

113TH CONGRESS }  
2d Session

HOUSE OF REPRESENTATIVES

{ REPORT  
113-403

**CONCURRENT RESOLUTION  
ON THE BUDGET—  
FISCAL YEAR 2015**

—  
R E P O R T

OF THE

**COMMITTEE ON THE BUDGET  
HOUSE OF REPRESENTATIVES**

TO ACCOMPANY

**H. Con. Res. 96**

ESTABLISHING THE BUDGET FOR THE UNITED STATES GOVERN-  
MENT FOR FISCAL YEAR 2015 AND SETTING FORTH APPRO-  
PRIATE BUDGETARY LEVELS FOR FISCAL YEARS 2016 THROUGH  
2024

together with

**MINORITY VIEWS**



APRIL 4, 2014.—Committed to the Committee of the Whole House on the  
State of the Union and ordered to be printed

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WASHINGTON : 2014

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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. 96]



## INTRODUCTION

---

Nearly five years after the financial crisis, many families still haven't recovered. The typical household's income, when adjusted for inflation, is lower now than it was in 2007.<sup>1</sup> Over 46 million people live in poverty today,<sup>2</sup> and over 90 million are out of the workforce altogether.<sup>3</sup>

Every year since the recession hit, Washington has all too often turned to the old standbys: more taxes, more spending, and more regulation. The federal government rushed through a series of costly remedies: the stimulus package, the Dodd—Frank law, Obamacare. Washington keeps stepping on the gas, and the engine keeps on flooding.

President Obama and his party promised if Washington took a firmer hold of the economy, working families would be better off. But in the first few years of his administration, the economy grew at less than half the average of all other recoveries since World War II.<sup>4</sup> Economic growth has moved in fits and starts since then and, in recent months, has slowed considerably.<sup>5</sup>

Meanwhile, the national debt has skyrocketed and continues to climb—well after the recession. In May 2013, the Congressional Budget Office projected the federal government would add \$6.3 trillion to the national debt from 2014 to 2023. But in February 2014—not even a year later—CBO revised its forecast to \$7.3 trillion—a \$1 trillion increase. It attributed most of the hike to a drop in revenue, the inevitable result of a lackluster economy.<sup>6</sup>

The budget and the economy are closely linked. Just as a weak economy can drag the budget into the red, a responsible budget can help propel the economy forward. So if Washington is serious about helping working families, then it needs to get serious about the national debt.

### What's Holding the Economy Back?

And Washington needs to act fast—because the economy is losing steam. Last year, CBO predicted the economy would grow, on aver-

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<sup>1</sup>Carmen DeNavas-Walt, Bernadette D. Proctor, Jessica C. Smith, "Income, Poverty, and Health Insurance Coverage in the United States: 2012," U.S. Department of Commerce, Economics and Statistics Administration, U.S. Census Bureau, Sept. 2013.

<sup>2</sup>"Poverty: Highlights," U.S. Department of Commerce, U.S. Census Bureau, Accessed 24 Mar. 2014.

<sup>3</sup>"The Employment Situation—February 2014," U.S. Department of Labor, Bureau of Labor Statistics, 7 Mar. 2014.

<sup>4</sup>"What Accounts for the Slow Growth of the Economy after the Recession," Congressional Budget Office, Nov. 2012.

<sup>5</sup>"National Income and Product Accounts, Gross Domestic Product, Fourth Quarter and Annual 2013 (Second Estimate)," U.S. Department of Commerce, Bureau of Economic Analysis, 28 Feb. 2014.

<sup>6</sup>"The Budget and Economic Outlook: 2014 to 2024," Congressional Budget Office, Feb. 2014.

age, by 2.9 percent each year over the next decade.<sup>7</sup> This year, it predicts the economy will grow by only 2.5 percent—a deceptively small change with big, long-term consequences.<sup>8</sup>

One major problem is that people are leaving the labor market. Today, only 63 percent of the population has a job or is looking for one—the lowest level since 1978.<sup>9</sup> And CBO predicts it will continue to decline. That’s partly because the baby-boom generation is retiring, and the population as a whole is getting older. But it’s also because fewer people are joining the workforce.<sup>10</sup> And the administration’s policies have made things worse.

Take Obamacare. CBO says the law will discourage work. People will receive smaller health-insurance subsidies as they make more money. So for many families, it just will not pay to work. As a result, people will put in fewer hours, and the effect will be huge—as if 2.5 million people had stopped working full time by 2024.<sup>11</sup>

The administration has tried to spin this as good news and argued that work was just getting in the way. But the problem isn’t that too many people are working. The problem is not enough people can find work. And if more people leave the workforce, the economy will shrink. There will be less opportunity, not more.

