Security														
Exclusion of workers' compensation benefits (disability and survivors payments)	---	---	---	---	---	---	3.9	4.1	4.4	4.7	5.0	5.3	22.1	23.4
Exclusion of damages on account of personal physical injuries or physical sickness	---	---	---	---	---	---	1.6	1.6	1.6	1.7	1.7	1.7	8.0	8.3
Exclusion of special benefits for disabled coal miners	---	---	---	---	---	---	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1
Exclusion of cash public assistance benefits	---	---	---	---	---	---	4.4	4.9	5.0	5.2	5.4	5.5	24.9	25.9
Net exclusion of pension contributions and earnings:														
Plans covering partners and sole proprietors (sometimes referred to as "Keogh plans")	---	---	---	---	---	---	10.6	11.3	12.0	12.7	13.6	14.5	60.2	64.1
Defined benefit plans	---	---	---	---	---	---	40.9	32.9	35.1	41.2	48.9	54.1	198.9	212.2
Defined contribution plans	---	---	---	---	---	---	49.6	57.0	61.4	65.9	72.5	78.8	306.4	335.6

Function	Corporations 2012	2013	2014	2015	2016	2017	Individuals 2012	2013	2014	2015	2016	2017	Total 2012-16	Total 2013-17
Individual retirement arrangements:														
Traditional IRAs	---	---	---	---	---	---	6.7	11.1	13.3	14.5	15.9	17.2	61.5	72.0
Roth IRAs	---	---	---	---	---	---	3.4	3.8	4.3	4.9	5.5	6.2	22.0	24.8
Credit for certain individuals for elective deferrals and IRA contributions	---	---	---	---	---	---	1.0	1.1	1.1	1.1	1.0	1.0	5.3	5.3
Exclusion of other employee benefits:														
Premiums on group term life insurance (excludes payroll taxes)	---	---	---	---	---	---	2.8	3.0	3.2	3.4	3.6	3.9	16.0	17.1
Premiums on accident and disability insurance	---	---	---	---	---	---	3.6	3.7	3.8	4.0	4.1	4.3	19.2	19.9
Additional standard deduction for the blind and the elderly	---	---	---	---	---	---	2.7	2.9	3.2	3.5	3.9	4.3	16.3	17.8
Deduction for casualty and theft losses	---	---	---	---	---	---	0.3	0.3	0.3	0.3	0.3	0.4	1.5	1.6
Earned income credit [4]	---	---	---	---	---	---	59.0	60.9	67.0	66.5	66.3	65.3	319.7	325.9
Phase out of the personal exemption for the regular income tax, and disallowance of the personal exemption and the standard deduction against the alternative minimum tax*	---	---	---	---	---	---	-10.1	-11.3	-12.9	-14.0	-15.3	-16.7	-63.6	-70.2
Exclusion of survivor annuities paid to families of public safety officers killed in the line of duty	---	---	---	---	---	---	[5]	[5]	[5]	[5]	[5]	[5]	0.1	0.1
Exclusion of disaster mitigation payments	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.2	0.2
Social Security and Railroad Retirement														
Exclusion of untaxed Social Security and railroad retirement benefits	---	---	---	---	---	---	31.5	33.0	34.4	35.8	37.3	39.1	172.1	179.6
Veterans' Benefits and Services														
Exclusion of veterans' disability compensation	---	---	---	---	---	---	5.2	5.9	6.0	6.1	6.6	6.2	29.9	30.8
Exclusion of veterans' pensions	---	---	---	---	---	---	0.1	0.2	0.2	0.2	0.2	0.2	0.8	0.8
Exclusion of veterans' readjustment benefits	---	---	---	---	---	---	1.3	1.5	1.4	1.5	1.6	1.6	7.3	7.7
Exclusion of interest on State and local government qualified private activity bonds for veterans' housing	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	[5]	0.3	0.3
General Purpose Fiscal Assistance														
Exclusion of interest on public purpose State and local government bonds	9.0	9.3	9.5	9.7	9.9	10.1	23.0	26.5	27.3	28.8	29.6	30.4	182.8	191.3
Deduction of nonbusiness State and local government income taxes, sales taxes, and personal property taxes	---	---	---	---	---	---	43.5	50.3	51.8	54.9	58.6	62.0	259.2	277.6

Function	Corporations						Individuals						Total	Total
	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017	2012-16	2013-17
Interest														
Deferral of interest on savings bonds	---	---	---	---	---	---	1.3	1.3	1.4	1.4	1.4	1.5	6.8	7.0

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. An "*" indicates a negative tax expenditure for the 2012-2016 and 2013-2017 period.

[1] Reflects legislation enacted by January 2, 2013.

[2] Does not include provision that permits look-through of payments between related foreign corporations.

[3] Estimate includes an outlay to State and Local governments. For the purposes of this table outlays are attributed to individuals.

[4] Estimate includes refundability associated with the following outlay effects:

	Corporations						Individuals						Total	Total
	2012	2013	2014	2015	2016	2017	2012	2013	2014	2015	2016	2017	2012-16	2013-17
Clean renewable energy bonds	---	---	---	---	---	---	[5]	[5]	[5]	[5]	0.1	0.1	0.2	0.2
Qualified energy conservation bonds	---	---	---	---	---	---	[5]	[5]	[5]	[5]	0.1	0.1	0.2	0.2
Recovery zone economic development bonds	---	---	---	---	---	---	0.2	0.2	0.2	0.2	0.2	0.2	0.8	0.8
Build America bonds	---	---	---	---	---	---	3.8	3.8	3.8	3.8	3.8	3.8	19.0	19.0
Qualified zone academy bonds	---	---	---	---	---	---	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.3
HOPE credit	---	---	---	---	---	---	4.6	4.5	4.5	4.8	5.1	5.0	23.5	24.0
Qualified school construction bonds	---	---	---	---	---	---	0.7	0.9	1.2	1.3	1.3	1.3	5.4	6.1
Credit for children under age 17	---	---	---	---	---	---	29.6	30.8	31.2	31.1	30.6	30.3	153.3	154.0
Credit for health insurance by certain displaced person	---	---	---	---	---	---	0.2	[5]	---	---	---	---	0.3	[5]
Premium subsidy for COBRA continuation coverage	---	---	---	---	---	---	[5]	---	---	---	---	---	[5]	---
Subsidies for participation in exchanges	---	---	---	---	---	---	---	---	20.5	44.5	76.5	95.9	141.6	237.5
Earned income credit	---	---	---	---	---	---	51.4	53.2	58.0	57.7	57.6	56.8	277.9	283.2

[5] Positive tax expenditure of less than $50 million.

[6] In addition to the amounts above, the excise tax credit for alcohol fuel mixtures results in a reduction in excise tax receipts of $1.6 billion over fiscal years 2012-2016, and less than $50 million over fiscal years 2013-2017.

[7] Includes bonus depreciation and general acceleration under MACRS.

[8] Estimate includes amounts of employer-provided health insurance purchased through cafeteria plans and employer-provided child care purchased through dependent care flexible spending accounts. These amounts are also included in other line items in this table.

[9] Estimate does not include effects of changes made by the Emergency Economic Stabilization Act of 2008.

[10] Estimate includes employer-provided child care purchased through dependent care flexible spending accounts.

[11] In addition to the general charitable deduction, the tax expenditure accounts for the higher percentage limitation for public charities, the fair market value deduction for related-use tangible personal property, the enhanced deduction for inventory, the fair market value deduction for publicly traded stock and exceptions to the partial interest rules.

[12] Estimate includes employer-provided health insurance purchased through cafeteria plans.

FUNCTION-BY-FUNCTION PRESENTATION

FUNCTION 050: NATIONAL DEFENSE

Function Summary

The first job of the federal government is securing the safety and liberty of its citizens from threats at home and abroad. Whether defeating the terrorists who attacked this country on September 11, 2001, deterring the proliferation of weapons of mass destruction, or battling insurgents who would harbor terrorist networks that threaten Americans' lives and livelihoods, the men and women of the United States' military have performed superbly. As reflected in the National Defense function, this budget provides for the best equipment, training, and compensation for their continued success.

National Defense includes funds to compensate, train, maintain, and equip the military forces of the United States. More than 95 percent of the funding in this function goes to Department of Defense military activities. The remainder funds the atomic energy defense activities of the Department of Energy, and other defense-related activities (primarily in connection with homeland security).

Funding for the Department of Defense's non-enduring activities in Afghanistan and Iraq is carried in Function 970 rather than in this function.

Summary of Committee—Reported Resolution

The resolution calls for $560.2 billion in budget authority and $579.2 billion in outlays in fiscal year 2014. Of that total, discretionary spending in fiscal year 2014 totals $552.0 billion in budget authority and $571.0 billion in outlays. Mandatory spending in 2014 is $8.2 billion in budget authority and $8.2 billion in outlays. The ten-year totals for budget authority and outlays are $6.2 trillion and $6.0 trillion, respectively.

Over the last four years, the Department of Defense has repeatedly revised downward its estimates of the budgetary resources necessary to meet the nation's security needs. Most recently, then-Secretary Leon Panetta reduced defense-spending plans by $487 billion over ten years and contemporaneously announced a defense strategy designed to live within that reduced budget. The key aspects of this revised defense program are a so-called "strategic pivot" to the Asia—Pacific region (emphasizing U.S. air and naval capabilities); a reduction in military end-strength of 103,000 troops (primarily from the ground forces); shrinking the planned naval fleet below the long-held 313–ship benchmark; two new rounds of base closures and realignments; and military-compensation reforms. In announcing this defense program, Secretary Panetta made clear that "the bottom line is that there is little room here for a significant modification if we want to preserve the force and the capabilities that we believe we need in order to protect the country and the fully assigned missions that we have to deal with." [1]

Subsequent analysis by the Congressional Budget Office of the administration's budget request found that it underfunded the defense program by 5 percent.[2]

The automatic-enforcement procedures of the Budget Control Act compound the challenge of maintaining the nation's security, mandating just under a half trillion dollars in additional reductions in planned defense budgets. Unless legislation is enacted, this will result in nearly $1 trillion in total reductions in planned defense spending relative to the defense program put forward by then-Secretary Robert Gates in 2011. Chairman of the Joint Chiefs of Staff General Martin Dempsey recently testified that "our current security challenges are more formidable and complex than those we faced in downturns following war in Korea, Vietnam, and the Cold War. There is no foreseeable 'peace dividend' on our horizon. The security environment is increasingly competitive and dangerous." [3]

In this "increasingly competitive and dangerous" environment, this budget assumes a level of defense spending consistent with the administration's estimate of the budgetary resources needed to execute its chosen defense strategy. While this is significantly less than the levels in previous budget resolutions passed by the House, it is approximately $500 billion more than will be available absent changes in the Budget Control Act.

Illustrative Policy Options

DISCRETIONARY SPENDING

Supporting Our Men and Women in Uniform. Military personnel costs have grown 27 percent in real terms since 2001 and now consume almost one-third of the base budget for the Department of Defense. Maintaining a high-quality, all-volunteer military requires robust compensation, while the dangers and stresses of military life justify a premium when compared to federal civilian pay. However, given the explosive growth in compensation costs, the possibilities for reform must be examined. The Military Compensation and Retirement Modernization Commission established in the FY 2013 National Defense Authorization Act is charged with developing recommendations that (1) ensure the long-term viability of the all-volunteer force; (2) enable a high quality of life for military families; and (3) modernize and achieve fiscal sustainability of the compensation and retirement systems.[4] In future years, serious consid-

[1] Leon Panetta, "*Major Budget Decisions Briefing from the Pentagon,*" 26 January 2012.

[2] Congressional Budget Office, "*Long-Term Implications of the 2013 Future Years Defense Program,*" July 2012.

[3] General Martin Dempsey, Testimony to the Senate Armed Services Committee, 12 February 2013.

[4] See Title VI, Subtitle H of the National Defense Authorization Act for Fiscal Year 2013, P.L. 112–239.

eration should be given to the Commission's recommendations if this defense program is going to be achievable within existing budgets.

The Modernization Challenge. A decade of war and years of delayed and failed acquisition programs have resulted in an impending need to simultaneously procure replacements for a range of weapons systems in each of the services. For example, the services have programs in place to begin replacing during this budget window: (1) the air-superiority and strike-aircraft fleets of the Air Force, Navy, and Marine Corps; (2) the Army's ground-combat vehicle fleet; (3) a substantial share of the Navy's surface combatants; and (4) the bomber and submarine legs of the nation's nuclear-deterrent force. These programs represent only some of the more prominent defense capabilities that will make claims on the defense-acquisition budget within the budget window.

Compounding the fiscal challenge this procurement-bow wave presents is the reality that defense acquisition has consistently exceeded planned budgets. GAO reports that in 2011, the cost of the portfolio of DOD's major-acquisition programs increased by 5 percent in real terms in just one year.[5] This is consistent with the long-term trend, such that the CBO has estimated that DOD's identified acquisition needs will cost 10 percent more than was included in the President's most recent budget request.[6]

It is too early to determine the results of the 2009 Weapon Systems Acquisition Reform Act and subsequent reforms, but it is unlikely these reforms will in themselves be adequate to fully resolve the mismatch between planned acquisitions and likely available budgetary resources. Improving the affordability of defense acquisitions will be an ongoing challenge that merits continued congressional oversight.

Improving Defense Efficiency. The Department of Defense, like all government agencies, has a responsibility to the taxpayer to responsibly manage the resources available to it. The inability of the Defense Department to receive a clean audit calls into question whether DOD is fulfilling this responsibility. Although the Department hopes to have its statement of budgetary resources auditable by the end of fiscal year 2014, full auditability is not expected until the end of fiscal year 2017. Continued progress here and with the Department's other efforts to reduce waste and bureaucracy will be needed in order to make the defense program affordable.

[5] Government Accountability Office, *"Defense Acquisitions: Assessments of Selected Weapons Programs,"* March 2012.
[6] CBO, Id.

FUNCTION 150: INTERNATIONAL AFFAIRS

Function Summary

The international-affairs budget is critical in advancing U.S. strategic priorities and interests, especially those relating to economic opportunities, national security, and American values. This function includes the U.S. government's spending for the following: international development, food security, and humanitarian assistance; international security assistance; the conduct of foreign affairs; foreign-information and exchange activities; and international financial programs. The primary agencies responsible for executing these programs are the Departments of Agriculture, State, and Treasury, the United States Agency for International Development, and the Millennium Challenge Corporation.

Since 2003, funding for the international-affairs budget has grown exponentially, increasing by123 percent. Unfortunately, the growth in spending is not reflected in a comparable growth in results. Duplicative programs, programs unrelated to the core missions of Function 150, and inefficiencies are prevalent in the budget and need to be addressed. This budget reflects a thorough reevaluation of accounts in Function 150 and prioritizes programs that are both integral to the core budget and that effectively and efficiently achieve desired results.

Funding for the State Department and USAID's interim civilian activities for efforts relating to the global war on terrorism is reflected in Function 970 rather than in this account. These activities are also known as Overseas Contingency Operations, and are primarily executed in Afghanistan, Iraq, and Pakistan.

Summary of Committee—Reported Resolution

The resolution calls for $41.0 billion in budget authority and $42.0 billion in outlays in fiscal year 2014. Of that total, discretionary spending in fiscal year 2014 totals $38.7 billion in budget authority and $43.0 billion in outlays. Mandatory spending in 2014 is $2.3 billion in budget authority and -$1.0 billion in outlays. (The negative outlay figure reflects receipts from foreign-military sales and foreign-military-financing transactions). The ten-year totals for budget authority and outlays are $430.6 billion and $413.2 billion, respectively.

Illustrative Policy Options

Below are options committees of jurisdiction may wish to consider when making final policy and funding decisions.

DISCRETIONARY SPENDING

Eliminate Contributions to Clean Technology Fund and Strategic Climate Fund. The Clean Technology and Strategic Climate Funds were created by the Obama administration in 2010. They support energy-efficient technologies intended to reduce energy use and prevent climate change. Given the record-high levels of deficits, the explosive growth in U.S. government debt, and the heavy reliance on foreign financing, the federal government is borrowing funds abroad to provide financial assistance in this area, which is not a core U.S. foreign-policy function. In addition, the government should not attempt to pick winners and losers in terms of which technologies and companies to favor and advance abroad. Therefore, the Committee assumes elimination of both programs.

Reduce Education Exchange Programs. Function 150 includes two education-exchange accounts intended to encourage mutual understanding between Americans and citizens around the world through scholarship and leadership programs: Educational and Cultural Exchange Programs and the Open World Leadership Center. Although this mission is laudable, exchange programs are a non-essential component of the foreign-affairs budget and should be reduced accordingly.

Reduce Contributions to International Organizations and Programs. The United States makes voluntary contributions to several multilateral organizations and programs. These contributions are duplicative of funding provided in the Contribution to International Organizations account, which includes the obligatory payments to international organizations with which the United States has signed treaties. Although this budget fully funds the CIO account, it does not support voluntary contributions to the duplicative International Organizations and Programs account.

Eliminate Funding for Peripheral Foreign-Affairs Institutions. The United States funds multiple independent agencies and quasi-private institutions through the foreign-affairs budget. Included in this list are the Inter-American Foundation, the African Development Foundation, the East-West Center, the Asia Foundation, and the Center for Middle Eastern-Western Dialogue. These institutions all engage in activities that are redundant of the State Department and USAID activities. Consolidating and eliminating funding for multiple institutions that perform similar tasks will make U.S. engagement with the world more efficient and cost-effective. Further, some of these organizations already receive private funding, and could continue on with non-government funds.

Task MCC as Lead Agency on Foreign-Development Assistance. The United States has two primary foreign-development assistance programs: USAID's Development Assistance program and the Millennium Challenge Corporation. Investing in foreign aid and assisting other nations rise toward prosperity keeps the United States safe and strengthens the economy by establishing new trading partners and markets. However, development assistance is worthwhile only if it produces results for aid recipients.

America's experience with having two development-assistance programs has shown that MCC's model has been more effective in achieving results. MCC's emphasis on outputs rather than inputs needs to be the foundation of all U.S. development-assistance programs. Other elements of MCC's model that should be extended throughout U.S. development-assistance programs include:

- strict requirements on recipient countries to prove strong commitments to good governance, economic freedom, and investment in their citizens in order to be considered for aid;
- willingness of the U.S. government to terminate assistance if an aid recipient starts slipping on these critical commitments;
- country ownership, which requires the country to plan its own aid projects and lead implementation; and
- strict timelines for aid projects.

These principles are critical to ensuring the long-term sustainability of projects once U.S. assistance concludes, thus avoiding the creation of a culture of dependency on U.S. aid. Further, MCC's model is resulting in the "MCC Effect," where countries are independently making reforms in favor of good governance, economic freedom, and other MCC requirements, in order to qualify for a compact. In 2010, USAID announced a reform agenda, USAID Forward, and claims to be in the process of adopting more accountable policy standards, country ownership, and timetables. But success remains elusive. MCC's model is more effective and efficient in delivering foreign aid. And it results in the most benefits for the taxpayer dollar. For these reasons, this budget proposes MCC to be the lead agency on foreign-development assistance.

Eliminate Complex Crises Fund. Established in 2010 to support stabilization activities and conflict prevention in countries demonstrating high risks of insecurity, the CCF has never been authorized by the committee of jurisdiction and is duplicative of the missions performed by the recently re-organized Bureau of Conflict Stabilizations at the State Department. The Bureau of Conflict and Stabilization Operations is similarly responsible for developing a civilian capacity to prevent and counter crises in nations where security issues are of high concern. Due to mission overlap, eliminating the CCF and allowing the Bureau of Conflict and Stabilization Operations to lead conflict prevention efforts are recommended.

Diplomatic Security. Although this budget does not assume any savings from either the State Department's Diplomatic Consular Programs or its Embassy Security, Construction, and Maintenance accounts, there is concern regarding State Department's prioritization of resources. The tragedy at the U.S. diplomatic facility in Benghazi, Libya was not due to budget constraints, but its consequences were exacerbated by poor management by the State Department. Protecting American officials and facilities overseas should be a top priority for the State Department, and yet State has demonstrated different priorities in its funding decisions:

1. In 2012, while requests for additional security to Benghazi were denied by the State Department, the U.S. Embassy in Vienna received a new charging station for its Chevy Volts (electric cars), to combat climate change. The charging station cost $100,000.

2. Staffing levels at U.S. posts around the world seem inconsistent with the level of need. As of December 2011, according to State, there were 44 federally funded positions in the Bahamas, 55 in Barbados, 60 in Jamaica, 140 in Australia, 209 in Belgium, 170

in Canada, 167 in France, 509 in Germany, 145 in Switzerland, and 331 in the United Kingdom.

Both of these examples highlight a misallocation of resources by the State Department during a time of fiscal constraint. This budget recommends that the State Department re-prioritize its resources and eliminate wasteful spending.

FUNCTION 250: GENERAL SCIENCE, SPACE, AND TECHNOLOGY

Function Summary

The largest component of this function—about half of total spending—is for the space-flight, research, and supporting activities of the National Aeronautics and Space Administration. The function also contains general science funding, including the budgets for the National Science Foundation and the Department of Energy's Office of Science.

Summary of Committee—Reported Resolution

The resolution calls for $27.7 billion in budget authority and $27.8 billion in outlays in fiscal year 2014. Of that total, discretionary spending in fiscal year 2014 totals $27.6 billion in budget authority and $27.7 billion in outlays. Mandatory spending in 2014 is $100 million in budget authority and $105 million in outlays. The ten-year totals for budget authority and outlays are $307.7 billion and $303.5 billion, respectively.

The budget reduces excess and unnecessary spending, while supporting core government responsibilities. The resolution preserves basic research, providing stable funding for NSF to conduct its authorized activities in science, space and technology basic research, development, and STEM education. The budget provides continued support for NASA and recognizes the vital strategic importance of the United States' remaining the pre-eminent space-faring nation. This budget aligns funding in accordance with the NASA authorization and its specified spending limits to support robust space capability, to allow for exploration beyond low Earth orbit, and to support our scientific as well as educational base.

Illustrative Policy Options

DISCRETIONARY SPENDING

The committees of jurisdiction will determine policies to align with the spending levels in the resolution. The options below are offered as illustrations of the kinds of proposals that can help meet the budget's fiscal guidelines.

Restore Core Government Responsibilities. Spending for the Department of Energy's Office of Science includes some areas, such as biological and environmental research, that could potentially crowd out private investment. The resolution levels support preserving the Office of Science's original role as a venue for groundbreaking scientific discoveries and a driver of innovation and economic growth, while responsibly paring back applied and commercial research and development.

Reduce Expenses for the DHS's Directorate of Science and Technology. The committee recommends reductions in management and administrative expenses for the Department of Homeland Security's Directorate of Science and Technology, while shifting funding resources to frontline missions and capabilities.

FUNCTION 270: ENERGY

Function Summary

This category includes the civilian energy and environmental programs of the Department of Energy. Function 270 also includes the Rural Utilities Service of the Department of Agriculture, the Tennessee Valley Authority, the Federal Energy Regulatory Commission, and the Nuclear Regulatory Commission. It does not include DOE's national-security activities—the National Nuclear Security Administration—which are in Function 050, or its basic research and science activities, which are in Function 250.

The administration continues to penalize economically competitive sources of energy and to reward their uncompetitive alternatives. In its 2013 report, the Congressional Budget Office found total federal support for the development and production of fuels and energy technologies—including both tax expenditures and federal spending—totaled $20 billion, of which "half was directed toward energy efficiency and renewable energy, 22 percent for nuclear energy, and 15 percent for fossil energy."[1, 2] The White House provided over six times the subsidies for these "green energy" programs, which the Energy Information Administration says also produced the smallest amounts of energy.[3] And the administration refuses to answer for almost $16 billion spent on "stimulus" grants—almost a quarter of them to European and Asian renewable-energy companies.[4]

Many of the administration's loan-guarantee projects have failed: Abound Solar, which received $400 million in loan guarantees, was cited by the Colorado Department of Public Health and Environment for hazardous waste left from their failed solar panels.[5] Another bankrupt grant recipient, A123, intends to hand out as much as $4.2 million bonuses to top executives as the company's assets are sold off.[6]

The President has installed a heavy-handed compliance culture dependent on regulations, favorable tax treatment, and spending on administration-favored constituencies. This administration has proposed more "economically significant" regulations in four years

[1] Terry Dinan, "CBO Testifies on Federal Financial Support for Fuels and Energy Technologies," Congressional Budget Office, 13 March 2013.
[2] Congressional Budget Office, "How Much Does the Federal Government Support the Development and Production of Fuels and Energy Technologies," 6 March 2012.
[3] Energy Information Administration, "Direct Federal Financial Interventions and Subsidies in Energy in Fiscal Year 2010," July 2011.
[4] House Energy and Commerce Committee, "American Taxpayer Investment, Foreign Corporation Benefit," 17 January 2013.
[5] Sandoval, Michael, "Bankrupt Abound Solar to Bury Unused Solar Panels in Cement." *Heritage Foundation.* 26 February 2013.
[6] Institute for Energy Research, "DOE Spends Taxpayers Money While A123 Goes Bankrupt," 20 November 2012.

than previous administrations have in the past 15 years combined. Since 2011, the White House has generated over $294 billion in regulatory activity—and $215.9 billion in 2012 alone. Since the start of the administration, the regulatory cost burden has increased more than $520 billion. Regulations have cost people and small businesses some $1.75 trillion per year, according to a report from the Small Business Administration, including $281 billion for environmental regulations that disproportionately hit small businesses.[7]

All energy sources should be developed without undue government interference. However, the administration continues to play the referee in picking winners and losers in the market, and crowding out the private sector. Its officials have promoted changes to explicitly raise energy costs. In 2008, Steven Chu, who later became the Secretary of Energy for the administration, said, "Somehow we have to figure out how to boost the price of gasoline to the levels in Europe." Then-candidate Barack Obama agreed, arguing in January of 2008: "Under my plan of a cap and trade system, electricity rates would necessarily skyrocket."

In an effort to make green energy more viable, the administration is trying to make fossil fuels more expensive. This was the idea behind the controversial "cap and trade" bill that President Obama tried and failed to pass through Congress in 2009, which would have established an elaborate bureaucratic structure for taxing and rationing conventional energy sources. But instead of accepting this verdict on its preferred policy, the administration continued to pursue its climate initiatives by supporting the Environmental Protection Agency's unilateral plan to impose emissions restrictions on American businesses and consumers. In his last State of the Union address, the President warned Congress if it did not pass a cap-and-trade bill, he would regulate emissions via executive fiat. The EPA is poised to make good on the President's threat by abusing the powers granted in current law.

The results of misguided administration policies are clear to see. According to the Department of Energy's Energy Information Administration, gasoline prices averaged $3.68 a gallon in 2012, the most expensive annual average according to its data. That works out to $2,912 in average household gasoline expenditures. The 2011 average was the second highest at $3.58 a gallon. The administration has created additional barriers for needed capital investment and job creation by bypassing Congress and implementing regulations on its own. The result is an administration that is bypassing Congress, threatening high-wage jobs, increasing energy costs, and hurting families' pocketbooks.

Summary of Committee—Reported Resolution

The resolution calls for $2.9 billion in budget authority and $5.5 billion in outlays in discretionary spending in fiscal year 2014. Mandatory spending in 2014 is −$4.1 billion in budget authority and −$4.1 billion in outlays. The negative balances reflect the incoming repayment of loans, receipts from the sale of electricity pro-

[7] Nicole V. Crain and W. Mark Crain, "The Impact of Regulatory Costs on Small Firms," *Small Business Research Survey,* September 2010.

duced by federal entities, and charges for the disposal of nuclear waste. These proceeds offset spending in this function and result in this function displaying negative spending levels. The ten-year totals for budget authority and outlays are $33.3 billion and $36.5 billion, respectively, for discretionary spending. The ten-year totals for budget authority and outlays are −$19.9 billion and −$22.3 billion, respectively, for mandatory spending.

The current administration nearly doubled funding for the Department of Energy during the President's first term, excluding funding from the 2009 stimulus bill. The resolution reduces funding for non-core energy research, loan guarantees that subsidize corporations, and excess and unnecessary spending in the DOE's civilian accounts.

Illustrative Policy Options

The committees of jurisdiction will determine the policies to align spending with the levels in the resolution. The options below are offered as illustrations of the kinds of proposals that can help meet the budget's fiscal guidelines.

DISCRETIONARY SPENDING

Reduce Administrative Costs at DOE. The resolution supports streamlining and boosting accountability of vendor support and administrative costs across DOE's offices. The Government Accountability Office described the vendor selection and procurement process as decentralized and fragmented in the agency. This budget supports better governance and consolidation of contract management and procurement processes across functions to reduce costs.

Scale Back Corporate Subsidies in the Energy Industry. The resolution provides sufficient funding for essential government missions, including energy security and basic research and development. It recommends paring back spending in areas of duplication and non-core functions, such as applied and commercial research and development projects best left to the private sector. The budget aims to roll back such federal intervention and corporate-welfare spending across energy sectors.

MANDATORY SPENDING

Rescind Unobligated Balances in DOE's Green Subsidies and Loan Portfolio. The budget recommends rescinding unobligated balances in DOE's loan portfolio. Since its introduction in the 2009 stimulus bill, DOE has issued over $20 billion in new loans and loan guarantees for private-sector loans for renewable-energy projects that would not otherwise have been market-viable.

The Advanced Vehicle Technology Manufacturing program was intended to provide debt capital to domestic auto manufacturers to fund projects that help vehicles made in the United States meet higher-mileage requirements. However, the funds have largely been unused as production has not met current demand. Loan beneficiaries have included manufacturers shifting jobs overseas, such as Fisker, which provided over $500 million and ended up assembling cars in Finland.

Moreover, Americans deserve the most honest, accurate assessment of how Washington spends their tax dollars. Yet the costs of DOE's loans are currently calculated using the inadequate methodology prescribed in the Federal Credit Reform Act. Under FCRA rules, government-backed loans are discounted at risk-free interest rates—the interest rates on U.S. Treasury securities. As CBO has stated and the White House's own independent analysis has acknowledged, by incorporating market-based risk premiums, fair-value estimates recognize the financial risks that the government assumes when issuing credit. The White House's independent report noted that these DOE loans may increase taxpayers' financial liability. It stated, "If the eventual actual loss exceeds the Credit Subsidy Cost, that incremental loss is absorbed by the taxpayers."

Repeal Stimulus-Driven Borrowing Authority Specifically for Green Transmission. The $3.25 billion borrowing authority in the Western Area Power Administration's Transmission Infrastructure Program provides loans to develop new transmission systems aimed solely at integrating renewable energy. This authority was inserted into the stimulus bill without the opportunity for debate. Of most concern, the authority includes a bailout provision that would require American taxpayers to pay outstanding balances on projects that private developers fail to repay.

Eliminates Oil and Gas Research and Development Program. The Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Research Fund is primarily operated by a private-sector consortium and duplicates efforts already made by the private investors. The resolution supports prioritizing federal funding and preventing federal subsidies for private corporations and who should rely on private investment.

FUNCTION 300: NATURAL RESOURCES AND ENVIRONMENT

Function Summary

The budget resolution recognizes the importance of Function 300 activities—which include water resources, conservation, environmental, land management, and recreational programs—but bigger government has not equated to better government, and the increase in spending in this function has only invited mismanagement and duplication.

The fiscal year 2014 budget resolution builds on last year's resolution and supports the nation's enduring energy-policy priorities—economic prosperity, lower gasoline and energy prices, and greater domestic energy production—while moving toward market-based solutions for sustainable-energy sources. The resolution draws on the House Republicans' American Energy Initiative, which seeks to advance an all-of-the-above energy approach for the United States.

One of the President's very first initiatives was to cancel oil leases on onshore federal lands and to delay the offshore leasing plan. The administration's opposition to domestic drilling continued with a 2012–2017 Offshore Lease Plan Proposal that imposed the same moratorium that had been lifted in 2008. Production on federally controlled lands declined from 2010 to 2011 by 14 percent and even with skyrocketing energy costs, the President refuses to approve the Keystone XL Pipeline project. The construction of the Keystone XL Energy Pipeline would create more than 20,000 direct jobs and 118,000 indirect jobs. If approved and constructed, the pipeline would contribute an additional $5.2 billion in property taxes to communities along the route during the life of the pipeline.

The economic benefits of expanding oil and gas development on federal lands are well documented: According to recent studies, 500,000 new jobs a year in high-wage, high-skill employment sectors and GDP spill-over effects for $14.4 trillion in cumulative increased economic activity would be generated over the next 30 years. But the federal government is standing in the way.[1]

While U.S oil production is at its highest level in two decades, 100 percent of this increase is due to production on non-federal lands.[2] Meanwhile, the federal government owns nearly one-third of the land in the country. That is an area roughly four times the area of the state of Texas. Substantial volumes of oil and gas are known to lie under these government lands. According to the Con-

[1] Dr. Joseph R Mason, "Beyond the Congressional Budget Office: The Additional Economic Effects of Immediately Opening Federal Lands to Oil and Gas Leasing," Institute for Energy Research, February 2013.

[2] House Energy and Commerce Committee, "New [CRS] Report Chronicles Oil and Gas Production on Federal Lands Declining Under Obama's Watch," 5 March 2013.

gressional Research Service, the U.S.'s combined recoverable natural-gas, oil, and coal endowment is the largest on earth—not Russia's, Saudi Arabia's, or China's. Our country has 163 billion barrels of recoverable oil and enough natural gas to meet the country's demand for 90 years.[3]

The Natural Resources and Environment category consists of major departments and agencies such as the Department of the Interior, which includes the National Park Service, the Bureau of Land Management, the Bureau of Reclamation, and the Fish and Wildlife Service; conservation-oriented and land management agencies within the Department of Agriculture, including the Forest Service; the National Oceanic and Atmospheric Administration in the Department of Commerce; the Army Corps of Engineers; and the Environmental Protection Agency. The discussion below elaborates on the budget resolution's recommended policies in these areas.

Summary of Committee—Reported Resolution

The resolution calls for $38.1 billion in budget authority and $41.0 billion in outlays in fiscal year 2014. Discretionary budget authority in 2014 totals $33.5 billion, with $38.1 billion in related outlays; mandatory spending is $4.6 billion in budget authority and $2.9 billion in outlays. Over ten years, budget authority totals $385.2 billion, and outlays are $399.9 billion.

Illustrative Policy Options

The resolution focuses on paring back unnecessary spending being used to carry out overreaching regulatory expansion. This budget also emphasizes core government responsibilities, while reducing spending in areas of duplication or non-core functions. While the actual policies will be determined by the committees of jurisdiction, options to meet budget targets include those listed below.

DISCRETIONARY SPENDING

Focus on Maintaining Existing Land Resources. Annual funding for the Land and Water Conservation Fund has typically ranged between $250 million and $450 million. The President's budget requested $257 million for fiscal year 2013, but this allocation cannot be used for maintenance. The federal government already is struggling with a maintenance backlog on the millions of acres it controls—a backlog totaling between $17 and $22 billion—but the administration is seeking to acquire even more land. This budget focuses on eliminating the maintenance backlog before moving to acquire additional lands.

Streamline Climate-Change Activities across Government. This budget resolution reduces spending for government-wide climate change-related activities and recommends better coordination of programs and funds to eliminate duplicative and unnecessary spending.

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[3] Carl Behrens and Gene Whitney, "U.S. Fossil Fuel Resources: Terminology, Reporting and Summary," Congressional Research Service, 30 November 2010.

Streamline Fragmented and Overlapping Agency Programs. The resolution supports consolidating programs across federal agencies and reducing spending in areas identified by the Government Accountability Office, and bipartisan deficit-reduction commissions. GAO identified 14 fragmented programs at Energy, Transportation, and EPA, whose missions cover reducing mobile-source diesel emissions, resulting in duplication of efforts and unnecessary funding sometimes going to the same recipients. The President's Fiscal Commission also identified hundreds of millions of dollars in water-treatment efforts duplicated across the Army Corps of Engineers, EPA, and USDA, not pertaining in some cases to these agencies' core missions.

MANDATORY SPENDING

Expand Onshore and Offshore Energy Production. Despite access to abundant domestic resources, the federal government has adopted policies that largely prevent American production of oil and natural gas. For the country to break free of excessive dependence on foreign energy supplies, it requires producing more energy at home.

Unlocking domestic energy supplies in a safe, environmentally responsible manner will increase revenues from bonus bids, rental payments, royalties, and fees. The budget allows for further access in areas such as Alaska, the Outer Continental Shelf, including the Gulf of Mexico, and the Intermountain West.

Finally, the budget encourages the development of American-made renewable- and alternative-energy sources, including nuclear, wind, solar, and more, affirming the position that environmental stewardship and economic growth are not mutually exclusive goals.

Revise and Reauthorize the Bureau of Land Management's Land-Sales Process. Instead of requiring that all proceeds from land sales be used to acquire other parcels of land and to cover sales expenses, this option would direct that 70 percent of the proceeds, net of expenses, go to the Treasury for the purposes of deficit reduction by reauthorizing and revising the Federal Land Transaction Facilitation Act and other land-management statutes. It would limit the Department of the Interior's share of the receipts to $60 million per year (plus an additional amount to cover BLM's administrative costs) for land-acquisition and restoration projects on BLM lands. The option would also reduce the amount of federal spending not subject to regular oversight through the congressional appropriation process. The change would reduce the federal budget deficit and ensure that U.S. taxpayers benefit directly from land sales.

Reform Mine-Cleanup Payments and Prevent Non-Mine Cleanup Expenditures. The federal government collects fees from coal-mining companies to restore abandoned mining sites. Money from those fees is paid to states to restore abandoned mines within their state. However, this program authorizes millions of dollars paid from the Treasury for projects unrelated to abandoned coal-mine cleanup. The budget recommends reforming this program to target expenditures to its intended purpose.

Reflect Current Value for the Use of Hetch Hetchy Reservoir. Since 1913, the city of San Francisco has paid an annual $30,000 fee or less to the federal government for its use of the O'Shaughnessy Dam and the accompanying Hetch Hetchy Reservoir within Yosemite National Park. San Francisco generates approximately $40 million in annual hydropower revenues from the Hetch Hetchy system, yet has only paid at most $30,000 annually—or 7 cents an acre for almost 100 years—not indexed to inflation. This proposal would remove the century-old fee structure to the city without affecting wholesale customers and irrigation districts.

Expand Access to Federal Helium Reserves. Under current law, the Federal Helium Program operated by the Bureau of Land Management will end in October 2013 as a result of debt repayment. The resolution assumes the establishment a new free-market program that expands access to the federal helium reserve to more participants, ensures market transparency and fair play, and increases competition—all to ensure a better return to the American taxpayers.

FUNCTION 350: AGRICULTURE

Function Summary

The agriculture function includes funds for direct assistance and loans to food and fiber producers; export assistance; market information; inspection services; and agricultural research. Farm policy is driven by the Food, Conservation, and Energy Act of 2008—otherwise known as the Farm Bill—which provides farmers protection against uncertainties, such as poor weather conditions and unfavorable market conditions.

Farm-support programs are divided into three areas: commodity programs, crop insurance, and supplemental disaster assistance. Commodity programs, which the Farm Bill has authorized through the 2013 crop-marketing year, include both direct payments and price-based counter-cyclical payments; the marketing-assistance loan program; and the average crop-revenue election-payment program. Due to recent strength in agricultural markets, outlays for price-based programs have declined. Nevertheless, direct payments, which do not vary with market prices, have remained steady at $5 billion each year. Crop insurance outlays, while volatile, have trended sharply higher and averaged $5.6 billion over 2008–10, more than double their 2000–02 average level. Crop-insurance outlays under the CBO baseline average $8.4 billion over 2014–2023.

With farm income, crop prices, and federal deficits hitting new highs, and with food prices going up, it is time to reform agricultural-support programs, while maintaining a strong safety net for farmers.

Summary of Committee—Reported Resolution

The resolution calls for $21.7 billion in budget authority and $20.4 billion in outlays in fiscal year 2014. Discretionary spending in fiscal year 2014 is $6.0 billion in budget authority and $6.0 billion in outlays; mandatory spending, the majority of the function's total, is $15.7 billion in budget authority, with outlays of $14.4 billion. The ten-year totals for budget authority and outlays are $196.2 billion and $190.5 billion, respectively.

Illustrative Policy Options

Specific policies in this function will be determined by the committees of jurisdiction. Among the options they may wish to consider are the following.

MANDATORY SPENDING

Reform Agricultural Commodity and Insurance Programs. Under this option, mandatory agricultural outlays, other than food and nutrition programs, will be reduced by $31.3 billion relative to the currently anticipated levels from fiscal year 2014 through fiscal year 2023. These savings could be achieved by reducing both direct payments and crop-insurance subsidies, and by reforming export-assistance programs. The Committee on Agriculture is responsible for implementing these reductions, and to maintain the committee's flexibility, this option assumes the savings will not take effect until the beginning of the next Farm Bill. Farmers will benefit greatly from other provisions in this budget, including regulatory relief, fundamental tax reform, and stronger economic growth as the burden of federal deficits is lifted from the economy.