And the national debt will only get bigger. In the past few years, Congress has achieved some modest spending restraint, primarily by reducing discretionary spending. But Washington hasn’t done nearly enough to make a serious dent in the debt. Under current law, the deficit will start growing in just two years. By 2022, the U.S. will be running trillion-dollar deficits again—even though the federal government will be taking in a historically large share of revenue. That’s because spending will be growing twice as fast as revenue. So over the next ten years, the national debt will grow by \$10 trillion—for a grand total of \$27 trillion.<sup>12</sup>

Yet the President wants to double down. In his latest budget request, he wants to increase spending by \$791 billion through 2024. He wants to undo the recent bipartisan budget agreement and increase spending by \$56 billion in 2015 alone. He’s abandoned the one significant reform he’s embraced—what his own administration has called a “more accurate” measure of inflation. And he wants to raise taxes on families and job creators by \$1.8 trillion—though that’s on top of the \$1.7 trillion he’s already imposed. In short, the President wants families to pay more so Washington can spend more.

And even with those extra tax hikes, the deficit will still be back above \$1 trillion by 2022. The President’s budget never balances—ever. Instead, it allows our debt to spiral out of control.

If the last five years are any indication, that simply won’t work. And if we don’t change course soon, both the budget and the economy will continue to decline. What the country really needs is an alternative. The administration has bottled up the forces of innovation and free enterprise; we need to invigorate them. We need a

<sup>7</sup>“The Budget and Economic Outlook: 2013 to 2023,” Congressional Budget Office, Feb. 2013.

<sup>8</sup>“The Budget and Economic Outlook: 2014 to 2024,” Congressional Budget Office, Feb. 2014.

<sup>9</sup>“Databases, Table, and Calculators by Subject,” Bureau of Labor Statistics, U.S. Department of Labor, Accessed 25 Mar. 2014.

<sup>10</sup>“The Budget and Economic Outlook: 2014 to 2024,” Congressional Budget Office, Feb. 2014.

<sup>11</sup>Ibid.

<sup>12</sup>Ibid.

plan that will provide for the nation's needs, that will allow families and job creators to rebuild the economy, and that will finally balance the budget.

### **The Path to Prosperity: A Responsible, Balanced Budget**

That's exactly what this budget, the Path to Prosperity, will do. It calls for a number of reforms that will improve the lives of all Americans.

By balancing the budget, the Path to Prosperity will promote economic growth. Over the next ten years, it will cut \$5.1 trillion in spending, and CBO has said that such a plan would help the economy.<sup>13</sup> By paying down the debt, the federal government will help keep interest rates low, which will spur greater investment and productivity. And by giving job creators some certainty and workers some relief, the Path to Prosperity will give free enterprise some much-needed help.

The Path to Prosperity balances the budget by tackling the drivers of our debt: autopilot spending and interest payments. It strengthens critical programs like Medicare by giving seniors more control over their health-care. CBO has said that such a reform would not only help the federal government save money but help seniors save money as well.<sup>14</sup> It is the ultimate win-win.

But the Path to Prosperity is not just a budget—it is a blueprint for the country's future. It calls for fundamental reforms in key areas like the tax code, energy, welfare, and health care.

Today, taxpayers spend \$168 billion<sup>15</sup> and 6.1 billion hours per year trying to file their tax returns.<sup>16</sup> And what's worse, the tax code stifles economic growth. Our corporate tax rate is the highest in the industrialized world,<sup>17</sup> and the tax code is full of loopholes and deductions that serve only the well-connected. Independent economists agree that a plan to lower rates and broaden the base would spur economic growth. There are a number of good tax-reform proposals. Although the Path to Prosperity does not embrace any particular proposal, it calls for a tax code that is simpler, fairer, and more competitive.

It also calls for greater energy development. It's not surprising that the state with the lowest unemployment rate—2.6 percent—is North Dakota,<sup>18</sup> where an energy boom has lifted the state economy. Today, a reinvigorated oil and gas industry is creating many new jobs—and they are good-paying jobs. The average wage in the oil and gas sector is over \$92,000 a year.<sup>19</sup> The Path to Prosperity

<sup>13</sup>“Macroeconomic Effects of Alternative Budgetary Paths,” Congressional Budget Office, Feb. 2013.

<sup>14</sup>“A Premium Support System for Medicare: Analysis of Illustrative Options,” Congressional Budget Office, Sept. 2013.

<sup>15</sup>National Taxpayer Advocate, 2012 Annual Report to Congress, Internal Revenue Service, 9 Jan. 2013.

<sup>16</sup>National Taxpayer Advocate, 2013 Annual Report to Congress, Internal Revenue Service, 31 Dec. 2013.

<sup>17</sup>Kyle Pomerleau and Andrew Lundeen, “The U.S. Has the Highest Corporate Income Tax Rate in the OECD,” Tax Foundation, 27 Jan. 2014.

<sup>18</sup>“Local Area Unemployment Statistics,” Bureau of Labor Statistics, U.S. Department of Labor, Accessed 25 Mar. 2014.

<sup>19</sup>“May 2012 National Industry-Specific Occupational Employment and Wage Estimates,” Bureau of Labor Statistics, U.S. Department of Labor, 6 Jan. 2014.

builds on this success by opening more federal lands to energy development, so more families can share in this opportunity.

The Path to Prosperity also recognizes that we owe families in need much better than the status quo. Rather than provide a road-map out of poverty, Washington has created a complex web of programs that are often difficult to navigate. Some programs provide critical aid. Others discourage families from getting ahead. This budget takes some initial steps in the right direction by rethinking our job-training programs, reforming Medicaid, and encouraging work. It also creates the space for greater reform. Both sides of the political spectrum agree that poverty is a problem and should work together to expand opportunity for all Americans.

The Path to Prosperity also will strengthen our health-care system by repealing Obamacare. The health-care law has been a costly mistake, so this plan calls for a full replacement. It clears the way for patient-centered reforms that will help increase access, improve quality, and lower costs.

The status quo means weak economic growth and invites a fiscal crisis. The Path to Prosperity is the alternative the country needs. It expands opportunity by growing the 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. It ends Washington's culture of reckless spending. And it will help to build an America that works.

### **1. Protect the Nation**

The first job of the federal government is to protect the country 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, the men and women of the United States' military have performed superbly. This budget rejects the President's cuts to national security. It 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 funding consistent with America's military goals and strategies.
- Fully fund our nation's commitment to veterans.

### **2. Expand Opportunity**

Though not sufficient by themselves, federal policies can help foster a stronger economy. This budget seeks to equip Americans with the skills they need in a 21st-century economy and to create jobs through long-overdue tax reform. 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.
- Tailor aid for higher education to the truly needy.
- Eliminate ineffective and duplicative education programs.
- Consolidate job-training programs, as in the SKILLS Act, into 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.
- Consolidate the current seven tax brackets.
- Repeal the Alternative Minimum Tax.
- Reduce the corporate tax rate to 25 percent.
- Adopt a more competitive system of international taxation.

### **3. Strengthen the Safety Net**

This budget applies the lessons of welfare reform to other 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.

Although this budget does not lay out a full welfare-reform plan, it takes steps toward reforming these programs to encourage work, to increase economic growth and jobs, and to preserve the safety net.

*Welfare reform in brief*

- Allow states to customize SNAP to the needs of their citizens.
- Empower reformers at the state level to strengthen and secure Medicaid.
- Address barriers to upward mobility.
- Expand welfare's work requirements.

### **4. Secure Seniors' Retirement**

This budget protects and strengthens Medicare for current and future generations. It also requires the President and Congress to work together to develop 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.
- Strengthen Medicare for younger generations.
- End Obamacare's raid on the Medicare Trust Fund.
- Repeal all of Obamacare, including the Independent Payment Advisory Board.

*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*

- Reduce the size of the federal workforce.
- Reform civil-service pensions.
- Reform the Pension Benefit Guaranty Corporation.

**5. Restore Fairness**

The administration's uncontrolled, wasteful spending in combination with an overzealous regulatory agenda has weakened an anemic economy and hurt 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*

- Strengthen American energy security.
- Restore competition to the energy sector.
- Scale back corporate subsidies in the energy industry.
- Unlock America's vast energy resources while protecting the environment.
- Stop the government from buying up unnecessary land.

*Housing and finance in brief*

- Wind down Fannie Mae and Freddie Mac.
- Provide a true account of trillions in federal loans and guarantees.
- Revisit flawed financial regulations.
- Eliminate corporate welfare.

*Health care in brief*

- Repeal Obamacare.
- Move toward patient-centered reform.

*Cutting spending in brief*

- Cap spending.
- Eliminate waste.

**6. Reform the Budget Process**

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 five of the past six years.

By contrast, the Republican majority in the House has met its legal and moral obligation by passing a budget that tackles America's most pressing fiscal challenges. Earlier this Congress, the House Budget Committee authored and advanced several statutory reforms to bring more accountability to the federal budget process. This budget works in the spirit of those proposed reforms.



*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.

Ultimately, the budget is more than a list of numbers. It's an expression of our governing philosophy. This budget offers the American people a brighter future. It would stop spending money we don't have. It would help create jobs and expand opportunity. And it would restore the promise of this exceptional nation.