FUNCTION 370: COMMERCE AND HOUSING CREDIT

Function Summary

The Commerce and Housing Credit function includes mortgage credit; the Postal Service (mostly off budget); deposit insurance; and most of the activities of the Departments of Commerce and Housing and Urban Development. The mortgage-credit component of this function includes housing assistance through the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, and rural housing programs of the Department of Agriculture. The function also includes net postal-service spending and spending for deposit-insurance activities of banks, thrifts, and credit unions. Finally, most of the Commerce Department is provided for in this function, including the International Trade Administration, the Bureau of Economic Analysis, the Patent and Trademark Office, the National Institute of Standards and Technology, the National Telecommunications and Information Administration, and the Bureau of the Census. Also funded through this function are independent agencies such as the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Federal Trade Commission, the Federal Communications Commission, and the majority of the Small Business Administration.

The federal government's commerce and housing activities should focus limited resources on efforts to bolster free enterprise and economic growth. Such an approach would have the additional direct benefit of reducing government spending, easing the demand for higher taxes or more borrowing, and curbing corporate welfare in the housing, financial-services, and telecommunications industries. This budget calls for an end to the cycle of future bailouts perpetuated by the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as putting a stop to taxpayer subsidies and bailouts for Fannie Mae and Freddie Mac.

Summary of Committee—Reported Resolution

In this function, the budget resolution provides for $1.1 billion in budget authority and −$10.5 billion in outlays in fiscal year 2014. Of that total, 2014 discretionary spending is −$10.7 billion in budget authority and −$10.1 billion in outlays. Mandatory spending in 2014 is $11.7 billion in budget authority and −$0.4 billion in outlays. The function totals over ten years are −$44.8 billion in budget authority and −$216.1 billion in outlays.

On-budget totals for fiscal year 2014 are $2.5 billion in budget authority and −$9.0 billion in outlays. Of these amounts, discretionary budget authority is −$10.9 billion, with outlays of −$10.4 billion as well. Mandatory on-budget spending for fiscal year 2014 is $13.5 billion in budget authority and $1.4 billion in outlays. Over ten years, the on-budget totals are −$26.0 billion in budget authority and −$197.3 billion in outlays.

Negative discretionary totals for budget authority and outlays mainly reflect the negative subsidy rates applied to certain loan and loan-guarantee programs scored under the guidelines of the Federal Credit Reform Act, such as FHA and Ginnie Mae programs. It should be noted that FHA loans are scored using a different accounting method than the fair-value estimates that CBO applies to Fannie Mae and Freddie Mac, resulting in budget disparities (see discussion under Mandatory Spending).

Off-budget totals for fiscal year 2014 are −$1.5 billion in budget authority and −$1.5 billion in outlays. Of these amounts, discretionary budget authority is $0.3 billion in budget authority and $0.3 in outlays. Over ten years, the discretionary off-budget totals are $3.1 billion in budget authority and $3.1 billion in outlays. Mandatory off-budget spending for fiscal year 2014 is −$1.7 billion in budget authority and −$1.7 billion in outlays. Over ten years, the mandatory off-budget totals are −$22.0 billion in budget authority and −$22.0 billion in outlays. The negative totals for budget authority and outlays in the off-budget portion of this function represent savings from the two recommended policy proposals described below in addition to monies received by the Treasury from the U.S. Postal Service Public Enterprise Fund.

Illustrative Policy Options

The resolution aims to limit and reform programs in this function to reduce spending; to limit the federal government's role in housing, financial, and telecommunications markets; and to curtail the corporate welfare that distorts and misdirects the flow of capital in the free market. While the committees of jurisdiction will determine the actual policies in pursuit of these goals, the options below offer several potential approaches.

DISCRETIONARY SPENDING

Eliminate Corporate Welfare within the Department of Commerce. Business subsidies distort the economy, impose unfair burdens on taxpayers, and are especially problematic given the fiscal problems facing the U.S. government. With potential savings of roughly $7 billion over ten years, programs that should be considered for elimination include the following:

- The Hollings Manufacturing Extension Program, which subsidizes a network of nonprofit extension centers that provide technical, financial, and marketing services for small and medium-size businesses that are largely available in the private market. The program already obtains two-thirds of its funding from non-federal sources, and was originally intended to be self-supporting.
- Trade Promotion Activities at the International Trade Administration [ITA]. This agency, within the Department of Commerce, provides trade-promotion services for U.S. companies. The fees it charges for these services do not cover the cost of these activities.

Businesses can obtain similar services from state and local governments and the private market. The ITA should be eliminated or charge for the full cost of these services.

Tighten the Belts of Government Agencies. Duplication, hidden subsidies, and large bureaucracies are symptomatic of many agencies within Function 370. Among them are the following:

- The Small Business Administration. The SBA provides almost $60 million in grants, hidden in its discretionary salaries and expenses budget, which could be canceled.
- The Securities and Exchange Commission. In fiscal year 2013, the SEC estimates that it will spend $1.6 billion on salaries and expenses, with $943 million going to compensation and benefits alone. The SEC has about 4,500 full-time employees at the end of 2012, with an average compensation and benefits package of about $209,000 per employee. The SEC's budget has swollen by 73 percent since 2008.

In its 2013 *Views and Estimates,* the House Committee on Financial Services notes the regulatory failures of the SEC leading up to the financial crisis:

> In the run-up to the financial crisis and its aftermath, the SEC repeatedly failed to fulfill any part of its mission: the SEC failed to adequately supervise the nation's largest investment banks, which resulted in the bailout of Bear Stearns and the collapse of Lehman Brothers and the ensuing financial panic; the SEC failed to supervise the credit rating agencies that bestowed AAA ratings on securities that later proved to be no better than junk; the SEC failed to ensure that issuers made adequate disclosures to investors about securities cobbled together from poorly underwritten mortgages that were bound to fail; and the SEC was missing in action as Bernard Madoff and Allen Stanford perpetrated the two largest Ponzi schemes in U.S. history. These failures have taken place despite significant increases in funding at the SEC, which has seen its budget nearly triple over the past decade.

This resolution questions the premise that more funding for the SEC means better, smarter regulation. Adding reams of regulations to the books and scores of regulators to the payrolls will not provide greater transparency, consumer protection, and enforcement for increasingly complex markets. At a time when trimming the deficit is imperative, the SEC should streamline and make more efficient its operations and resources; defray taxpayer expenses by designating self-regulatory organizations (subject to SEC oversight) to perform needed examinations of investment advisors; and enhance collaboration with other agencies, such as the Commodity Futures Trading Commission, to reduce duplication, waste, and overlap in supervision. Ultimately, the committees of jurisdiction will establish the specific policies.

MANDATORY SPENDING

Terminate Grants to Worsted-Wool Manufacturers and Payments to Wool Manufacturers. The Miscellaneous Trade and Technical Corrections Act of 2004 (Public Law 108–429) established the Wool

Apparel Manufacturers Trust Fund. This fund authorizes the Department of Commerce to provide grants to certain manufacturers of worsted-wool products to ease adjustment to changes in trade law. The grants, originally slated to end in 2007, still exist and have been extended until 2014. Termination of this temporary grant program is overdue. This Act also directs Customs to make payments to wool manufacturers from certain duties collected to provide import tax relief. This account has been extended twice through amendments and has also outlived its original purpose.

Terminate Corporation for Travel Promotion. In 2010, the Congress established a new annual payment to the travel industry and created a new government agency, the Corporation for Travel Promotion (now called Brand USA), to conduct advertising campaigns encouraging foreign travelers to visit the United States. This budget recommends ending these subsidies and eliminating the new agency because it is not a core responsibility of the federal government to pay for and conduct advertising campaigns for a certain industry. Moreover, the travel industry can and should pay for the advertising that it benefits from.

Restrict New FDIC Authority to Bail Out Bank Creditors. Dodd-Frank expands and centralizes power in Washington, doubling down on the root causes of the 2008 crisis. It contains layer upon layer of new bureaucracy sewn together by complex regulations, yet it fails to address key problems, such as Fannie Mae and Freddie Mac, that contributed to the worst financial meltdown in recent history. Although the bill is dubbed "Wall Street Reform," it actually intensifies the problem of too-big-to-fail by giving large, interconnected financial institutions advantages that small firms will not enjoy.

Although the proponents of Dodd-Frank went to great lengths to denounce bailouts, this law only sustains them. The Federal Deposit Insurance Corporation now has the authority to access taxpayer dollars in order to bail out the creditors of large, "systemically significant" financial institutions. CBO estimates the cost for this new authority at $33 billion, though CBO Director Elmendorf has testified that "the cost of the program will depend on future economic and financial events that are inherently unpredictable." In other words, another large-scale financial crisis in which creditors are guaranteed government bailouts could cost much, much more.

This resolution calls for ending this regime, now enshrined into law, which paves the way for future bailouts. House Republicans put forth an enhanced bankruptcy alternative that—instead of rewarding corporate failure with taxpayer dollars—would place the responsibility for large, failing firms in the hands of the shareholders who own them, the managers who run them, and the creditors who finance them.

This resolution also supports cancelling the ability of the Bureau of Consumer Financial Protection (created by Dodd-Frank) to fund its operations by spending from the Federal Reserve's yearly remittances to the Treasury Department. Dodd-Frank was written to provide off-budget financing for the new Bureau, which is housed within the Federal Reserve but enjoys complete autonomy. To preserve its independence as the nation's monetary authority, the Federal Reserve is off budget and its excess earnings from monetary operations are returned to the Treasury to reduce the deficit. Now, instead of directing these remittances to reduce the deficit, Dodd-Frank requires diverting a portion of them to pay for a new bureaucracy with the authority to write far-reaching rules on financial products and restrict credit to the very customers it seeks to "protect," outside the annual oversight of Congress through the appropriations process.

Privatize the Business of Government-Controlled Mortgage Giants Fannie Mae and Freddie Mac. Absent major reforms, Fannie Mae and Freddie Mac are expected to have an all-in cost to taxpayers of $330 billion through 2023 according to CBO estimates. This includes losses on preexisting commitments—those entered into prior to the 2008 conservatorship—of about $248 billion. CBO has recorded Fannie and Freddie as explicit financial components of the Federal budget, accounting for their liabilities as liabilities of the government. In contrast, the administration does not fully account for taxpayer exposure to Fannie and Freddie, leaving the entities off budget.

So far, Treasury has already provided $187 billion in bailouts to Fannie and Freddie. Fannie Mae, Freddie Mac, and Ginnie Mae now dominate the market for the issuance of new mortgage-backed securities with a combined 99 percent market share.

This budget recommends putting an end to corporate subsidies and taxpayer bailouts in housing finance. It envisions the eventual elimination of Fannie Mae and Freddie Mac, winding down their government guarantee and ending taxpayer subsidies. In the interim, it supports removing distortions to allow an influx of private capital and advancing various measures that would bring transparency and accountability to these two government-sponsored enterprises.

Reform the Credit Reform Act To Incorporate Fair-Value Accounting Principles. As the bailouts of Fannie and Freddie continue, another bailout to a housing giant looms. The market share of government agencies in the primary mortgage-insurance market is approximately 70 percent, the majority of which is FHA. There has been a constant, dangerous reduction in the capital ratio of FHA's Mutual Mortgage Insurance Fund, which is supposed to protect the FHA from unforeseen losses. The MMIF is currently −1.44 percent—far below the Fund's congressionally-mandated ratio of 2 percent.

Given the precarious financial position of the FHA, the government should adopt measures to control the assumption of risk by FHA as other government-backed entities (e.g., Fannie and Freddie) are wound down. Right now, the budget accounts for the risks carried by FHA differently than how it accounts for those of Fannie Mae and Freddie Mac. These differences simply encourage just such a shift in risk.

The cost of FHA-insured loans are scored by calculating the net present value of the cash flows associated with loans and discounting those flows using risk-free marketable Treasury security rate. In contrast, CBO uses fair-value accounting for Fannie Mae- and Freddie Mac-guaranteed loans. Fair-value accounting recognizes that adverse economic events such as market downturns can cause loan defaults to rise, thus it reflects the full financial risk incurred by the taxpayer of backing these loans. In other words, the current budgetary treatment of FHA loans understates the full costs associated with them, thus it encourages policymakers to shift risk from Fannie and Freddie to FHA.

This resolution requires CBO to provide supplemental estimates using fair-value scoring for federally-backed mortgages and mortgage-backed securities regardless of which agency of the federal government is acting as the insurer or guarantor.

As the government reforms its role in the U.S. housing markets, which this resolution supports, Fannie, Freddie and FHA loans should be treated with parity and full transparency. The housing-finance system of the future, however, should allow private-market secondary lenders to fairly, freely, and transparently compete, with the knowledge that they will ultimately bear appropriate risk for the loans they guarantee. Their viability will be determined by the soundness of their practices and the value of their services.

OFF-BUDGET MANDATORY SPENDING

Reform the Postal Service. The United States Postal Service is unable to meet its financial obligations and is in desperate need of structural reforms. USPS's financial troubles include an estimated $2 billion operating loss in 2013 and $17 billion of payments owed to provide promised health-benefit compensation for Postal retirees and a total unfunded liability of $45 billion.

The budget recommends giving the Postal Service the flexibility that any business needs to respond to changing market conditions, including declining mail volume, which is down more than 20 percent since 2006. The budget also recognizes the need to reform compensation of postal employees who currently pay a smaller share of the costs of their health and life-insurance premiums than other federal employees. Taken together, these reforms are estimated to save about $22 billion over ten years and would help restore USPS solvency.

FUNCTION 400: TRANSPORTATION

Function Summary

This budget function includes ground, air, water, and other transportation funding. The major agencies and programs here include the Department of Transportation (which includes the Federal Aviation Administration the Federal Highway Administration; the Federal Transit Administration; highway, motor-carrier, rail, and pipeline-safety programs; and the Maritime Administration); the Department of Homeland Security (including the Federal Air Marshals, the Transportation Security Administration, and the U.S. Coast Guard); the aeronautical activities of the National Aeronautics and Space Administration; and the National Railroad Passenger Corporation.

Summary of Committee—Reported Resolution

The resolution calls for $87.1 billion in budget authority and $93.1 billion in outlays in fiscal year 2014. Discretionary budget authority in 2014 is $31.5 billion, with outlays of $91 billion; and mandatory spending is $55.6 billion in budget authority and $2.2 billion in outlays. The large discrepancies between budget authority and outlays here results from the split treatment of the transportation trust funds, such as the Highway Trust Fund, through which funding is provided as a type of mandatory budget authority; and outlays, which are controlled by annual limitations on obligations set in appropriations acts. Over ten years, budget authority totals $801.3 billion, with outlays of $845.2 billion.

The Moving Ahead for Progress in the 21st Century (MAP–21) surface transportation authorization act provided stable funding for major construction projects. Ahead of the President's FY 2014 infrastructure proposals, MAP–21 already included important reforms to streamline regulatory barriers and incorporate performance information into highway, transit, and safety programs to prioritize projects. It additionally consolidated or eliminated 70 DOT programs. The budget includes MAP–21 levels of funding until its expiration in FY 2015.

Maintaining the solvency of the Highway Trust Fund and the tradition of the trust fund being user fee supported is a priority. While the Highway Trust Fund is solvent through 2014, efforts need to be made to find a long-term solution to the trust fund's financial challenges. The budget recognizes the need for continued reforms in this area to adequately maintain, improve, and—where appropriate—expand infrastructure. Though the federal-aid highway program was intended to be fully financed by gas-tax revenues, the fund has recently operated at spending levels well in excess of gas-tax receipts. The Highway Trust Fund's financing shortfall has been building for years. Over the next decade, CBO anticipates this gap to continue to increase under current spending levels and policy, causing the Highway Trust Fund to run average annual cash deficits of $13 to $14 billion.

As a result of these chronic shortfalls, the trust fund has required three large general-fund contributions totaling $35 billion since 2008 in addition to a general-fund transfer of $27.5 billion for transportation in the 2009 stimulus. MAP–21 included $18.8 billion in general-fund transfers that were for the first time offset by spending reductions in other programs.

Despite these large recent infusions, CBO estimates that the Highway Trust Fund still faces insolvency sometime in 2015 once MAP–21 expires. Over the next decade, CBO projects a growing gap causing the Highway Trust Fund to run cash deficits of over $126 billion within the budget window.

A loophole in budget rules allows Congress to bail out the Highway Trust Fund without the transfer of taxpayer resources being recorded as a net increase in spending or deficits. The budget resolution once again includes a reform to close this loophole to ensure any future transfer is fully offset. Instead of continuing to rely on general-fund transfers for solvency going forward, the Congress needs to address the systemic factors that have been driving the trust fund's bankruptcy. Congress also needs to continue to reform the critical surface-transportation infrastructure and safety programs to put them on sound financial footing.

Excluding the stimulus, funding for the Department of Transportation increased by 547.6 percent in the administration's first two years. The budget supports maintaining essential funding for surface transportation, aviation, and safety—offset by reductions in other transportation activities of lower priority to the federal government. As is true elsewhere, actual policy decisions will be determined by the committees of jurisdiction. The options below suggest one set of policies that can help meet the budget's levels.

Illustrative Policy Options

DISCRETIONARY SPENDING

Eliminate Funding for High-Speed Rail and Amtrak Operating Subsidies. High-speed-rail projects and any new intercity-rail projects should be pursued only if they can be established as self-supporting commercial services. In addition, the budget supports removing Amtrak's subsidies that have been insulating Amtrak from making the needed structural reforms to start producing returns. The 1997 Amtrak authorization law required Amtrak to operate free of subsidies by 2002. The budget supports continued reforms for Amtrak—including requiring overtime limits for its employees and a review of executive salaries—as well as reductions in headquarters and administrative costs for agencies.

Reductions in Transportation Security Agency Funding. Enhanced operational efficiencies can be obtained without compromising security priorities. Since 2007, Congress has increased TSA's budget by 18 percent, yet passenger traffic has decreased. Inefficient procurement practices led to over $150 million on unused screening equipment in expensive storage facilities. Risk-based passenger-screening programs should proceed with validation of methodology. Moreover, TSA has denied applications from airports to opt out of federal screener operations without adequate justification. Applications for private screening that meet security requirements and could improve cost-efficiency goals should be approved expeditiously.

MANDATORY SPENDING

Ensure Solvency of the Highway Trust Fund. The budget recognizes that the Highway Trust Fund is projected by CBO to run negative balances by FY 2015 under current levels of spending. By existing law and cash management practices, the Department of Transportation would need to slow down or reduce spending upon the exhaustion of trust fund balances. Congress needs to reform this critically important trust fund to put it on a sound financial footing—without further bailouts that increase the deficit.

The budget recommends sensible reforms to avert the bankruptcy of the Highway Trust Fund by aligning spending from the Trust Fund with incoming revenues collected. The budget also includes a provision to ensure any future general-fund transfers will be fully offset. Further, the budget recognizes the need to explore innovative financing mechanisms to support surface-transportation infrastructure and safety programs, for example, with further public-private sector partnerships demonstrated in the TIFIA program. The budget also recommends giving states more flexibility to fund the highway projects they feel are most critical. One possible reform could include a pilot program for states to fund their transportation priorities with state revenues, opt out of the federal gas tax, and forgo federal allocations.

Phase Out Subsidies for Essential Air Service. EAS is a classic example of a temporary government program that has become immortal. EAS funding—originally intended to provide transitional assistance to small communities to adjust to the airline deregulation in the late 1970s—has not only continued, but has grown rapidly in recent years.

Simplify the Fee Structure and Help Offset Costs in Aviation Security. Taxpayers currently subsidize more than 60 percent of the cost of aviation security for the travelers who use and directly benefit from the system. This burden could be eased by shifting greater responsibility to these direct beneficiaries. One way to do so would be by applying a simple flat fee of $5 per one-way trip for security system users, instead of a $2.50 fee for a one-way trip with no stops and a $5 fee for a trip with one or more stops.

Terminate the Ocean Freight Differential Program for Food Aid. Current law requires the Department of Transportation to reimburse other Federal agencies for the extra costs the agencies pay because of legal requirements that food aid be shipped on U.S. ships. The budget exempts food aid from this required reimbursement, which needlessly adds to taxpayer cost for these humanitarian missions.

FUNCTION 450: COMMUNITY AND REGIONAL DEVELOPMENT

Function Summary

This function includes programs that provide federal funding for economic and community development in both urban and rural areas, including: Community Development Block Grants; the non-power activities of the Tennessee Valley Authority; the regional commissions, including the Appalachian Regional Commission; the Economic Development Administration; and partial funding for the Bureau of Indian Affairs.

Homeland Security spending in this function includes the state- and local-government grant programs of the Department of Homeland Security, including part of the funding for the Federal Emergency Management Agency.

Aside from those programs related to emergency preparedness and critical needs, this resolution supports streamlining non-essential community and regional initiatives that are not core functions of the federal government.

Summary of Committee—Reported Resolution

The resolution calls for $8.5 billion in budget authority and $27.7 billion in outlays in fiscal year 2014. Discretionary budget authority in 2014 is $8 billion, with $26.2 billion in associated outlays. Mandatory spending in 2014 is $566 million in budget authority and $1.5 billion in outlays. The ten-year totals for budget authority and outlays are $88.2 billion and $139.4 billion, respectively.

Illustrative Policy Options

As elsewhere, the committees of jurisdiction will make final policy determinations. The proposals below indicate policy options that might be considered.

DISCRETIONARY SPENDING

Eliminate Non-Core Programs. At a time when shrinking spending is imperative for the government's fiscal well-being, this resolution recommends taking a hard look at community and regional programs; focusing on those that deliver funds for non-core federal-government functions; and consolidating and streamlining programs wherever possible. Among programs that should be considered in this review are the following:

The Community Development Fund. Historically, about 80 to 90 percent of funding for the CDF is spent on the Community Development Block Grant. CDBG is an annual formula grant directed to state and local governments to address a broad array of initiatives.

In 2013, $3.5 billion was appropriated for CDBG. Currently, there is no maximum community-poverty rate to be eligible for funds, nor is there an exclusion for communities with high average income.

Focus DHS Urban Area Security Initiative grants to Tier 1 Cities. UASI grants to over 30 cities have not produced measurable results for the most critical cities. This proposal would limit the grants to Tier 1, or the top ten cities, on a risk-based formula basis.

Federal Emergency Management Agency Reforms. The budget supports implementation of FEMA reforms passed by Congress to improve service delivery and cost-efficiencies in state and local programs. The budget also supports efforts in the House-passed FEMA reauthorization including measures to help states and localities use existing supplies and equipment in FEMA's inventory to help communities recover from disasters expeditiously and cost-effectively.

The budget also acknowledges the need to look at reforms in disaster-relief assistance to ensure that those state and local governments most in need are receiving the assistance required. The past three administrations have issued a total of 2,213 disaster declarations—66 percent of all FEMA disaster declarations since 1953.[1] In 2011, the current administration shattered the records for the number of FEMA declarations in one year: 242. The prior high was 158 declarations set in 1996. According to the Government Accountability Office, this is part of a broader trend.[2] From 2002 to 2011, presidents have declared 35 percent more disasters than they did during the preceding decade. The disaster declaration is intended as a process to help state and local governments receive federal assistance when the severity and magnitude of the disaster exceeds state and local resources, and when federal assistance is absolutely necessary. When disaster-relief decisions are not made judiciously, limited resources are diverted away from communities that are truly in need.

The budget supports GAO recommendations and takes a closer look at: (1) reducing federal expenditures by updating disaster-declaration-eligibility indicators, like per capita thresholds and other major disaster metrics, by (for example) adjusting for inflation; and (2) providing more scrutiny on cost-share levels and waivers. For example, preparedness programs like the Emergency Management Performance Grants have shown greater buy-in by state and local governments; demonstrated better performance in delivering resources to first responders; and ensured efficient and effective response operations. These types of reforms will increase transparency in the way that disaster declaration decisions are made and in accurately measuring a state's capacity to respond to a disaster.

MANDATORY SPENDING

Reform the National Flood Insurance Program. While collections from policyholders should cover the costs associated with flood-insurance activities, the NFIP owes a debt of over $23 billion to the Treasury, on which it must also pay debt service. Most of this debt

[1] Matt Mayer, "Congress Should Limit the Presidential Abuse of FEMA," Heritage Foundation, January 2012.

[2] Government Accountability Office, "2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue," February 2012.

accumulated during the hurricane season of 2005. On average, premiums collections from subsidized policies cover only 40 to 45 percent of the full expected cost of the insurance.

The numbers are stark. NFIP currently has more than 5.6 million policy holders and $1.3 trillion in contingent taxpayer liabilities for property coverage. With only $3.6 billion in written premiums and $23 billion debts, prospects are dim under current law that the program will ever reach solvency.

The Biggert-Waters Act included important structural reforms to remove NFIP subsidies for new purchases of existing properties with high-flood risk, second and vacation homes, and for properties that realize severe repeated losses from flood damage. However, these reforms are not enough to protect taxpayers from NFIP's financial exposure. The House budget includes proposals to further pare back existing NFIP subsidies, meet our commitments to pay back taxpayers for past loans, and level the playing field for private insurers to enter the market, while sustaining the fund's ability to make good on future claims.

Reduce energy subsidies for commercial interests. The budget recommends spending reductions for rural green-energy loan guarantees. These loan guarantees come with federal mandates that channel private investments into financing the administration's preferred interests at taxpayers' expense.

FUNCTION 500: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

Function Summary

A well-educated workforce is one of the key drivers of strong economic growth. In the face of global and technological advances that have made the modern economy more complex and dynamic, it is imperative that all Americans have the opportunity to access a high-quality education. Yet, though federal spending on the Department of Education and related education programs has grown significantly over the past few decades, academic achievement has not seen a commensurate improvement.

Now more than ever, the nation's students must have the opportunity to access the high-quality education and skills-training needed to enable the workforce to compete in the rapidly changing global economy. At the same time, Congress must make every dollar count by eliminating wasteful, duplicative, and ineffective programs. The Government Accountability Office has identified many areas that are ripe for reform. In the area of education, their reports have identified 82 separate programs designed to improve teacher quality across ten federal agencies, and dozens of overlapping job-training programs.

Reforms in these areas are reflected in Function 500, which covers federal spending primarily in the Departments of Education, Labor, and Health and Human Services for programs that directly provide—or assist states and localities in providing—services to young people and adults. Activities reflected here provide developmental services to low-income children; help fund programs for disadvantaged and other elementary- and secondary-school students; make grants and loans to post-secondary students; and fund job-training and employment services for people of all ages.

Summary of Committee—Reported Resolution

The resolution provides $56.4 billion in budget authority and $77.3 billion in outlays in fiscal year 2014. In that year, discretionary spending is $95.1 billion in budget authority and $94 billion in outlays; mandatory spending in 2014 is −$38.7 billion in budget authority and −$16.7 billion in outlays. Over ten years, spending in this function totals $905.8 billion in budget authority and $925.9 billion in outlays.

The negative mandatory numbers are due to the direct-lending program, in which the Department of Education acts effectively as a bank making student loans. However, for reasons addressed later in this section, these projected future savings are misleading because they fail to account for the market risk of the loans.

Illustrative Policy Options

The committees of jurisdiction will make final policy determinations, but options worthy of consideration include the following.

DISCRETIONARY SPENDING

Reform Job-Training Programs. The Bureau of Labor Statistics reports that over 12.0 million Americans are unemployed. Yet, they also report 3.7 million job openings. This gap is due in part to the failure of the nation's workforce-development programs to successfully match workers' skills with employers' needs. Federal job-training programs are balkanized, difficult to access, and lacking in accountability. In January 2011, the GAO issued a report that identified 47 federal employment and training programs that overlap with at least one other program, providing similar services to similar populations. Together, those GAO-identified programs spent $18 billion in fiscal year 2009, including stimulus dollars. Since GAO issued that report, the Education and Workforce Committee has conducted extensive work in this arena and added to the list, identifying more than 50 duplicative and overlapping programs.

This bureaucratic nightmare fails workers and employers alike and wastes taxpayer dollars. Senator Coburn has presented a report highlighting the high amount of waste, fraud, and abuse that occurs in these programs. Even President Obama noted in his 2012 State of the Union Address that the maze of confusing training programs must be cut through. To that end, all congressional committees with jurisdiction over job-training programs should look to consolidate as many administrative structures as possible to eliminate duplication and maximize taxpayer funds by focusing them on the most effective means of delivering job-training activities. The Education and the Workforce Committee, for instance, recently introduced legislation to that end.

This budget improves accountability by calling for the consolidation of duplicative federal job-training programs into more targeted career-scholarship programs. This budget will also improve these programs' accountability by tracking the type of training provided, the cost-per-trainee, employment after training, and whether the trainee secures a job in his or her preferred field. A streamlined approach with increased oversight and accountability will not only provide administrative savings, but improve access, choice, and flexibility to enable workers and job seekers to respond quickly and effectively to whatever specific career challenges they face.

Moreover, this budget adopts a proposal from President Obama's fiscal year 2013 budget to close chronically low-performing Job Corps centers. Such a reform will allow those funds to be better invested in centers with proven track records.

Make the Pell Grant Program Sustainable. Pell Grants are the perfect example of promises that cannot be kept. The program is on an unsustainable path, a fact acknowledged by the President's own fiscal year 2013 budget. The College Cost Reduction and Access Act of 2007, the Higher Education Opportunity Act of 2008, the "stimulus" bill, and the Student Aid and Fiscal Responsibility Act of 2010 all made Pell Grants more generous than the federal budget could afford. This, along with a dramatic rise in the number of eligible students due to the recession, has caused program costs to more than double since 2008, from $16.1 billion in 2008 to an estimated $34.2 billion in fiscal year 2014. Moreover, the program is beginning to increasingly rely on mandatory funding to solve its discretionary shortfalls. For instance, the Department of Education warned in fiscal year 2012 that without changes to reduce program costs, Pell Grants would have an ending shortfall of $20.4 billion. And based on current CBO estimates, the program will again face a shortfall in fiscal year 2015.

Instead of making necessary, long-term reforms, previous Congresses again resorted to short-term funding patches—a temporary answer that will not prevent another severe funding cliff for the program in the future. The President's past budgets have failed to make the tough choices about the future of Pell Grants. For instance, his fiscal year 2013 budget increased the maximum Pell award, but only provided funding for that level of award through the 2014–2015 academic year. These decisions put the program at greater risk of ultimately being unable to fulfill its promises to students.

Reforms are necessary to enable the program to continue helping low-income students gain access to higher education. The budget recommends the following:

- Roll back certain recent expansions to the needs analysis to ensure aid is targeted to the truly needy. The Department of Education attributed 14 percent of program growth between 2008 and 2011 to recent legislative expansions to the needs-analysis formula. The biggest cost drivers come from changes made in the College Cost Reduction and Access Act of 2007, such as the expansions of the level at which a student qualifies for an automatic zero Expected Family Contribution and the income-protection allowance. These should be returned to pre—CCRAA levels.
- Eliminate administrative fees paid to participating institutions. The government pays participating schools $5 per grant to administer and distribute Pell awards. Schools already benefit significantly from the Pell program because the aid makes attendance at those schools more affordable.
- Consider a maximum-income cap. Currently there is no fixed upper-income limit for a student to qualify for Pell. Figures are simply plugged into a formula to calculate the amount for which the student qualifies. The higher the income level of the student and the student's family, the smaller grant they receive.
- Eliminate eligibility for less-than-half-time students. Funding should be reserved for students with a larger commitment to their education.
- Consider reforms to Return of Title IV Funds regulations. Simple changes to this policy, such as increasing the amount of time a student must attend class in order to withdraw without debt owed for back assistance, will increase the likelihood of students completing their courses and lower incentives for fraud.
- Adopt a sustainable maximum-award level. The Department of Education attributed 25 percent of recent program growth to the $619 increase in the maximum award done in the stimulus bill that took effect in the 2009—10 academic year. To get program

costs back to a sustainable level, the budget recommends maintaining the maximum award for the 2012—2013 award year of $5,645 in each year of the budget window. This award would be fully funded through discretionary spending.

Encourage Policies That Promote Innovation. Federal higher-education policy should increasingly be focused not solely on financial aid, but on policies that maximize innovation and ensure a robust menu of institutional options from which students and their families are able to choose. Such policies should include reexamining the data made available to students to make certain they are armed with information that will assist them in making their post-secondary decisions. Additionally, the federal government should act to remove regulatory barriers in higher education that act to restrict flexibility and innovative teaching, particularly as it relates to non-traditional models such as online coursework.

Eliminate Ineffective and Duplicative Federal Education Programs. The current structure for K-12 programs at the Department of Education is fragmented and ineffective. Moreover, many programs are duplicative or are highly restricted, serving only a small number of students. Given the budget constraints, Congress must focus resources on programs that truly help students. The budget calls for reorganization and streamlining of K-12 programs and anticipates major reforms to the Elementary and Secondary Education Act, which was last reauthorized as part of the No Child Left Behind Act. The budget also recommends that the committees of jurisdiction terminate and reduce programs that are failing to improve student achievement and address the duplication among the 82 programs that are designed to improve teacher quality.

Encourage Private Funding for Cultural Agencies. Federal subsidies for the National Endowment for the Arts, the National Endowment for the Humanities, and the Corporation for Public Broadcasting can no longer be justified. The activities and content funded by these agencies go beyond the core mission of the federal government, and they are generally enjoyed by people of higher-income levels, making them a wealth transfer from poorer to wealthier citizens. These agencies can raise funds from private-sector patrons, which will also free them from any risk of political interference.

Eliminate the Corporation for National and Community Service. Programs administered out of this agency—which created the oxymoron "paid volunteer"—provide funding to students and others who work in certain areas of public service. Participation in these programs is not based on need. The federal government already has aid programs focused on low-income students, and paying volunteers is not a core federal responsibility, especially in times of high deficits and debt. Further, it is much more efficient to have such efforts operate at the state and local level by the community that receives the benefit of the service.

Eliminate Administrative Fees Paid to Schools in the Campus-Based Student Aid Programs. Under current law, participating higher-education institutions are allowed to use 5 percent of federal program funds for administrative purposes. The budget recommends prohibiting these funds from being used for administrative costs. Schools already benefit significantly from participating in federal student-aid programs.

Promote State, Local, and Private Funding for Museums and Libraries. The Federal Institute of Museum and Library Services is an independent agency that makes grants to museums and libraries. This is not a core federal responsibility. This function can be funded at the state and local level and augmented significantly by charitable contributions from the private sector.

MANDATORY SPENDING

Repeal New Funding from the Student Aid and Fiscal Responsibility Act of 2010. During the debate on SAFRA, the Congressional Budget Office provided estimates showing that projected future savings from a government takeover of all federal student loans decreased dramatically when "market risk" was taken into account. Since that time, the President's National Commission on Fiscal Responsibility and the Pew—Peterson Commission on Budget Reform have recommended the incorporation of fair-value accounting for all federal loan and loan-guarantee programs to enable a true assessment of their cost to taxpayers. In 2012, the House passed H.R. 3581, the Budget and Accounting Transparency Act, which would mandate fair-value accounting. Unfortunately, SAFRA used the higher non-adjusted savings projection to subsidize the new healthcare law and to increase spending on several education programs. Although much of the funding allocations have already been spent, Congress could cancel the future spending in the following ways:

- First, it could repeal the expansion of the Income-Based Repayment program. SAFRA made the IBR plan more generous for new borrowers of Direct Loans. This program, created by the CCRAA and accelerated by the administration, is still relatively new. Moreover, there are concerns that the expansions could disproportionately benefit graduate and professional students. Congress should ensure the program is meeting its intended goals before it is expanded.
- Second, Congress could repeal the new mandatory College Access Challenge Grants. SAFRA dedicated $750 million in mandatory spending to this discretionary program and created a "funding cliff' with resources abruptly terminating in 2014.
- Third, it could make discretionary payments, rather than mandatory payments, to non-profit servicers. SAFRA established two separate funding categories for Direct Loan servicing contracts, a mandatory stream for eligible non-profit services and a discretionary stream for other servicers. Both of these types of servicers should be funded with discretionary funds.
- Fourth, it could move funding for the Community College/TAA grant program to the discretionary side of the budget. SAFRA provides an additional $500 million in mandatory funding per year for fiscal years 2011—14 for the Trade Adjustment Assistance Community College and Career Training program—a competitive grant program administered by the Department of Labor. This program should not be funded with mandatory funds.

Accept the Fiscal Commission's Proposal to Eliminate In-School Interest Subsidies for Undergraduate Students. The federal government focuses aid decisions on family income prior to a student's enrollment, and then provides a number of repayment protections and, in some cases, loan forgiveness after graduation. There is no evidence that in-school interest subsidies are critical to individual matriculation.

Terminate the Duplicative Social Services Block Grant. The Social Services Block Grant is an annual payment sent to States without a matching requirement to help achieve a range of social goals, including child care, health services, and employment services. Most of these are also funded by other federal programs. States are given wide discretion to determine how to spend this money and are not required to demonstrate the outcomes of this spending, so there is no evidence of its effectiveness. The budget recommends eliminating this duplicative spending.

FUNCTION 550: HEALTH

Function Summary

The principal driver of spending in this function is Medicaid, the federal-state low-income health program. It represents more than 70 percent of the function total, and is growing at a rate of 8 percent per year—far faster than the growth of the overall economy. The Congressional Budget Office projects federal spending on this program to be $265 billion in fiscal year 2013. This is expected to more than double within the next ten years, reaching $572 billion by fiscal year 2023.

But this represents only the federal share of Medicaid. State spending on the program is expected to follow these same trends. According to the Centers for Medicare and Medicaid Services' December *2011 Actuarial Report on the Financial Outlook on Medicaid*, total state spending will rise from $159.2 billion in fiscal year 2011 to $340 billion in fiscal year 2020.

While these spending trends are clearly unsustainable, Medicaid also has fostered a two-tiered hierarchy in the health-care marketplace that stigmatizes Medicaid enrollees. Its perverse funding structure is exacerbating budget pressures at the state and federal level, while creating a mountain of waste. With administrators looking to control costs and providers refusing to participate in a system that severely under-reimburses their services, Medicaid beneficiaries are ultimately finding it increasingly difficult to obtain even the most basic medical care. Absent reform, Medicaid will not be able to deliver on its promise to provide a sturdy health-care safety net for society's most vulnerable.

Medicaid's current structure gives states a perverse incentive to expand the program and little incentive to save. For every dollar that a state government spends on Medicaid, the federal government pays an average of 57 cents. Expanding Medicaid coverage during boom years is tempting and easy to do—state governments pay less than half the cost. Yet to restrain Medicaid's growth, states must rescind a dollar's worth of coverage to save 43 cents.

The recently enacted health-care law adds even more liabilities to an already unsustainable program. CBO estimates the new law will increase federal Medicaid spending by $635 billion. This is due to the millions of new beneficiaries that the law drives into the program. In fact, CBO estimates that in 2023, 12 million new enrollees will be added to the Medicaid program as a result of the Affordable Care Act.

For all these reasons, this budget recommends a fundamental reform of the Medicaid program. One potential approach is described below.

In addition to Medicaid, this budget function includes spending for the Affordable Care Act's exchange subsidies; State Children's Health Insurance Program; health research and training, including the National Institutes of Health and substance-abuse prevention and treatment; and consumer and occupational health and safety, including the Occupational Safety and Health Administration.

Discretionary spending in this function includes funding for Project Bioshield, NIH, the Food Safety and Inspection Service, and the Food and Drug Administration.

Summary of Committee—Reported Resolution

The resolution calls for $363.8 billion in budget authority and $378.7 billion in outlays in fiscal year 2014. Discretionary spending for the year is $40.1 billion in budget authority and $57.6 billion in outlays; mandatory spending is $323.6 billion in budget authority and $321 billion in outlays. The ten-year totals for budget authority and outlays are $3.98 trillion and $3.97 trillion, respectively.

Illustrative Policy Options

The exact contours of a Medicaid reform—as well as other policies flowing from the fiscal assumptions in this budget resolution—will be determined by the committees of jurisdiction. Nevertheless, the need for fundamental Medicaid reform and other measures to slow the growth of federal spending are unquestioned, and one set of potential approaches is described below.

DISCRETIONARY SPENDING

MANDATORY SPENDING

Provide State Flexibility on Medicaid. One way to secure the Medicaid benefit is by converting the federal share of Medicaid spending into an allotment tailored to meet each state's needs, indexed for inflation and population growth. Such a reform would end the misguided one-size-fits-all approach that has tied the hands of state governments. States would no longer be shackled by federally determined program requirements and enrollment criteria. Instead, each state would have the freedom and flexibility to tailor a Medicaid program that fit the needs of its unique population.

The budget resolution proposes to transform Medicaid from an open-ended entitlement into a block-granted program like SCHIP. These programs would be unified under the proposal and grown together for population growth and inflation.

This reform also would improve the health-care safety net for low-income Americans by giving states the ability to offer their Medicaid populations more options and better access to care. Medicaid recipients, like all other Americans, deserve to choose their own doctors and make their own health-care decisions, instead of having Washington make those decisions for them.

There are numerous examples across the country where states have used existing, but limited flexibility of Medicaid's waiver program to introduce innovative reforms that produced cost savings, quality improvements, and beneficiary satisfaction. The state of Indiana implemented such reforms through the *Healthy Indiana Plan*, a patient-centered system that provided health coverage to uninsured residents who didn't qualify for Medicaid. Enrollees in this program had access to benefits such as physician services, prescription drugs, both patient and outpatient hospital care, and disease management. Unfortunately, the current administration denied Indiana's request to continue operating their program under the Medicaid waiver rules.

The Medicaid reforms proposed in the fiscal year 2014 budget take the opposite approach and instead provide all states with the necessary flexibility to pursue reforms similar to the Indiana plan.

Based on this kind of reform, this budget assumes $810 billion in savings over ten years, easing the fiscal burdens imposed on state budgets and contributing to the long-term stabilization of the federal government's fiscal path.

Repeal the Medicaid Expansions in the New Health-Care Law. The recently enacted health-care law calls for major expansions in the Medicaid program beginning in 2014. These expansions will have a significant impact on the federal share of the Medicaid program, and will dramatically increase outlays.

In the face of enormous stress on federal and state budgets and declining quality of care for Medicaid, the new health-care law would increase the eligible population for the program by one-third. For fiscal years 2014 through 2023, CBO projects the new law will increase federal spending by $635 billion.

This future fiscal burden will have serious budgetary consequences for both federal and state governments. While the health law requires the federal government to finance 100 percent of the Medicaid costs associated with covering new enrollees, this provision begins to phase out in fiscal year 2016. At that time, state governments will be required to assume a share of this cost. This share increases from fiscal year 2016 through 2020, when states will be required to finance 10 percent of the health law's expansion of Medicaid.

Not only does this expansion magnify the challenges to both state and federal budgets, it also binds the hands of local governments in developing solutions that meet the unique needs of their citizens. The health-care law would exacerbate the already crippling one-size-fits-all enrollment mandates that have resulted in below-market reimbursements, poor health-care outcomes, and restrictive services. The budget calls for repealing the Medicaid expansions contained in the health-care law and removing the law's burdensome programmatic mandates on state governments. Adopting this option would save $635.8 billion over ten years.

Repeal the Exchange Subsidies Created by the New Health-Care Law. According to CBO estimates, the health law proposes to spend over $1.2 trillion over the next ten years providing eligible individuals with subsidies to purchase government-approved health insurance. These subsidies can only be used to purchase plans that meet standards determined by the new health-care law. In addition to this enormous market distortion, the law also stipulates a complex maze of eligibility and income tests to determine how much of a subsidy qualifying individuals may receive.

The new law couples these subsidies with a mandate for individuals to purchase health insurance and bureaucratic controls on the types of insurance that may legally be offered. Taken together, these provisions will undermine the private insurance market, which serves as the backbone of the current U.S. health-care system. Exchange subsidies will undermine the competitive forces of the marketplace. Government mandates will drive out all but the largest insurance companies. Punitive tax penalties will force individuals to purchase coverage whether they choose to or not. Further, this budget does not condone any policy that would require entities or individuals to finance activities make health decisions that violate their religious beliefs. This budget repeals the President's onerous health-care law for this and many other reasons.

Left in place, the health law will create pressures that will eventually lead to a single-payer system in which the federal government determines how much health care Americans need and what kind of care they can receive. This budget recommends repealing the architecture of this new law, which puts heath-care decisions into the hands of bureaucrats, and instead allowing Congress to pursue patient-centered health-care reforms that actually bring down the cost of care by empowering consumers.

For Function 550, repeal of the insurance subsidies and other exchange-related spending would save roughly $1.1 trillion over ten years. To be clear, this budget repeals all federal spending related to the health law's exchange subsidies and related spending. CBO's $1.2 trillion estimate for the spending associated with exchange subsidies combines a mix of both outlays and revenues. Function 550 reflects only the savings that would result from repealing the federal-outlay portion of this spending. The remaining $100 billion in savings is associated with the revenues spent under the new law for premium credits. This budget assumes full repeal of all of the new health-care law's tax increases as part of comprehensive tax reform.

Other Related Savings: Interactions from repealing other associated provisions in the new health-care law save roughly $23 billion over 10 years.

FUNCTION 570: MEDICARE

Function Summary

With the creation of Medicare in 1965, the United States made a commitment to help fund the medical care of elderly Americans without exhausting their life savings or the assets and incomes of their working children and younger relatives. In urging the creation of Medicare, President Kennedy said that such a program was chiefly needed to protect not the poor, but people who had worked for years and suddenly found all their savings gone because of a costly health problem.

But spending for Medicare has grown quickly in recent decades—in part because of rising enrollment and in part because of rising costs per enrollee—and has reached unsustainable rates. Between 1970 and 2012, gross federal spending for Medicare rose from 0.7 percent of GDP to 3.7 percent. Under the alternative fiscal scenario in CBO's latest *The Long-Term Budget Outlook,* mandatory spending on Medicare is projected to exceed 7 percent of GDP by 2040 and reach 13 percent of GDP by 2085. CBO's March baseline projects that Medicare's Hospital Insurance Trust Fund will be bankrupt by 2023.

Medicare's imbalance threatens beneficiaries' access to quality, affordable care. The program's fundamentally flawed structure is driving up health-care costs, which are, in turn, threatening to bankrupt the system—and ultimately the nation. Without reform, the program will end up causing exactly what it was created to avoid: millions of America's seniors without adequate health security and a younger working generation saddled with enormous debts to pay for spending levels that cannot be sustained.

Letting government break its promises to current seniors and to future generations is unacceptable. In addition, placing Medicare on a sustainable path is an indispensable part of restoring the federal government's fiscal balance. The reforms outlined in this budget protect and preserve Medicare for those in or near retirement, while saving and strengthening the program so future generations can count on it when they retire.

The Medicare program's spending appears in Function 570 of the budget resolution. The function reflects the Medicare Part A Hospital Insurance Program, Part B Supplementary Medical Insurance Program, Part C Medicare Advantage Program, and Part D Prescription Drug Benefit, as well as premiums paid by qualified aged and disabled beneficiaries.

The various parts of the program are financed in different ways. Part A benefits are financed primarily by a payroll tax (currently 2.9 percent of taxable earnings), the revenues from which are credited to the HI Trust Fund. For Part B, premiums paid by beneficiaries cover about one-quarter of outlays, and the Treasury General Fund covers the rest. (Payments to private insurance plans under Part C are financed by a blend of funds from Parts A and B.) Enrollees' premiums under Part D are set to cover about one-quarter of the cost of the basic prescription drug benefit, though many low-income enrollees receive larger subsidies; general funds cover most of the remaining cost.

Summary of Committee—Reported Resolution

The resolution calls for $515.9 billion in budget authority and $515.7 billion in outlays in fiscal year 2014. Discretionary spending is $6.7 billion in budget authority and $6.6 billion in outlays in fiscal year 2014. Mandatory spending in 2014 is $509.3 billion in budget authority and $509.1 billion in outlays. The ten-year totals for budget authority and outlays are $6.7 trillion and $6.7 trillion respectively.

Illustrative Policy Options

The Medicare program attempts to do two things to make sure that all seniors have secure, affordable health coverage. First, the program pools risk among a specific population of Americans, ensuring that seniors enjoy *secure* access to coverage. The policies supported by this budget strengthen and enhance this aspect of Medicare so seniors will have more health-care choices within the same stabilized risk pool.

Second, Medicare subsidizes coverage for seniors to ensure that coverage is *affordable.* Affordability is a critical goal, but the subsidy structure of Medicare is fundamentally broken and drives costs in the wrong direction. The open-ended, blank-check nature of the Medicare subsidy fuels health-care inflation, threatens the solvency of the program, and creates inexcusable levels of waste in the system.

While the committees of jurisdiction will make the final determinations on specific Medicare reforms, the options described below offer one clear and reliable path toward solvency.

PREMIUM SUPPORT

In the Medicare system, the federal government—not the patient—is the customer; and the government has been a clumsy, ineffective steward of value. Controlling costs in an open-ended fee-for-service system has proved impossible to do without limiting access or sacrificing quality. Over the program's entire history, in a vain attempt to get control of the waste in the system, Washington has made across-the-board payment reductions to providers without regard to quality or patient satisfaction. It has not worked. Costs have continued to grow, seniors continue to lose access to quality care, and the program remains on a path to bankruptcy. Absent reform, Medicare will be unable to meet the needs of current seniors and future generations.

Reform aimed at empowering individuals—with a strengthened safety net for the poor and the sick—will not only ensure the fiscal sustainability of this program, the federal budget, and the U.S.

economy, but also guarantee that Medicare can fulfill the promise of health security for America's seniors.

The Medicare reform envisioned in this budget resolution begins with a commitment to keep the promises made to those who now are in or near retirement. Consequently, for those who enter the program before 2024, the Medicare program and its benefits will remain as they are, without change.

For future retirees, the budget supports an approach known as "premium support."

Starting in 2024, seniors (those who first become eligible by turning 65 on or after January 1, 2024) would be given a choice of private plans competing alongside the traditional fee-for-service Medicare program on a newly created Medicare Exchange. Medicare would provide a premium-support payment either to pay for or offset the premium of the plan chosen by the senior, depending on the plan's cost.

The Medicare recipient of the future would choose, from a list of guaranteed-coverage options, a health plan that best suits his or her needs. This is not a voucher program. A Medicare premium-support payment would be paid, by Medicare, directly to the plan or the fee-for-service program to subsidize its cost. The program would operate in a manner similar to that of the Medicare prescription-drug benefit. The Medicare premium-support payment would be adjusted so that the sick would receive higher payments if their conditions worsened; lower-income seniors would receive additional assistance to help cover out-of-pocket costs; and wealthier seniors would assume responsibility for a greater share of their premiums. Also starting in 2024, the age of eligibility for Medicare would begin to rise gradually to correspond with Social Security's retirement age.

This approach to strengthening the Medicare program—which is based on a long history of bipartisan reform plans—would ensure security and affordability for seniors now and into the future. It would set up a carefully monitored exchange for Medicare plans. Health plans that chose to participate in the Medicare Exchange would agree to offer insurance to all Medicare beneficiaries, to avoid cherry-picking and ensure that Medicare's sickest and highest-cost beneficiaries receive coverage.

While there would be no disruptions in the current Medicare fee-for-service program for those currently enrolled or becoming eligible before 2024, all seniors would have the choice to opt-in to the new Medicare program once it began in 2024. This budget envisions giving seniors the freedom to choose a plan best suited for them, guaranteeing health security throughout their retirement years. It would also expand that freedom to non-retirees by giving certain employers the option to offer their employees a free-choice option, smoothing the transition from their working years to when seniors become Medicare-eligible. This would enable workers to devote their employer's health-coverage contribution to the purchase a health-insurance plan that works best for them.

This reform also ensures affordability by fixing the currently broken subsidy system and letting market competition work as a real check on widespread waste and skyrocketing health-care costs. Putting patients in charge of how their health-care dollars are spent will force providers to compete against each other on price and quality.

ADDITIONAL IMPROVEMENTS IN THE MEDICARE PROGRAM

A Long-Term "Doc Fix." In recent years, Medicare's physician reimbursement formula—the "sustained growth rate"—has threatened steep reductions in payments, leaving doctors uncertain about their incomes and, in some cases, reluctant to take on additional Medicare patients. Congress has patched over the problem numerous times with ad hoc increases in reimbursements—a practice known as the "doc fix." These measures have become increasingly expensive to taxpayers without stabilizing the program. This budget accommodates legislation that fixes the Medicare physician-payment formula for the next ten years so that Medicare beneficiaries continue to have access to health care. It provides for a reimbursement system that fairly compensates physicians who treat Medicare beneficiaries while providing incentives to improve quality and efficiency. The reimbursement reform process should also protect seniors enrolled in Medicare Advantage plans from premium increases, benefit reductions and loss of coverage options that would result from certain assumptions made by the Centers for Medicare and Medicaid with respect to the SGR.

Ending the Raid on the Medicare Trust Fund. Supporters of the 2010 government takeover of health care insisted the law would both shore up the Medicare Trust Fund and pay for a new health-care entitlement program. In testimony before the Committee, Medicare's chief actuary stated the truism that the same dollar could not be used twice. This budget calls for directing any potential Medicare savings in current law toward shoring up Medicare, not paying for new entitlements. The budget also urges repeal of the health-care law's new rationing board (the Independent Payment Advisory Board), in addition to stabilizing plan choices for current seniors.

Medical-Liability-Insurance Reform. This budget also advances common-sense curbs on abusive and frivolous lawsuits. Medical lawsuits and excessive verdicts increase health-care costs and result in reduced access to care. When mistakes happen, patients have a right to fair representation and fair compensation. But the current tort-litigation system too often serves the interests of lawyers while driving up costs. The budget supports several changes to laws governing medical liability, including limits on noneconomic and punitive damages.

Means-Testing Premiums for High-Income Seniors. This budget also advances a bipartisan proposal to further means-test premiums in Medicare Parts B and D for high-income seniors, similar to the President's proposal in his fiscal year 2013 budget.

FUNCTION 600: INCOME SECURITY

Function Summary

The welfare reforms of the late 1990s are a success story of modern domestic policy, but they did not go as far as many think. Reformers were not able to extend their work beyond cash welfare to other means-tested programs. Notably, programs that subsidize food and housing for low-income Americans remain dysfunctional, and their explosive growth is threatening the overall strength of the safety net. If the government continues running trillion-dollar deficits and experiences a debt crisis, the poor and vulnerable will undoubtedly be the hardest hit, as the federal government's only recourse will be severe, across-the-board cuts.

Most of the federal government's income-support programs are included in Function 600, Income Security. These include general retirement and disability insurance (excluding Social Security)—mainly through the Pension Benefit Guaranty Corporation—and benefits to railroad retirees. Other components are federal-employee-retirement and disability benefits (including military retirees); unemployment compensation; low-income housing assistance, including Section 8 housing; food and nutrition assistance, including food stamps and school-lunch subsidies; and other income security programs.

This last category includes: Temporary Assistance to Needy Families, the Government's principal welfare program; Supplemental Security Income; spending for the refundable portion of the Earned Income Credit; and the Low Income Home Energy Assistance Program. Agencies administering these programs include the Departments of Agriculture, Health and Human Services, Housing and Urban Development, the Social Security Administration (for SSI), and the Office of Personnel Management (for federal-retirement benefits).

Summary of Committee—Reported Resolution

The resolution calls for $509.4 billion in budget authority and $508.1 billion in outlays in fiscal year 2014. Discretionary spending is $61.1 billion in budget authority and $64 billion in outlays in fiscal year 2014. Mandatory spending in 2014 is $448.4 billion in budget authority and $444 billion in outlays. The ten-year totals for budget authority and outlays are $4.97 trillion and $4.94 trillion, respectively.

Although the Committee's recommendation is a disciplined budget that will require committees of jurisdiction and agencies to set priorities and achieve efficiencies, it does not take the arbitrary approach that would result in the event of a fiscal crisis.

Illustrative Policy Options

Reforming the federal government's income-security programs can both strengthen the safety net and protect taxpayers. Among reforms that could be considered by the committees of jurisdiction are the following.

DISCRETIONARY SPENDING

Reform Supplemental Nutrition Assistance Program (SNAP) Outreach Funding. This budget assumes that outreach funding for the SNAP program is reduced, and the reduction is shifted towards programs that facilitate upward mobility, such as properly reformed job-training programs.

MANDATORY SPENDING

Block-Grant the Supplemental Nutrition Assistance Program. Spending on SNAP—formerly known as the Food Stamp Program—has increased dramatically over the past three years. SNAP spending grew from $20.6 billion in 2002 to nearly $40 billion in 2008, and is projected to be over $80 billion in 2013. Although the increase between 2008 and 2013 is partially due to the recession, SNAP spending is forecast to be permanently higher than previous estimates even after employment has recovered. A variety of factors are driving this growth, but one major reason is that though the States have the responsibility of administering the program, they have little incentive to ensure it is well run.

The budget resolution envisions converting SNAP into an allotment tailored for each state's low-income population, indexed for inflation and eligibility. This option would make no changes to SNAP until 2019—after employment has recovered—providing states with time to structure their own programs. It would also envision improving work incentives by requiring a certain amount of people to engage in work activity, such as job search, community-service activities and education and job training. This proposal is estimated to save $125 billion over ten years.

Eliminate Broad-Based Categorical Eligibility. Broad-based categorical eligibility allows households to become eligible for SNAP by receiving a minimal Temporary Assistance for Needy Families fund benefit or service. Typically, an individual is made eligible by receiving a TANF brochure or being referred to a social services "800" telephone number. This allows individuals to qualify for SNAP benefits under less restrictive criteria. For example, 40 states currently have no asset test for receiving SNAP benefits.

Eliminate Abuse of LIHEAP: The Low Income Home Energy Assistance Program provides low-income families with help to pay heating bills. However, many states are providing families with $1.00 in LIHEAP benefits in order to increase SNAP benefits (see "Categorical Eligibility" above). This proposal would eliminate that abuse.

Reinstitute Welfare Work Requirements: The Obama administration, in contravention of current law, has claimed authority to waive the work requirements of the Temporary Assistance to Needy Families program. This budget rescinds any authority the Obama administration thinks it has to provide for waivers of the work requirement of the TANF program. It assumes that President Clinton and the Republican majority at the time were correct in requiring robust work requirements for the TANF program—which led to the largest sustained reduction in child poverty since the onset of the "Great Society." This would save $61 million over ten years.

Reform Civil-Service Pensions. In keeping with a recommendation from the National Commission on Fiscal Responsibility, this option calls for federal employees—including Members of Congress and staff—to make greater contributions toward their own retirement. It would also reform the ability for individuals to receive a "special retirement supplement," which pays federal employees the equivalent of their Social Security benefit at an earlier age. As the Office of Personnel Management states on its website, this benefit is "unique" to the Federal Employee Retirement System. This would achieve significant budgetary savings and also help facilitate a transition to a defined-contribution system for new federal employees that would give them more control over their own retirement security. From a fiscal-responsibility standpoint, this option would replace a system that is creating unfunded future liabilities for taxpayers with a fully funded system: it could save an estimated $132 billion over ten years.

Reform the Pension Benefit Guaranty Corporation. Currently, the PBGC faces a $26 billion unfunded liability. Although this budget does not assume the President's proposal from 2012, it recognizes the need to reform the PBGC to ensure that a future taxpayer-funded bailout does not occur. Potential savings could total an estimated $950 million over ten years.

Unemployment Insurance. This budget resolution assumes that unemployment-benefit expansions and extended benefits expire as scheduled under current law and does not assume another extension of emergency unemployment-insurance benefits. The previous expansions have increased the potential maximum duration of benefits to 79 weeks.

Reform Supplemental Security Income. Welfare programs typically pay benefits on a sliding scale. However, SSI is different, paying an average of $600 for each and every child in a household who receives benefits. This reform would create a sliding scale for children on SSI. Advocates for the disabled have expressed support in the past for creating a sliding scale for children on SSI. For example, Jonathan Stein—the lead advocate attorney in the landmark 1990 Supreme Court Case expanding SSI eligibility for children and witness for the Democrats at an October 27, 2011 Ways and Means Subcommittee hearing on SSI—in 1995 said the following about this proposal: "[W]e have a long list of reforms that we do not have time to get into, but we would say for very large families there should be some sort of family cap or graduated sliding scale of benefits." Additionally, Congress should review mental-health categories in the children's SSI program, which have been the fastest-growing categories of eligibility. These reforms could save up to $5 billion over ten years.

Reform Means-Tested Entitlements. Congress should act to reform means-tested entitlements. These programs have grown rapidly over the past ten years, and Congress should reform these programs and begin devolving them to the states. This would build upon the historic progress of bipartisan welfare reform in the late 1990s. These reforms transformed cash welfare by encouraging work, limiting the duration of benefits, and giving states more control over how money was being spent. The TANF reforms of the old Aid for Families with Dependent Children cut welfare caseloads in half as poverty rates declined.

FUNCTION 650: SOCIAL SECURITY

Function Summary

Summary of Committee—Reported Resolution

This category consists of the Social Security Program, or Old Age, Survivors, and Disability Insurance. It is the largest budget function in terms of outlays and provides funds for the government's largest entitlement program. Under provisions of the Congressional Budget Act and the Budget Enforcement Act, Social Security trust funds are considered to be off budget. But a small portion of spending within Function 650—including general-fund transfers of taxes paid on Social Security benefits—is on budget. Therefore, though the discussion below describes both the on-budget and off-budget components, the budget resolution itself contains only the on-budget portion.

Social Security must be reformed to prevent severe cuts in future benefits. This budget strengthens the program by establishing a requirement that policymakers come to the table and enact commonsense reforms to keep the program solvent for current beneficiaries and make it stronger for future generations.

The President's Commission on Fiscal Responsibility and Reform put forward a proposal in December of 2010 to make Social Security sustainably solvent over the 75-year actuarial period that is used to measure the soundness of the program—demonstrating that there is a bipartisan way forward.

Summary of Committee—Reported Resolution

Social Security contains both on-budget and off-budget spending—the latter consisting of benefit payments for the OASDI program. The budget resolution reflects only the on-budget spending. In that category, the resolution calls for $27.5 billion in budget authority and $27.6 billion in outlays in fiscal year 2014. Over ten years, the on-budget totals are $421.3 billion in budget authority and $421.6 billion in outlays.

In the off-budget category, the resolution calls for $836.2 billion in budget authority for fiscal year 2014 and $832.2 billion in outlays for fiscal year 2014. Over ten years, the off-budget totals are $10.85 trillion in budget authority and $10.79 trillion in outlays.

Illustrative Policy Options

FACING SOCIAL SECURITY'S FISCAL PROBLEM

An all-too-common reaction to the fiscal problem in Social Security has been denial that a problem exists. It is claimed that the

Social Security Trust Fund will remain solvent for at least a decade, at which point the government could theoretically cover any shortfall by raising taxes. Others downplay the necessity for change, contending that sustained economic growth could take care of the problem all by itself.

Neither is correct. First, any value in the balances in the Social Security Trust Fund is derived from dubious government accounting. The trust fund is not a real savings account. From 1983 to 2010, it collected more Social Security taxes than it paid out in Social Security benefits. But the government borrowed all of these surpluses and spent them on other government programs unrelated to Social Security. The Trust Fund holds Treasury securities, but the ability to redeem these securities is completely dependent on the Treasury's ability to raise money through taxes or borrowing.

Social Security is currently paying out more in benefits than it collected in taxes—in other words, running cash deficits—a trend that will worsen as the baby boomers continue to retire. To pay full benefits, the government must pay back the money it owes Social Security. In testimony before the House Budget Committee, CBO Director Doug Elmendorf stated that:

> Well, again, Congressman, on a unified budget basis, taking account of just the tax revenues, the dedicated tax revenues, and the benefits, it is contributing [to] the deficit now. If one instead looks at just the balance in the Social Security Trust Fund, that balance is, the annual balance is positive now, but will be negative within about a half dozen years.

Those who wish to solve this problem by raising taxes ignore the profound economic damage that such large tax increases would entail. Just lifting the cap on income subject to Social Security taxes, as some have proposed, would, when combined with the Obama administration's other preferred tax policies, lift the top marginal tax rate above 50 percent. Most economists agree that raising marginal tax rates that high would create a significant drag on economic growth, job creation, productivity, and wages.

Social Security's fragile condition poses a serious problem that threatens to break the broader compact in which workers support the generation preceding them, and earn the support of those who follow.

There is a bipartisan path forward on Social Security—one that requires all parties first to acknowledge the fiscal realities of this critical program. The President's Fiscal Commission made a positive first step by advancing solutions to ensure the solvency of Social Security. They suggested a more progressive benefit structure, with benefits for higher-income workers growing more slowly than those of workers with lower incomes who are more vulnerable to economic shocks in retirement. The Commission also recommended reforms that take account of increases in longevity, to arrest the demographic problems that are undermining Social Security's finances.

In addition, there is bipartisan consensus that Social Security reform should provide more help to those who fall below the poverty line after retirement. There is no security in a program that is blind to the needs of the nation's most vulnerable citizens—lower-income seniors should receive more targeted assistance than those who have had ample opportunity to save for retirement.

While certain details of the Commission's Social Security proposals, particularly on the tax side, are of debatable merit, the Commission undoubtedly made positive steps forward on bipartisan solutions to strengthen Social Security. This budget seeks to build on the Commission's important work, calling on action to solve this pressing problem by requiring the President to put forward specific ideas on fixing Social Security. The budget also puts the onus on Congress to offer legislation to ensure the sustainable solvency of this critical program. To be clear, nothing in this budget calls for the privatization of Social Security.

STARTING THE PROCESS

This budget calls for setting in motion the process of reforming Social Security by altering a current-law trigger that, in the event that the Social Security program is not sustainable, requires the President, in conjunction with the Social Security Board of Trustees, to submit a plan for restoring balance to the fund. This provision would then require congressional leaders to put forward their best ideas as well. Although the Committee on Ways and Means would make the final determination, this provision would require that:

- If in any year the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, in its annual Trustees' Report, determines that the 75-year actuarial balance of the Social Security Trust Funds is in deficit, and the annual balance of the Social Security Trust Funds in the 75th year is in deficit, the Board of Trustees should, no later than the 30th of September of the same calendar year, submit to the President recommendations for statutory reforms necessary to achieve a positive 75-year actuarial balance and a positive annual balance in the 75th year.
- No later than the 1st of December of the same calendar year in which the Board of Trustees submits its recommendations, the President shall promptly submit implementing legislation to both Houses of Congress including recommendations necessary to achieve a positive 75-year actuarial balance and a positive annual balance in the 75th year.
- Within 60 days of the President's submitting legislation, the committees of jurisdiction to which the legislation has been referred shall report the bill, which shall be considered by the full House or Senate under expedited procedures.

Again, the aim of this option is to force recognition of the need to save Social Security. This procedure offers a first step in that direction.

FUNCTION 700: VETERANS BENEFITS AND SERVICES

Function Summary

Function 700 includes funding for the Department of Veterans Affairs, which provides benefits to veterans who meet various eligibility rules. Benefit programs include veterans' medical care, disability compensation and pensions, education and rehabilitation benefits, and housing programs. Function 700 also includes other government agencies and programs that serve veterans, such as the Department of Labor's Veterans' Employment and Training Service, the United States Court of Appeals for Veterans Claims, and the American Battle Monuments Commission.

The past two decades have seen extraordinary growth in funding for benefits and services for the nation's 22 million veterans. Over the past decade, veterans discretionary spending (mostly health care) has increased 88 percent, while mandatory costs have increased 144 percent, mostly attributable to increasing disability compensation and the expansion of benefits.

Summary of Committee—Reported Resolution

The resolution calls for $145.7 billion in budget authority and $145.4 billion in outlays in fiscal year 2014. Discretionary spending is $63.3 billion in budget authority and $63.1 billion in outlays in fiscal year 2014. This in an increase of 3.1 percent from last year's discretionary level. Mandatory spending in 2014 is $82.4 billion in budget authority and $82.3 billion in outlays. The ten-year totals for budget authority and outlays are $1.7 trillion and $1.7 trillion, respectively.

This resolution also authorizes up to $55.483 billion for fiscal year 2015 in advance appropriations for medical care, consistent with the Veterans Health Care Budget and Reform Transparency Act of 2009. Since the President has yet to submit a budget request this year, the VA's request for veterans-medical-care advance appropriations for fiscal year 2015 is unavailable as of the writing of this concurrent resolution. The amount authorized in this resolution reflects the amount requested in the administration's fiscal year 2013 request for fiscal year 2015 and is the most up-to-date estimate on veterans' health-care needs requested by the Department of Veterans Affairs.

This budget fully funds the nation's commitment to the services and benefits earned by veterans through their selfless military service. Veterans are, and will remain, the highest priority within this budget.

While the Committee does not assume any savings in Function 700, it notes the bipartisan support for certain mandatory savings proposals. These proposals include:

COLA Round-Down. This savings proposal would extend current law and calls for rounding down to the nearest dollar the annual cost of living adjustment for veterans' disability compensation and dependency and indemnity compensation. This option was included in a bipartisan letter from the leadership of the House and Senate Veterans' Affairs Committees to the Joint Select Committee on Deficit Reduction in 2011. This minor adjustment to compensation payments would have little impact on veterans and was also included in the President's fiscal year 2013 budget request.

Slow the Growth in VA Contributions Toward Increasing Tuition Rates. Veteran-education benefits became significantly more generous following the 2008 passage of the Post-9/11 G.I. Bill. The Post-9/11 G.I. Bill covers veterans' tuition, fees, and textbook costs, in addition to providing a monthly tax-free living stipend. The rapidly increasing average cost of tuition nationwide—about 6 percent per year—is causing unexpected and considerable increases in education-benefit spending.

Furthermore, there is strong evidence that uncapped federal assistance to students for higher education—both for veterans and for other populations—is enabling the rapid rise of tuition costs. As higher-education analyst Art Hauptman has written, "It is difficult to believe that colleges and universities could have increased their charges so rapidly over time without the ready availability of students' ability to borrow."

Both the House and Senate Veterans' Affairs Committees proposed to the JSCDR that capping the annual increase in tuition support at 3 percent would lead to substantial savings and, by no longer enabling rapidly rising tuition, would not adversely impact veterans.

FUNCTION 750: ADMINISTRATION OF JUSTICE

Function Summary

The Administration of Justice function consists of federal law-enforcement programs, litigation and judicial activities, correctional operations, and state- and local-justice assistance. Activities funded within this function include: the Federal Bureau of Investigation; the Drug Enforcement Administration; border and transportation security; the Bureau of Alcohol, Tobacco, Firearms and Explosives; the United States Attorneys; legal divisions within the Department of Justice; the Legal Services Corporation; the Federal Judiciary; and the Federal Bureau of Prisons. This function also includes several components of the Department of Homeland Security.

Summary of Committee—Reported Resolution

The resolution calls for $51.9 billion in budget authority and $53.4 billion in outlays in fiscal year 2014. Discretionary spending is $50.4 billion in budget authority and $51.8 billion in outlays in fiscal year 2014. Mandatory spending in 2014 is $1.6 billion in budget authority and $1.6 billion in outlays. The ten-year totals for budget authority and outlays are $607.4 billion and $608.1 billion, respectively.

According to the Government Accountability Office, since fiscal year 2005, over $30 billion has been disbursed to more than 200 DOJ programs authorized through three sources: Community Oriented Policing Services, the Office of Justice Programs, and the Office on Violence Against Women. The GAO has determined that many of these grants—several of which have been used to fund recreational activities, fashion shows, pool parties, and even doughnut-eating contests—could be viewed as wasteful, overlapping, and duplicative.

With the risk of terrorism as well as a tidal wave of debt, federal taxpayer money for the Department of Justice should be focused on administering justice, arresting and prosecuting terrorists, investigating crimes, and seeking punishment for those guilty of unlawful behavior. It is the responsibility of the states and communities to determine the best course of action in deterring crime. The budget focuses on funding core government responsibilities and reducing duplication, excess, and unnecessary spending.

Illustrative Policy Options

As elsewhere, the committees of jurisdiction will make final policy determinations. The proposals below indicate policy options that might be considered.

DISCRETIONARY SPENDING

Consolidate Justice Grants. In 2010, DOJ awarded nearly $3.9 billion in grants, including $4.0 billion provided in the 2009 stimulus bill. The Congressional Research Service and GAO identified overlap and duplication within many of these grant programs. CRS suggested "possible policy options could include altering the current grant programs to target funding for specific activities in each grant program or consolidating the different grant programs into one large program." In addition, these grant programs address law-enforcement issues that are primarily state and local responsibilities. This option streamlines grants into three categories—first responder, law enforcement, and victims—while eliminating waste, inefficiency, and bureaucracy.

Eliminate Unnecessary Headquarters Funding for DHS, DOJ, and Judiciary. Underperforming IT projects, representational fees for receptions, and new construction funds should be reduced in agency headquarters' management and operations programs. The budget recommends additional scrutiny of cost overruns of DHS's St. Elizabeths project, the largest federal building project in DC since the Pentagon.

FUNCTION 800: GENERAL GOVERNMENT

Function Summary

General government consists of the activities of the legislative branch; the Executive Office of the President; general tax administration and fiscal operations of the Department of the Treasury (including the Internal Revenue Service); the Office of Personnel Management, and the real-property and personnel costs of the General Services Administration; general-purpose fiscal assistance to states, localities, the District of Columbia, and U.S. territories; and other general government activities.

Several programs in general government have seen steady growth since 2008. The American Recovery and Reinvestment Act increased the General Services Administration's budget by $5.8 billion, for example.

Summary of Committee—Reported Resolution

The resolution calls for $23.2 billion in budget authority and $24.2 billion in outlays in fiscal year 2014. Of that total, discretionary spending in fiscal year 2014 totals $16.9 billion in budget authority and $17.4 billion in outlays. Mandatory spending in 2014 is $6.4 billion in budget authority and $6.8 billion in outlays. The ten-year totals for budget authority and outlays are $252.3 billion and $247.4 billion, respectively.

Illustrative Policy Options

The resolution aims to eliminate identified waste across all federal-government branches and agencies. federal pay, benefits, and mismanagement of properties are just a few areas where savings should be achieved. Although the committees of jurisdiction will determine the actual policies in pursuit of these goals, the options below offer several potential approaches.

MANDATORY SPENDING

Adopt "YouCut" Proposals. The budget also incorporates several of the House Republican "YouCut" proposals introduced during the 111th and 112th Congresses. One example in Function 800 is the elimination of the Presidential Election Campaign Fund, which saves $300 million over ten years.

DISCRETIONARY SPENDING

Freeze New Construction. In fiscal year 2010, the government owned 77,700 properties which were either underutilized or not utilized at all—at a cost of $1.7 billion. This budget calls for a freeze on new construction for a one-year period.

Decrease Costs of the Government Printing Office by Increasing the Use of Electronic Copies. The GPO prints thousands upon thousands of pages of government documents each year. However, the online presence of this material has become ubiquitous. This resolution supports policy that guides the GPO to print materials on a more selective basis, allowing users to rely more heavily on increased electronic access to materials.

Terminate the Election Assistance Commission. This independent agency was created in 2002 as part of the Help America Vote Act to provide grants to states to modernize voting equipment. Its mission has been fulfilled. Even the National Association of Secretaries of State has passed resolutions stating that the EAC has served its purpose and funding is no longer necessary. The EAC should be eliminated and any valuable, residual functions transferred to the Federal Election Commission.

Accompany Pro-Growth Tax Reform with Responsible Reductions to the Internal Revenue Service. Changes in the tax code are occurring at a rate of approximately one a day, and the Internal Revenue Code now contains approximately 4 million words. Each year, taxpayers and businesses spend an unbelievable 6 billion hours complying with filing requirements. This resolution calls for simplifying the burdensome tax code, naturally reducing the agency's size by promoting policies that lead to less reliance on the IRS.

FUNCTION 900: NET INTEREST

Function Summary

An adverse effect of chronic budget deficits is the high interest cost it produces. Interest payments result in no government services or benefits; they are simply excess costs resulting from a history of spending beyond the government's means. These costs are reflected in Function 900, which presents the interest paid for the federal government's borrowing less the interest received by the federal government from trust-fund investments and loans to the public. It is a mandatory payment, with no discretionary components.

For the past four years, the federal government has run deficits in excess of $1 trillion, and despite some discretionary-spending reductions since the beginning of the 112th Congress, the federal budget is on track for another year to run an abnormally high deficit. Because much of the federal government's spending is so deeply entrenched, reducing the associated interest costs will require sustained spending restraint. This budget resolution does so—and it reduces net interest by $869 billion over ten years compared with the CBO baseline.

Summary of Committee—Reported Resolution

The resolution calls for $242 billion in mandatory budget authority and outlays in fiscal year 2014. The ten-year totals for budget authority and outlays are $4.5 trillion.

On-budget mandatory budget authority and outlays are $341 billion in fiscal year 2014 and $5.6 trillion over ten years. The on-budget figures are larger than the function totals because the former are offset by off-budget interest payments to the Social Security Trust Fund, which are reflected as negative numbers.

Off-budget mandatory budget authority and outlays are −$98.7 billion in fiscal year 2014, and −$1.0 trillion over ten years.

FUNCTION 920: ALLOWANCES

Function Summary

Function 920 is a category called "allowances" that represents a place-holder for any budgetary impacts that the Congressional Budget Office has yet to assign to a specific budget function. CBO typically reassigns the budgetary effects of any legislation enacted within Function 920 once a new baseline update is released.

Summary of Committee—Reported Resolution

In August 2011, Congress enacted the Budget Control Act of 2011 (P.L. 112–25) that provided for significant spending reductions enforced by statutory spending caps and an automatic enforcement procedure. The BCA did not specify a distribution of spending reductions in specific budget functions other than for defense (Function 050) and Medicare (Function 570), even though the law does require reductions in non-defense and non-Medicare areas of the budget. At the time that the February 2013 baseline was released, CBO did not provide function-level information on what non-defense and non-Medicare reductions are under the terms of the BCA. CBO has, instead, assigned the non-defense and non-Medicare reductions required by the BCA to Function 920.

This budget resolution makes no changes in this function, leaving it instead at the CBO baseline levels.

The CBO baseline for Function 920 includes a total of $771.1 billion and $712.3 billion in reductions for budget authority and outlays, respectively, to reflect the impact of the BCA on non-defense and non-Medicare spending. The following four components are included in the baseline:

1. A $354 billion and $315 billion reduction in non-defense budget authority and outlays, respectively, needed to comply with the discretionary spending caps set by the BCA in section 101.
2. An additional $348 billion and $335 billion reduction in total non-defense budget authority and outlays, respectively, needed to comply with the automatic-sequester provision and revised discretionary-spending caps under Section 302 of the BCA.
3. A $29 billion and $21 billion reduction in discretionary budget authority and outlays, respectively, for disaster-relief-designated spending not subject to the BCA spending caps. Under CBO's normal scoring conventions, the discretionary baseline reflects the most recently enacted discretionary level adjusted for inflation in the out years. Section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act, as amended by the BCA, however, limits upward adjustments in spending limits for disaster-relief-designated spending to the ten-year rolling average of previous dis-

aster-relief-designated spending (excluding the highest and lowest years in calculating that average). CBO has estimated that a discretionary baseline carrying an inflated level of disaster spending, as provided for in the Continuing Appropriations Resolution, 2013 (P.L. 112–175), would result in disaster-relief spending levels greater than the rolling-average limit set forth in the BCA. Therefore, CBO has added a downward adjustment in Function 920 to reduce disaster relief-designated spending in its baseline to comply with the BCA limit.

4. A $40 billion reduction in both budget authority and outlays to non-Medicare and non-defense mandatory programs necessary to comply with the terms of the BCA.

FUNCTION 930: GOVERNMENT-WIDE SAVINGS

Function Summary

Summary of Committee—Reported Resolution

Function 930 includes various policies that produce government-wide savings in multiple budget functions rather than in single, specific budget functions. The resolution calls for savings of $9.4 billion in budget authority and $6.6 billion in outlays in fiscal year 2014, all of which are discretionary. The ten-year totals for budget authority and outlay savings are $155.6 billion and $47.1 billion, respectively.

Illustrative Policy Options

DISCRETIONARY SPENDING

Federal-Employee Attrition. The budget includes discretionary savings by assuming a reduction in the federal civilian workforce through attrition, whereby the administration would be permitted to hire one employee for every three that leave government service. National-security positions would be subject to exemption.

Elimination of Student-Loan Repayment for Government Employees. The budget assumes discretionary savings by eliminating the repayment by the government of student loans for federal employees.

Reduce Appropriations Consistent with Equalizing Federal Agency and Employee Contributions to Defined-Benefit Retirement Plans: The policy described in the Income Security chapter of this report would increase the share of federal retirement benefits funded by the employee. This policy has the effect of reducing the personnel costs for the employing agency. The budget assumes savings from a reduction in agency appropriations associated with the reduction in payments that agencies make into the Civil Service Retirement and Disability Fund for federal employee retirement.

FUNCTION 950: UNDISTRIBUTED OFFSETTING RECEIPTS

Function Summary

This function consists of offsetting receipts to the Treasury, which are recorded as negative budget authority and outlays. Receipts recorded in this function are either intra-budgetary (a payment from one federal agency to another, such as agency payments to the retirement trust funds) or proprietary (a payment from the public for some kind of business transaction with the government). The main types of receipts recorded in this function are the payments federal employees and agencies make to employee retirement trust funds; payments made by companies for the right to explore and produce oil and gas on the Outer Continental Shelf; and payments by those who bid for the right to buy or use public property or resources, such as the electromagnetic spectrum. The function also contains an off-budget component that reflects the federal government's share of Social Security contributions for federal employees.

Summary of Committee—Reported Resolution

All transactions within function 950 are recorded as mandatory. The resolution calls for −$92.3 billion in budget authority and outlays in fiscal year 2014 (with the minus sign indicating receipts into the Treasury). Over ten years, budget authority and outlays total −$1.2 trillion.

On-budget amounts are −$75.9 billion in budget authority and outlays in fiscal year 2014, and −$957 billion in budget authority and outlays over ten years.

Off-budget amounts are −$16.3 billion in budget authority and outlays in fiscal year 2014, and −$195 billion in budget authority and outlays over ten years.

Illustrative Policy Options

Federal Fleet Sales. The President's Fiscal Commission recommended several ways to achieve savings. This resolution adopts many of their proposals, such as reducing the federal auto fleet by 20 percent, excluding the Department of Defense and the U.S. Postal Service. In 2010, the federal government reported a worldwide inventory of more than 662,000 vehicles and spent $4.6 billion on its fleet. In addition, the 2009 stimulus bill provided $300 million to "green the Federal fleet" by purchasing 17,205 vehicles.

This resolution builds on the Fiscal Commission's recommendation by proposing to sell a portion of the federal fleet to reduce the deficit and to get rid of unneeded vehicles, saving hundreds of millions of dollars.

Federal Real-Property Sales. The Fiscal Commission highlighted potential budget savings from another area where the mismanagement of taxpayer-owned assets and sheer amount of waste are staggering: federal real estate and other property. The federal real-property inventory is so massive that the report accounting for it lags two years behind the current budget year. The most recent General Services Administration's Federal Real Property Report is from fiscal year 2010 and summarizes data from 2009. With such large timing differences and accompanying confusion, there is very little incentive for agencies to dispose of unneeded properties and very few repercussions from holding onto these properties indefinitely. The federal government owns, leases, or manages 1.1 million properties nationwide. Of those, non-defense buildings accounted for at least 400,000 of the total. Yet the government's track record for real-estate asset sales has been poor.

In 2009, federal agencies received only about $50 million in proceeds from the sale of 2,228 assets—an average of $22,500 per property. Many buildings were simply given away as below-market-value bargains or even for free. On top of that, agencies reported spending $150 million in 2009 on the operating costs alone of unneeded properties waiting to either be sold or disposed.

The Committee urges the Office of Management and Budget to pursue streamlining the asset-sale process; loosening regulations for the disposal and sale of federal property to eliminate red tape and waste; setting enforceable targets for asset sales; and holding government agencies accountable for the buildings they oversee. If done correctly, taxpayers can recoup billions of dollars from selling unused government property.

Federal Land. Currently, the federal government owns 650 million acres of land—almost 30 percent of the land area of the United States. In addition to federal-fleet and real-property sales, this resolution supports examining federal land to see where cost savings can be achieved by selling unneeded acreage in the open market—excluding National Parks, wilderness areas, wildlife refuges, and wild and scenic rivers.

When the federal government holds lands that do not serve a public purpose, it takes these lands and the potential private-sector activity out of the federal, state, and local tax base. The savings in this function only display the proceeds from assets sales.

FUNCTION 970: OVERSEAS CONTINGENCY OPERATIONS/ GLOBAL WAR ON TERRORISM

Function Summary

This function includes funding for the prosecution of Overseas Contingency Operations/Global War on Terrorism and other closely related activities.

Summary of Committee—Reported Resolution

This resolution calls for $93 billion in budget authority and $46.6 billion in new outlays in fiscal year 2014. These amounts are House Budget Committee staff estimates of the budgetary resources necessary to fulfill the President's announced war policy. This function accommodates all of the funding requested by the Department of Defense for military operations and by the Department of State for the incremental, non-enduring civilian activities in Afghanistan, Pakistan, and Iraq. The funding budgeted in this function is not to be used as a reserve fund for other non-war activities.

Because the President has yet to submit his budget request, this resolution was written without the benefit of the estimates of the Departments of Defense and State as to the costs of executing the ongoing war on terrorism. The levels recommended here reflect staff estimates based on the President's announced plans. Authority is provided in the resolution to adjust these levels as necessary to ensure that the war effort is fully funded.

Defense Activities. Given the complete withdrawal of U.S. military forces from Iraq at the end of 2011, any funding from this function for Iraq is solely for the purpose of providing security assistance and cooperation with Iraqi security forces. As the U.S.-Iraq relationship transitions to a more normal state-to-state relationship, the funding for these activities should also transition to the base budget. It is the Committee's expectation that these activities will not be funded on a permanent basis outside the appropriate agency budgets.

For Afghanistan, this budget assumes implementation of the 34,000 troop drawdown announced by the President in his State of the Union address. This implies a troop level of 31,000 troops for the majority of fiscal year 2014. After the Afghan elections in the spring of 2014, it is expected that there will be further troop withdrawals during the balance of 2014. Then-Secretary of Defense Leon Panetta recently stated that the mission for U.S. forces will be primarily a support role in 2014, while Afghan forces take the lead on security.

Although the combat mission in Afghanistan is expected to end in 2014, a recent report from the Department of Defense states that the insurgency retains a significant regenerative capacity. This budget accounts for the uncertainty of war by allowing for an appropriate troop level throughout the drawdown, enabling U.S. forces to pursue the remaining threats in Afghanistan. The previous administration did not include the full budgetary cost of the war beyond the current year, much less subsequent years. Until there is a more definitive estimate of the resources needed for subsequent years, this resolution includes placeholder funding of $35 billion annually beyond 2014.

Civilian Activities

This function also includes funding for the activities of civilian agencies—primarily the State Department and the U.S. Agency for International Development—as part of the integrated civil-military strategy for securing American objectives in the frontline states.

In 2013, $2.3 billion was requested for use for the civilian presence in Iraq for ongoing operations that support America's diplomatic platform in a high-threat environment. This budget assumes a transition to base budget funds of any continuing aid to Iraq (or a transition to Iraq self-funding) in future years.

For Afghanistan, this budget assumes continued U.S. civilian-led efforts to transfer security and governance responsibilities to the Afghans, in addition to providing foreign-assistance programs that promote economic development and improve governance capacity. This budget also includes funding for counternarcotics and criminal-justice programs. All of these efforts are in support of the U.S. counterinsurgency strategy in Afghanistan.

In order to succeed in Afghanistan, the United States must continue partnering with Pakistan to counter the spread of extremism, which threatens America and the world. Funding in this function for FY 2014 is anticipated for the Pakistan Counterinsurgency Capability Fund, which builds the capacity of Pakistan's security forces to effectively combat terrorism within its borders.

REVENUE

Of the federal government's many intrusions into our lives, the biggest is the tax code. Taxes are a fact of life. But every dollar taxed is a dollar taken from a family, a worker, a business, or an investor. So government must take only what it needs and no more. Mindful of this responsibility, this budget calls for a tax code that is simple, competitive, and fair—because the current code fails on all three counts.

Challenge

Complex: Our current code is a Rubik's cube that taxpayers spend precious time—and money—trying to crack. Since its inception in 1913, the tax code has grown from roughly 400 pages in length to over 70,000. Since 2001, the code has undergone almost 5,000 changes—more than one per day. As a result, Americans spend 6 billion hours each year complying with the code. About 60 percent pay other people to prepare their tax returns. Another 30 percent use software, like Turbo Tax. The average fee for an individual return is about $230, while small businesses pay between $500 and $700 for help with their forms. In return, the total cost of compliance is over $160 billion per year—or 14 percent of all tax receipts. That's roughly three times the amount we spend on pharmaceutical research and development.

Unfair: Riddled with loopholes and carve-outs, the code rewards the well-connected at the expense of the people. These so-called tax preferences add up to over $1 trillion a year—just under the total revenue the income tax collects. These loopholes are unfair for two reasons: First, because the income tax is progressive, upper-income individuals disproportionately benefit from them. For example, the top 1 percent of taxpayers reaps three times as much benefit from tax preferences (excluding refundable credits) as middle-income earners. Second, by poking holes in the tax base, Congress must raise tax rates to make up for lost revenue.

Uncompetitive: The current code's greatest flaw is that it hurts economic growth. By taking a bigger bite out of each extra dollar a person makes, the code discourages expansion. At some point the benefit of expanding an enterprise—or working an extra hour—isn't worth the cost. And when businesses come to that conclusion, the entire community suffers from the loss in jobs and opportunity. The job-killing taxes from the President's health-care law are an example of this.

This flaw extends to the corporate tax. Including state and local taxes, the U.S. has the highest statutory corporate-tax rate in the world at 39.2 percent—a huge competitive disadvantage. Our rate is over ten percentage points higher than the average rate of 27.8 percent among industrialized countries.[1] And though the corporate tax raises relatively little revenue—about 10 percent of federal receipts—its economic costs are large.

In addition, the U.S. suffers from an outdated system. Most countries have a "territorial" system, in which businesses pay taxes only to the country where they earn the income. The U.S., on the other hand, has a "worldwide" system, in which businesses pay taxes not only to the host country but also to the U.S. when they repatriate profits. In other words, they are taxed twice. This system discourages businesses from investing overseas profits in the U.S., costing us jobs and wage growth. The CBO has found that "domestic labor bears slightly more than 70 percent of the burden" of the corporate income tax.

In all three of these areas, the tax code is doing significantly more harm than necessary.

Solution: Pro-Growth Tax Reform

- Consolidate income-tax rates to 10 and 25 percent.
- Lower the corporate rate to 25 percent.
- Broaden the tax base by closing loopholes.
- Adopt a "territorial" system of taxation.

This budget builds off work by House Ways and Means Committee Chairman Dave Camp of Michigan.[2] It paves the way for a tax system that will improve the lives of working families. They deserve a tax code that is simple, efficient, and fair. They deserve an end to the confusion and complications. They deserve a level playing field.

The tax reform framework outlined by the House Ways and Means Committee sets up the goal of collapsing the income tax's seven brackets into two and closes the loopholes and carve-outs for special interests. It begins with full repeal of the job-killing taxes in the President's health-care law. It promotes growth by letting people keep more of their money to save and invest. And it restores fairness by treating all taxpayers equally.

House Republicans have succeeded in shifting the conversation on tax reform. There is significant bipartisan agreement between both parties that we should lower rates and broaden the base. The President and many of his party's leaders have unfortunately chosen to exclude themselves from this consensus, using additional revenue to fuel more spending instead of spur economic growth. This budget understands the purpose of tax reform is to improve the well-being of the people, not to fund the growth of government bureaucracy.

Economists have shown that lowering overall rates and broadening the tax base will promote economic growth and support job creation by the private sector. There are many good ideas on that front—growth-oriented tax plans that could strengthen the economy and support the nation's funding priorities. Congressman Woodall, for instance, has submitted a fundamental tax-reform plan for consideration by the Ways and Means Committee that

[1] *http://www.cfr.org/united-states/us-corporate-tax-reform/p27860.*

[2] See also, following this section of the report, a letter from the Committee on Ways and Means.

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 businesses, entrepreneurs, and taxpayers desire. Congress should consider this and the full myriad of pro-growth plans as it moves toward tax reform.

COMMITTEE ON WAYS AND MEANS LETTER

WAYS AND MEANS LETTER

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, DC, March 6, 2013.

Hon. PAUL RYAN,
Chairman, Committee on Budget,
Cannon House Office Building, Washington, DC.

CHAIRMAN RYAN: Since the start of the 112th Congress, the Ways & Means Committee has engaged in an aggressive effort to develop comprehensive tax reform legislation—with over 20 hearings, three joint hearings with the Senate Finance Committee (unprecedented on tax issues in the past 70 years), the release of two discussion drafts (on international taxation and financial products), and the establishment of 11 bipartisan working groups. The Committee intends to build on that work in the first session of the 113th Congress by introducing and reporting to the House of Representatives legislation that provides for the comprehensive reform of the U.S. tax code. Our ultimate goal remains enactment of comprehensive tax reform during fiscal year 2014.

With American families continuing to struggle through high rates of joblessness, stagnating wages, and weak economic growth, it is critical that Congress respond to the calls from bipartisan experts for comprehensive tax reform that would achieve two critical goals:

1) A simpler and fairer tax code for families and employers, and

2) Higher wages, more job creation and greater investment stemming from lower tax rates for individuals and businesses of all sizes.

To this end, the Committee intends to develop comprehensive tax reform legislation that makes the tax code fairer and more accountable to hardworking Americans by scaling back tax preferences that distort economic behavior and that often benefit only a narrow group of individuals or businesses. The Committee will then use the resulting revenue to: (1) simplify the tax code and (2) spur job creation and income growth through lower tax rates and transition to a more modern and competitive system of international taxation. Such an effort would lead to a stronger economy, which would create more American jobs and higher wages. More employment and higher wages would lead to higher tax revenues which would simultaneously address both the nation's economic and fiscal problems.

While the Committee is committed to tax reform that strengthens the economy, the Committee will continue to oppose any and all efforts to increase tax revenues by any means other than through economic growth. As the Congressional Budget Office projects, the amount of taxes the government will take from American families and businesses will double over the next ten years. Clearly, Washington does not have a revenue problem.

America, however, does have an economic problem, in large part due to our outdated, broken tax code. While the vast majority of our foreign competitors have moved aggressively to lower corporate tax rates and update their international tax systems, the United States imposes the highest combined federal-state corporate tax rate in the industrialized world and relies on an outdated international tax regime designed more than 50 years ago, when the United States faced virtually no global competition. Furthermore, the top U.S. tax rate on small business income is 44.6 percent, the top tax rate on individuals' wages and salaries is 44 percent and the total tax on investment income (capital gains and dividends) in the United States is 55 percent.

American families and small businesses must navigate a maze of different statutory tax rates, hidden rates, confusing deductions, credits, limitations, phase-outs and the Alternative Minimum Tax. The trifecta of (1) maddening complexity, (2) high tax rates on business income, and (3) the prevalence of double taxation of capital and investment, all combine to suppress innovation, job creation, and economic growth.

American families and businesses spend over $160 billion and 6 billion hours every year trying to figure out their taxes. Roughly 90 percent of Americans are forced to pay for commercial tax preparation software or hire a tax professional just to file their taxes. Even after all that, average taxpayers are left to wonder whether someone with the resources to hire a better accountant managed to get a "better deal" out of the tax system.

Furthermore, American corporations engage in elaborate tax planning because the current tax code puts them at a competitive disadvantage compared to their foreign competitors. Here too the tax code is unfair as some companies are able to use arcane and complex provisions of the tax code to reduce their tax burden compared to their competitors. Companies engage in complex transactions purely to reduce their tax burden even when these schemes divert resources from more productive investments.

These conditions necessitate that Congress tmdertake a comprehensive rewrite of the tax code. Therefore, the Committee requests that you include in the House's FY14 Budget Resolution the authority for the Chairman of the Budget Committee to adjust allocations and aggregates to provide for floor consideration of legislation providing for the comprehensive reform of the tax code that:

- Simplifies the tax code to make it fairer to American families and businesses and reduces the amount of time and resources necessary to comply with tax laws,
- Substantially lowers tax rates for individuals with a goal of achieving a two rate structure of 10 and 25 percent.

- Repeal the Alternative Minimum Tax.
- Reduce the corporate tax rate to 25 percent, and
- Transitions the tax code to a more competitive system of international taxation.

In 1981, President Ronald Reagan inherited a stagnant economy and a tax code that featured 16 brackets, with a top rate of 70 percent. When he left office in 1989, the tax code had been simplified down to just three brackets, with a top rate of 28 percent, President Reagan's bipartisan tax reforms proved to be a cornerstone of the unprecedented economic boom that occurred in the decade during his presidency and continued in the decade that followed.

It is time to reclaim the Reagan legacy of enacting fundamental tax reform in an era of divided government. By making the tax code simpler and fairer, we can begin to regain the trust of the American people that Washington can and is working for them. By making the tax code more conducive to innovation, investment and sustained job creation, we can safeguard the American Dream for generations to come.

Sincerely,

DAVE CAMP, Chairman; Sam Johnson; Devin Nunes; Dave G. Reichert; Peter J. Roskam; Kevin Brady; Pat Tiberi; Charles W. Boustany, Jr.; Jim Gerlach; Tom Price; Adrian Smith; Lynn Jenkins; Kenny Marchant; Tom Reed; Mike Kelly; Jim Renacci; Vern Buchanan; Aaron Schock; Erik Paulsen; Diane Black; Todd Young; Tim Griffin.

DIRECT SPENDING TRENDS AND REFORMS

BACKGROUND

Direct spending (also known as mandatory spending) remains the fastest growing part of the spending-driven debt crisis the nation faces. As part of the rules of the 113th Congress, the House adopted a new reform to require the budget resolution to display certain information on direct spending, split between those programs that are means-tested and all other programs.

CBO reports that total non-interest mandatory spending in FY2012 was slightly over $2 trillion, and will grow to over $3.6 trillion by 2023, reflecting an average annual growth rate of 5.5 percent—much faster than both CBO's projection of 2013 nominal economic growth of 2.9 percent and CBO's longer-term projection of economic growth of 4.3 percent. Within overall non-interest mandatory spending, the entitlements of Medicare and Social Security are projected to continue growing much faster than the economy as a whole, with Social Security expected to grow from $768 billion in 2012 to $1,423 billion in 2023 and Medicare expected to grow from $466 billion in 2012 to $903 billion.

Over the next decade, the major means-tested entitlements are expected to grow by 6.2 percent per year—from $644 billion in 2014 to $1,075 billion in 2023. Not only are these programs expected to grow in the future, but they have grown significantly over the past 40 years. The Congressional Research Service calculated that spending on low-income assistance programs was $2.66 billion in *today's* dollars in 1962, or approximately 2.6 percent of total federal outlays and .5 percent of GDP. Just over the past ten years, major means-tested entitlement programs have grown 6.7 percent per year, from $309 billion in 2003 to $550 billion in 2012.

There are a number of reasons for this growth. Most recently, the recession caused a significant amount of growth in spending on low-income programs. This spending is expected to recede as economic growth picks up. However, spending remains at elevated levels for several programs—most notably, the Supplemental Nutrition Assistance Program, or SNAP (formerly known as food stamps).Over the past ten years, the SNAP program grew at 12.5 percent annually, ballooning the program from one that cost $25 billion in 2003, to one that cost $80 billion 2012. While this amount is projected to fall over the next ten years, it remains at elevated levels compared to prerecession projections. There are a number of reasons for the continued growth in SNAP outside of the recent economic downturn and subsequent slow recovery. Both the 2002 and 2008 Farm Bill's included several programmatic expansions to benefits and eligibility. More importantly however, two changes allowing state governments to game the eligibility and benefit process have greatly expanded the program. The first, categorical eligibility, allows states to make an individual automatically eligible for SNAP benefits, regardless of the traditional SNAP eligibility criteria if they receive a non-cash benefit from the Temporary Assistance for Needy Families (TANF) program. The intent behind categorical eligibility is to simplify the process for both the applicant and the administering agency. However, as states have expanded the use of this procedure into non-cash services, it has vastly increased the amount of individuals on the SNAP program.

Second, states have begun exploiting a loophole referred to as "heat and eat." Because of quirk in the law governing SNAP benefits, states have been providing individuals with $1 or $5 Low Income Home Energy Assistance Program checks in order to artificially increase their SNAP benefit checks.

Other programs have also seen large increases. The Supplemental Security Income was created as a needs-based program that provides cash benefits to aged, blind, or disabled persons with limited income and assets. When the program began, the majority of payments went toward the aged; however, as the program matured, a much greater percentage of beneficiaries were under age 18 or between the ages of 18–64. Between 1990 and 2010, the amount of recipients under the age of 18 increased from 308 thousand to 1.2 million—an increase of nearly 300 percent. During the same period, recipients aged 18–64 increased 89 percent, while those aged 65 or more decreased. Over the past decade, spending on SSI has grown by 5% per year.

The largest means-tested program in the federal budget is Medicaid, the federal-state low-income health program. Medicaid—and its related Children's Health Insurance Program—has grown from 1.2 percent of GDP in 2000 to 1.7 percent of GDP in 2012. Going forward, CBO projects federal Medicaid spending to more than double over the next ten years, from $265 billion in fiscal year 2013 to $572 billion in fiscal year 2023. The primary reason for this significant spending growth is the President's health-care law, which calls for major expansions in the Medicaid program beginning in 2014. The President's health-care law, however, does nothing to remedy Medicaid's perverse funding structure that gives states incentives to expand, not save, nor does it alter the access issues facing beneficiaries as providers refuse to participate in a system that severely under-reimburses their services. Absent reform, Medicaid will not be able to deliver on its promise to provide a sturdy health-care safety net for society's most vulnerable. Because of the flawed incentives in this program, it grew at 5.1 percent a year over the past ten years, and is projected to grow at an astounding 8.0 percent a year over the next ten years. This level of growth is clearly unsustainable.

FY 2014 BUDGET

The FY2014 Budget addresses both non-means-tested and means-tested direct spending. Most importantly, it addresses the drivers of our debt and deficits: our health programs. For Medicare, this budget advances policies to put seniors, not the federal government, in control of their health-care decisions. Those in or near retirement would see no changes, while future retirees would be given a choice of private plans competing alongside the traditional fee-for-service Medicare program on a newly created Medicare Exchange. Medicare would provide a premium-support payment either to pay for or offset the premium of the plan chosen by the senior, depending on the plan's cost. The Medicare premium-support payment would be adjusted so that the sick would receive higher payments if their conditions worsened; lower-income seniors would receive additional assistance to help cover out-of-pocket costs; and wealthier seniors would assume responsibility for a greater share of their premiums. Putting seniors in charge of how their health-care dollars are spent will force providers to compete against each other on price and quality. This market competition will act as a real check on widespread waste and skyrocketing health-care costs.

For Medicaid, this budget converts the federal share of Medicaid spending into an allotment tailored to meet each State's needs, indexed for inflation and population growth. Such a reform would end the misguided one-size-fits-all approach that has tied the hands of state governments. Instead, each state would have the freedom and flexibility and to tailor a Medicaid program that fit the needs of its unique population. Moreover, this budget repeals the Medicaid expansions in the President's health-care law, relieving state governments of its crippling one-size-fits-all enrollment mandates.

For the Supplemental Nutrition Assistance Program, this budget also converts the current one-size-fits-all program into a flexible allotment tailored to meet each state's needs, indexed for the thrifty food plan and growth in the eligible population. Additionally, it builds on the reforms and lessons learned from the 1996 welfare-reform bill, which required rigorous work incentives and time limits on receipt.

Additionally, in keeping with a recommendation from the National Commission on Fiscal Responsibility and Reform, this budget calls for federal employees—including Members of Congress and their staff—to make greater contributions toward their own retirement.

During the Committee's consideration of the budget resolution, the majority and minority also worked together in a good-faith effort to incorporate an amendment offered by the minority. Although agreement on the language of the amendment could not be reached, the goals of the amendment offered were laudable and are shared by both Republicans and Democrats. It is the policy of this budget that the House of Representatives should support the goal of cutting poverty in half over the next ten years, and work to extend equality of opportunity to all Americans.

As Congress works to protect low-income and middle-income Americans, this budget is premised on the belief that the prospect of upward mobility should be in reach of every American, and that priority must be given to maximizing the effectiveness of anti-poverty programs across federal, state, and local governments. Congress should work to remove the barriers and obstacles that prevent the most vulnerable Americans from taking advantage of economic and education opportunities, and moving up the ladder of opportunity to join the middle class and reach for the American Dream. By balancing the budget, implementing comprehensive tax reform, and reforming means-tested entitlement programs, this resolution is designed to accomplish exactly these goals.

TABLE 9.—HISTORICAL MEANS-TESTED AND NON MEANS-TESTED DIRECT SPENDING

[Outlays by fiscal year, in billions of dollars]

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Projected, 2013	Average Annual Growth 2004-2013
Means-Tested Programs												
Health Care Programs												
Medicaid	161	176	182	181	191	201	251	273	275	251	265	5.1%
Medicare Part D Low-Income Subsidies	0	0	0	11	17	17	19	21	26	20	23	10.9%[a]
Health insurance subsidies, exchanges, and related spending	0	0	0	0	0	0	0	*	*	*	1	n.a.
Children's Health Insurance Program	4	5	5	5	6	7	8	8	9	9	9	8.1%
Subtotal	165	181	187	197	213	225	277	302	310	280	299	6.1%
Income Security												
SNAP	25	29	33	35	35	39	56	70	77	80	82	12.5%
Supplemental Security Income	33	34	38	37	36	41	45	47	53	47	53	5.0%
Earned income and child tax credits	38	42	49	52	54	75	67	77	78	77	80	7.7%
Family support[b]	26	24	24	24	24	25	26	28	26	24	25	-0.8%
Child nutrition	12	12	13	14	14	15	16	17	18	19	21	5.4%
Foster care	6	6	6	6	7	7	7	7	7	7	7	1.3%
Subtotal	141	147	164	168	170	202	217	247	260	254	268	6.6%
Veterans' Pensions	3	3	4	4	3	4	4	4	5	5	5	5.1%
Pell Grants[c]	0	0	0	0	0	1	2	4	14	12	18	n.a.
Subtotal, Means-Tested Programs	**309**	**331**	**354**	**369**	**386**	**431**	**501**	**558**	**589**	**550**	**590**	**6.7%**
Non-Means-Tested Programs[d]	974	1,015	1,095	1,187	1,242	1,349	1,783	1,539	1,631	1,690	1,730	5.9%
Social Security												
Medicare Eligible Retiree Health Care Fund												
Medicare (excluding Medicare Part D Subsidy)												
Federal Civilian and Military Retirement Programs												
Veterans Programs (excluding Veterans' pensions)												
Agriculture programs												
Troubled Asset Relief Program												
Deposit Insurance												
All other mandatory programs not included in the means-tested list above												
Total Mandatory Outlays	1,283	1,347	1,449	1,556	1,628	1,780	2,284	2,097	2,220	2,240	2,321	6.1%
Memorandum												
Pell Grants (Discretionary)	12	13	13	13	13	15	13	20	21	21	15	2.2%

Source: Congressional Budget Office.

Note: The average annual growth rate over the 2004-2013 period encompasses growth in outlays from the amount recorded in 2003 through the amount projected for 2013.

Data on spending for benefit programs in this table exclude administrative costs that are classified as discretionary but generally include administrative costs classified as mandatory.

SNAP = Supplemental Nutrition Assistance Program; n.a. = not applicable.

* = between zero and $500 million.

a. The average annual growth rate reflects the program's growth from its inception in 2006 through 2013.

b. Includes Temporary Assistance for Needy Families and various programs that involve payments to states for child support enforcement and family support, child care entitlements, and research to benefit children.

c. Includes mandatory spending designed to reduce the discretionary budget authority needed to support the maximum award level set in the appropriation act plus mandatory spending that, by formula, increases the total maximum award above the amount set in the appropriation act.

d. Does not include offsetting receipts. List provided by House Budget Committee based on CBO's most recent Budget and Economic Outlook

TABLE 10.—PROJECTED MEANS-TESTED AND NON MEANS-TESTED DIRECT SPENDING

[Outlays by fiscal year, in billions of dollars]

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Average Annual Growth 2014-2023
Means-Tested Outlays												
Health Care Programs												
Medicaid	265	297	331	372	399	422	449	476	505	536	572	8.0%
Medicare Part D Low-Income Subsidies	23	25	28	33	34	34	41	45	49	58	60	10.0%
Health insurance subsidies, exchanges, and related spending	1	21	42	74	95	106	111	115	122	128	134	22.9%[a]
Children's Health Insurance Program	9	13	14	8	6	6	6	6	6	6	6	-5.0%
Subtotal	299	356	416	487	533	569	606	642	683	727	772	9.9%
Income Security												
SNAP	82	80	79	79	78	76	75	74	73	73	73	-1.2%
Supplemental Security Income	53	55	56	63	59	56	63	64	66	74	70	2.8%
Earned income and child tax credits	80	83	84	83	83	84	73	74	75	77	78	-0.3%
Family support[b]	25	25	25	25	25	25	25	25	25	25	25	0.2%
Child nutrition	21	22	22	23	24	25	26	27	28	29	30	4.0%
Foster care	7	7	7	7	7	7	8	8	8	8	8	2.0%
Subtotal	268	271	273	280	277	273	269	272	276	286	285	0.6%
Veterans' Pensions	5	6	6	7	7	7	7	7	8	8	8	3.9%
Pell Grants[c]	18	12	7	7	9	11	11	11	11	11	11	-4.9%
Subtotal, Means-Tested Programs	**590**	**644**	**701**	**781**	**826**	**859**	**893**	**932**	**977**	**1,032**	**1,075**	**6.2%**
Non-Means-Tested Programs[d]	1,730	1,770	1,859	1,984	2,071	2,163	2,304	2,437	2,584	2,779	2,911	5.3%
Social Security												
Medicare Eligible Retiree Health Care Fund												
Medicare (excluding Medicare Part D Subsidy)												
Federal Civilian and Military Retirement Programs												
Veterans Programs (excluding Veterans' pensions)												
Agriculture programs												
Troubled Asset Relief Program												
Deposit Insurance												
All other mandatory programs not included in the means-tested list above												
Total Mandatory Outlay:	2,321	2,414	2,560	2,765	2,897	3,022	3,197	3,369	3,561	3,812	3,986	5.6%
Memorandum												
Pell Grants (Discretionary)[e]	15	23	30	24	24	25	25	26	26	27	27	6.2%

Source: Congressional Budget Office.

Notes: The projections shown here are the same as those reported in Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2013 to 2023* (February 2013). Some of the projections differ from those reported in Congressional Budget Office, Growth in Means-Tested Programs and Tax Credits for Low-Income Households (February 2013). For an explanation of those differences, see the footnotes in Table A-2 of that report.

The average annual growth rate over the 2014-2023 period encompasses growth in outlays from the amount projected for 2013 to the amount projected for 2023

Projections on spending for benefit programs in this table exclude administrative costs that are classified as discretionary but generally include administrative costs classified as mandatory.

SNAP = Supplemental Nutrition Assistance Program.

a. Because payments of the health insurance subsidies do not begin until 2014, the average growth rate reported here reflects the average increase from the amount projected for 2014 to the amount projected for 2023.

b. Includes Temporary Assistance for Needy Families and various programs that involve payments to states for child support enforcement and family support, child care entitlements, and research to benefit children.

c. Includes mandatory spending designed to reduce the discretionary budget authority needed to support the maximum award level set in the appropriation act plus mandatory spending that, by formula, increases the total maximum award above the amount set in the appropriation act.

d. Does not include offsetting receipts. List provided by House Budget Committee based on CBO's most recent Budget and Economic Outlook

e. The discretionary baseline does not represent a projection of expected costs for the discretionary portion of the Pell Grant program. As with all other discretionary programs, the budget authority is calculated by inflating the budget authority appropriated for fiscal year 2013. Outlays for future years are based on those amounts of budget authority and also reflect a temporary surplus of budget authority provided in 2013.

RECONCILIATION

In 2012, the House passed a budget designed to provide a fast-track procedure to replace the arbitrary sequester cuts with sensible reforms of mandatory spending programs. Unfortunately, the President threatened to veto the resulting legislation, and the Senate did nothing while the sequester approached. In the final analysis, the President's opposition to sensible spending reforms and the Senate's failure to act resulted in the March 1, 2013 sequester of $85.3 billion.

How Reconciliation Works

The 1974 Budget Act provides Congress with a special procedure to give expedited consideration to bills enacting the spending, revenue, and debt policies contained in the budget resolution. To trigger these expedited procedures, the House and Senate must reach agreement and include in the budget-resolution conference report reconciliation instructions calling on specific committees to achieve specified amounts of savings in programs within their jurisdictions. The committees choose which programs to address and which policies to adopt in order to comply with the instructions.

Reconciliation in the Fiscal Year 2014 Budget Resolution

This budget gives reconciliation instructions to eight committees—Agriculture, Education and the Workforce, Energy and Commerce, Financial Services, Judiciary, Natural Resources, Oversight and Government Reform, and Ways and Means—to produce legislation each reducing the deficit by at least $1 billion. These instructions represent a placeholder or starting point for negotiations with the Senate. As was demonstrated last year, without engagement from the Senate, the reconciliation process does not produce meaningful results. Absent a conference agreement, reconciliation's special procedures in the Senate cannot be implemented. While reconciliation provides an expedited process to implement the budget resolution's assumptions, it is not the only avenue. The budget proposes to implement all $4.6 trillion in deficit reduction through the regular legislative process if reconciliation is not ultimately used.

THE LONG-TERM BUDGET OUTLOOK

The debt crisis ahead is the most urgent challenge we face today. But the deeper source of the crisis is the drift, under both parties, to expand the size of government. To avert the debt crisis, we need to stop this encroachment and to revive community in American civil society.

This budget turns the tide. It makes $4.6 trillion in spending reductions over the next ten years. This budget reforms government spending programs responsibly. It protects key priorities while eliminating waste. And it avoids sudden cuts to current services, such as those the country would experience under a debt crisis.

These reductions are hardly draconian. Under current law, the federal government will spend $46 trillion over the next ten years. Under this proposal, it will spend roughly $41 trillion. And this budget does not make sudden cuts. Instead, it increases spending at a more manageable rate. For instance, on the current path, spending will rise by an annual average of 5.0 percent. Under this budget, it will rise by only 3.4 percent.

Washington cannot keep spending money it does not have. So this budget achieves balance in 2023 by holding revenue and spending at 19.1 percent of GDP. A balanced budget is a commonsense, responsible goal. It will boost Americans' confidence that their government is getting its fiscal house in order.

At the same time it submitted its budget and economic outlook in February, CBO also issued an analysis that shows the macroeconomic impact of various fiscal scenarios. In this more recent analysis, CBO projects that a $4 trillion reduction in primary deficits would result in gross national product being 1.7 percent higher in 2023 than it would be under current law.

The positive economic feedback from a $4 trillion deficit-reduction package would produce further dividends. In 2023 alone, it would reduce spending by $26 billion, increase revenue by $55 billion, and reduce debt held by the public by $185 billion. The House Republican budget is projected to have a surplus of $7 billion in 2023 without incorporating CBO's economic feedback. When the economic feedback is incorporated, the House Republican budget would have a 2023 surplus of $89 billion. Over the ten-year window, the positive economic feedback would bring spending down an additional $75 billion, increase revenue by $112 billion, and reduce deficits by a cumulative $186 billion.

President Obama has yet to put forward a budget this year, despite his legal obligation to do so by the first Monday of February. Until he meets this statutory obligation, we are left with last year's budget proposal as the definitive statement of his vision for the nation's future. Unlike this budget, the President's budget never balanced—and it never paid off our debt. That budget included a stunning admission on the debt trajectory in the years ahead. The President's budget states that under his preferred policies, the federal government's "fiscal position gradually deteriorates," and his latest budget projects a debt spiraling out of control.

The United States has dealt with financial problems in the past. After the Revolutionary War, our debt stood at the then-staggering sum of $80 million—or 40 percent of our economy. The country suffered from rampant inflation and high interest rates. Political divisions ran deep. Yet, the country prevailed. Leaders from both sides—Alexander Hamilton of the Federalists and James Madison of the Democratic-Republicans—put aside their differences to forge a solution. Both parties worked together to pay down the debt. And by the mid-1830s, the debt was virtually eliminated.

More recently, in 1997, a Democratic president and a Republican Congress passed the Balanced Budget Act, which inaugurated four years of balanced budgets. This budget follows that model. It incorporates ideas from both parties to address the most pressing issue of the day: our national debt. In so doing, it aims not to reject responsibility—but to solve the issue once and for all.

The House Republican budget tackles the debt challenge, to help grow our economy today and to ensure the next generation inherits a stronger, more prosperous America. In contrast to the dangerous status quo, this budget lifts the crushing burden of debt.

It does so by bringing down spending to 19.1 percent of GDP, equal to the levels of revenues. It provides that spending moving forward will not exceed this level, ensuring the budget remains balanced. To achieve this outcome, it puts in place fundamental reforms to protect and strengthen Medicare by gradually transitioning the program to a premium-support system. Along with Medicaid and other spending reforms, these changes are critical to putting the nation on sound financial footing going forward.

SECTION-BY-SECTION DESCRIPTION

The concurrent resolution on the budget for a fiscal year establishes an overall budgetary framework which includes: aggregate levels of total new budget authority and outlays; total revenues and the amount by which revenues should be changed; the surplus or deficit; new budget authority and outlays for each major functional category; the debt held by the public; and the debt subject to the statutory limit.

SECTION 1. THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2014

Subsection (a) establishes the budgetary levels for fiscal year 2014 and each of the nine years following that budget year, fiscal years 2015 through 2023. For a concurrent resolution on the budget, this is required by section 301(a) of the Congressional Budget Act of 1974.

The term "budget year" means, with respect to a session of Congress, the fiscal year of the Government that starts on October 1 of the calendar year in which that session begins and is set out in section 250(c)(12) of the Balanced Budget and Emergency Deficit Control Act of 1985. The years following the budget year are termed "outyears" and are so defined in section 250(c)(13) of that Act.

For the budget year, fiscal year 2014, the concurrent resolution on the budget reported by the Committee on the Budget establishes a ceiling on spending and a floor on revenue. Under the terms of section 301 of the Congressional Budget Act of 1974, this report sets an allocation of budget authority and outlays to the Committee on Appropriations of the House. That committee in turn suballocates that amount to its twelve subcommittees for spending on the various programs, projects and activities within the jurisdiction of the subcommittees.

Allocations are also given to authorizing committees, those committees with spending authority, though in addition to the fiscal year 2014 allocation to the Appropriations Committee, these authorizing committees may not spend more than the allocation for the budget year or over the 10-year period provided for by the concurrent resolution on the budget.

Subsection (b) sets out the table of contents of the resolution.

Title I—Recommended Levels and Amounts

SECTION 101. RECOMMENDED LEVELS AND AMOUNTS

As required by section 301 of the Congressional Budget Act of 1974, this section establishes the recommended levels for revenue, the reduction in revenue provided for in the resolution, total new budget authority, total budget outlays, surpluses or deficits, debt held by the public, and the debt subject to the statutory limit. The recommended level of revenue operates as a floor against which all revenue bills are measured pursuant to section 311 of the Budget Act.

Similarly, the recommended levels of new budget authority and budget outlays serve as a ceiling on the consideration of spending. The surplus or deficit levels reflect only on-budget outlays and revenue and do not reflect most outlays and receipts related to the Social Security program and United States Postal Service operations.

The debt subject to statutory limit aggregates refers to the portion of gross Federal debt issued by the Treasury to the public or another government fund or account, whereas the debt held by the public is the amount of debt issued and held by entities or individuals other than the U.S. Government.

SECTION 102. MAJOR FUNCTIONAL CATEGORIES

Also required by section 301(a) of the Congressional Budget Act of 1974, section 102 establishes the budgetary levels for each major functional category for fiscal year 2014, the budget year, and for each of fiscal years 2015 through 2023.

These major functional categories are as follows:

050 National Defense
150 International Affairs
250 General Science, Space, and Technology
270 Energy
300 Natural Resources and Environment
350 Agriculture
370 Commerce and Housing Credit
400 Transportation
450 Community and Regional Development
500 Education, Training, Employment, and Social Services
550 Health
570 Medicare
600 Income Security
650 Social Security
700 Veterans Benefits and Services
750 Administration of Justice
800 General Government
900 Net Interest
920 Allowances
930 Government-wide Savings
950 Undistributed Offsetting Receipts
970 Overseas Contingency Operations/Global War on Terrorism

Title II—Reconciliation

SECTION 201. RECONCILIATION IN THE HOUSE OF REPRESENTATIVES

As permitted by section 310 of the Congressional Budget Act of 1974, this concurrent resolution on the budget includes reconciliation instructions to specified committees of the House. These instructions require those committees to submit legislative text to amend laws in their jurisdictions to achieve an amount of deficit reduction. The various committee recommendations are submitted to the Committee on the Budget, which then binds them together and votes whether to report the resulting bill to the House. The Committee on the Budget may only report the legislation submitted to it. The Committee may not make any substantive changes.

Section 201(a) directs eight authorizing committees to transmit changes in programs within their jurisdiction to the Committee on the Budget that achieve a specified amount of deficit reduction over a ten-year period.

Section 201(b) instructs the committees to submit legislative language to the Committee on the Budget. These committees are as follows: the Committee on Agriculture, the Committee on Education and the Workforce, the Committee on Energy and Commerce, the Committee on Financial Services, the Committee on the Judiciary, the Committee on Natural Resources, the Committee on Oversight and Government Reform, and the Committee on Ways and Means. (See reconciliation instructions for each committee in Table xx.)

The reconciliation instructions in this concurrent resolution instruct each committee to reduce the deficit by a specified amount. Deficits are calculated by the net effect of changes in outlays and revenue a measure may make.

Though the committees receiving instructions determine the policy and program changes, outlay savings must be in the direct spending category. For instance, a reduction in an authorization level for spending subject to annual appropriations is categorized as authorizing future discretionary spending and would not be estimated as producing direct spending savings as the reconciliation process requires.

In addition, clause 7 of rule XXI of the Rules of the House of Representatives prohibits the consideration of a concurrent resolution on the budget that includes instructions for a reconciliation bill that has the net effect of increasing outlays.

Similarly, the committee receiving an instruction under this section determines the policy as to how revenue changes are made. A submission to the Committee on the Budget may increase or decrease revenue, depending on the instruction.

The committees determine the changes in law necessary to achieve the specified amount of deficit reduction for the period of fiscal years 2013 through 2023.

Title III—Recommended Levels for Fiscal Years 2030, 2040, and 2050

SECTION 301. LONG-TERM BUDGETING

This section sets out recommended budgetary levels for certain budget aggregates for each of fiscal years 2030, 2040, and 2050 as a percentage of the gross domestic product of the United States as follows:

Federal Revenues

Fiscal Year 2030: 19.1 percent
Fiscal Year 2040: 19.1 percent

Fiscal Year 2050: 19.1 percent

Budget Outlays

Fiscal Year 2030: 19.1 percent
Fiscal Year 2040: 19.1 percent
Fiscal Year 2050: 19.1 percent

Deficits

Fiscal Year 2030: 0 percent
Fiscal Year 2040: 0 percent
Fiscal Year 2050: 0 percent

Title IV—Reserve Funds

SECTION 401. RESERVE FUND FOR THE REPEAL OF THE 2010 HEALTH CARE LAWS

This section permits the Chairman of the Committee on the Budget to revise allocations of spending authority, provided to committees of the House, and to adjust other budgetary enforcement levels for a measure that fully repeals the Patient Protection and Affordable Care Act (Public Law 111-148) and the health care-related provisions of the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152). Those measures are the health care bills enacted into law in 2010. These adjustments would not be available for measures that only offered a partial repeal, such as a repeal of certain sections of these laws. The reserve fund is intended to apply to the health care provisions and would not apply to the repeal of the education-related provisions of the reconciliation act referred to above.

A measure repealing the health care laws must solely achieve that purpose and may not include language which is extraneous to that purpose, whether such language has a budgetary effect or not. In addition, the repeal must be permanent and may not include a sunset date.

Multiple measures may take advantage of the reserve fund, as long as each meets the parameters outlined, until such repeal is enacted.

An amendment (or a motion to recommit), if it qualifies under the terms of this reserve fund, may be offered to an unrelated measure, but should such a measure as amended be returned to the House as a conference report or an amendment between the Houses, no adjustments would be made if that measure contained text unrelated to the purpose of this reserve fund which is to repeal the laws referred to above.

A measure receiving an adjustment under the terms of this reserve fund may be open for amendment, subject to the special rule providing for its consideration, but the amendment, if it does not meet the terms outlined in this section, must be compliant with the Budget Act and the Rules of the House without regard to the adjustments made to the underlying measure.

SECTION 402. DEFICIT-NEUTRAL RESERVE FUND FOR THE REFORM OF THE 2010 HEALTH CARE LAWS

This section permits the Chairman of the Committee on the Budget to revise allocations of spending authority, provided to committees of the House, and to adjust other budgetary enforcement levels for a measure that reforms or replaces the Patient Protection and Affordable Care Act (Public Law 111-148) or the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152), as long as the measure is deficit-neutral for the period of fiscal years 2014 through 2023. Those public laws are the health care bills enacted in 2010.

For purposes of this section, if a bill, joint resolution, amendment or conference report fulfills the purpose of reforming or replacing these health care laws and is deficit neutral in the applicable period, then legislative text not related to these purposes may be included as long as the entire measure meets these two requirements.

SECTION 403. DEFICIT-NEUTRAL RESERVE FUND RELATED TO THE MEDICARE PROVISIONS OF THE 2010 HEALTH CARE LAWS

This section permits the Chairman of the Committee on the Budget to revise allocations of spending authority, provided to committees of the House, and to adjust other budgetary enforcement levels for a measure that repeals the Medicare spending cuts in the Patient Protection and Affordable Care Act (Public Law 111-148) or the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152), as long as the measure is deficit-neutral for the period of fiscal years 2014 through 2023.

A measure that repeals only part of these Medicare spending reductions is also eligible for these adjustments. A series of bills, joint resolutions, amendments or conference reports may receive adjustments under this section, only limited by the cumulative amount of the Medicare spending reductions included in the public laws referenced, as estimated by the Chairman of the Committee on the Budget.

Once the limit is reached through enacted measures, no more adjustments may be made under this reserve fund. The amount necessary to repeal the Medicare spending cuts is a cap on the adjustments that may be made under this section, but as measures are considered in the House that meet these terms, the amount is not reduced until such measure fulfilling this purpose is enacted.

SECTION 404. DEFICIT-NEUTRAL RESERVE FUND FOR THE SUSTAINABLE GROWTH RATE OF THE MEDICARE PROGRAM

This section permits the Chairman of the Committee on the Budget to revise the allocations of spending authority provided to applicable committees and to adjust other budgetary enforcement levels in this resolution for a measure amending or superseding the system for updating payments under section 1848 of the Social Security Act, as long as the measure does not increase the deficit in the period of fiscal years 2014 through 2023.

SECTION 405. DEFICIT-NEUTRAL RESERVE FUND FOR REFORMING THE TAX CODE

This section permits the Chairman of the Committee on the Budget to revise the allocations of spending authority provided to the Committee on Ways and Means and to adjust other budgetary enforcement levels in this resolution for bills, joint resolutions, amendments or conference reports reforming the Internal Revenue Code of 1986, as long as such a measure does not increase the deficit in the period of fiscal years 2014 through 2023.

Since 1997, the Rules of the House of Representatives (now Rule XIII, clause 3(h)(2)), have required the publication of a macroeconomic impact analysis from the Joint Committee on Taxation (JCT) of legislation amending the tax code. This section is designed to facilitate comprehensive, fundamental tax reform that significantly broadens the tax base and lowers tax rates (see the Revenue chapter of this report for additional details). Reform of this sort could have significant economic effects. The Chairman of the Committee on the Budget will consider the JCT macroeconomic impact analysis in determining if the conditions in this section have been met.

SECTION 406. DEFICIT-NEUTRAL RESERVE FUND FOR TRADE AGREEMENTS

This section permits the Chairman of the Committee on the Budget to revise the allocations of spending authority provided to the Committee on Ways and Means and to adjust other budgetary enforcement levels in this resolution for legislation that implements a trade agreement, as long as such a measure does not increase the deficit in the period of fiscal years 2014 through 2023.

SECTION 407. DEFICIT-NEUTRAL RESERVE FUND FOR REVENUE MEASURES

This section permits the Chairman of the Committee on the Budget to revise the allocations of spending authority provided to the Committee on Ways and Means for legislation that causes a decrease in revenue. The Chairman of the Committee on the Budget may adjust the allocations and aggregates of this concurrent resolution if the measure does not increase the deficit in the period of fiscal years 2014 through 2023. This allows the Committee on Ways and Means to report a bill that reduces revenue below the level provided for in the concurrent resolution on the budget but only if it decreases outlays by an equal or greater amount in the applicable period.

SECTION 408. DEFICIT-NEUTRAL RESERVE FUND FOR RURAL COUNTIES AND SCHOOLS

This concurrent resolution provides for a deficit-neutral reserve fund to accommodate the extension of the Secure Rural Schools and Community Self Determination Act of 2000 (Public Law 106-393) in order to provide the federal government, local counties, and industry the time necessary to enact, implement, and begin performing sustained yield harvests of federal timber lands on which local counties are financially dependent. The plan assumed by this reserve fund is based on the best available science, provides for active forest management to improve the health of the resource, creates strong local family-wage job markets, and provides rural counties with fiscal independence from federal payments owed to them because of a lack of timber harvests on federal lands.

SECTION 409. IMPLEMENTATION OF A DEFICIT AND LONG-TERM DEBT REDUCTION AGREEMENT

This section permits the Chairman of the Committee on the Budget to revise the allocations, aggregates, and other appropriate levels in this resolution to accommodate the enactment of a deficit and long-term debt reduction agreement if it includes permanent spending reductions and reforms to direct spending programs.

Under the Budget Control Act of 2011 (BCA), at least $1.2 trillion in deficit reduction was to be accomplished in the period of fiscal years 2013 through 2021 by legislation recommended by a specially created Joint Select Committee on Deficit Reduction. When that committee was unable to meet that budget goal, an automatic enforcement procedure ensured that this deficit reduction was achieved but did so in a way that focused disproportionately on the 36 percent of the budget that is approved annually through the appropriations process.

Under the fiscal year 2013 sequester, for example, discretionary spending bore fully 80 percent of the spending cuts and in fiscal year 2014 discretionary spending is estimated to absorb 84 percent of the automatic enforcement burden. Given the projected 78 percent growth of mandatory spending programs by 2023, the BCA's focus on discretionary spending is misplaced and inadequate to addressing the deficit and debt problems facing the nation. It is contemplated that an agreement achieving significant deficit reduction and long-term debt reduction will reallocate the burden of the BCA automatic enforcement procedures more equitably.

Title V—Estimates of Direct Spending

SECTION 501. DIRECT SPENDING

Subsection (a) notes the average and estimated average rate of growth in means-tested direct spending for the 10-year periods before and after fiscal year 2014 respectively. It also proposes reforms to the means-tested category of direct spending.

Subsection (b) notes the average and estimated average rate of growth in nonmeans-tested direct spending for the 10-year periods before and after fiscal year 2014 respectively. It also proposes reforms to the nonmeans-tested category of direct spending.

This section is required under the Separate Orders of H. Res. 5 (113th Congress) which implements the Rules of the House of Representatives and is a requirement for the consideration of a concurrent resolution on the budget for the 113th Congress. See section designated "Direct Spending Trends and Reforms" within this report for more information on Section 501.

Title VI—Budget Enforcement

SECTION 601. LIMITATION ON ADVANCE APPROPRIATIONS

Subsection (a) sets out findings.

Subsection (b) prohibits any general or continuing appropriation providing for advance appropriations that do not fall into certain specified exceptions.

Subsection (c) provides the list of excepted programs that may receive advance appropriations. Those accounts are referred to in this report in the section designated as "Accounts Identified for Advance Appropriations" within this report.

Subsection (d) specifically sets a limit on the amount of total allowable advance appropriations for fiscal year 2015. It allows advance appropriations of up to $55.483 billion for fiscal year 2015 for Veterans Medical Services, Veterans Medical Support and Compliance, and Veterans Medical Facilities accounts of the Veterans Health Administration. Under the terms of Section 603 of the concurrent resolution, this level of spending may be revised upon the review of the budget submitted by the President required under 31 U.S.C. 1105(a).

It also allows up to $28.852 billion for the programs referred to in subsection (c).

Subsection (e) defines advance appropriation as any new discretionary budget authority provided in a bill, joint resolution, amendment, or conference report making general or continuing appropriations for fiscal year 2015.

SECTION 602. CONCEPTS AND DEFINITIONS

This section permits the Chairman of the Committee on the Budget to adjust levels and allocations in this budget resolution upon enactment of legislation changing concepts or definitions.

SECTION 603. ADJUSTMENTS OF AGGREGATES, ALLOCATIONS AND APPROPRIATE BUDGETARY LEVELS

Subsection (a) sets out a procedure to facilitate the consideration of legislation subjecting direct spending to annual appropriations. Under current law, there are impediments to reclassifying direct spending as discretionary spending since once the direct spending is eliminated, effectively the purpose is eliminated as well.

Under current practice, if the intent is to preserve the purpose, but authorize the program and subject it to annual appropriations, the Committee on Appropriations would have to find additional resources within its section 302(a) allocation, as required to be set in the report on the budget resolution by section 301(e)(2)(F) of the Congressional Budget Act of 1974.

Under the terms of this subsection, should an authorizing committee want to retain the purpose of a direct spending program, but determines it should be subject to annual appropriations, it can, at the time it eliminates the direct spending, authorize appropriations for the program. If that elimination of the direct spending and authorization of appropriations is enacted, the Chairman of the Committee on the Budget may increase the 302(a) allocation of budgetary resources to the Committee on Appropriations by an amount up to the authorized level of appropriations for the same purpose in fiscal year 2014.

This rule holds the Committee on Appropriations harmless if it appropriates money under the terms of that authorization because the allocation under section 302(a) set in this report is adjusted.

Subsection (b)(1) sets out findings related to the statutory requirement that the President submit an annual budget by the first Monday in February of each year.

Subsection (b)(2) provides authority to the Chairman of the Committee on the Budget to adjust the allocations, aggregates, and other appropriate budgetary levels as necessary once the President's budget request has been submitted to Congress as is required under section 1105(a) of Title 31 of the United States Code.

The limitation on advance appropriations for veterans medical care in section 601(d)(1) of this concurrent resolution is based on information provided in the President's budget submitted in February 2012 and is for the fiscal year that begins in October of 2014. The Chairman of the Committee on the Budget is authorized by this section to update this limit on advance appropriations.

The level of funding for Overseas Contingency Operations/Global War on Terrorism is an estimate based on indications by the President pursuant to that purpose. This section authorizes the Chairman of the Committee on the Budget to adjust the relevant aggregates, allocations, and budgetary levels in this resolution to ensure that commitment is fulfilled.

The levels included in this concurrent resolution on the budget reflect the total level of discretionary budget authority, prior to any authorized adjustments, provided for in the spending limits in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 (as adjusted under section 251A of that Act). The discretionary spending limits for fiscal year 2014 will be set in the fiscal year 2014 Sequester Preview Report, which was supposed to have been submitted together with the President's budget on February 4, 2013.

In the absence of this preview report for the fiscal year 2014 discretionary spending category limits, this resolution uses estimates provided by the Director of the Congressional Budget Office.

This section authorizes the Chairman of the Committee on the Budget to adjust the allocation to the Appropriations Committee provided to it under section 302(a) of the Congressional Budget Act to reflect the preview report that will be included in the fiscal year 2014 President's budget submission.

Subsection (b)(3) authorizes the Chairman of the Committee on the Budget to adjust levels and allocations in this concurrent resolution on the budget to reflect technical and economic assumptions in the most recent baseline published by the Congressional Budget Office.

Subsection (c) authorizes the Chairman of the Committee on the Budget to determine the levels and adjustments provided for in this concurrent resolution on the budget.

SECTION 604. LIMITATION ON LONG-TERM SPENDING

Subsection (a) establishes a point of order against the consideration of measures increasing direct spending by $5 billion or more for any 10-year period within 40 years starting in fiscal year 2024.

Subsection (b) explains that there are four consecutive ten-year periods as referred to in subsection (a) that would be as follows:

Fiscal years 2024 through 2033;
Fiscal years 2034 through 2043;
Fiscal years 2044 through 2053;
Fiscal years 2054 through 2063.

SECTION 605. BUDGETARY TREATMENT OF CERTAIN TRANSACTIONS

Subsection (a) provides that the administrative expenses of the Social Security Administration and the United States Postal Service are reflected in the allocation to the Committee on Appropriations. This language is necessary to ensure that the Committee on Appropriations retains control of administrative expenses through the annual appropriations process.

Subsection (b) provides for a special rule stating the allocation to the Committee on Appropriations of the House is enforced under the Congressional Budget Act of 1974 using estimates of the budgetary effects of a measure and includes any off-budget discretionary amounts.

Subsection (c) allows the Chairman of the Committee on the Budget to adjust the spending or revenue levels of this concurrent resolution for legislation, if reported by the Committee on Oversight and Government Reform, to reform the Federal retirement system. The Chairman is permitted to make adjustments only if a measure would not cause an increase in the deficit in fiscal year 2014 and fiscal years 2014 through 2023.

SECTION 606. APPLICATION AND EFFECT OF CHANGES IN ALLOCATIONS AND AGGREGATES

Subsection (a) details the allocation and aggregate adjustment procedures required to accommodate legislation provided for in this resolution. It provides that the adjustments apply while the legislation is under consideration and take effect upon enactment of the legislation. In addition, this subsection requires the adjustments to be printed in the Congressional Record.

Subsection (b) requires, for purposes of enforcement of the concurrent resolution, aggregate and allocation levels resulting from adjustments made pursuant to the terms of this resolution have the same effect as if adopted in the originally adopted aggregates and allocations.

Subsection (c) provides an exemption for legislation for which the Chairman of the Committee on the Budget has made adjustments in the allocations, aggregates, and other appropriate budgetary levels of the resolution and that complies with this Concurrent Resolution on the Budget. By such an exemption, such legislation is subject to neither the Cut-As-You-Go point of order (clause 10 of rule XXI of the Rules of the House of Representatives) nor section 604 of the concurrent resolution on the budget (the long-term spending point of order).

In addition, this subsection (c)(2) provides that section 314(f) of the Congressional Budget Act of 1974 does not apply to any bill, joint resolution, amendment, or conference report that provides new budget authority for a fiscal year that does not cause the allocation of new budget authority made pursuant to section 302(a) of that Act for that fiscal year to be exceeded or the sum of the limits on the security and non-security category in the Balanced Budget and Emergency Deficit Control Act as reduced pursuant to section 251A of that Act.

Section 314(f) prohibits the consideration of measures that would cause either of the two statutory spending category limits, security or nonsecurity, to be breached for a fiscal year. The 302(a) allocation for the House Appropriations Committee, provided by the concurrent resolution under the requirements of the Budget Act, is the sum of these two categories. Though the section refers to the sum of the categories, the effect of paragraph (2) of subsection (c), the operative component is the test as to whether the Appropriations Committee is within its 302(a) allocation—if so, the 314(f) point of order will not apply even if one of the category limits, either security or nonsecurity, is exceeded by that measure.

SECTION 607. CONGRESSIONAL BUDGET OFFICE ESTIMATES

Subsection (a) sets out findings.

Subsection (b) provides specific authority for the Chairman or Ranking Member of the Committee on the Budget to request a supplemental estimate for any program affecting or establishing Federal loans or loan guarantees. Under current law, such a measure would be scored on a “net present value” basis under the terms of the Federal Credit Reform Act found in Title V of the Congressional Budget Act of 1974. The supplemental estimate would be scored using a “fair value” basis that generally incorporates a more realistic market risk factor.

Subsection (c) requires that, whenever the Congressional Budget Office prepares an estimate of the cost of legislation with a cost related to a housing or residential mortgage program under the Federal Credit Reform Act of 1990, the Director must also provide an estimate of the “fair value” of the assets and liabilities affected.

Subsection (d) allows the Chairman of the Committee on the Budget to use the supplemental estimates to determine compliance with the Congressional Budget Act of 1974 and other budgetary enforcement controls.

SECTION 608. TRANSFERS FROM THE GENERAL FUND OF THE TREASURY TO THE HIGHWAY TRUST FUND THAT INCREASE PUBLIC INDEBTEDNESS

This section provides that for purposes of budget enforcement, transfers of funds from the general fund of the Treasury to the Highway Trust Fund are to be counted as new budget authority and outlays equal to the amount of the transfer in the fiscal year the transfer occurs.

SECTION 609. SEPARATE ALLOCATION FOR OVERSEAS CONTINGENCY OPERATIONS/GLOBAL WAR ON TERRORISM

Subsection (a) provides for a separate section 302(a) allocation under the Congressional Budget Act of 1974, and is set out in this report in allocation tables, to the Committee on Appropriations for overseas contingency operations and the global war on terrorism (OCO/GWOT). For purposes of enforcing the point of order set out in section 302(f) of the Congressional Budget Act of 1974, the "first fiscal year" and the "total of fiscal years" refer to fiscal year 2014 only. This separate allocation is the exclusive allocation for OCO/GWOT under section 302(a).

It states that any provision designated as such under section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985 which raises the statutory spending limits by the amount designated will be counted toward the separate OCO/GWOT allocation and not to the general section 302(a) allocation.

Subsection (b) provides that the procedure of adjusting the general 302(a) allocation under section 314 of the Budget Act for this purpose does not apply, as it is unnecessary with the special allocation.

SECTION 610. EXERCISE OF RULEMAKING POWERS

This section provides for the general application of the text of this concurrent resolution on the budget.

Title VII—Policy Statements

SECTION 701. POLICY STATEMENT ON ECONOMIC GROWTH AND JOB CREATION

Subsection (a) sets out findings.

Subsection (b) states the policy on promoting economic growth and job creation assumed by this concurrent resolution on the budget.

SECTION 702. POLICY STATEMENT ON TAX REFORM

Subsection (a) sets out findings.

Subsection (b) states the policy on tax reform assumed by this concurrent resolution on the budget.

SECTION 703. POLICY STATEMENT ON MEDICARE

Subsection (a) sets out findings.

Subsection (b) states that the policy of this concurrent resolution on the budget is to protect those in or near retirement from any disruptions to their Medicare benefits and offer future beneficiaries the same health care options available to Members of Congress.

Subsection (c) sets out the assumptions of this concurrent resolution on the budget for the parameters of future Medicare reforms.

SECTION 704. POLICY STATEMENT ON SOCIAL SECURITY

Subsection (a) sets out findings.

Subsection (b) states the policy on Social Security assumed by this concurrent resolution on the budget.

SECTION 705. POLICY STATEMENT ON HIGHER EDUCATION AFFORDABILITY

Subsection (a) sets out findings.

Subsection (b) states the policy on higher education affordability assumed by this concurrent resolution on the budget.

SECTION 706. POLICY STATEMENT ON DEFICIT REDUCTION THROUGH THE CANCELLATION OF UNOBLIGATED BALANCES

Subsection (a) sets out findings.

Subsection (b) directs congressional committees through their oversight activities to identify and achieve savings through the cancellation or rescission of unobligated balances that neither abrogate contractual obligations of the Federal Government nor reduce or disrupt Federal commitments under programs such as Social Security, veterans' affairs, national security, and Treasury authority to finance the national debt.

Subsection (c) provides that Congress, with the assistance of the Government Accountability Office, the Inspectors General, and other appropriate agencies should make it a high priority to review unobligated balances and identify savings for deficit reduction.

While there is year-to-year variability, unobligated balances have generally been trending upwards over the past ten years, from $253 billion at the end of fiscal year 2000 to $725 billion at the end of fiscal year 2011. According to the Office of Management and Budget, federal agencies will have an estimated $698 billion in unobligated balances at the close of fiscal year 2014, though agencies tend to overestimate their rate of obligations. Legislation introduced by Dr. Tom Price of Georgia (H.R.828) would rescind $45 billion in unobligated discretionary funds within 60 days of enactment. CBO has informally estimated that such a measure could reduce spending by approximately $22 billion.

The large sums of unobligated balances indicate that there are major opportunities for savings to reduce the deficit. Additional investigation is necessary to determine what portion of these anticipated unobligated balances can be cancelled or rescinded for deficit reduction without abrogating the Federal Government's contractual obligations or reducing or disrupting federal commitments under high priority programs and Treasury's authority to finance the national debt.

A reasonable goal would be to reduce unobligated balances by 10 percent, excluding Departments of Defense, Treasury, Veterans Affairs, and the Social Security Administration, to achieve savings for deficit reduction.

SECTION 707. POLICY STATEMENT ON RESPONSIBLE STEWARDSHIP OF TAXPAYER DOLLARS

Subsection (a) sets out findings.

Subsection (b) states that the policy of this concurrent resolution on the budget is to identify any savings that can be achieved through greater productivity and efficiency gains in the operation and maintenance of House services and resources.

SECTION 708. POLICY STATEMENT ON DEFICIT REDUCTION THROUGH THE REDUCTION OF UNNECESSARY AND WASTEFUL SPENDING

Subsection (a) sets out findings.

Subsection (b) states that each Congressional Committee shall as part of its annual Views and Estimates letter to the Committee on the Budget submit recommendations for reductions in spending that result from that committee's oversight activities.

SECTION 709. POLICY STATEMENT ON UNAUTHORIZED SPENDING

This section states that the committees of jurisdiction should review all unauthorized programs funded through annual appropriations to determine if the programs are operating efficiently and effectively and reauthorize only those programs that in the committees' judgment should continue to receive funding.

Title VIII—Sense of the House Provisions

SECTION 801. SENSE OF THE HOUSE ON THE IMPORTANCE OF CHILD SUPPORT ENFORCEMENT

This section expresses the sense of the House that additional legislative action is needed to ensure that States have the necessary resources to collect all child support that is owed to families and to allow them to pass 100 percent of support on to families without financial penalty.

It also expresses the sense that when 100 percent of child support payments are passed to the child, rather than spent on administrative expenses, program integrity is improved and child support participation increases.

THE CONGRESSIONAL BUDGET PROCESS

The spending and revenue levels established in the budget resolution are executed through two parallel, but separate, mechanisms: allocations to the appropriations and authorizing committees; and, when necessary, reconciliation directives to the authorizing committees.

As required under section 302(a) of the Congressional Budget and Impoundment Control Act of 1974, the discretionary spending levels established in the budget resolution are allocated to the Appropriations Committee and the direct spending levels are allocated to each of the authorizing committees with direct spending authority of each House of Congress.

These allocations appear in the report accompanying the budget resolution, and they are enforced through points of order (see the section of this report titled: "Enforcing the Budget Resolution "). Amounts provided under 'current law' encompass programs that affect direct spending—entitlements and other programs that have spending authority or offsetting receipts. Amounts subject to discretionary action refer to programs that require subsequent legislation to provide the necessary spending authority. Amounts provided under 'reauthorizations' reflect amounts assumed to be provided in subsequent legislation reauthorizing expiring direct spending programs.

Allocations of budget authority and outlays are provided for the budget year (fiscal year 2014), and the 10-year period (fiscal years 2014 through 2023). Section 302 of the Congressional Budget and Impoundment Control Act of 1974 (as modified by the Balanced Budget Act of 1997) requires that allocations of budget authority be provided in the report accompanying the budget resolution for the 1st fiscal year and at least the 4 ensuing fiscal years (except for the Committee on Appropriations, which receives an allocation only for the budget year).

COMMITTEES OF AUTHORIZATION

The report (or the joint statement of managers in the instance of a conference report) accompanying the concurrent resolution on the budget allocates to the authorizing committees a sum of new budget authority along with the attendant outlays required to fund the direct spending within their jurisdiction. The committees may be allocated additional budget authority should increases in spending be required in their jurisdiction. This occurs when the budget resolution assumes a new or expanded direct spending program. Such spending authority must be provided through subsequent legislation and is not controlled through the annual appropriations process.

302(a) Allocations

Because the spending authority for authorizing committees is multi-year or permanent, the allocations are established for the budget year commencing on October 1, and a 10-year total for fiscal years 2014 through 2023.

Unlike the Committee on Appropriations, each authorizing committee is provided a single allocation of new budget authority (divided between current law and expected policy action) not provided through annual appropriations. These committees are not required to file 302(b) allocations. Bills first effective in fiscal year 2014 are measured against the level for that year included in the fiscal year 2014 budget resolution and also the 10-year period of fiscal year 2014 through 2022.

COMMITTEE ON APPROPRIATIONS

The report accompanying the concurrent resolution on the budget allocates to the Committee on Appropriations a lump sum of discretionary budget authority assumed in the resolution and corresponding outlays for a single fiscal year.

302(a) Allocations

Because the spending authority for authorizing committees is multi-year or permanent, the allocations in the budget resolution are for the budget year, which is the fiscal year 2014 that commences on October 1, 2012, and a 10-year total for fiscal years 2014 through 2023.

302(b) Allocations

Once a 302(a) allocation is provided to it by the concurrent resolution on the budget for a budget year, the Appropriations Committee is required to divide the allocation among its subcommittees. Though the number of subcommittees has varied over time, for budget year 2014, there are twelve. The amount each subcommittee receives constitutes its suballocation pursuant to section 302(b) of the Congressional Budget Act of 1974.

Each appropriation bill reported by a subcommittee providing budget authority for programs within its jurisdiction for the budget year must not breach this 302(b) suballocation. The sum of the suballocations must equal the 302(a) allocation provided, though an additional 302(b) suballocation may be made and assigned to the full Appropriations Committee. This additional suballocation must be an amount in the form of a positive whole number.

Under section 302(c) of the Budget Act, Appropriations Acts may not be considered on the floor of the House before these 302(b) suballocations are made.

The Congressional Budget Act of 1974 defines a 'budget year' as the fiscal year starting in the calendar year in which a session of Congress first meets. Since the second session of the 112th Congress first met on January 5, 2012 (pursuant to Public Law 111-289), for the purposes of this concurrent resolution on the budget, the budget year is fiscal year 2014.

In general, bills, conference reports, joint resolutions, concurrent resolutions, cease to exist at the end of each Congress (in the House of Representatives). When a new Congress meets, though, the House extends rules from the previous Congress through a simple House Resolution. In this way, the Budget Resolution is extended into the new Congress. The budget year, thus, may change, but for purposes of enforcement, the first fiscal year for the budget resolution remains the same.

TABLE 11.—ALLOCATION OF SPENDING AUTHORITY TO HOUSE COMMITTEE ON APPROPRIATIONS

[In millions of dollars]

	2014
Base Discretionary Action:	
BA	966,375
OT	1,114,260
Global War on Terrorism:	
BA	93,000
OT	46,621
Current Law Mandatory:	
BA	761,123
OT	750,691

TABLE 12.—RESOLUTION BY AUTHORIZING COMMITTEE

[On-budget amounts in millions of dollars]

	2014	2014–2023
Agriculture:		
Current Law:		
BA	92,937	902,350
OT	89,974	897,262
Resolution Change:		
BA	−2,631	−209,044
OT	−2,501	−208,556
Total:		
BA	90,306	693,306
OT	87,473	688,706
Armed Services:		
Current Law:		
BA	150,925	1,776,043
OT	150,804	1,779,929
Resolution Change:		
BA	0	0
OT	0	0
Total:		
BA	150,925	1,776,043
OT	150,804	1,779,929
Financial Services:		
Current Law:		
BA	21,032	134,620
OT	9,959	−43,252
Resolution Change:		
BA	−21,712	−217,458
OT	−7,430	−198,921
Total:		
BA	−680	−82,838
OT	2,529	−242,173

TABLE 12.—RESOLUTION BY AUTHORIZING COMMITTEE—Continued

[On-budget amounts in millions of dollars]

	2014	2014–2023
Education & Workforce:		
Current Law:		
BA	−25,592	3,426
OT	−21,750	776
Resolution Change:		
BA	−22,996	−1,604,166
OT	−20,659	−1,596,356
Total:		
BA	−48,588	−1,600,740
OT	−42,409	−1,595,580
Energy & Commerce:		
Current Law:		
BA	357,804	5,084,049
OT	354,134	5,078,840
Resolution Change:		
BA	−11,465	−94,439
OT	−10,428	−94,325
Total:		
BA	346,339	4,989,610
OT	343,706	4,984,515
Foreign Affairs:		
Current Law:		
BA	29,154	241,749
OT	26,121	235,371
Resolution Change:		
BA	0	0
OT	0	0
Total:		
BA	29,154	241,749
OT	26,121	235,371
Oversight & Government Reform:		
Current Law:		
BA	102,084	1,197,708
OT	98,451	1,162,761
Resolution Change:		
BA	−11,758	−165,996
OT	−11,758	−165,996
Total:		
BA	90,326	1,031,712
OT	86,693	996,765
Homeland Security:		
Current Law:		
BA	1,916	22,255
OT	1,904	22,183
Resolution Change:		
BA	−305	−12,575
OT	−305	−12,575
Total:		
BA	1,611	9,680
OT	1,599	9,608

TABLE 12.—RESOLUTION BY AUTHORIZING COMMITTEE—Continued

[On-budget amounts in millions of dollars]

	2014	2014–2023
House Administration:		
Current Law:		
BA	39	370
OT	5	205
Resolution Change:		
BA	−34	−295
OT	0	−130
Total:		
BA	5	75
OT	5	75
Natural Resources:		
Current Law:		
BA	6,328	62,205
OT	7,149	65,337
Resolution Change:		
BA	−900	−17,995
OT	−632	−17,225
Total:		
BA	5,428	44,210
OT	6,517	48,112
Judiciary:		
Current Law:		
BA	19,850	102,560
OT	9,415	102,921
Resolution Change:		
BA	−11,506	−47,461
OT	−637	−45,809
Total:		
BA	8,344	55,099
OT	8,778	57,112
Transportation & Infrastructure:		
Current Law:		
BA	71,902	728,450
OT	16,959	193,263
Resolution Change:		
BA	−78	−116,444
OT	−47	−951
Total:		
BA	71,824	612,006
OT	16,912	192,312
Science, Space & Technology:		
Current Law:		
BA	101	1,010
OT	106	1,015
Resolution Change:		
BA	0	0
OT	0	0
Total:		
BA	101	1,010
OT	106	1,015

TABLE 12.—RESOLUTION BY AUTHORIZING COMMITTEE—Continued

[On-budget amounts in millions of dollars]

	2014	2014–2023
Small Business:		
Current Law:		
BA	0	0
OT	0	0
Resolution Change:		
BA	0	0
OT	0	0
Total:		
BA	0	0
OT	0	0
Veterans Affairs:		
Current Law:		
BA	2,951	93,459
OT	3,078	95,096
Resolution Change:		
BA	0	0
OT	0	0
Total:		
BA	2,951	93,459
OT	3,078	95,096
Ways & Means:		
Current Law:		
BA	973,502	14,639,393
OT	972,842	14,632,462
Resolution Change:		
BA	−22,567	−1,298,202
OT	−21,667	−1,291,946
Total:		
BA	950,935	13,341,191
OT	951,175	13,340,516

STATUTORY CONTROLS OVER THE BUDGET

Since 1985, a series of statutory budget controls has been superimposed on the congressional budget process through the enactment of, and subsequent amendments to, the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA). This Act has been added and changed a succession of times and generally serves as the vehicle for statutory controls over the budget, but not exclusively so.

BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

The Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA) initially was intended to reduce deficits by establishing annual maximum deficit limits. These limits were enforced through "sequestration" which involved automatic across-the-board spending reductions required to be ordered by the President if the deficit targets were missed. The orders under the terms of BBDECA occur within 15 days after the end of a session of Congress. Sequestration remains an enforcement procedure for statutory budget controls through at least fiscal year 2001.

BUDGET ENFORCEMENT ACT OF 1990

The Budget Enforcement Act of 1990 (BEA) significantly revised BBEDCA (the BEA is included as Title XIII of Public Law 101-508, the Omnibus Budget Reconciliation Act of 1990). It replaced the maximum spending limits originally in BBEDCA with annual limits on discretionary spending and controls over increases in direct spending or decreases in revenues, termed "pay-as-you go (PAYGO)."

OBRA 1990, as amended, established separate limits on appropriations for defense, international affairs, and domestic discretionary appropriations through fiscal year 1993, and a single limit on all appropriations for fiscal years 1994 and 1995.

Under PAYGO, if the cumulative effect of legislation enacted through the end of a session of Congress increased the deficit, the amount of that deficit increase for a fiscal year following that session would cause a sequestration of spending by that amount.

OMNIBUS BUDGET RECONCILIATION ACT OF 1993

The Omnibus Budget Reconciliation Act of 1993 (OBRA 1993) extended a single discretionary limit through fiscal year 1998. Any breach of the cap would cause a sequestration (again an across-the-board cut in all nonexempt discretionary programs under the cap). These spending limits were held harmless for changes in inflation, emergencies, estimating differences, and changes in concepts and definitions. OBRA 1993 also extended the pay-as-you-go enforcement procedures for legislation enacted through fiscal year 1998.

BALANCED BUDGET ACT OF 1997

The Balanced Budget Act of 1997 (BBA 1997) again revised the level of discretionary spending limits and extended them through fiscal year 2002. As amended by the OBRA 1993, these controls would have expired at the end of fiscal year 1998. BBA 1997 modified the discretionary spending limits for fiscal year 1998 and extended through fiscal year 2002. Similarly, the PAYGO requirements were extended through fiscal year 2002. BBA 1997 also made many technical changes in both the congressional budget process and the sequestration procedures that enforce the discretionary spending limits and PAYGO requirements.

The BBA established separate limits on defense and non-defense discretionary spending for fiscal years 1998 and 1999. These limits were combined into a single limit on discretionary spending in fiscal years 2000, 2001, and 2002. Separate discretionary spending limits were intended to prevent Congress and the President from using savings in one category to offset an increase in another.

BBA 1997 repealed automatic adjustments in the caps for changes in inflation and estimating differences between OMB and CBO on budget outlays. It retained adjustments for emergencies, estimating differences in outlays, continuing disability reviews and added adjustments for the International Monetary Fund, international arrearages, and an Earned Income Tax Credit compliance initiative.

These adjustments are made in the President's final sequestration report issued fifteen days after the end of a session of Congress.

STATUTORY PAY-AS-YOU-GO ACT OF 2010

No further significant congressional action was taken on re-establishing statutory controls on spending and revenue until 2010, when on February 10 of that year, the Statutory Pay-As-You-Go Act of 2010 was signed as part of Public Law 111-139, which raised the statutory limit on the public debt.

It was similar to the expired pay-as-you-go law, and included references to certain sections of the BBEDCA, but it did not bring that law back into force. It did amend sections of that Act such as the sequestrable base. It did not establish new discretionary spending limits for any period of time.

BUDGET CONTROL ACT OF 2011

Enacted on August 2, 2011, the Budget Control Act of 2011 (BCA) authorized an increase in the public debt limit. Added to this increase were statutory controls on spending, primarily in the form of making BBEDCA permanent in its entirety and re-establishing the discretionary spending limits for fiscal years 2012 through 2021 in section 251(c) of that Act. These discretionary spending limits for fiscal years 2012 and 2013 were divided into security and non-security categories. The remaining years were set as a single discretionary general category.

These initial spending limits were replaced and their definitions changed though, since the BCA also included additional procedures that had the effect of altering the caps as set out in section 251(c) of BBEDCA, in particular by extending the security/non-security categories through the end of the period.

The Congressional Budget Office estimated that the discretionary spending caps of the BCA would reduce the deficit, including savings from debt service, by $917 billion over the 10 fiscal years covering 2012 through 2021.

The BCA also established a Joint Select Committee on Deficit Reduction that was tasked with reporting a bill to reduce the federal deficit by an additional $1.5 trillion over a 10-year period ending in fiscal year 2021. Legislation from the Joint Committee would have been considered under procedures limiting amendment and debate. Under the terms of the BCA, if legislation from the Joint Committee reducing the deficit by at least $1.2 trillion were not enacted, then a procedure would be set in motion to reduce spending by adjusting the discretionary caps downward and calculating an amount of reductions in direct spending necessary to achieve the $1.2 trillion (or a portion thereof were legislation from the Joint Committee achieving some deficit reduction was enacted).

The Joint Committee was unable to report any proposal reducing the deficit by any amount and no legislation to that purpose was enacted by the required January 15, 2012 deadline. On this date, not only did the Joint Committee cease to exist, the automatic spending reduction process was triggered.

The process that began on January 15, 2012 had the following ramifications: The statutory discretionary caps were replaced by new caps with new definitions of security and nonsecurity—now effectively defense and nondefense, though the previous terms are still used. These categories have replaced the discretionary general category through 2021.

The process has two components: sequestration and discretionary spending limits reduction. In order to achieve the $1.2 trillion in deficit reduction, spending reductions will occur absent a change in law. OMB is charged with calculating the amount in spending reduction required to achieve the specified deficit reduction.

Since the Joint Committee didn't achieve any deficit reduction, the calculation begins with a spending reduction of the full $1.2 trillion from fiscal year 2013 through fiscal year 2021. According to the BCA formula, that number is reduced by 18 percent to account for the reduced cost of debt service attributable to the lower level of spending. The remaining amount is divided by nine to account for each of fiscal years 2013 through 2021. This amount is then divided by two so that it is evenly distributed between reductions in defense and nondefense accounts.

The spending reductions are further divided between direct spending and discretionary spending within the defense and nondefense accounts.

The implementation of the spending reductions is distinct from the calculation of the amounts. Once the amount is calculated, the

BCA requires reductions through sequestration and reductions to the revised discretionary spending limits.

The sequestration order affects both discretionary and mandatory spending for fiscal year 2013. This means that discretionary amounts appropriated for fiscal year 2013 are to be sequestered by the calculated amount no matter how much is appropriated—it is not sequestered as a function of the discretionary spending limit for that fiscal year. In addition, for all fiscal years 2013 through 2021, a direct spending sequester of nonexempt accounts is ordered.

This is distinct from the spending reductions for the discretionary spending limits for fiscal year 2014 through fiscal year 2021—these reductions occur through revising the spending limits downward for each of those fiscal years.

AMERICAN TAXPAYER RELIEF ACT OF 2012

As part of an agreement to make permanent most tax policies first enacted in 2001 and 2003 but set to expire at the end of 2012, the American Taxpayer Relief Act of 2012 (ATRA) included certain budget process provisions. ATRA reduced the BCA fiscal year 2013 sequestration by $24 billion, brought the sequester amount from $109.33 billion to $85.33 billion for that fiscal year.

It postponed the BCA sequester (under section 251A of BBEDCA) by two months, from January 2, 2013 to March 1, 2013. It also postponed the BBEDCA sequester (a separate sequestration under section 251(a) of BBEDCA which normally would occur 15 days after the end of a session of Congress) until March 27, 2013. This section 251(a) sequester enforces the spending limit categories rather than the BCA which required a sequester for fiscal year 2013 by a nominal amount—and applied regardless of where spending is relative to the spending limits).

It also reset the fiscal year 2013 and 2014 discretionary spending limit categories, lowering the total by $4 billion and $8 billion respectively.

The fiscal year 2013 initially established by the BCA (set out in section 251A of BBEDCA) was ordered by the President, as required by law, on March 1, 2013.

THE BUDGET CONTROL ACT OF 2011 AND THE DISCRETIONARY SPENDING LIMITS

The Budget Control Act (BCA) established caps on discretionary spending that reduced budget authority by $840 billion and outlays by $756 billion for FY 2012-2021 according to CBO. In addition, the BCA called for at least $1.2 trillion in additional deficit reduction for this period to be accomplished through legislation recommended by a Joint Select Committee on Deficit Reduction. When that committee was unable to reach agreement on any such legislation, the BCA provided an automatic enforcement procedure to ensure this deficit reduction was achieved but did so in a way that focused on the 36 percent of the budget that is approved annually through the appropriations process.

Under the FY 2013 sequester, for example, discretionary spending bore 80 percent of the spending cuts and in FY 2014 discretionary spending is estimated to absorb 84 percent of the automatic enforcement reductions. Given the projected 78 percent growth of mandatory spending programs by 2023, the BCA's focus on discretionary spending is inadequate to addressing the deficit and debt problems facing the nation. Also, these automatic enforcement procedures achieve 50 percent of the reductions from defense activities, when defense represents less than 20 percent of total spending. Last year, House Republicans passed the Sequester Replacement Reconciliation Act that would have replaced the FY 2013 sequester with a much greater emphasis on permanent mandatory spending savings. CBO estimated that these mandatory savings were more than double the cost of replacing the sequester.

While the resolution assumes discretionary spending at the post-sequester levels, section 409 provides the Chairman of the Budget Committee authority to make changes to the allocations, aggregates, and other appropriate levels in this budget resolution to accommodate the enactment of an agreement between the House, the Senate, and the President that accomplishes permanent reforms of mandatory spending programs and provides long-term deficit and debt reduction.

TABLE 13.—FISCAL YEAR 2014 DISCRETIONARY BUDGET AUTHORITY

[In billions of dollars]

	Defense	Non-Defense	Total
Budget Control Act (PL 112-25)	556.0	510.0	1066.0
American Taxpayer Relief Act (PL 112-240) [1]	−4.0	−4.0	−8.0
Pre-Enforcement Procedure Cap	**552.0**	**506.0**	**1058.0**
Automatic Enforcement Procedure [2]	−54.6	−37.0	−91.6
Post-Enforcement Procedure Cap	**497.4**	**469.0**	**966.4**

[1] The American Taxpayer Relief Act delayed the FY 2013 sequester required by the Budget Control Act from January 2, 2013 to March 1, 2013. The budgetary cost of this two-month delay was partially offset by reducing the statutory caps on discretionary spending in FY 2014 by $4 billion each for the defense and non-defense categories.

[2] The CBO has estimated that the automatic enforcement procedures under the Budget Control Act will reduce the statutory caps on discretionary spending by $91.6 billion in FY 2014. However, the definitive determination of the amount of the cap reduction will be made by the Office of Management and Budget and presented with the President's budget. It is expected that the discretionary cap reduction will be smaller than that estimated by CBO.

TABLE 14.—COMPOSITION OF SPENDING AND BCA AUTOMATIC ENFORCEMENT

[Percentage of totals, FY 2013–21]

	Discretionary	Mandatory	Total
Baseline Spending	39%	61%	100%
BCA Automatic Enforcement	66%	34%	100%

ENFORCING BUDGETARY LEVELS

THE CONCURRENT RESOLUTION ON THE BUDGET

The concurrent resolution on the budget is more than a planning document. The allocations of spending authority and the aggregate levels of both spending authority and revenues are binding on the Congress when it considers subsequent spending and tax legislation. Legislation breaching the levels set forth in the budget resolution is subject to points of order on the floor of the House of Representatives and the Senate. The concurrent resolution is established pursuant to the Congressional Budget Act of 1974, which includes various requirements as to its content and enforcement. While a budget resolution sets levels of spending, revenue, deficits and debt, it also may include special procedures in order to enforce Congressional budgetary decisions.

While legislation may be subject to a point of order, budget-related enforcement is not self-enforcing. Any Member of the House may raise a point of order against any tax or spending bill that breeches the allocations and aggregate spending levels established in the budget resolution. If the point of order is sustained, the House is precluded from further consideration of the measure.

Section 302(f)

Section 302(f) of the Congressional Budget Act of 1974 prohibits the consideration of legislation that exceeds a committee's allocation of budget authority. For authorizing committees this section applies to the first fiscal year and the period of fiscal years covered by the budget resolution in force. For appropriations bills, however, it applies only to the first fiscal year.

Section 303

Section 303 prohibits the consideration of spending and revenue legislation before the House has passed a concurrent resolution on the budget for a fiscal year. Measures that cause an increase or decrease in revenue, or cause an increase in budget authority, in a fiscal year for which a budget resolution has not been adopted violate section 303(a). Section 303(a) does not apply to budget authority and revenue provisions first effective in a year following the first fiscal year to which a budget resolution would apply, or to appropriation bills after 15 May.

Section 311

Section 311 prohibits the consideration of legislation that would cause a breach of the aggregate spending limits on budget authority and outlays, or that would cause revenue levels to fall below the revenue floor, established by the concurrent resolution on the budget. If a measure would cause budget authority or outlays to be greater than the ceiling established for the first fiscal year of a budget resolution, a section 311 violation occurs. If a measure would cause revenue to be lower than the revenue floor in the first fiscal year or the period of years of the budget resolution, a section 311 violation occurs. Section 311 does not apply to measures that provide budget authority but do not breach a committee's 302(a) allocations.

Section 314(f)

This section, established by the Budget Control Act of 2011, prohibits the consideration of any bill, joint resolution, amendment, or conference report that would cause the statutory spending category limits set out in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 (as adjusted by procedures set out in section 251A of that Act) to be exceeded. This budget resolution includes language that would prevent this section's application if the appropriation measure is not in violation of the section 302(a) allocation.

BUDGET-RELATED PROVISIONS IN THE HOUSE

In addition to enforcement controls in the Congressional Budget Act of 1974, as applied through the concurrent resolution on the budget, there are also other controls that found in the Rules of the House of Representatives and in the Orders of the House.

Clause 7 of Rule XXI

This clause prohibits the consideration of a concurrent resolution on the budget containing reconciliation directives (section 310 of the Congressional Budget and Impoundment Control Act of 1974) that would cause a net increase in direct spending.

Clause 10 of Rule XXI

House Resolution 5 established in the Rules of the House of Representatives a point of order against any bill, joint resolution, amendment, or conference report that would cause a net increase in direct spending. The rule, termed 'Cut-as-you-go,' prohibits the consideration of legislation that increases direct spending over 5 years or 10 years, and requires spending increases to be offset by spending decreases over those time periods.

Clause 4 of Rule XXIX

This clause specifies that the Chair of the Committee on the Budget is responsible for providing authoritative guidance concerning the impact of a legislative propositions related to the levels of new budget authority, outlays, direct spending, and new entitlement authority.

Section 3 of the Separate Orders of House Resolution 5 of the 113th Congress

House Resolution 5 adopted the rules from the 112th Congress and incorporated additional provisions related to the budget process.

Section 3(d)(3) requires that each general appropriations bill contain a "spending reduction" account, for which the level provided is a recitation of the amount by which, through the amendment process, the House has reduced spending in other portions of the bill and indicated that such savings should be counted toward spending reduction. It provides that any amendment increasing spending relative to the underlying bill must include an offset of an equal or greater value.

RECONCILIATION

Section 310 of the Congressional Budget Act of 1974 (2 U.S.C. 641) sets out a special procedure which allows a concurrent resolution on the budget to direct any Congressional committee to produce legislation that changes budgetary levels. In general, reconciliation instructions include a committee or committees, a time period or periods over which budget authority, revenue, the debt ceiling, or deficits should be changed. It also includes a date certain by which those committees should produce and vote on legislative language to accomplish those changes. Rather than reporting the legislative text, these committees submit it to the Committee on the Budget which then binds them all together and may report them but may not make substantive changes. If the reconciliation directive only applies to a single committee then the text is not submitted to the Budget Committee and is reported directly to the House.

This Concurrent Resolution on the Budget for Fiscal Year 2014, as reported by the Committee on the Budget, provides for such a reconciliation bill. It instructs eight authorizing committees to transmit changes in law necessary to achieve certain direct spending and revenue levels provided for in the budget resolution. They must submit legislative text and associated material to the Committee on the Budget by date not specified but assumed to be in 2013.

A committee receiving a reconciliation directive must reduce the deficit in period of fiscal years 2013 through 2023. A committee may reduce the deficit through net reductions in spending or net increases in revenue, or a combination of the two. The committees may achieve the deficit reduction specified in any manner they wish for laws within their jurisdiction.

In general, when a committee receives a reconciliation directive, it considers a bill to comply with the directive as it would any other bill, but the legislative text, along with related material, is submitted to the Committee on the Budget instead of reported to the House. The Committee on the Budget then binds all the submissions together, votes on the combined measure, and reports it out of committee as a single bill. The Committee on the Budget may not amend the submitted legislative text during consideration in committee. It must report the language without substantive revision.

A reconciliation bill is a privileged measure in the Senate: As distinct from most Senate bills, it has a time limit of twenty hours of debate and does not require the sixty-vote supermajority to invoke "cloture," a Senate procedure which limits debate on legislation.

Hence passage of a reconciliation bill in the Senate only requires a simple majority.

In the Senate, as a limitation on the content of a reconciliation bill, a provision that does not increase or decrease spending (or revenue) is considered extraneous. If found to be extraneous the provision violates section 313 of the Congressional Budget Act of 1974, commonly known as the "Byrd Rule," so named after its author, the late Senator Robert C. Byrd (WV). If the provision is found to violate the Byrd Rule, it is removed from the bill or conference report unless 60 Senators vote to waive it.

The committees receiving reconciliation instructions pursuant to this concurrent resolution, and which must submit legislative language and related material to the Committee on the Budget, are as follows: the Committee on Agriculture, the Committee on Education and the Workforce, the Committee on Energy and Commerce, the Committee on Financial Services, the Committee on Judiciary, the Committee on Natural Resources, the Committee on Oversight and Government Reform, and the Committee on Ways and Means.

ACCOUNTS IDENTIFIED FOR ADVANCE APPROPRIATIONS

ACCOUNTS IDENTIFIED FOR ADVANCE APPROPRIATIONS
FOR FISCAL YEAR 2014

(Subject to a General Limit of $28,852,000,000)

Financial Services and General Government

Payment to Postal Service

Labor, Health and Human Services, and Education

Employment and Training Administration
Education for the Disadvantaged
School Improvement Programs
Special Education
Career, Technical and Adult Education

Transportation, Housing and Urban Development

Tenant-based Rental Assistance
Project-based Rental Assistance

VETERANS ACCOUNTS IDENTIFIED FOR ADVANCE APPROPRIATIONS
FOR FISCAL YEAR 2014

(Subject to a Separate Limit of $55,483,000,000)

Military Construction, Veterans Affairs

VA Medical Services
VA Medical Support and Compliance
VA Medical Facilities

VOTES OF THE COMMITTEE

Clause 3(b) of House Rule XIII requires each committee report to accompany any bill or resolution of a public character, ordered to include the total number of votes cast for and against on each roll call vote, on a motion to report and any amendments offered to the measure or matter, together with the names of those voting for and against. Listed below are the roll call votes taken in the Committee on the Budget on the Concurrent Resolution on the Budget for Fiscal Year 2014.

On March 13, 2013, the Committee met in open session, a quorum being present.

Mr. Price asked unanimous consent that the Chair be authorized, consistent with clause 4 of House Rule XVI, to declare a recess at any time during the Committee meeting.

There was no objection to the unanimous consent request.

Chairman Ryan asked unanimous consent to dispense with the first reading of the budget aggregates, function levels, and other appropriate matter; that the aggregates, function totals, and other appropriate matter be open for amendment; and that amendments be considered as read.

There was no objection to the unanimous consent requests.

The committee adopted and ordered reported the Concurrent Resolution on the Budget for Fiscal Year 2014. The Committee on the Budget took the following votes:

1. An amendment offered by Representatives Van Hollen, Pascrell, Moore, Castor, McDermott, Lee, Cicilline, Jeffries, and Pocan expressing a sense of the House to replace the sequester with revenue increases and spending reductions.

The amendment was not agreed to by a roll call vote of 17 ayes and 22 noes.

ROLLCALL VOTE NO. 1

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)		X		MOORE (WI)	X		

ROLLCALL VOTE NO. 1—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

2. An amendment offered by Representatives Schwartz, Van Hollen, Yarmuth, Pascrell, Moore, Castor, McDermott, Lee, Cicilline, Jeffries, Pocan, Cardenas, Blumenauer, and Schrader to increase funding for transportation investment, infrastructure, veterans programs and education, and to raise revenues. The amendment would increase revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, and raising taxes on individuals with annual income greater than $1,000,000.

The amendment would increase budget authority for Function 270 by $7 billion in fiscal year 2014 and outlays by the following amounts: $0.400 billion for fiscal year 2014, $2.050 billion for fiscal year 2015, $2.450 billion for fiscal year 2016, $1.280 billion for fiscal year 2017, $0.675 billion for fiscal year 2018, $0.010 billion for fiscal year 2019.

The amendment would increase budget authority for Function 370 by $1 billion in fiscal year 2014 and outlays by the following amounts: $0.208 billion for fiscal year 2014, $0.131 billion for fiscal year 2015, $0.174 billion for fiscal year 2016, $0.189 billion for fiscal year 2017, $0.140 billion for fiscal year 2018, $0.068 billion for fiscal year 2019, $0.043 billion for fiscal year 2020, $0.029 billion for fiscal year 2021, $0.015 billion for fiscal year 2022, $0.004 billion for fiscal year 2023.

The amendment would increase outlays for Function 400 by the following amounts: $19.920 billion for fiscal year 2014, $16.210 billion for fiscal year 2015, $5.780 billion for fiscal year 2016, $2.350 billion for fiscal year 2017, $1.680 billion for fiscal year 2018, $1.350 billion for fiscal year 2019, $0.600 billion for fiscal year 2020, $0.500 billion for fiscal year 2021, $0.400 billion for fiscal year 2022, $0.200 billion for fiscal year 2023.

The amendment would increase outlays for Function 450 by the following amounts: $0.350 billion for fiscal year 2014, $4.800 billion for fiscal year 2015, $6.450 billion for fiscal year 2016, $3.330 billion for fiscal year 2017, $2.270 billion for fiscal year 2018, $1.200 billion for fiscal year 2019, $1 billion for fiscal year 2020, $1 billion for fiscal year 2021, $1.250 billion for fiscal year 2022, $1.250 billion for fiscal year 2023.

The amendment would increase budget authority for Function 500 by the following amounts: $2.866 billion for fiscal year 2014, $3.066 billion for fiscal year 2015, $0.400 billion for fiscal year 2016. The amendment would increase outlays for Function 500 by the following amounts: $34.282 billion for fiscal year 2014, $20.957 billion for fiscal year 2015, $10.248 billion for fiscal year 2016, $3.082 billion for fiscal year 2017, $0.612 billion for fiscal year 2018, $0.020 billion for fiscal year 2019.

The amendment would increase budget authority for Function 700 by $1 billion in fiscal year 2014. Outlays for Function 700 would increase by the following amounts: $0.100 billion for fiscal year 2014 and $0.225 billion for each of the fiscal years 2015 through 2018.

The amendment would increase outlays for Function 750 by the following amounts: $1.500 billion for fiscal year 2014, $1.500 billion for fiscal year 2015, $0.500 for fiscal year 2016.

The amendment would also increase budget authority and outlays for Function 800 by the following amounts: $0.872 billion for fiscal year 2014, $1.963 billion for fiscal year 2015, $3.157 billion for fiscal year 2016, $4.432 billion for fiscal year 2017, $5.844 billion for fiscal year 2018, $7.387 billion for fiscal year 2019, $9.006 billion for fiscal year 2020, $10.684 billion for fiscal year 2021, $12.384 billion for fiscal year 2022, $14.099 billion for fiscal year 2023.

The amendment was not agreed to by a roll call vote of 17 ayes and 21 noes.

ROLLCALL VOTE NO. 2

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		

ROLLCALL VOTE NO. 2—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)				LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

3. An amendment offered by Representatives Pocan, Van Hollen, Schwartz, Pascrell, Moore, McDermott, Lee, Cicilline, Jeffries and Lujan Grisham expressing a sense of the House relating to the distributional impact of tax reform.

The amendment was not agreed to by a roll call vote of 16 ayes and 21 noes.

ROLLCALL VOTE NO. 3

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)			
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)				MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		

ROLLCALL VOTE NO. 3—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

4. An amendment offered by Representatives Lujan Grisham, Van Hollen, Schwartz, Pascrell, Moore, Castor, McDermott, Lee, Cicilline, Jeffries, and Pocan to increase Medicaid spending and raise revenues. The amendment would increase revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, and raising taxes on individuals with annual income greater than $450,000.

The amendment would increase budget authority and outlays for Function 550 by the following amounts: $40 billion for fiscal year 2015, $50 billion for fiscal year 2016, $60 billion for fiscal year 2017, $70 billion for fiscal year 2018, $90 billion for fiscal year 2019, $100 billion for fiscal year 2020, $120 billion for fiscal year 2021, $130 billion for fiscal year 2022, $150 billion for fiscal year 2023.

The amendment was not agreed to by a roll call vote of 16 ayes and 22 noes.

ROLLCALL VOTE NO. 4

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)		X		MOORE (WI)	X		

ROLLCALL VOTE NO. 4—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)			
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

5. An amendment offered by Representatives Yarmuth, Van Hollen, Schwartz, Pascrell, Castor, McDermott, Lee, Cicilline, Jeffries, Pocan, Blumenauer, and Schrader expressing a sense of the House that certain provisions relating to pre-existing health conditions and young adults of the Affordable Care Act should not be repealed.

The amendment was not agreed to by a roll call vote of 16 ayes and 22 noes.

ROLLCALL VOTE NO. 5

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		

ROLLCALL VOTE NO. 5—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)			
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

6. An amendment offered by offered by Representatives Castor, Van Hollen, McDermott, Lee, Cicilline, Jeffries, Pocan, Lujan Grisham, and Cardenas to increase spending for schools and raise revenues. The amendment would increase revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, and raising taxes on individuals with annual income greater than $1,000,000.

The amendment would increase outlays for Function 500 by the following amounts: $23.139 billion for fiscal year 2014, $14.348 billion for fiscal year 2015, $6.924 billion for fiscal year 2016, $1.817 billion for fiscal year 2017, $0.124 billion for fiscal year 2018, $0.017 billion for fiscal year 2019.

The amendment was not agreed to by a roll call vote of 16 ayes and 22 noes.

ROLLCALL VOTE NO. 6

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		

ROLLCALL VOTE NO. 6—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)			
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

7. An amendment offered by Representatives Moore, Van Hollen, Castor, McDermott, Lee, Cicilline, Jeffries, Pocan, and Lujan Grisham to increase spending on the Supplemental Nutrition Assistance Program (SNAP) and continue the current value of the Earned Income Tax Credit (EITC), Child Tax Credit, and the American Opportunity Tax Credit. The amendment would increase revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, and raising taxes on individuals with annual income greater than $1,000,000.

Budget authority and outlays for Function 500 would be increased by the following amounts: $5.097 billion for fiscal year 2019, $4.991 billion for fiscal year 2020, $4.898 billion for fiscal year 2021, $4.882 billion for fiscal year 2022, $4.731 billion for fiscal year 2023.

Budget authority and outlays for Function 600 would be increased by the following amounts: $0.600 billion for fiscal year 2014, $13.100 billion for fiscal year 2015, $13.500 billion for fiscal year 2016, $13.800 billion for fiscal year 2017, $14.200 billion for fiscal year 2018, $30.100 billion for fiscal year 2019, $30.600 billion for fiscal year 2020, $31 billion for fiscal year 2021, $31.6 billion for fiscal year 2022, $32.2 billion for fiscal year 2023.

The amendment was not agreed to by a roll call vote of 17 ayes and 22 noes.

ROLLCALL VOTE NO. 7

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

8. An amendment offered by Representatives McDermott, Van Hollen, Schwartz, Pascrell, Moore, Castor, Lee, Cicilline, Jeffries, Pocan, Lujan Grisham, and Huffman expressing a sense of the House relating to Medicare benefits for seniors and persons with disabilities.

The amendment was not agreed to by a roll call vote of 17 ayes and 22 noes.

ROLLCALL VOTE NO. 8

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		

ROLLCALL VOTE NO. 8—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

9. An amendment offered by Representatives Lee, Van Hollen, Moore, McDermott, Cicilline, Jeffries, Blumenauer, and Schrader to reduce funding for Overseas Contingency Operations and to increase funding for certain veterans and low income programs.

Budget authority would be reduced in Function 970 by the following amounts: $23 billion for fiscal year 2014 and $35 billion for each of the fiscal years 2015 through 2023.

Outlays in Function 970 would be reduced by the following amounts: $10.952 billion for fiscal year 2014, $19.928 billion for fiscal year 2015, $31.742 billion for fiscal year 2016, $35.831 billion for fiscal year 2017, $36.579 billion for fiscal year 2018, $37.150 billion for fiscal year 2019, $37.186 billion for fiscal year 2020, $37.466 billion for fiscal year 2021, $38.102 billion for fiscal year 2022, $37.694 billion for fiscal year 2023.

The amendment would increase budget authority for Function 600 by the following amounts: $0.076 billion for fiscal year 2014, $0.078 billion for fiscal year 2015, $0.079 billion for fiscal year 2016, $0.081 billion for fiscal year 2017, $0.083 billion for fiscal year 2018, $0.085 billion for fiscal year 2019, $0.087 billion for fiscal year 2020, $0.090 billion for fiscal year 2021, $0.092 billion for fiscal year 2022, $0.094 billion for fiscal year 2023.

Outlays would be increased for Function 600 by the following amounts: $0.038 billion for fiscal year 2014, $0.061 billion for fiscal year 2015, $0.070 billion for fiscal year 2016, $0.075 billion for fiscal year 2017, $0.080 billion for fiscal year 2018, $0.082 billion for fiscal year 2019, $0.084 billion for fiscal year 2020, $0.086 billion for fiscal year 2021, $0.088 billion for fiscal year 2022, $0.090 billion for fiscal year 2023.

The amendment would increase budget authority for Function 920 by the following amounts: $21.704 billion for fiscal year 2014, $27.262 billion for fiscal year 2015, $34.921 billion for fiscal year 2016, $34.919 billion for fiscal year 2017, $34.917 billion for fiscal year 2018, $34.915 billion for fiscal year 2019, $34.913 billion for fiscal year 2020, $34.910 billion for fiscal year 2021, $34.908 billion for fiscal year 2022, $34.906 billion for fiscal year 2023.

Outlays would be increased for Function 920 by the following amounts: $10.913 billion for fiscal year 2014, $19.865 billion for fiscal year 2015, $27.711 billion for fiscal year 2016, $31.288 billion for fiscal year 2017, $33.305 billion for fiscal year 2018, $33.827 billion for fiscal year 2019, $34.166 billion for fiscal year 2020, $34.163 billion for fiscal year 2021, $34.161 billion for fiscal year 2022, $34.159 billion for fiscal year 2023.

The amendment was not agreed to by a roll call vote of 16 ayes and 22 noes.

Ms. Schwartz asked unanimous consent, after the closing of the vote, that the record reflect that she would have voted aye on the roll call tally #9 offered by Representative Lee.

ROLLCALL VOTE NO. 9

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)			
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		

ROLLCALL VOTE NO. 9—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

10. An amendment offered by Representatives Blumenauer, Van Hollen, Schwartz, Pascrell, McDermott, Lee, Cicilline, Pocan, and Schrader to raise revenues and to increase funding for transportation investment and infrastructure. The amendment would increase revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, and raising taxes on individuals with annual income greater than $1,000,000.

The amendment would increase budget authority for Function 400 by the following amounts: $15.376 billion for fiscal year 2014, $63.735 billion for fiscal year 2015, $23.805 billion for fiscal year 2016, $15.221 billion for fiscal year 2017, $39.500 billion for fiscal year 2018, $17.174 billion for fiscal year 2019, $38.618 billion for fiscal year 2020, $19.887 billion for fiscal year 2021, $39.818 billion for fiscal year 2022, $16.681 billion for fiscal year 2023.

The amendment would increase outlays by the following amounts: $1.981 billion for fiscal year 2014, $16.424 billion for fiscal year 2015, $27.375 billion for fiscal year 2016, $19.131 billion for fiscal year 2017, $22.632 billion for fiscal year 2018, $27.740 billion for fiscal year 2019, $28.879 billion for fiscal year 2020, $31.494 billion for fiscal year 2021, $33.472 billion for fiscal year 2022, $35.124 billion for fiscal year 2023.

The amendment was not agreed to by a roll call vote of 17 ayes and 22 noes.

ROLLCALL VOTE NO. 10

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		

ROLLCALL VOTE NO. 10—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

11. An amendment offered by Representatives Cicilline, Van Hollen, Schwartz, Pascrell, Moore, Castor, McDermott, Lee, Jeffries, and Huffman to increase spending for education and raise revenue. The amendment would increase revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, and raising taxes on individuals with annual income greater than $1,000,000.

The amendment would increase budget authority for Function 500 by the following amounts: $9.540 billion for fiscal year 2014, $6.930 billion for fiscal year 2015, $7.965 billion for fiscal year 2016, $9.004 billion for fiscal year 2017, $9.084 billion for fiscal year 2018, $9.190 billion for fiscal year 2019, $9.315 billion for fiscal year 2020, $9.452 billion for fiscal year 2021, $9.542 billion for fiscal year 2022, $9.658 billion for fiscal year 2023.

The amendment would increase outlays for Function 500 by the following amounts: $7.263 billion for fiscal year 2014, $7.269 billion for fiscal year 2015, $7.587 billion for fiscal year 2016, $8.356 billion for fiscal year 2017, $9.170 billion for fiscal year 2018, $9.112 billion for fiscal year 2019, $9.223 billion for fiscal year 2020, $9.351 billion for fiscal year 2021, $9.475 billion for fiscal year 2022, $9.572 billion for fiscal year 2023.

The amendment was not agreed to by a roll call vote of 17 ayes and 22 noes.

ROLLCALL VOTE NO. 11

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

12. An amendment offered by Representatives Schwartz, Van Hollen, Pascrell, Moore, Castor, McDermott, Lee, Cicilline, and Lujan Grisham to increase spending for health research and reduce funding for Overseas Contingency Operations.

The amendment would decrease budget authority for Function 970 by $3 billion for fiscal year 2014. The amendment would decrease outlays for Function 970 by the following amounts: $1.529 billion for fiscal year 2014, $0.897 billion for fiscal year 2015, $0.352 billion for fiscal year 2016, $0.127 billion for fiscal year 2017, $0.037 billion for fiscal year 2018.

The amendment would increase budget authority for Function 550 by $3 billion for fiscal year 2014. The amendment would increase outlays by the following amounts: $1.529 billion for fiscal year 2014, $0.897 billion for fiscal year 2015, $0.352 billion for fiscal year 2016, $0.127 billion for fiscal year 2017, $0.037 billion for fiscal year 2018.

The amendment was not agreed to by a roll call vote of 17 ayes and 22 noes.

ROLLCALL VOTE NO. 12

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

13. An amendment offered by Representatives Jeffries, Van Hollen, Schwartz, Yarmuth, Pascrell, Moore, Castor, McDermott, Lee, Cicilline, Pocan, Cardenas, Blumenauer, and Schrader relating to increasing spending on student loan subsidies and raising revenue. The amendment would increase revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, and raising taxes on individuals with annual income greater than $1,000,000.

The amendment would increase budget authority for Function 500 by $1.500 billion for fiscal year 2014. The amendment would increase outlays for Function 500 by the following amounts: $1.855 billion for fiscal year 2014, $0.435 billion for fiscal year 2015.

The amendment was not agreed to by a roll call vote of 17 ayes and 22 noes.

ROLLCALL VOTE NO. 13

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

14. An amendment offered by Representatives Pascrell, Van Hollen, Moore, McDermott, Lee, Cicilline, Jeffries, and Blumenauer expressing a sense of the House on the importance of the Consumer Financial Protection Bureau.

The amendment was not agreed to by a voice vote.

15. An amendment offered by Representatives Huffman, Van Hollen, Schwartz, Yarmuth, Pascrell, McDermott, Lee, Cicilline, Pocan, and Blumenauer to increase spending for renewable energy and to raise revenue. The amendment would increase revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, and raising taxes on individuals with annual income greater than $1,000,000.

The amendment would increase budget authority for Function 270 by $2.111 billion for fiscal year 2014. The amendment would increase outlays for Function 270 by the following amounts: $1.061 billion for fiscal year 2014, $0.599 billion for fiscal year 2015, $0.235 billion for fiscal year 2016, $0.077 billion for fiscal year 2017, $0.094 billion for fiscal year 2018.

The amendment was not agreed to by a roll call vote of 17 ayes and 22 noes.

ROLLCALL VOTE NO. 14

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

16. An amendment offered by Representatives Cardenas, Van Hollen, McDermott, Lee, Cicilline, and Jeffries to increase the recommended levels of revenue for fiscal years 2014 through 2023. The amendment would increase revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equip-

ment, and raising taxes on individuals with annual income greater than $1,000,000.

The recommended levels of revenue would increase by the following amounts: $12 billion for fiscal year 2014, $15 billion for fiscal year 2015, $18 billion for fiscal year 2016, $25 billion for fiscal year 2017, $27 billion for fiscal year 2018, $30 billion for fiscal year 2019, $33 billion for fiscal year 2020, $36 billion for fiscal year 2021, $39 billion for fiscal year 2022, $43 billion for fiscal year 2023.

The amendment was not agreed to by a roll call vote of 17 ayes and 22 noes.

ROLLCALL VOTE NO. 15

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

17. An amendment offered by Representatives Schrader, Van Hollen, Schwartz, McDermott, Lee, and Cicilline expressing a sense of the House on achieving deficit reduction through a combination of spending cuts and tax increases.

The amendment was not agreed to by a roll call vote of 17 ayes and 22 noes.

ROLLCALL VOTE NO. 16

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

18. An amendment offered by Representatives Cicilline, Schwartz, Castor, McDermott, Lee, Jeffries, Pocan, and Schrader expressing a sense of the House on the importance of Social Security.

The amendment was not agreed to by a roll call vote of 17 ayes and 22 noes.

ROLLCALL VOTE NO. 17

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		

ROLLCALL VOTE NO. 17—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

19. An amendment offered by Representatives Cardenas, McDermott, Lee, Jeffries, and Pocan expressing a sense of the House on the importance of the Mortgage Interest Deduction.

The amendment was not agreed to by a roll call vote of 17 ayes and 22 noes.

ROLLCALL VOTE NO. 18

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		

ROLLCALL VOTE NO. 18—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

20. An amendment offered by Representatives Lee, Moore, McDermott, Cicilline, and Jeffries expressing a sense of the House on a National Strategy to Eradicate Poverty and Increase Opportunity.

The amendment was not agreed to by a roll call vote of 17 ayes and 22 noes.

ROLLCALL VOTE NO. 19

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)	X		

ROLLCALL VOTE NO. 19—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

21. An amendment offered by Representatives Moore, McDermott, and Lee expressing a sense of the House on the importance of child support enforcement.

The amendment was agreed to by a voice vote.

22. An amendment offered by Representatives Lujan Grisham, Moore, McDermott, Lee, Jeffries, and Cardenas to increase spending for certain Native American health programs and to raise revenue. The amendment would increase revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, and raising taxes on individuals with annual income greater than $1,000,000.

The amendment would increase budget authority for Function 550 by $0.22 billion for fiscal year 2014. The amendment would increase outlays for Function 550 by the following amounts: $0.111 billion for fiscal year 2014, $0.062 billion for fiscal year 2015, $0.025 billion for fiscal year 2016, $0.008 billion for fiscal year 2017, $0.009 billion for fiscal year 2018.

The amendment was not agreed to by a roll call vote of 16 ayes and 22 noes.

ROLLCALL VOTE NO. 20

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
PRICE (GA)		X		SCHWARTZ (PA)	X		

ROLLCALL VOTE NO. 20—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
GARRETT (NJ)		X		YARMUTH (KY)	X		
CAMPBELL (CA)		X		PASCRELL (NJ)	X		
CALVERT (CA)		X		RYAN, TIM (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
LANKFORD (OK)		X		McDERMOTT (WA)			
BLACK (TN)		X		LEE (CA)	X		
RIBBLE (WI)		X		CICILLINE (RI)	X		
FLORES (TX)		X		JEFFRIES (NY)	X		
ROKITA (IN)		X		POCAN (WI)	X		
WOODALL (GA)		X		LUJAN GRISHAM (NM)	X		
BLACKBURN (TN)		X		HUFFMAN (CA)	X		
NUNNELEE (MS)		X		CÁRDENAS (CA)	X		
RIGELL (VA)		X		BLUMENAUER (OR)	X		
HARTZLER (MO)		X		SCHRADER (OR)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

23. An amendment offered by Representatives Schrader, McDermott, Lee, Lujan Grisham, and Ribble relating to a deficit-neutral reserve fund for rural counties and schools.

The amendment was agreed to by a voice vote.

24. Mr. Price made a motion that the Committee adopt the aggregates, function totals, and other appropriate matter, with any amendments.

The motion offered by Mr. Price was agreed to by voice vote.

Chairman Ryan called up the Concurrent Resolution on the Budget for fiscal year 2014 incorporating the aggregates, function totals, and other appropriate matter as previously agreed.

25. Mr. Price made a motion that the Committee order the Concurrent Resolution reported with a favorable recommendation and that the Concurrent Resolution do pass.

The motion offered by Mr. Price was agreed to by a roll call vote of 22 ayes and 17 noes.

ROLLCALL VOTE NO. 21—PASSAGE

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RYAN, PAUL (WI) (Chairman)	X			VAN HOLLEN (MD) (Ranking)		X	
PRICE (GA)	X			SCHWARTZ (PA)		X	
GARRETT (NJ)	X			YARMUTH (KY)		X	
CAMPBELL (CA)	X			PASCRELL (NJ)		X	
CALVERT (CA)	X			RYAN, TIM (OH)		X	
COLE (OK)	X			MOORE (WI)		X	
McCLINTOCK (CA)	X			CASTOR (FL)		X	
LANKFORD (OK)	X			McDERMOTT (WA)		X	
BLACK (TN)	X			LEE (CA)		X	
RIBBLE (WI)	X			CICILLINE (RI)		X	
FLORES (TX)	X			JEFFRIES (NY)		X	
ROKITA (IN)	X			POCAN (WI)		X	
WOODALL (GA)	X			LUJAN GRISHAM (NM)		X	
BLACKBURN (TN)	X			HUFFMAN (CA)		X	
NUNNELEE (MS)	X			CÁRDENAS (CA)		X	
RIGELL (VA)	X			BLUMENAUER (OR)		X	
HARTZLER (MO)	X			SCHRADER (OR)		X	
WALORSKI (IN)	X						
MESSER (IN)	X						
RICE (SC)	X						
WILLIAMS (TX)	X						
DUFFY (WI)	X						

Mr. Price asked for unanimous consent that the Chair be authorized to make a motion to go to conference pursuant to clause 1 of House Rule XXII, the staff be authorized to make any necessary technical and conforming corrections in the resolution, and any committee amendments, and calculate any remaining elements required in the resolution, prior to filing the resolution.

There was no objection to the unanimous consent requests.

AMENDMENTS CONSIDERED BY THE COMMITTEE ON THE BUDGET

The Committee on the Budget of the House met on March 13, 2013 to consider the Concurrent Resolution on the Budget for Fiscal Year 2014. The Committee considered 23 amendments to the budget resolution: Two amendments were adopted by voice vote, one was defeated by voice vote, and 20 were defeated by roll-call votes (see the section "Votes of the Committee" in this report for a description of these votes). Of those 20 amendments, eleven raised taxes, two cut defense spending, and the remaining amendments were "sense of the House" amendments. The following is a discussion of three of these amendments.

AN AMENDMENT EXPRESSING THE SENSE OF THE HOUSE RELATED TO THE DISTRIBUTIONAL IMPACT OF TAX REFORM

Representative Mark Pocan of Wisconsin offered an amendment expressing the sense of the House that the budget resolution should not allow taxes to be raised on the middle class, meaning any individual with adjusted gross income below $200,000 or any married couple with adjusted gross income below $250,000. It also effectively provided that current-law tax rates not be reduced, by stipulating that the resolution reflect the tax rates and income thresholds established in the American Taxpayer Relief Act of 2012. The Committee defeated this amendment. This amendment would have effectively put up a roadblock to tax reform. Moreover, if adopted, it would have blocked efforts to lower tax rates on middle-class taxpayers as part of tax reform. The overwhelming consensus among economists is that lowering marginal tax rates and removing distortions of the tax code will increase incentives for work, saving, and investment. As a result, tax reform that lowers tax rates will boost jobs, wages, and economic growth. Tax reform also enjoys strong bipartisan support. To that end, the budget resolution calls for pro-growth tax reform that would broaden the tax base while lowering tax rates.

AN AMENDMENT RELATED TO PROVISIONS IN THE AFFORDABLE CARE ACT

During the markup process, an amendment was offered by Representative John Yarmuth of Kentucky regarding regulations prohibiting insurance companies from denying coverage based on pre-existing conditions. In addition, the amendment provided that other "benefits" of the President's health-care law should not be repealed. This new health-care law raided the Medicare trust fund and increased taxes to fund these new benefits. In addition, the

Committee believes the health-care entitlement expansion and the creation of new health-care entitlements will grow to greatly exceed the initial projections of their costs. The amendment was defeated because on net, the health-care law will increase costs and make it harder for Americans to purchase coverage in the first place. A better approach to ensure coverage for those with pre-existing conditions is to repeal the President's broken health-care law and replace it with commonsense reforms that lower costs, protect patients, and ensure every family can find a health plan that fits their needs.

AN AMENDMENT EXPRESSING THE SENSE OF THE HOUSE ON THE MORTGAGE INTEREST DEDUCTION

Representative Tony Cardenas of California offered an amendment expressing the sense of the House that it would reject any reduction in the mortgage-interest deduction for the middle class. It would not allow higher taxes (in the form of a reduction in the mortgage-interest deduction) on middle-class taxpayers with adjusted gross income below $200,000 ($250,000 for married couples).

The Committee defeated this amendment. The Committee supports homeownership. It provides numerous benefits to Americans. However, this amendment would effectively preclude Congress from examining the home-mortgage-interest deduction as part of tax reform. The budget resolution calls for pro-growth tax reform with lower rates—including lower tax rates for homeowners—and a broader tax base. The Ways and Means Committee, which has jurisdiction on this matter, will be drafting the actual tax-reform legislation and will be deciding the details of how to broaden the tax base (i.e., which tax preferences may be curbed or eliminated) as it works toward this goal. Tax preferences sum to over $1 trillion annually.

The mortgage-interest deduction is the second largest in the tax code, amounting to roughly $90 billion in foregone tax revenue annually. At this point, it is unhelpful to the tax-reform process to label "sacred cows" in the tax code or to take certain proposals off the table. The amendment would prevent policymakers from imposing any limits on the mortgage-interest deduction for a large segment of taxpayers. For instance, in practice it would preserve a situation in which a married couple earning $200,000 could deduct their mortgage interest on mortgage debt of as much as $1 million on a second home.

In addition, under current law, there is no restriction to increasing home-mortgage debt to finance other activities, such as purchasing a car or paying for a vacation, which have nothing to do with owning a home. Taxpayers who do not own a home cannot deduct the interest expense for these activities. Before the financial crisis, as housing prices increased, some refinanced their mortgages to take equity out of their homes to finance other purchases and expenses that had nothing to do with owning a home. In addition, under current law, the mortgage for purchasing a yacht is deductible, as long as the yacht has sleeping quarters, a kitchen, and a toilet.

Congress may conclude to preserve the current mortgage-interest deduction, but that should be part of a deliberation of the broader benefits of tax reform.

OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

Committee on the Budget Oversight Findings and Recommendations

Clause 3(c)(1) of rule XIII of the Rules of the House of Representatives requires each committee report to contain oversight findings and recommendations pursuant to clause 2(b)(1) of rule X. The Committee on the Budget has no findings to report at the present time.

New Budget Authority, Entitlement Authority, and Tax Expenditures

Clause 3(c)(2) of rule XIII of the Rules of the House of Representatives provides that committee reports must contain the statement required by Section 308(a)(1) of the Congressional Budget and Impoundment Control Act of 1974. This report does not contain such a statement because as a concurrent resolution setting forth a blueprint for the Congressional budget, the budget resolution does not provide new budget authority, new entitlement authority, or change revenues.

General Performance Goals and Objectives

Clause 3(c)(4) of rule XIII of the Rules of the House of Representatives requires each committee report to contain a statement of general performance goals and objectives, including outcome-related goals and objectives, for which the measure authorizes funding. The Committee on the Budget has no such goals and objectives to report at this time.

Views of Committee Members

Clause 2(l) of rule XI of the Rules of the House of Representatives requires each committee to afford a 2-day opportunity for members of the committee to file minority, additional, dissenting, or supplemental views and to include the views in its report. The following views were submitted:

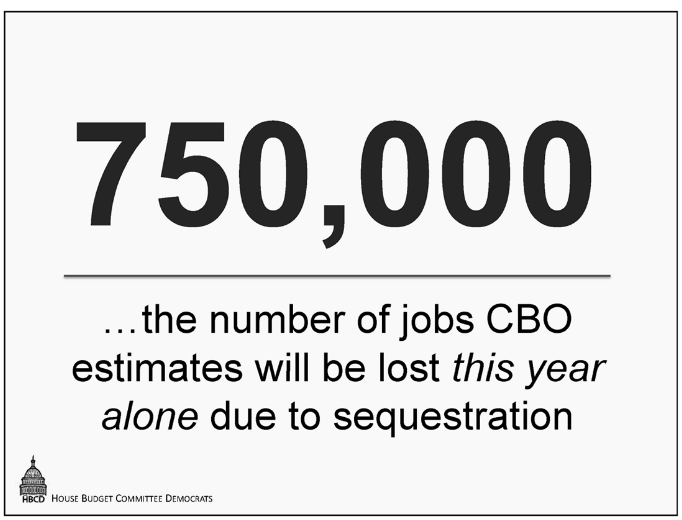
MINORITY VIEWS

THE REPUBLICAN BUDGET: PROTECTING SPECIAL INTERESTS AT THE EXPENSE OF JOBS, KEY INVESTMENTS, AND SENIORS

This is an important moment for our country. Thanks to the ingenuity and resilience of the American people, and the emergency actions taken by the President and the Congress four years ago, the country is continuing to recover from the worst recession since the Great Depression. Momentum in the job market continues to grow, but we still have a long way to go to help put people back to work, accelerate economic growth, and boost small business hiring. We can and we must steadily reduce our deficits and reduce and stabilize the debt, but we should do so in a way that immediately reduces the jobs deficit, rather than immediately making that job deficit worse.

Unfortunately, this Republican budget fails that simple test.

The non-partisan, independent Congressional Budget Office (CBO) has shown that the approach taken in this budget will result in 750,000 fewer American jobs by the end of this year alone. At a time that we should be doing everything possible to grow the economy, the CBO has projected that this kind of plan will cut economic growth by nearly one-third this year. An analysis by the Economic Policy Institute estimates that this budget will cost us 2 million jobs next year.



This issue is not whether we should steadily reduce our long-term deficits, but how we do it. Democrats believe that our budgets should be blueprints for economic growth that lead to greater upward mobility, rising middle class wages, and shared prosperity. We believe we should share responsibility for reducing the deficit—rather than providing tax breaks for the very wealthy while balancing the budget on the backs of our middle class, our kids' education and by violating our commitments to seniors.

This Republican budget once again takes an ideological, uncompromising approach to addressing our budget challenge. Last year we were told the presidential election was going to give the American people the opportunity to choose between two fundamentally different approaches to this challenge. They voted and they chose to reject the lopsided approach reflected in this budget.

The American people rejected the idea of giving additional tax cuts to the wealthiest Americans at the expense of middle class taxpayers, at the expense of important commitments we have made to our seniors, and at the expense of vital investments in our kids' education, in breakthrough scientific research, and in our infrastructure that provides the hardwiring for our economy—investments that have helped make us the world's economic powerhouse.

Let's address these one at a time.

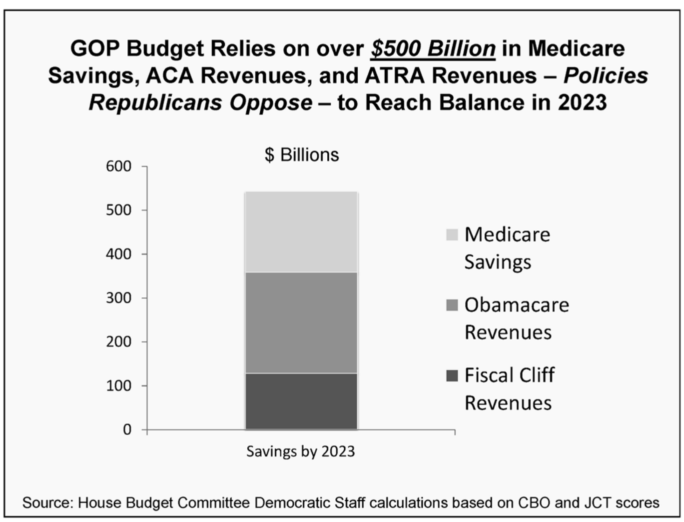
Simple math shows that this budget will finance large tax cuts for the wealthiest by raising the tax burden on middle class tax payers. The budget calls for dropping the top tax rate from 39 percent to 25 percent—cutting the tax rate for millionaires by over one-third—while holding overall revenues constant. Just last fall, the Tax Policy Center analyzed a far more modest plan put forward by Mitt Romney to reduce the top rate from 35 percent to 28 percent and showed that it would inevitably raise the income tax burden on individuals making under $200,000 a year. This budget's proposal, which provides even bigger tax cuts to millionaires, will raise the tax burden on middle incomes families by an average of $2,000. At the same time, it does not close one single special interest tax loophole for the purpose of reducing the deficit—not one dime from ending the special breaks for corporate jets, big oil companies, or hedge fund managers.

While providing a tax windfall to the very wealthy, this proposal absolutely guts vital investments that are essential to shared prosperity, upward mobility, and rising middle class wages. It protects Pentagon spending, but it more than doubles the already deep sequester cuts to non-defense discretionary spending—the category of funds that we use to support our kids' education and boost scientific research into new discoveries that help cure diseases and fuel innovative technologies. At a time when our national infrastructure is in desperate need of modernization, this budget will weaken the backbone of the American economy. It shortchanges our future and is a recipe for national decline.

The plan violates our commitments to our senior citizens in a number of ways. It reopens the Medicare prescription drug donut hole, immediately beginning to pile large additional bills onto seniors with high prescription drug costs. It takes a wrecking ball to Medicaid, slashing it by $810 billion over ten years. Remember, two-thirds of these funds are used to help seniors and individuals with disabilities. Finally, for everyone under 55 who has been paying all their life for Medicare insurance, they will now receive a voucher that declines in value relative to rising health care costs—leaving them to eat the difference. If this is such a good deal for seniors, one has to wonder why so many people in the Republican caucus opposed the idea of moving the effective date forward by even one year.

Finally, let's look at how this budget hits the political target of balance in ten years. First, it includes all the revenues generated by the new higher tax rates on individuals with taxable incomes over $400,000 a year—a measure that was opposed by the overwhelming majority of the House Republicans. It is ironic that, after hearing for so long that new revenues could not meaningfully contribute to reducing our deficit, this budget would not balance without them.

Even more interesting is that this budget would not balance without Obamacare. It is simply a hoax to say this budget both balances in ten years and repeals Obamacare. This budget does eliminate the important benefits and patient protections from Obamacare. It will eliminate provisions that prohibit insurance companies from denying insurance coverage based on pre-existing conditions, allow young adults to stay on their parents' insurance until they're 26 years old, and provide tax credits to small businesses to help them afford health insurance for their employees. The dirty little secret, however, is that while this budget eliminates those important benefits of Obamacare, it keeps the rest; it keep all the parts that CBO showed helped reduce the deficit.



Let's look of the $716 billion in Medicare savings that we achieved by ending overpayments to the private insurances companies and by modernizing the system without reducing benefits. We were told last fall that those savings would result in hospitals shutting down and a whole parade of other horrible consequences. Those scare tactics were not true then, and they are not true today.

That's why all those savings are included in this budget. Remember all the tax revenues in Obamacare, those on higher income individuals, those on industries that will benefit from the fact that Obamacare will expand coverage, and those penalties from people who try to freeload on the system? All those taxes and revenues are included in this Republican budget, too.

In fact, the dirty little secret is that this budget would not balance if not for the Medicare savings and all the revenues from Obamacare. It would fall at least $400 billion short in the tenth year. No one can say with a straight face that they support this budget and support repealing Obamacare. You cannot have it both ways, because if you repeal all of Obamacare this budget is totally out of balance.

There is a very serious consequence of trying to have it both ways with Obamacare in this budget. By eliminating the Obamacare benefits while retaining the savings and the revenue, you will severely undermine our health care system. Many hospitals and other providers will go belly up. That is because your budget reduces reimbursements to these providers while also eliminating the provisions of Obamacare that provide them with 27 million more insured patients who will be able to pay for care. That is a formula for chaos in the health care system.

The election is over. The American people rejected the uncompromising approach taken in this budget. House Democrats will present a budget plan on the House floor that takes a balanced approach to the nation's budget challenges. It is time to bridge our differences, and to end the swings from one manufactured budget crisis to another. As we move through the budget process over the next few months, Congress must be willing to make the hard choices to reach a balanced agreement that is good for our country—one that accelerates the recovery while laying the foundation for strong economic growth, rising wages, and shared prosperity.

CHRIS VAN HOLLEN.
ALLYSON Y. SCHWARTZ.
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GWEN MOORE.
KATHY CASTOR.
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MARK POCAN.
MICHELLE LUJAN GRISHAM.
JARED HUFFMAN.
TONY CÁRDENAS.
EARL BLUMENAUER.
KURT SCHRADER.

Union Calendar No. 10

113TH CONGRESS
1ST SESSION

H. CON. RES. 25

[Report No. 113–17]

Establishing the budget for the United States Government for fiscal year 2014 and setting forth appropriate budgetary levels for fiscal years 2015 through 2023.

CONCURRENT RESOLUTION

Resolved by the House of Representatives (the Senate concurring),

SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2014.

(a) DECLARATION.—The Congress determines and declares that this concurrent resolution establishes the budget for fiscal year 2014 and sets forth appropriate budgetary levels for fiscal years 2015 through 2023.

(b) TABLE OF CONTENTS.—The table of contents for this concurrent resolution is as follows:

TITLE I—RECOMMENDED LEVELS AND AMOUNTS

SEC. 101. RECOMMENDED LEVELS AND AMOUNTS.

The following budgetary levels are appropriate for each of fiscal years 2014 through 2023:

(1) FEDERAL REVENUES.—For purposes of the enforcement of this concurrent resolution:

(A) The recommended levels of Federal revenues are as follows:

Fiscal year 2014: $2,270,932,000,000.
Fiscal year 2015: $2,606,592,000,000.
Fiscal year 2016: $2,778,891,000,000.
Fiscal year 2017: $2,903,673,000,000.
Fiscal year 2018: $3,028,951,000,000.
Fiscal year 2019: $3,149,236,000,000.
Fiscal year 2020: $3,284,610,000,000.
Fiscal year 2021: $3,457,009,000,000.
Fiscal year 2022: $3,650,699,000,000.
Fiscal year 2023: $3,832,145,000,000.

(B) The amounts by which the aggregate levels of Federal revenues should be changed are as follows:

Fiscal year 2014: $0.
Fiscal year 2015: $0.
Fiscal year 2016: $0.
Fiscal year 2017: $0.
Fiscal year 2018: $0.
Fiscal year 2019: $0.
Fiscal year 2020: $0.
Fiscal year 2021: $0.
Fiscal year 2022: $0.
Fiscal year 2023: $0.

(2) NEW BUDGET AUTHORITY.—For purposes of the enforcement of this concurrent resolution, the appropriate levels of total new budget authority are as follows:

Fiscal year 2014: $2,769,406,000,000.
Fiscal year 2015: $2,681,581,000,000.
Fiscal year 2016: $2,857,258,000,000.
Fiscal year 2017: $2,988,083,000,000.
Fiscal year 2018: $3,104,777,000,000.
Fiscal year 2019: $3,281,142,000,000.
Fiscal year 2020: $3,414,838,000,000.
Fiscal year 2021: $3,540,165,000,000.
Fiscal year 2022: $3,681,407,000,000.
Fiscal year 2023: $3,768,151,000,000.

(3) BUDGET OUTLAYS.—For purposes of the enforcement of this concurrent resolution, the appropriate levels of total budget outlays are as follows:

Fiscal year 2014: $2,815,079,000,000.
Fiscal year 2015: $2,736,849,000,000.
Fiscal year 2016: $2,850,434,000,000.
Fiscal year 2017: $2,958,619,000,000.
Fiscal year 2018: $3,079,296,000,000.
Fiscal year 2019: $3,231,642,000,000.
Fiscal year 2020: $3,374,336,000,000.
Fiscal year 2021: $3,495,489,000,000.
Fiscal year 2022: $3,667,532,000,000.
Fiscal year 2023: $3,722,071,000,000.

(4) DEFICITS (ON-BUDGET).—For purposes of the enforcement of this concurrent resolution, the amounts of the deficits (on-budget) are as follows:

Fiscal year 2014: -$544,147,000,000.
Fiscal year 2015: -$130,257,000,000.
Fiscal year 2016: -$71,544,000,000.
Fiscal year 2017: -$54,947,000,000.
Fiscal year 2018: -$50,345,000,000.
Fiscal year 2019: -$82,405,000,000.
Fiscal year 2020: -$89,726,000,000.
Fiscal year 2021: -$38,480,000,000.
Fiscal year 2022: -$16,833,000,000.
Fiscal year 2023: $110,073,000,000.

(5) DEBT SUBJECT TO LIMIT.—The appropriate levels of the public debt are as follows:

Fiscal year 2014: $17,776,278,000,000.
Fiscal year 2015: $18,086,450,000,000.
Fiscal year 2016: $18,343,824,000,000.
Fiscal year 2017: $18,635,129,000,000.
Fiscal year 2018: $18,938,669,000,000.
Fiscal year 2019: $19,267,212,000,000.
Fiscal year 2020: $19,608,732,000,000.
Fiscal year 2021: $19,900,718,000,000.
Fiscal year 2022: $20,162,755,000,000.
Fiscal year 2023: $20,319,503,000,000.

(6) DEBT HELD BY THE PUBLIC.—The appropriate levels of debt held by the public are as follows:

Fiscal year 2014: $12,849,621,000,000.
Fiscal year 2015: $13,069,788,000,000.
Fiscal year 2016: $13,225,569,000,000.
Fiscal year 2017: $13,362,146,000,000.
Fiscal year 2018: $13,485,102,000,000.
Fiscal year 2019: $13,648,470,000,000.
Fiscal year 2020: $13,836,545,000,000.
Fiscal year 2021; $13,992,649,000,000.
Fiscal year 2022: $14,154,363,000,000.
Fiscal year 2023: $14,210,984,000,000.

SEC. 102. MAJOR FUNCTIONAL CATEGORIES.

The Congress determines and declares that the appropriate levels of new budget authority and outlays for fiscal years 2014 through 2023 for each major functional category are:

(1) National Defense (050):

Fiscal year 2014:
(A) New budget authority, $560,225,000,000.
(B) Outlays, $579,235,000,000.

Fiscal year 2015:
(A) New budget authority, $574,359,000,000.
(B) Outlays, $563,976,000,000.

Fiscal year 2016:
(A) New budget authority, $585,556,000,000.
(B) Outlays, $570,288,000,000.

Fiscal year 2017:
(A) New budget authority, $598,822,000,000.

(B) Outlays, $575,457,000,000.

Fiscal year 2018:

(A) New budget authority, $612,125,000,000.

(B) Outlays, $582,678,000,000.

Fiscal year 2019:

(A) New budget authority, $625,445,000,000.

(B) Outlays, $600,508,000,000.

Fiscal year 2020:

(A) New budget authority, $639,780,000,000.

(B) Outlays, $614,250,000,000.

Fiscal year 2021:

(A) New budget authority, $654,096,000,000.

(B) Outlays, $628,265,000,000.

Fiscal year 2022:

(A) New budget authority, $671,181,000,000.

(B) Outlays, $649,221,000,000.

Fiscal year 2023:

(A) New budget authority, $688,640,000,000.

(B) Outlays, $660,461,000,000.

(2) International Affairs (150):

Fiscal year 2014:

(A) New budget authority, $41,010,000,000.

(B) Outlays, $42,005,000,000.

Fiscal year 2015:

(A) New budget authority, $39,357,000,000.

(B) Outlays, $40,876,000,000.

Fiscal year 2016:

(A) New budget authority, $40,355,000,000.

(B) Outlays, $40,019,000,000.

Fiscal year 2017:

(A) New budget authority, $41,343,000,000.

(B) Outlays, $39,821,000,000.

Fiscal year 2018:

(A) New budget authority, $42,342,000,000.

(B) Outlays, $39,922,000,000.

Fiscal year 2019:

(A) New budget authority, $43,349,000,000.

(B) Outlays, $40,248,000,000.

Fiscal year 2020:

(A) New budget authority, $44,366,000,000.

(B) Outlays, $41,070,000,000.

Fiscal year 2021:

(A) New budget authority, $44,898,000,000.

(B) Outlays, $41,970,000,000.

Fiscal year 2022:

(A) New budget authority, $46,240,000,000.

(B) Outlays, $43,208,000,000.

Fiscal year 2023:

(A) New budget authority, $47,304,000,000.

(B) Outlays, $44,030,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 2014:

(A) New budget authority, $27,733,000,000.

(B) Outlays, $27,811,000,000.

Fiscal year 2015:

(A) New budget authority, $28,318,000,000.

(B) Outlays, $28,193,000,000.

Fiscal year 2016:

(A) New budget authority, $28,994,000,000.

(B) Outlays, $28,641,000,000.

Fiscal year 2017:

(A) New budget authority, $29,677,000,000.

(B) Outlays, $29,251,000,000.

Fiscal year 2018:

(A) New budget authority, $30,386,000,000.

(B) Outlays, $29,932,000,000.

Fiscal year 2019:
(A) New budget authority, $31,088,000,000.
(B) Outlays, $30,574,000,000.
Fiscal year 2020:
(A) New budget authority, $31,798,000,000.
(B) Outlays, $31,275,000,000.
Fiscal year 2021:
(A) New budget authority, $32,506,000,000.
(B) Outlays, $31,886,000,000.
Fiscal year 2022:
(A) New budget authority, $33,244,000,000.
(B) Outlays, $32,609,000,000.
Fiscal year 2023:
(A) New budget authority, $33,991,000,000.
(B) Outlays, $33,344,000,000.
(4) Energy (270):
Fiscal year 2014:
(A) New budget authority, -$1,218,000,000.
(B) Outlays, $1,366,000,000.
Fiscal year 2015:
(A) New budget authority, $1,527,000,000.
(B) Outlays, $2,024,000,000.
Fiscal year 2016:
(A) New budget authority, $1,433,000,000.
(B) Outlays, $984,000,000.
Fiscal year 2017:
(A) New budget authority, $1,570,000,000.
(B) Outlays, $1,091,000,000.
Fiscal year 2018:
(A) New budget authority, $1,764,000,000.
(B) Outlays, $1,331,000,000.
Fiscal year 2019:
(A) New budget authority, $1,932,000,000.
(B) Outlays, $1,612,000,000.
Fiscal year 2020:
(A) New budget authority, $2,121,000,000.
(B) Outlays, $1,864,000,000.
Fiscal year 2021:
(A) New budget authority, $2,200,000,000.
(B) Outlays, $2,039,000,000.
Fiscal year 2022:
(A) New budget authority, $2,105,000,000.
(B) Outlays, $1,989,000,000.
Fiscal year 2023:
(A) New budget authority, -$12,000,000.
(B) Outlays, -$147,000,000.
(5) Natural Resources and Environment (300):
Fiscal year 2014:
(A) New budget authority, $38,146,000,000.
(B) Outlays, $41,002,000,000.
Fiscal year 2015:
(A) New budget authority, $37,457,000,000.
(B) Outlays, $40,169,000,000.
Fiscal year 2016:
(A) New budget authority, $36,445,000,000.
(B) Outlays, $39,860,000,000.
Fiscal year 2017:
(A) New budget authority, $37,295,000,000.
(B) Outlays, $39,612,000,000.
Fiscal year 2018:
(A) New budget authority, $38,120,000,000.
(B) Outlays, $39,378,000,000.
Fiscal year 2019:
(A) New budget authority, $38,552,000,000.
(B) Outlays, $39,655,000,000.
Fiscal year 2020:

(A) New budget authority, $39,530,000,000.
(B) Outlays, $40,167,000,000.
Fiscal year 2021:
(A) New budget authority, $39,730,000,000.
(B) Outlays, $40,332,000,000.
Fiscal year 2022:
(A) New budget authority, $40,124,000,000.
(B) Outlays, $40,330,000,000.
Fiscal year 2023:
(A) New budget authority, $39,792,000,000.
(B) Outlays, $39,382,000,000.
(6) Agriculture (350):
Fiscal year 2014:
(A) New budget authority, $21,731,000,000.
(B) Outlays, $20,377,000,000.
Fiscal year 2015:
(A) New budget authority, $16,737,000,000.
(B) Outlays, $16,452,000,000.
Fiscal year 2016:
(A) New budget authority, $21,254,000,000.
(B) Outlays, $20,827,000,000.
Fiscal year 2017:
(A) New budget authority, $19,344,000,000.
(B) Outlays, $18,856,000,000.
Fiscal year 2018:
(A) New budget authority, $18,776,000,000.
(B) Outlays, $18,238,000,000.
Fiscal year 2019:
(A) New budget authority, $19,087,000,000.
(B) Outlays, $18,461,000,000.
Fiscal year 2020:
(A) New budget authority, $19,380,000,000.
(B) Outlays, $18,864,000,000.
Fiscal year 2021:
(A) New budget authority, $19,856,000,000.
(B) Outlays, $19,365,000,000.
Fiscal year 2022:
(A) New budget authority, $19,736,000,000.
(B) Outlays, $19,244,000,000.
Fiscal year 2023:
(A) New budget authority, $20,335,000,000.
(B) Outlays, $19,859,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 2014:
(A) New budget authority, $2,548,000,000.
(B) Outlays, -$9,000,000,000..
Fiscal year 2015:
(A) New budget authority, -$7,818,000,000.
(B) Outlays, -$19,413,000,000.
Fiscal year 2016:
(A) New budget authority, -$7,398,000,000.
(B) Outlays, -$21,697,000,000.
Fiscal year 2017:
(A) New budget authority, -$6,328,000,000.
(B) Outlays, -$22,908,000,000.
Fiscal year 2018:
(A) New budget authority, -$2,946,000,000.
(B) Outlays, -$20,314,000,000.
Fiscal year 2019:
(A) New budget authority, -$866,000,000.
(B) Outlays, -$23,410,000,000.
Fiscal year 2020:
(A) New budget authority, -$579,000,000.
(B) Outlays, -$22,954,000,000.
Fiscal year 2021:
(A) New budget authority, -$295,000,000.

(B) Outlays, -$17,517,000,000.

Fiscal year 2022:

(A) New budget authority, -$1,076,000,000.

(B) Outlays, -$19,406,000,000.

Fiscal year 2023:

(A) New budget authority, -$1,200,000,000.

(B) Outlays, -$20,654,000,000.

(8) Transportation (400):

Fiscal year 2014:

(A) New budget authority, $87,056,000,000.

(B) Outlays, $93,142,000,000.

Fiscal year 2015:

(A) New budget authority, $40,030,000,000.

(B) Outlays, $82,089,000,000.

Fiscal year 2016:

(A) New budget authority, $81,453,000,000.

(B) Outlays, $74,235,000,000.

Fiscal year 2017:

(A) New budget authority, $91,498,000,000.

(B) Outlays, $85,791,000,000.

Fiscal year 2018:

(A) New budget authority, $68,776,000,000.

(B) Outlays, $84,548,000,000.

Fiscal year 2019:

(A) New budget authority, $92,602,000,000.

(B) Outlays, $82,681,000,000.

Fiscal year 2020:

(A) New budget authority, $72,693,000,000.

(B) Outlays, $84,625,000,000.

Fiscal year 2021:

(A) New budget authority, $92,988,000,000.

(B) Outlays, $85,244,000,000.

Fiscal year 2022:

(A) New budget authority, $74,694,000,000.

(B) Outlays, $85,945,000,000.

Fiscal year 2023:

(A) New budget authority, $99,499,000,000.

(B) Outlays, $86,906,000,000.

(9) Community and Regional Development (450):

Fiscal year 2014:

(A) New budget authority, $8,533,000,000.

(B) Outlays, $27,669,000,000.

Fiscal year 2015:

(A) New budget authority, $8,401,000,000.

(B) Outlays, $22,978,000,000.

Fiscal year 2016:

(A) New budget authority, $8,341,000,000.

(B) Outlays, $16,911,000,000.

Fiscal year 2017:

(A) New budget authority, $8,442,000,000.

(B) Outlays, $13,910,000,000.

Fiscal year 2018:

(A) New budget authority, $8,556,000,000.

(B) Outlays, $10,925,000,000.

Fiscal year 2019:

(A) New budget authority, $8,766,000,000.

(B) Outlays, $9,787,000,000.

Fiscal year 2020:

(A) New budget authority, $8,962,000,000.

(B) Outlays, $9,418,000,000.

Fiscal year 2021:

(A) New budget authority, $9,172,000,000.

(B) Outlays, $9,283,000,000.

Fiscal year 2022:

(A) New budget authority, $9,424,000,000.

(B) Outlays, $9,209,000,000.

Fiscal year 2023:

(A) New budget authority, $9,641,000,000.

(B) Outlays, $9,271,000,000.

(10) Education, Training, Employment, and Social Services (500):

Fiscal year 2014:

(A) New budget authority, $56,440,000,000.

(B) Outlays, $77,310,000,000.

Fiscal year 2015:

(A) New budget authority, $73,848,000,000.

(B) Outlays, $77,042,000,000.

Fiscal year 2016:

(A) New budget authority, $85,577,000,000.

(B) Outlays, $84,250,000,000.

Fiscal year 2017:

(A) New budget authority, $95,462,000,000.

(B) Outlays, $93,615,000,000.

Fiscal year 2018:

(A) New budget authority, $100,910,000,000.

(B) Outlays, $99,755,000,000.

Fiscal year 2019:

(A) New budget authority, $95,734,000,000.

(B) Outlays, $95,741,000,000.

Fiscal year 2020:

(A) New budget authority, $97,329,000,000.

(B) Outlays, $97,270,000,000.

Fiscal year 2021:

(A) New budget authority, $98,900,000,000.

(B) Outlays, $98,917,000,000.

Fiscal year 2022:

(A) New budget authority, $99,965,000,000.

(B) Outlays, $100,219,000,000.

Fiscal year 2023:

(A) New budget authority, $101,606,000,000.

(B) Outlays, $101,780,000,000.

(11) Health (550):

Fiscal year 2014:

(A) New budget authority, $363,762,000,000.

(B) Outlays, $378,695,000,000.

Fiscal year 2015:

(A) New budget authority, $358,156,000,000.

(B) Outlays, $353,470,000,000.

Fiscal year 2016:

(A) New budget authority, $359,280,000,000.

(B) Outlays, $362,833,000,000.

Fiscal year 2017:

(A) New budget authority, $375,308,000,000.

(B) Outlays, $375,956,000,000.

Fiscal year 2018:

(A) New budget authority, $387,073,000,000.

(B) Outlays, $386,264,000,000.

Fiscal year 2019:

(A) New budget authority, $393,079,000,000.

(B) Outlays, $392,141,000,000.

Fiscal year 2020:

(A) New budget authority, $422,229,000,000.

(B) Outlays, $410,876,000,000.

Fiscal year 2021:

(A) New budget authority, $420,834,000,000.

(B) Outlays, $419,365,000,000.

Fiscal year 2022:

(A) New budget authority, $441,207,000,000.

(B) Outlays, $439,353,000,000.

Fiscal year 2023:

(A) New budget authority, $456,935,000,000.

(B) Outlays, $455,134,000,000.

(12) Medicare (570):
Fiscal year 2014:
(A) New budget authority, $515,944,000,000.
(B) Outlays, $515,713,000,000.
Fiscal year 2015:
(A) New budget authority, $534,494,000,000.
(B) Outlays, $534,400,000,000.
Fiscal year 2016:
(A) New budget authority, $581,788,000,000.
(B) Outlays, $581,834,000,000.
Fiscal year 2017:
(A) New budget authority, $597,570,000,000.
(B) Outlays, $597,637,000,000.
Fiscal year 2018:
(A) New budget authority, $621,384,000,000.
(B) Outlays, $621,480,000,000.
Fiscal year 2019:
(A) New budget authority, $679,457,000,000.
(B) Outlays, $679,661,000,000.
Fiscal year 2020:
(A) New budget authority, $723,313,000,000.
(B) Outlays, $723,481,000,000.
Fiscal year 2021:
(A) New budget authority, $770,764,000,000.
(B) Outlays, $771,261,000,000.
Fiscal year 2022:
(A) New budget authority, $845,828,000,000.
(B) Outlays, $843,504,000,000.
Fiscal year 2023:
(A) New budget authority, $875,417,000,000.
(B) Outlays, $874,988,000,000.
(13) Income Security (600):
Fiscal year 2014:
(A) New budget authority, $509,418,000,000.
(B) Outlays, $508,082,000,000.
Fiscal year 2015:
(A) New budget authority, $480,285,000,000.
(B) Outlays, $476,897,000,000.
Fiscal year 2016:
(A) New budget authority, $487,623,000,000.
(B) Outlays, $487,046,000,000.
Fiscal year 2017:
(A) New budget authority, $484,222,000,000.
(B) Outlays, $479,516,000,000.
Fiscal year 2018:
(A) New budget authority, $484,653,000,000.
(B) Outlays, $475,612,000,000.
Fiscal year 2019:
(A) New budget authority, $495,065,000,000.
(B) Outlays, $490,660,000,000.
Fiscal year 2020:
(A) New budget authority, $501,101,000,000.
(B) Outlays, $496,983,000,000.
Fiscal year 2021:
(A) New budget authority, $505,927,000,000.
(B) Outlays, $501,832,000,000.
Fiscal year 2022:
(A) New budget authority, $515,637,000,000.
(B) Outlays, $516,362,000,000.
Fiscal year 2023:
(A) New budget authority, $510,654,000,000.
(B) Outlays, $506,354,000,000.
(14) Social Security (650):
Fiscal year 2014:
(A) New budget authority, $27,506,000,000.
(B) Outlays, $27,616,000,000.

Fiscal year 2015:
(A) New budget authority, $30,233,000,000.
(B) Outlays, $30,308,000,000.
Fiscal year 2016:
(A) New budget authority, $33,369,000,000.
(B) Outlays, $33,407,000,000.
Fiscal year 2017:
(A) New budget authority, $36,691,000,000.
(B) Outlays, $36,691,000,000.
Fiscal year 2018:
(A) New budget authority, $40,005,000,000.
(B) Outlays, $40,005,000,000.
Fiscal year 2019:
(A) New budget authority, $43,421,000,000.
(B) Outlays, $43,421,000,000.
Fiscal year 2020:
(A) New budget authority, $46,954,000,000.
(B) Outlays, $46,954,000,000.
Fiscal year 2021:
(A) New budget authority, $50,474,000,000.
(B) Outlays, $50,474,000,000.
Fiscal year 2022:
(A) New budget authority, $54,235,000,000.
(B) Outlays, $54,235,000,000.
Fiscal year 2023:
(A) New budget authority, $58,441,000,000.
(B) Outlays, $58,441,000,000.
(15) Veterans Benefits and Services (700):
Fiscal year 2014:
(A) New budget authority, $145,730,000,000.
(B) Outlays, $145,440,000,000.
Fiscal year 2015:
(A) New budget authority, $149,792,000,000.
(B) Outlays, $149,313,000,000.
Fiscal year 2016:
(A) New budget authority, $162,051,000,000.
(B) Outlays, $161,441,000,000.
Fiscal year 2017:
(A) New budget authority, $160,947,000,000.
(B) Outlays, $160,117,000,000.
Fiscal year 2018:
(A) New budget authority, $159,423,000,000.
(B) Outlays, $158,565,000,000.
Fiscal year 2019:
(A) New budget authority, $171,032,000,000.
(B) Outlays, $170,144,000,000.
Fiscal year 2020:
(A) New budget authority, $175,674,000,000.
(B) Outlays, $174,791,000,000.
Fiscal year 2021:
(A) New budget authority, $179,585,000,000.
(B) Outlays, $178,655,000,000.
Fiscal year 2022:
(A) New budget authority, $191,294,000,000.
(B) Outlays, $190,344,000,000.
Fiscal year 2023:
(A) New budget authority, $187,945,000,000.
(B) Outlays, $186,882,000,000.
(16) Administration of Justice (750):
Fiscal year 2014:
(A) New budget authority, $51,933,000,000.
(B) Outlays, $53,376,000,000.
Fiscal year 2015:
(A) New budget authority, $53,116,000,000.
(B) Outlays, $52,918,000,000.
Fiscal year 2016:

(A) New budget authority, $56,644,000,000.
(B) Outlays, $55,745,000,000.
Fiscal year 2017:
(A) New budget authority, $56,712,000,000.
(B) Outlays, $57,949,000,000.
Fiscal year 2018:
(A) New budget authority, $58,586,000,000.
(B) Outlays, $59,859,000,000.
Fiscal year 2019:
(A) New budget authority, $60,495,000,000.
(B) Outlays, $60,666,000,000.
Fiscal year 2020:
(A) New budget authority, $62,400,000,000.
(B) Outlays, $61,878,000,000.
Fiscal year 2021:
(A) New budget authority, $64,507,000,000.
(B) Outlays, $63,950,000,000.
Fiscal year 2022:
(A) New budget authority, $70,150,000,000.
(B) Outlays, $69,561,000,000.
Fiscal year 2023:
(A) New budget authority, $72,809,000,000.
(B) Outlays, $72,195,000,000.
(17) General Government (800):
Fiscal year 2014:
(A) New budget authority, $23,225,000,000.
(B) Outlays, $24,172,000,000.
Fiscal year 2015:
(A) New budget authority, $21,922,000,000.
(B) Outlays, $20,749,000,000.
Fiscal year 2016:
(A) New budget authority, $23,263,000,000.
(B) Outlays, $22,559,000,000.
Fiscal year 2017:
(A) New budget authority, $23,814,000,000.
(B) Outlays, $23,435,000,000.
Fiscal year 2018:
(A) New budget authority, $24,573,000,000.
(B) Outlays, $24,158,000,000.
Fiscal year 2019:
(A) New budget authority, $25,454,000,000.
(B) Outlays, $24,803,000,000.
Fiscal year 2020:
(A) New budget authority, $26,293,000,000.
(B) Outlays, $25,645,000,000.
Fiscal year 2021:
(A) New budget authority, $27,178,000,000.
(B) Outlays, $26,566,000,000.
Fiscal year 2022:
(A) New budget authority, $27,821,000,000.
(B) Outlays, $27,219,000,000.
Fiscal year 2023:
(A) New budget authority, $28,717,000,000.
(B) Outlays, $28,116,000,000.
(18) Net Interest (900):
Fiscal year 2014:
(A) New budget authority, $341,099,000,000.
(B) Outlays, $341,099,000,000.
Fiscal year 2015:
(A) New budget authority, $367,647,000,000.
(B) Outlays, $367,647,000,000.
Fiscal year 2016:
(A) New budget authority, $405,960,000,000.
(B) Outlays, $405,960,000,000.
Fiscal year 2017:
(A) New budget authority, $476,448,000,000.

(B) Outlays, $476,448,000,000.
Fiscal year 2018:
(A) New budget authority, $555,772,000,000.
(B) Outlays, $555,772,000,000.
Fiscal year 2019:
(A) New budget authority, $613,411,000,000.
(B) Outlays, $613,411,000,000.
Fiscal year 2020:
(A) New budget authority, $661,810,000,000.
(B) Outlays, $661,810,000,000.
Fiscal year 2021:
(A) New budget authority, $694,647,000,000.
(B) Outlays, $694,647,000,000.
Fiscal year 2022:
(A) New budget authority, $723,923,000,000.
(B) Outlays, $723,923,000,000.
Fiscal year 2023:
(A) New budget authority, $745,963,000,000.
(B) Outlays, $745,963,000,000.
(19) Allowances (920):
Fiscal year 2014:
(A) New budget authority, -$59,061,000,000.
(B) Outlays, -$44,044,000,000.
Fiscal year 2015:
(A) New budget authority, -$58,840,000,000.
(B) Outlays, -$53,255,000,000.
Fiscal year 2016:
(A) New budget authority, -$65,587,000,000.
(B) Outlays, -$59,258,000,000.
Fiscal year 2017:
(A) New budget authority, -$71,859,000,000.
(B) Outlays, -$65,151,000,000.
Fiscal year 2018:
(A) New budget authority, -$77,299,000,000.
(B) Outlays, -$71,278,000,000.
Fiscal year 2019:
(A) New budget authority, -$82,155,000,000.
(B) Outlays, -$76,769,000,000.
Fiscal year 2020:
(A) New budget authority, -$85,543,000,000.
(B) Outlays, -$81,785,000,000.
Fiscal year 2021:
(A) New budget authority, -$89,377,000,000.
(B) Outlays, -$85,845,000,000.
Fiscal year 2022:
(A) New budget authority, -$88,897,000,000.
(B) Outlays, -$85,661,000,000.
Fiscal year 2023:
(A) New budget authority, -$92,469,000,000.
(B) Outlays, -$89,323,000,000.
(20) Government-wide savings (930):
Fiscal year 2014:
(A) New budget authority, -$9,407,000,000.
(B) Outlays, -$6,660,000,000.
Fiscal year 2015:
(A) New budget authority, -$21,577,000,000.
(B) Outlays, -$9,971,000,000.
Fiscal year 2016:
(A) New budget authority, -$17,617,000,000.
(B) Outlays, -$8,873,000,000.
Fiscal year 2017:
(A) New budget authority, -$13,371,000,000.
(B) Outlays, -$6,739,000,000.
Fiscal year 2018:
(A) New budget authority, -$11,556,000,000.
(B) Outlays, -$3,340,000,000.

Fiscal year 2019:
(A) New budget authority, -$9,584,000,000.
(B) Outlays, -$703,000,000.
Fiscal year 2020:
(A) New budget authority, -$8,457,000,000.
(B) Outlays, $1,740,000,000.
Fiscal year 2021:
(A) New budget authority, -$7,094,000,000.
(B) Outlays, $3,666,000,000.
Fiscal year 2022:
(A) New budget authority, -$21,151,000,000.
(B) Outlays, -$2,703,000,000.
Fiscal year 2023:
(A) New budget authority, -$35,807,000,000.
(B) Outlays, -$13,555,000,000.

(21) Undistributed Offsetting Receipts (950):
Fiscal year 2014:
(A) New budget authority, -$75,946,000,000.
(B) Outlays, -$75,946,000,000.
Fiscal year 2015:
(A) New budget authority, -$80,864,000,000.
(B) Outlays, -$80,864,000,000.
Fiscal year 2016:
(A) New budget authority, -$86,525,000,000.
(B) Outlays, -$86,525,000,000.
Fiscal year 2017:
(A) New budget authority, -$90,525,000,000.
(B) Outlays, -$90,525,000,000.
Fiscal year 2018:
(A) New budget authority, -$91,645,000,000.
(B) Outlays, -$91,645,000,000.
Fiscal year 2019:
(A) New budget authority, -$99,220,000,000.
(B) Outlays, -$99,220,000,000.
Fiscal year 2020:
(A) New budget authority, -$101,316,000,000.
(B) Outlays, -$101,316,000,000.
Fiscal year 2021:
(A) New budget authority, -$106,332,000,000.
(B) Outlays, -$106,332,000,000.
Fiscal year 2022:
(A) New budget authority, -$109,276,000,000.
(B) Outlays, -$109,276,000,000.
Fiscal year 2023:
(A) New budget authority, -$115,049,000,000.
(B) Outlays, -$115,049,000,000.

(22) Overseas Contingency Operations/Global War on Terrorism (970):
Fiscal year 2014:
(A) New budget authority, $93,000,000,000.
(B) Outlays, $46,621,000,000.
Fiscal year 2015:
(A) New budget authority, $35,000,000,000.
(B) Outlays, $40,851,000,000.
Fiscal year 2016:
(A) New budget authority, $35,000,000,000.
(B) Outlays, $39,948,000,000.
Fiscal year 2017:
(A) New budget authority, $35,000,000,000.
(B) Outlays, $38,789,000,000.
Fiscal year 2018:
(A) New budget authority, $35,000,000,000.
(B) Outlays, $37,451,000,000.
Fiscal year 2019:
(A) New budget authority, $35,000,000,000.
(B) Outlays, $37,570,000,000.

Fiscal year 2020:
(A) New budget authority, $35,000,000,000.
(B) Outlays, $37,431,000,000.
Fiscal year 2021:
(A) New budget authority, $35,000,000,000.
(B) Outlays, $37,466,000,000.
Fiscal year 2022:
(A) New budget authority, $35,000,000,000.
(B) Outlays, $38,102,000,000.
Fiscal year 2023:
(A) New budget authority, $35,000,000,000.
(B) Outlays, $37,694,000,000.

TITLE II—RECONCILIATION

SEC. 201. RECONCILIATION IN THE HOUSE OF REPRESENTATIVES.

(a) SUBMISSIONS OF SPENDING REDUCTION.—The House committees named in subsection (b) shall submit, not later than ___________, 2013, recommendations to the Committee on the Budget of the House of Representatives. After receiving those recommendations, such committee shall report to the House a reconciliation bill carrying out all such recommendations without substantive revision.

(b) INSTRUCTIONS.—

(1) COMMITTEE ON AGRICULTURE.—The Committee on Agriculture shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by at least $1,000,000,000 for the period of fiscal years 2013 through 2023.

(2) COMMITTEE ON EDUCATION AND THE WORKFORCE.—The Committee on Education and the Workforce shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by at least $1,000,000,000 for the period of fiscal years 2013 through 2023.

(3) COMMITTEE ON ENERGY AND COMMERCE.—The Committee on Energy and Commerce shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by at least $1,000,000,000 for the period of fiscal years 2013 through 2023.

(4) COMMITTEE ON FINANCIAL SERVICES.—The Committee on Financial Services shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by at least $1,000,000,000 for the period of fiscal years 2013 through 2023.

(5) COMMITTEE ON THE JUDICIARY.—The Committee on the Judiciary shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by at least $1,000,000,000 for the period of fiscal years 2013 through 2023.

(6) COMMITTEE ON NATURAL RESOURCES.—The Committee on Natural Resources shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by at least $1,000,000,000 for the period of fiscal years 2013 through 2023.

(7) COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM.—The Committee on Oversight and Government Reform shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by at least $1,000,000,000 for the period of fiscal years 2013 through 2023.

(8) COMMITTEE ON WAYS AND MEANS.—The Committee on Ways and Means shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by at least $1,000,000,000 for the period of fiscal years 2013 through 2023.

TITLE III—RECOMMENDED LEVELS FOR FISCAL YEARS 2030, 2040, AND 2050

SEC. 301. LONG-TERM BUDGETING.

The following are the recommended revenue, spending, and deficit levels for each of fiscal years 2030, 2040, and 2050 as a percent of the gross domestic product of the United States:

(1) FEDERAL REVENUES.—The appropriate levels of Federal revenues are as follows:

Fiscal year 2030: 19.1 percent.
Fiscal year 2040: 19.1 percent.
Fiscal year 2050: 19.1 percent.

(2) BUDGET OUTLAYS.—The appropriate levels of total budget outlays are not to exceed:

Fiscal year 2030: 19.1 percent.
Fiscal year 2040: 19.1 percent.
Fiscal year 2050: 19.1 percent.

(3) DEFICITS.—The appropriate levels of deficits are not to exceed:

Fiscal year 2030: 0 percent.
Fiscal year 2040: 0 percent.
Fiscal year 2050: 0 percent.

TITLE IV—RESERVE FUNDS

SEC. 401. RESERVE FUND FOR THE REPEAL OF THE 2010 HEALTH CARE LAWS.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution for the budgetary effects of any bill or joint resolution, or amendment thereto or conference report thereon, that only consists of a full repeal the Patient Protection and Affordable Care Act and the health care-related provisions of the Health Care and Education Reconciliation Act of 2010.

SEC. 402. DEFICIT-NEUTRAL RESERVE FUND FOR THE REFORM OF THE 2010 HEALTH CARE LAWS.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution for the budgetary effects of any bill or joint resolution, or amendment thereto or conference report thereon, that reforms or replaces the Patient Protection and Affordable Care Act or the Health Care and Education Reconciliation Act of 2010, if such measure would not increase the deficit for the period of fiscal years 2014 through 2023.

SEC. 403. DEFICIT-NEUTRAL RESERVE FUND RELATED TO THE MEDICARE PROVISIONS OF THE 2010 HEALTH CARE LAWS.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution for the budgetary effects of any bill or joint resolution, or amendment thereto or conference report thereon, that repeals all or part of the decreases in Medicare spending included in the Patient Protection and Affordable Care Act or the Health Care and Education Reconciliation Act of 2010, if such measure would not increase the deficit for the period of fiscal years 2014 through 2023.

SEC. 404. DEFICIT-NEUTRAL RESERVE FUND FOR THE SUSTAINABLE GROWTH RATE OF THE MEDICARE PROGRAM.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution for the budgetary effects of any bill or joint resolution, or amendment thereto or conference report thereon, that includes provisions amending or superseding the system for updating payments under section 1848 of the Social Security Act, if such measure would not increase the deficit for the period of fiscal years 2014 through 2023.

SEC. 405. DEFICIT-NEUTRAL RESERVE FUND FOR REFORMING THE TAX CODE.

In the House, if the Committee on Ways and Means reports a bill or joint resolution that reforms the Internal Revenue Code of 1986, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution for the budgetary effects of any such bill or joint resolution, or amendment thereto or conference report thereon, if such measure would not increase the deficit for the period of fiscal years 2014 through 2023.

SEC. 406. DEFICIT-NEUTRAL RESERVE FUND FOR TRADE AGREEMENTS.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution for the budgetary effects of any bill or joint resolution reported by the Committee on Ways and Means, or amendment thereto or conference report thereon, that implements a trade agreement, but only if such measure would not increase the deficit for the period of fiscal years 2014 through 2023.

SEC. 407. DEFICIT-NEUTRAL RESERVE FUND FOR REVENUE MEASURES.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution for the budgetary effects of any bill or joint resolution reported by the Committee on Ways and Means, or amendment thereto or conference report thereon, that decreases revenue, but only if such measure would not increase the deficit for the period of fiscal years 2014 through 2023.

SEC. 408. DEFICIT-NEUTRAL RESERVE FUND FOR RURAL COUNTIES AND SCHOOLS.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels and limits in this resolution for the budgetary effects of any bill or joint resolution, or amendment thereto or conference report thereon, that makes changes to or provides for the reauthorization of the Secure Rural Schools and Community Self Determination Act of 2000 (Public Law 106–393) by the amounts provided by that legislation for those purposes, if such legislation requires sustained yield timber harvests obviating the need for funding under P.L. 106–393 in the future and would not increase the deficit or direct spending for fiscal year 2014, the period of fiscal years 2014 through 2018, or the period of fiscal years 2014 through 2023.

SEC. 409. IMPLEMENTATION OF A DEFICIT AND LONG-TERM DEBT REDUCTION AGREEMENT.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this concurrent resolution to accommodate the enactment of a deficit and long-term debt reduction agreement if it includes permanent spending reductions and reforms to direct spending programs.

TITLE V—ESTIMATES OF DIRECT SPENDING

SEC. 501. DIRECT SPENDING.

(a) MEANS-TESTED DIRECT SPENDING.—

(1) For means-tested direct spending, the average rate of growth in the total level of outlays during the 10-year period preceding fiscal year 2014 is 6.7 percent.

(2) For means-tested direct spending, the estimated average rate of growth in the total level of outlays during the 10-year period beginning with fiscal year 2014 is 6.2 percent under current law.

(3) The following reforms are proposed in this concurrent resolution for means-tested direct spending:

(A) In 1996, a Republican Congress and a Democratic president reformed welfare by limiting the duration of benefits, giving States more control over the program, and helping recipients find work. In the five years following passage, child-poverty rates fell, welfare caseloads fell, and workers' wages increased. This budget applies the lessons of welfare reform to both the Supplemental Nutrition Assistance Program and Medicaid.

(B) For Medicaid, this budget converts the Federal share of Medicaid spending into a flexible State allotment tailored to meet each State's needs, indexed for inflation and population growth. Such a reform would end the misguided one-size-fits-all approach that has tied the hands of State governments. Instead, each State would have the freedom and flexibility to tailor a Medicaid program that fits the needs of its unique population. Moreover, this budget repeals the Medicaid expansions in the President's health care law, relieving State governments of its crippling one-size-fits-all enrollment mandates.

(C) For the Supplemental Nutrition Assistance Program, this budget converts the program into a flexible State allotment tailored to meet each State's needs, increases in the Department of Agriculture Thrifty Food Plan index and beneficiary growth. Such a reform would provide incentives for States to ensure dollars will go towards those who need them most. Additionally, it requires that more stringent work requirements and time limits apply under the program.

(b) NONMEANS-TESTED DIRECT SPENDING.—

(1) For nonmeans-tested direct spending, the average rate of growth in the total level of outlays during the 10-year period preceding fiscal year 2014 is 5.9 percent.

(2) For nonmeans-tested direct spending, the estimated average rate of growth in the total level of outlays during the 10-year period beginning with fiscal year 2014 is 5.3 percent under current law.

(3) The following reforms are proposed in this concurrent resolution for nonmeans-tested direct spending:

(A) For Medicare, this budget advances policies to put seniors, not the Federal Government, in control of their health care decisions. Those in or near retirement will see no changes, while future retirees would be given a choice of private plans competing alongside the traditional fee-for-service Medicare program. Medicare would provide a premium-support payment either to pay for or offset the premium of the plan chosen by the senior, depending on the plan's cost. The Medicare premium-support payment would be adjusted so that the sick would receive higher payments if their conditions worsened; lower-income seniors would receive additional assistance to help cover out-of-pocket costs; and wealthier seniors would assume responsibility for a greater share of their premiums. Putting seniors in charge of how their health care dollars are spent will force providers to compete against each other on price and quality. This market competition will act as a real check on widespread waste and skyrocketing health care costs.

(B) In keeping with a recommendation from the National Commission on Fiscal Responsibility and Reform, this budget calls for Federal employees—including Members of Congress and congressional staff—to make greater contributions toward their own retirement.

TITLE VI—BUDGET ENFORCEMENT

SEC. 601. LIMITATION ON ADVANCE APPROPRIATIONS.

(a) FINDINGS.—The House finds the following:

(1) The Veterans Health Care Budget and Reform Transparency Act of 2009 provides advance appropriations for the following veteran medical care accounts: Medical Services, Medical Support and Compliance, and Medical Facilities.

(2) The President has yet to submit a budget request as required under section 1105(a) of title 31, United States Code, including the request for the Department of Veterans Affairs, for fiscal year 2014, hence the request for veteran medical care advance appropriations for fiscal year 2015 is unavailable as of the writing of this concurrent resolution.

(3) This concurrent resolution reflects the most up-to-date estimate on veterans' health care needs included in the President's fiscal year 2013 request for fiscal year 2015.

(b) IN GENERAL.—In the House, except as provided for in subsection (c), any bill or joint resolution, or amendment thereto or conference report thereon, making a general appropriation or continuing appropriation may not provide for advance appropriations.

(c) EXCEPTIONS.—An advance appropriation may be provided for programs, projects, activities, or accounts referred to in subsection (d)(1) or identified in the report to accompany this concurrent resolution or the joint explanatory statement of managers to accompany this concurrent resolution under the heading "Accounts Identified for Advance Appropriations".

(d) LIMITATIONS.—For fiscal year 2015, the aggregate level of advance appropriations shall not exceed—

(1) $55,483,000,000 for the following programs in the Department of Veterans Affairs—

(A) Medical Services;

(B) Medical Support and Compliance; and

(C) Medical Facilities accounts of the Veterans Health Administration; and

(2) $28,852,000,000 in new budget authority for all programs identified pursuant to subsection (c).

(e) DEFINITION.—In this section, the term "advance appropriation" means any new discretionary budget authority provided in a bill or joint resolution, or amendment thereto or conference report thereon, making general appropriations or any new discretionary budget authority provided in a bill or joint resolution making continuing appropriations for fiscal year 2015.

SEC. 602. CONCEPTS AND DEFINITIONS.

Upon the enactment of any bill or joint resolution providing for a change in budgetary concepts or definitions, the chair of the Committee on the Budget may adjust any allocations, aggregates, and other appropriate levels in this concurrent resolution accordingly.

SEC. 603. ADJUSTMENTS OF AGGREGATES, ALLOCATIONS, AND APPROPRIATE BUDGETARY LEVELS.

(a) ADJUSTMENTS OF DISCRETIONARY AND DIRECT SPENDING LEVELS.—If a committee (other than the Committee on Appropriations) reports a bill or joint resolution, or amendment thereto or conference report thereon, providing for a decrease in direct spending (budget authority and outlays flowing therefrom) for any fiscal year and also provides for an authorization of appropriations for the same purpose, upon the enactment of such measure, the chair of the Committee on the Budget may decrease the allocation to such committee and increase the allocation of discretionary spending (budget authority and outlays flowing therefrom) to the Committee on Appropriations for fiscal year 2014 by an amount equal to the new budget authority (and outlays flowing therefrom) provided for in a bill or joint resolution making appropriations for the same purpose.

(b) ADJUSTMENTS TO IMPLEMENT DISCRETIONARY SPENDING CAPS AND TO FUND VETERANS' PROGRAMS AND OVERSEAS CONTINGENCY OPERATIONS/GLOBAL WAR ON TERRORISM.—

(1) FINDINGS.—(A) The President has not submitted a budget for fiscal year 2014 as required pursuant to section 1105(a) of title 31, United States Code, by the date set forth in that section.

(B) In missing the statutory date by which the budget must be submitted, this will be the fourth time in five years the President has not complied with that deadline.

(C) This concurrent resolution reflects the levels of funding for veterans' medical programs as set forth in the President's fiscal year 2013 budget request.

(2) PRESIDENT'S BUDGET SUBMISSION.—In order to take into account any new information included in the budget submission by the President for fiscal year 2014, the chair of the Committee on the Budget may adjust the allocations, aggregates, and other appropriate budgetary levels for veterans' programs, Overseas Contingency Operations/Global War on Terrorism, or the 302(a) allocation to the Committee on Appropriations set forth in the report of this concurrent resolution to conform with section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 (as adjusted by section 251A of such Act).

(3) REVISED CONGRESSIONAL BUDGET OFFICE BASELINE.—The chair of the Committee on the Budget may adjust the allocations, aggregates, and other appropriate budgetary levels to reflect changes resulting from technical and economic assumptions in the most recent baseline published by the Congressional Budget Office.

(c) DETERMINATIONS.—For the purpose of enforcing this concurrent resolution on the budget in the House, the allocations and aggregate levels of new budget authority, outlays, direct spending, new entitlement authority, revenues, deficits, and surpluses for fiscal year 2014 and the period of fiscal years 2014 through fiscal year 2023 shall be determined on the basis of estimates made by the chair of the Committee on the Budget and such chair may adjust such applicable levels of this concurrent resolution.

SEC. 604. LIMITATION ON LONG-TERM SPENDING.

(a) IN GENERAL.—In the House, it shall not be in order to consider a bill or joint resolution reported by a committee (other than the Committee on Appropriations), or an amendment thereto or a conference report thereon, if the provisions of such measure have the net effect of increasing direct spending in excess of $5,000,000,000 for any period described in subsection (b).

(b) TIME PERIODS.—The applicable periods for purposes of this section are any of the four consecutive ten fiscal-year periods beginning with fiscal year 2024.

SEC. 605. BUDGETARY TREATMENT OF CERTAIN TRANSACTIONS.

(a) IN GENERAL.—Notwithstanding section 302(a)(1) of the Congressional Budget Act of 1974, section 13301 of the Budget Enforcement Act of 1990, and section 4001 of the Omnibus Budget Reconciliation Act of 1989, the report accompanying this concurrent resolution on the budget or the joint explanatory statement accompanying the conference report on any concurrent resolution on the budget shall include in its allocation under section 302(a) of the Congressional Budget Act of 1974 to the Committee on Appropriations amounts for the discretionary administrative expenses of the Social Security Administration and the United States Postal Service.

(b) SPECIAL RULE.—For purposes of applying sections 302(f) and 311 of the Congressional Budget Act of 1974, estimates of the level of total new budget authority and total outlays provided by a measure shall include any off-budget discretionary amounts.

(c) ADJUSTMENTS.—The chair of the Committee on the Budget may adjust the allocations, aggregates, and other appropriate levels for legislation reported by the Committee on Oversight and Government Reform that reforms the Federal retirement system, if such adjustments do not cause a net increase in the deficit for fiscal year 2014 and the period of fiscal years 2014 through 2023.

SEC. 606. APPLICATION AND EFFECT OF CHANGES IN ALLOCATIONS AND AGGREGATES.

(a) APPLICATION.—Any adjustments of the allocations, aggregates, and other appropriate levels made pursuant to this concurrent resolution shall—

(1) apply while that measure is under consideration;

(2) take effect upon the enactment of that measure; and

(3) be published in the Congressional Record as soon as practicable.

(b) EFFECT OF CHANGED ALLOCATIONS AND AGGREGATES.—Revised allocations and aggregates resulting from these adjustments shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations and aggregates included in this concurrent resolution.

(c) BUDGET COMPLIANCE.—(1) The consideration of any bill or joint resolution, or amendment thereto or conference report thereon, for which the chair of the Committee on the Budget makes adjustments or revisions in the allocations, aggregates, and other appropriate levels of this concurrent resolution shall not be subject to the points of order set forth in clause 10 of rule XXI of the Rules of the House of Representatives or section 604.

(2) Section 314(f) of the Congressional Budget Act of 1974 shall not apply in the House of Representatives to any bill, joint resolution, or amendment that provides new budget authority for a fiscal year or to any conference report on any such bill or resolution, if—

(A) the enactment of that bill or resolution;

(B) the adoption and enactment of that amendment; or

(C) the enactment of that bill or resolution in the form recommended in that conference report;

would not cause the appropriate allocation of new budget authority made pursuant to section 302(a) of such Act for that fiscal year to be exceeded or the sum of the limits on the security and non-security category in section 251A of the Balanced Budget and Emergency Deficit Control Act as reduced pursuant to such section.

SEC. 607. CONGRESSIONAL BUDGET OFFICE ESTIMATES.

(a) FINDINGS.—The House finds the following:

(1) Costs of Federal housing loans and loan guarantees are treated unequally in the budget. The Congressional Budget Office uses fair-value accounting to measure the costs of Fannie Mae and Freddie Mac, but determines the cost of other Federal housing programs on the basis of the Federal Credit Reform Act of 1990 ("FCRA").

(2) The fair-value accounting method uses discount rates which incorporate the risk inherent to the type of liability being estimated in addition to Treasury discount rates of the proper maturity length. In contrast, cash-basis accounting solely uses the discount rates of the Treasury, failing to incorporate risks such as prepayment and default risk.

(3) The Congressional Budget Office estimates that the $635 billion of loans and loan guarantees issued in 2013 alone would generate budgetary savings of $45 billion over their lifetime using FCRA accounting. However, these same loans and loan guarantees would have a lifetime cost of $11 billion under fair-value methodology.

(4) The majority of loans and guarantees issued in 2013 would show deficit reduction of $9.1 billion under FCRA methodology, but would increase the deficit by $4.7 billion using fair-value accounting.

(b) FAIR VALUE ESTIMATES.—Upon the request of the chair or ranking member of the Committee on the Budget, any estimate prepared by the Director of the Congressional Budget Office for a measure under the terms of title V of the Congressional Budget Act of 1974, “credit reform”, as a supplement to such estimate shall, to the extent practicable, also provide an estimate of the current actual or estimated market values representing the “fair value” of assets and liabilities affected by such measure.

(c) FAIR VALUE ESTIMATES FOR HOUSING PROGRAMS.—Whenever the Director of the Congressional Budget Office prepares an estimate pursuant to section 402 of the Congressional Budget Act of 1974 of the costs which would be incurred in carrying out any bill or joint resolution and if the Director determines that such bill or joint resolution has a cost related to a housing or residential mortgage program under the FCRA, then the Director shall also provide an estimate of the current actual or estimated market values representing the “fair value” of assets and liabilities affected by the provisions of such bill or joint resolution that result in such cost.

(d) ENFORCEMENT.—If the Director of the Congressional Budget Office provides an estimate pursuant to subsection (b) or (c), the chair of the Committee on the Budget may use such estimate to determine compliance with the Congressional Budget Act of 1974 and other budgetary enforcement controls.

SEC. 608. TRANSFERS FROM THE GENERAL FUND OF THE TREASURY TO THE HIGHWAY TRUST FUND THAT INCREASE PUBLIC INDEBTEDNESS.

For purposes of the Congressional Budget Act of 1974, the Balanced Budget and Emergency Deficit Control Act of 1985, or the rules or orders of the House of Representatives, a bill or joint resolution, or an amendment thereto or conference report thereon, that transfers funds from the general fund of the Treasury to the Highway Trust Fund shall be counted as new budget authority and outlays equal to the amount of the transfer in the fiscal year the transfer occurs.

SEC. 609. SEPARATE ALLOCATION FOR OVERSEAS CONTINGENCY OPERATIONS/GLOBAL WAR ON TERRORISM.

(a) ALLOCATION.—In the House, there shall be a separate allocation to the Committee on Appropriations for overseas contingency operations/global war on terrorism. For purposes of enforcing such separate allocation under section 302(f) of the Congressional Budget Act of 1974, the “first fiscal year” and the “total of fiscal years” shall be deemed to refer to fiscal year 2014. Such separate allocation shall be the exclusive allocation for overseas contingency operations/global war on terrorism under section 302(a) of such Act. Section 302(c) of such Act shall not apply to such separate allocation. The Committee on Appropriations may provide suballocations of such separate allocation under section 302(b) of such Act. Spending that counts toward the allocation established by this section shall be designated pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985.

(b) ADJUSTMENT.—In the House, for purposes of subsection (a) for fiscal year 2014, no adjustment shall be made under section 314(a) of the Congressional Budget Act of 1974 if any adjustment would be made under section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985.

SEC. 610. EXERCISE OF RULEMAKING POWERS.

The House adopts the provisions of this title—

(1) as an exercise of the rulemaking power of the House of Representatives and as such they shall be considered as part of the rules of the House of Representatives, and these rules shall supersede other rules only to the extent that they are inconsistent with other such rules; and

(2) with full recognition of the constitutional right of the House of Representatives to change those rules at any time, in the same manner, and to the same extent as in the case of any other rule of the House of Representatives.

TITLE VII—POLICY STATEMENTS

SEC. 701. POLICY STATEMENT ON ECONOMIC GROWTH AND JOB CREATION.

(a) FINDINGS.—The House finds the following:

(1) Although the U.S. economy technically emerged from recession roughly four years ago, the recovery has felt more like a malaise than a rebound with the unemployment rate still elevated and real economic growth essentially flat in the final quarter of 2012.

(2) The enormous build-up of Government debt in the past four years has worsened the already unsustainable course of Federal finances and is an increasing drag on the U.S. economy.

(3) During the recession and early stages of recovery, the Government took a variety of measures to try to boost economic activity. Despite the fact that these stimulus measures added over $1 trillion to the debt, the economy continues to perform at a sub-par trend.

(4) Investors and businesses make decisions on a forward-looking basis. They know that today's large debt levels are simply tomorrow's tax hikes, interest rate increases, or inflation – and they act accordingly. It is this debt overhang, and the uncertainty it generates, that is weighing on U.S. growth, investment, and job creation.

(5) Economists have found that the key to jump-starting U.S. economic growth and job creation is tangible action to rein in the growth of Government spending with the aim of getting debt under control.

(6) Stanford economist John Taylor has concluded that reducing Government spending now would "reduce the threats of higher taxes, higher interest rates and a fiscal crisis", and would therefore provide an immediate stimulus to the economy.

(7) Federal Reserve Chairman Ben Bernanke has stated that putting in place a credible plan to reduce future deficits "would not only enhance economic performance in the long run, but could also yield near-term benefits by leading to lower long-term interest rates and increased consumer and business confidence."

(8) Lowering spending would boost market confidence and lessen uncertainty, leading to a spark in economic expansion, job creation, and higher wages and income.

(b) POLICY ON ECONOMIC GROWTH AND JOB CREATION.—It is the policy of this resolution to promote faster economic growth and job creation. By putting the budget on a sustainable path, this resolution ends the debt-fueled uncertainty holding back job creators. Reforms to the tax code put American businesses and workers in a better position to compete and thrive in the 21st century global economy. This resolution targets the regulatory red tape and cronyism that stack the deck in favor of special interests. All of the reforms in this resolution serve as means to the larger end of growing the economy and expanding opportunity for all Americans.

SEC. 702. POLICY STATEMENT ON TAX REFORM.

(a) FINDINGS.—The House finds the following:

(1) A world-class tax system should be simple, fair, and promote (rather than impede) economic growth. The U.S. tax code fails on all three counts – it is notoriously complex, patently unfair, and highly inefficient. The tax code's complexity distorts decisions to work, save, and invest, which leads to slower economic growth, lower wages, and less job creation.

(2) Since 2001 alone, there have been more than 3,250 changes to the code. Many of the major changes over the years have involved carving out special preferences, exclusions, or deductions for various activities or groups. These loopholes add

up to more than $1 trillion per year and make the code unfair, inefficient, and very complex.

(3) These tax preferences are disproportionately used by upper-income individuals. For instance, the top 1 percent of taxpayers reap about 3 times as much benefit from special tax credits and deductions (excluding refundable credits) than the middle class and 13 times as much benefit than the lowest income quintile.

(4) The large amount of tax preferences that pervade the code end up narrowing the tax base by as much as 50 percent. A narrow tax base, in turn, requires much higher tax rates to raise a given amount of revenue.

(5) The National Taxpayer Advocate reports that taxpayers spent 6.1 billion hours in 2012 complying with tax requirements.

(6) Standard economic theory shows that high marginal tax rates dampen the incentives to work, save, and invest, which reduces economic output and job creation. Lower economic output, in turn, mutes the intended revenue gain from higher marginal tax rates.

(7) Roughly half of U.S. active business income and half of private sector employment are derived from business entities (such as partnerships, S corporations, and sole proprietorships) that are taxed on a "pass-through" basis, meaning the income flows through to the tax returns of the individual owners and is taxed at the individual rate structure rather than at the corporate rate. Small businesses in particular tend to choose this form for Federal tax purposes, and the top Federal rate on such small business income reaches 44.6 percent. For these reasons, sound economic policy requires lowering marginal rates on these pass-through entities.

(8) The U.S. corporate income tax rate (including Federal, State, and local taxes) sums to just over 39 percent, the highest rate in the industrialized world. The total Federal marginal tax rate on corporate income now reaches 55 percent, when including the shareholder-level tax on dividends and capital gains. Tax rates this high suppress wages and discourage investment and job creation, distort business activity, and put American businesses at a competitive disadvantage with foreign competitors.

(9) By deterring potential investment, the U.S. corporate tax restrains economic growth and job creation. The U.S. tax rate differential with other countries also fosters a variety of complicated multinational corporate behaviors intended to avoid the tax, which have the effect of moving the tax base offshore, destroying American jobs, and decreasing corporate revenue.

(10) The "worldwide" structure of U.S. international taxation essentially taxes earnings of U.S. firms twice, putting them at a significant competitive disadvantage with competitors with more competitive international tax systems.

(11) Reforming the U.S. tax code to a more competitive international system would boost the competitiveness of U.S. companies operating abroad and it would also greatly reduce tax avoidance.

(12) The tax code imposes costs on American workers through lower wages, on consumers in higher prices, and on investors in diminished returns.

(13) Revenues have averaged 18 percent of the economy throughout modern American history. Revenues rise above this level under current law to 19.1 percent of the economy, and – if the spending restraints in this budget are enacted – this level is sufficient to fund Government operations over time.

(14) Attempting to raise revenue through tax increases to meet out-of-control spending would sink the economy.

(15) Closing tax loopholes to fund spending does not constitute fundamental tax reform.

(16) The goal of tax reform should be to curb or eliminate loopholes and use those savings to lower tax rates across the board – not to fund more wasteful Government spending. Tax reform should be revenue-neutral and should not be an excuse to raise taxes on the American people.

(b) POLICY ON TAX REFORM.—It is the policy of this resolution that Congress should enact legislation during fiscal year 2014 that provides for a comprehensive reform of the U.S. tax code to promote economic growth, create American jobs, increase wages, and benefit American consumers, investors, and workers through revenue-neutral fundamental tax reform, which should be reported by the Committee on Ways and Means to the House not later than December 31, 2013, that—

(1) simplifies the tax code to make it fairer to American families and businesses and reduces the amount of time and resources necessary to comply with tax laws;

(2) substantially lowers tax rates for individuals, with a goal of achieving a top individual rate of 25 percent and consolidating the current seven individual income tax brackets into two brackets with a first bracket of 10 percent;

(3) repeals the Alternative Minimum Tax;

(4) reduces the corporate tax rate to 25 percent; and

(5) transitions the tax code to a more competitive system of international taxation.

SEC. 703. POLICY STATEMENT ON MEDICARE.

(a) FINDINGS.—The House finds the following:

(1) More than 50 million Americans depend on Medicare for their health security.

(2) The Medicare Trustees Report has repeatedly recommended that Medicare's long-term financial challenges be addressed soon. Each year without reform, the financial condition of Medicare becomes more precarious and the threat to those in or near retirement becomes more pronounced. According to the Congressional Budget Office—

(A) the Hospital Insurance Trust Fund will be exhausted in 2023 and unable to pay scheduled benefits; and

(B) Medicare spending is growing faster than the economy and Medicare outlays are currently rising at a rate of 6.2 percent per year, and under the Congressional Budget Office's alternative fiscal scenario, direct spending on Medicare is projected to exceed 7 percent of GDP by 2040 and reach 13 percent of GDP by 2085.

(3) The President's health care law created a new Federal agency called the Independent Payment Advisory Board ("IPAB") empowered with unilateral authority to cut Medicare spending. As a result of that law—

(A) IPAB will be tasked with keeping the Medicare per capita growth below a Medicare per capita target growth rate. Prior to 2018, the target growth rate is based on the five-year average of overall inflation and medical inflation. Beginning in 2018, the target growth rate will be the five-year average increase in the nominal Gross Domestic Product (GDP) plus one percentage point;

(B) the fifteen unelected, unaccountable bureaucrats of IPAB will make decisions that will reduce seniors access to care;

(C) the nonpartisan Office of the Medicare Chief Actuary estimates that the provider cuts already contained in the Affordable Care Act will force 15 percent of hospitals, skilled nursing facilities, and home health agencies to close in 2019; and

(D) additional cuts from the IPAB board will force even more health care providers to close their doors, and the Board should be repealed.

(4) Failing to address this problem will leave millions of American seniors without adequate health security and young-

er generations burdened with enormous debt to pay for spending levels that cannot be sustained.

(b) POLICY ON MEDICARE REFORM.—It is the policy of this resolution to protect those in or near retirement from any disruptions to their Medicare benefits and offer future beneficiaries the same health care options available to Members of Congress.

(c) ASSUMPTIONS.—This resolution assumes reform of the Medicare program such that:

(1) Current Medicare benefits are preserved for those in or near retirement.

(2) For future generations, when they reach eligibility, Medicare is reformed to provide a premium support payment and a selection of guaranteed health coverage options from which recipients can choose a plan that best suits their needs.

(3) Medicare will maintain traditional fee-for-service as an option.

(4) Medicare will provide additional assistance for lower-income beneficiaries and those with greater health risks.

(5) Medicare spending is put on a sustainable path and the Medicare program becomes solvent over the long-term.

SEC. 704. POLICY STATEMENT ON SOCIAL SECURITY.

(a) FINDINGS.—The House finds the following:

(1) More than 55 million retirees, individuals with disabilities, and survivors depend on Social Security. Since enactment, Social Security has served as a vital leg on the "three-legged stool" of retirement security, which includes employer provided pensions as well as personal savings.

(2) The Social Security Trustees Report has repeatedly recommended that Social Security's long-term financial challenges be addressed soon. Each year without reform, the financial condition of Social Security becomes more precarious and the threat to seniors and those receiving Social Security disability benefits becomes more pronounced:

(A) In 2016, the Disability Insurance Trust Fund will be exhausted and program revenues will be unable to pay scheduled benefits.

(B) In 2033, the combined Old-Age and Survivors and Disability Trust Funds will be exhausted, and program revenues will be unable to pay scheduled benefits.

(C) With the exhaustion of the Trust Funds in 2033, benefits will be cut 25 percent across the board, devastating those currently in or near retirement and those who rely on Social Security the most.

(3) The recession and continued low economic growth have exacerbated the looming fiscal crisis facing Social Security. The most recent CBO projections find that Social Security will run cash deficits of $1.319 trillion over the next 10 years.

(4) Lower-income Americans rely on Social Security for a larger proportion of their retirement income. Therefore, reforms should take into consideration the need to protect lower-income Americans' retirement security.

(5) The Disability Insurance program provides an essential income safety net for those with disabilities and their families. According to the Congressional Budget Office (CBO), between 1970 and 2012, the number of people receiving disability benefits (both disabled workers and their dependent family members) has increased by over 300 percent from 2.7 million to over 10.9 million. This increase is not due strictly to population growth or decreases in health. David Autor and Mark Duggan have found that the increase in individuals on disability does not reflect a decrease in self-reported health. CBO attributes program growth to changes in demographics, changes in the composition of the labor force and compensation, as well as Federal policies.

(6) If this program is not reformed, families who rely on the lifeline that disability benefits provide will face benefit cuts of

up to 25 percent in 2016, devastating individuals who need assistance the most.

(7) Americans deserve action by the President, the House, and the Senate to preserve and strengthen Social Security. It is critical that bipartisan action be taken to address the looming insolvency of Social Security. In this spirit, this resolution creates a bipartisan opportunity to find solutions by requiring policymakers to ensure that Social Security remains a critical part of the safety net.

(b) POLICY STATEMENT ON SOCIAL SECURITY.—It is the policy of this resolution that Congress should work on a bipartisan basis to make Social Security sustainably solvent. This resolution assumes reform of a current law trigger, such that:

(1) If in any year the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund annual Trustees Report determines that the 75-year actuarial balance of the Social Security Trust Funds is in deficit, and the annual balance of the Social Security Trust Funds in the 75th year is in deficit, the Board of Trustees shall, no later than September 30 of the same calendar year, submit to the President recommendations for statutory reforms necessary to achieve a positive 75-year actuarial balance and a positive annual balance in the 75th-year. Recommendations provided to the President must be agreed upon by both Public Trustees of the Board of Trustees.

(2) Not later than December 1 of the same calendar year in which the Board of Trustees submit their recommendations, the President shall promptly submit implementing legislation to both Houses of Congress including his recommendations necessary to achieve a positive 75-year actuarial balance and a positive annual balance in the 75th year. The Majority Leader of the Senate and the Majority Leader of the House shall introduce the President's legislation upon receipt.

(3) Within 60 days of the President submitting legislation, the committees of jurisdiction to which the legislation has been referred shall report the bill which shall be considered by the full House or Senate under expedited procedures.

(4) Legislation submitted by the President shall—

(A) protect those in or near retirement;

(B) preserve the safety net for those who count on Social Security the most, including those with disabilities and survivors;

(C) improve fairness for participants;

(D) reduce the burden on, and provide certainty for, future generations; and

(E) secure the future of the Disability Insurance program while addressing the needs of those with disabilities today and improving the determination process.

SEC. 705. POLICY STATEMENT ON HIGHER EDUCATION AFFORDABILITY.

(a) FINDINGS.—The House finds the following:

(1) A well-educated workforce is critical to economic, job, and wage growth.

(2) More than 21 million students are enrolled in American colleges and universities.

(3) Over the last decade, tuition and fees have been growing at an unsustainable rate. Between the 2001-2002 Academic Year and the 2011-2012 Academic Year:

(A) Published tuition and fees for in-State students at public four-year colleges and universities increased at an average rate of 5.6 percent per year beyond the rate of general inflation.

(B) Published tuition and fees for in-State students at public two-year colleges and universities increased at an average rate of 3.8 percent per year beyond the rate of general inflation.

(C) Published tuition and fees for in-State students at private four-year colleges and universities increased at an average rate of 2.6 percent per year beyond the rate of general inflation.

(4) Over that same period, Federal financial aid has increased 140 percent beyond the rate of general inflation.

(5) This spending has failed to make college more affordable.

(6) In his 2012 State of the Union Address, President Obama noted that, "We can't just keep subsidizing skyrocketing tuition; we'll run out of money."

(7) American students are chasing ever-increasing tuition with ever-increasing debt. According to the Federal Reserve Bank of New York, student debt nearly tripled between 2004 and 2012, and now stands at nearly $1 trillion. Student debt now has the second largest balance after mortgage debt.

(8) Students are carrying large debt loads and too many fail to complete college or end up defaulting on these loans due to their debt burden and a weak economy and job market.

(9) Based on estimates from the Congressional Budget Office, the Pell Grant Program will face a fiscal shortfall beginning in fiscal year 2015 and continuing in each subsequent year in the current budget window.

(10) Failing to address these problems will jeopardize access and affordability to higher education for America's young people.

(b) POLICY ON HIGHER EDUCATION AFFORDABILITY.—It is the policy of this resolution to address the root drivers of tuition inflation, by—

(1) targeting Federal financial aid to those most in need;

(2) streamlining programs that provide aid to make them more effective;

(3) maintaining the maximum Pell grant award level at $5,645 in each year of the budget window; and

(4) removing regulatory barriers in higher education that act to restrict flexibility and innovative teaching, particularly as it relates to non-traditional models such as online coursework and competency-based learning.

SEC. 706. POLICY STATEMENT ON DEFICIT REDUCTION THROUGH THE CANCELLATION OF UNOBLIGATED BALANCES.

(a) FINDINGS.—The House finds the following:

(1) According to the last available estimate from the Office of Management and Budget, Federal agencies were expected to hold $698 billion in unobligated balances at the close of fiscal year 2013.

(2) These funds represent direct and discretionary spending made available by Congress that remains available for expenditure beyond the fiscal year for which they are provided.

(3) In some cases, agencies are granted funding and it remains available for obligation indefinitely.

(4) The Congressional Budget and Impoundment Control Act of 1974 requires the Office of Management and Budget to make funds available to agencies for obligation and prohibits the Administration from withholding or cancelling unobligated funds unless approved by an act of Congress.

(5) Greater congressional oversight is required to review and identify potential savings from unneeded balances of funds.

(b) POLICY STATEMENT ON DEFICIT REDUCTION THROUGH THE CANCELLATION OF UNOBLIGATED BALANCES.—Congressional committees shall through their oversight activities identify and achieve savings through the cancellation or rescission of unobligated balances that neither abrogate contractual obligations of the Government nor reduce or disrupt Federal commitments under programs such as Social Security, veterans' affairs, national security, and Treasury authority to finance the national debt.

(c) DEFICIT REDUCTION.—Congress, with the assistance of the Government Accountability Office, the Inspectors General, and other appropriate agencies should make it a high priority to review unobligated balances and identify savings for deficit reduction.

SEC. 707. POLICY STATEMENT ON RESPONSIBLE STEWARDSHIP OF TAXPAYER DOLLARS.

(a) FINDINGS.—The House finds the following:

(1) The House of Representatives cut budgets for Members of Congress, House committees, and leadership offices by 5 percent in 2011 and an additional 6.4 percent in 2012.

(2) The House of Representatives achieved savings of $36.5 million over three years by consolidating House operations and renegotiating contracts.

(b) POLICY.—It is the policy of this resolution that:

(1) The House of Representatives must be a model for the responsible stewardship of taxpayer resources and therefore must identify any savings that can be achieved through greater productivity and efficiency gains in the operation and maintenance of House services and resources like printing, conferences, utilities, telecommunications, furniture, grounds maintenance, postage, and rent. This should include a review of policies and procedures for acquisition of goods and services to eliminate any unnecessary spending. The Committee on House Administration should review the policies pertaining to the services provided to Members and committees of the House, and should identify ways to reduce any subsidies paid for the operation of the House gym, barber shop, salon, and the House dining room.

(2) No taxpayer funds may be used to purchase first class airfare or to lease corporate jets for Members of Congress.

SEC. 708. POLICY STATEMENT ON DEFICIT REDUCTION THROUGH THE REDUCTION OF UNNECESSARY AND WASTEFUL SPENDING.

(a) FINDINGS.—The House finds the following:

(1) The Government Accountability Office ("GAO") is required by law to identify examples of waste, duplication, and overlap in Federal programs, and has so identified dozens of such examples.

(2) In testimony before the Committee on Oversight and Government Reform, the Comptroller General has stated that addressing the identified waste, duplication, and overlap in Federal programs "could potentially save tens of billions of dollars."

(3) In 2011 and 2012, the Government Accountability Office issued reports showing excessive duplication and redundancy in Federal programs including—

(A) 209 "Science, Technology, Engineering, and Mathematics" ("STEM") education programs in 13 different Federal agencies at a cost of $3 billion annually;

(B) 200 separate Department of Justice crime prevention and victim services grant programs with an annual cost of $3.9 billion in 2010;

(C) 20 different Federal entities administer 160 housing programs and other forms of Federal assistance for housing with a total cost of $170 billion in 2010;

(D) 17 separate Homeland Security preparedness grant programs that spent $37 billion between fiscal year 2011 and 2012;

(E) 13 programs, 3 tax benefits, and one loan program to reduce diesel emissions; and

(F) 94 different initiatives run by 11 different agencies to encourage "green building" in the private sector.

(4) The Federal Government spends about $80 billion each year for information technology. GAO has identified broad acquisition failures, waste, and unnecessary duplication in the Government's information technology infrastructure. Experts have estimated that eliminating these problems could save 25

percent – or $20 billion – of the Government's annual information technology budget.

(5) Federal agencies reported an estimated $108 billion in improper payments in fiscal year 2012.

(6) Under clause 2 of Rule XI of the Rules of the House of Representatives, each standing committee must hold at least one hearing during each 120 day period following its establishment on waste, fraud, abuse, or mismanagement in Government programs.

(7) According to the Congressional Budget Office, by fiscal year 2014, 42 laws will expire, possibly resulting in $685 billion in unauthorized appropriations. Timely reauthorizations of these laws would ensure assessments of program justification and effectiveness.

(8) The findings resulting from congressional oversight of Federal Government programs should result in programmatic changes in both authorizing statutes and program funding levels.

(b) POLICY STATEMENT ON DEFICIT REDUCTION THROUGH THE REDUCTION OF UNNECESSARY AND WASTEFUL SPENDING.—Each authorizing committee annually shall include in its Views and Estimates letter required under section 301(d) of the Congressional Budget Act of 1974 recommendations to the Committee on the Budget of programs within the jurisdiction of such committee whose funding should be reduced or eliminated.

SEC. 709. POLICY STATEMENT ON UNAUTHORIZED SPENDING.

It is the policy of this resolution that the committees of jurisdiction should review all unauthorized programs funded through annual appropriations to determine if the programs are operating efficiently and effectively. Committees should reauthorize those programs that in the committees' judgment should continue to receive funding.

TITLE VIII—SENSE OF THE HOUSE PROVISIONS

SEC. 801. SENSE OF THE HOUSE ON THE IMPORTANCE OF CHILD SUPPORT ENFORCEMENT.

It is the sense of the House that—

(1) additional legislative action is needed to ensure that States have the necessary resources to collect all child support that is owed to families and to allow them to pass 100 percent of support on to families without financial penalty; and

(2) when 100 percent of child support payments are passed to the child, rather than administrative expenses, program integrity is improved and child support participation increases.

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