TABLE 1.—FISCAL YEAR 2015 BUDGET RESOLUTION TOTAL SPENDING AND REVENUE  
(In millions of dollars)

Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-2019	2015-2024	
<b>SUMMARY</b>													
Total spending:													
BA .....	3,589,959	3,649,847	3,799,988	3,956,908	4,166,029	4,380,011	4,549,315	4,749,721	4,900,052	5,032,850	19,162,732	42,774,681	
OT .....	3,663,737	3,676,443	3,786,896	3,926,636	4,134,476	4,334,263	4,515,643	4,733,462	4,865,402	4,995,085	19,188,188	42,632,043	
On-budget:													
BA .....	2,842,226	2,858,059	2,957,321	3,059,410	3,210,987	3,360,435	3,460,524	3,587,380	3,660,151	3,706,695	14,928,003	32,703,188	
OT .....	2,920,026	2,889,484	2,949,261	3,034,773	3,185,472	3,320,927	3,433,392	3,577,963	3,632,642	3,676,374	14,979,017	32,620,316	
Off-budget:													
BA .....	747,734	791,788	842,668	897,499	955,042	1,019,576	1,088,791	1,162,341	1,239,901	1,326,155	4,234,730	10,071,493	
OT .....	743,711	786,959	837,636	891,863	949,004	1,013,336	1,082,251	1,155,499	1,232,759	1,318,711	4,209,172	10,011,727	
Revenues:													
Total .....	3,304,911	3,481,127	3,631,022	3,770,315	3,932,192	4,103,643	4,288,242	4,490,237	4,702,070	4,926,144	18,119,567	40,629,903	
On-budget .....	2,533,841	2,676,038	2,789,423	2,890,308	3,014,685	3,148,637	3,294,650	3,456,346	3,625,518	3,807,452	13,904,295	31,237,899	
Off-budget .....	771,070	805,088	841,599	880,008	917,507	955,006	993,591	1,033,890	1,076,552	1,118,691	4,215,272	9,392,004	
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 .....	-379,826	-226,316	-179,875	-147,321	-198,284	-205,620	-191,401	-199,225	-104,332	5,059	-1,131,621	-1,827,140	
Macroeconomic fiscal impact .....	-21,000	-31,000	-24,000	9,000	4,000	25,000	36,000	44,000	59,000	74,000	-63,000	175,000	
On-budget .....	-386,186	-213,446	-159,838	-144,466	-170,787	-172,290	-138,741	-121,617	-6,124	131,078	-1,074,722	-1,382,417	
Off-budget .....	27,360	18,130	3,963	-11,855	-31,497	-58,329	-88,660	-121,608	-157,208	-200,019	6,100	-619,724	
Debt held by the public (end of year) .....	13,213,000	13,419,000	13,800,000	13,860,000	14,080,000	14,427,000	14,579,000	14,940,000	15,080,000	15,176,000			
Debt subject to limit (end of year) .....	18,304,357	18,627,533	19,172,590	19,411,553	19,773,917	20,227,349	20,449,374	20,822,448	20,981,807	21,089,365			
<b>BY FUNCTION</b>													
National Defense (050):													
BA .....	528,927	573,792	597,895	611,146	624,416	638,697	653,001	669,967	687,393	706,218	2,936,176	6,291,452	
OT .....	566,503	573,064	584,252	593,795	611,902	626,175	640,499	661,181	672,922	685,796	2,929,515	6,216,089	
International Affairs (150):													
BA .....	38,695	39,734	40,642	41,589	42,513	43,497	44,004	45,271	46,287	47,349	203,173	429,581	
OT .....	39,029	37,976	38,229	38,822	39,553	40,114	40,701	41,749	42,667	43,624	193,609	402,464	

General Science, Space and Technology (250):												
BA .....	27,941	28,493	29,113	29,764	30,413	31,096	31,782	32,493	33,210	33,955	145,724	308,260
OT .....	27,927	28,240	28,750	29,350	29,938	30,589	31,174	31,870	32,576	33,304	144,205	303,718
Energy (270):												
BA .....	4,228	3,820	2,048	1,762	1,788	1,851	-16	-1,018	-1,914	-6,113	13,646	6,436
OT .....	5,751	3,416	1,400	1,192	1,278	1,384	-346	-1,283	-2,188	-6,699	13,037	3,905
Natural Resources & Environment (300):												
BA .....	34,289	34,491	35,077	33,047	36,859	38,169	36,428	38,979	39,927	40,592	173,763	367,858
OT .....	39,311	37,747	36,204	33,316	36,779	37,877	36,379	38,749	39,733	39,752	183,357	375,848
Agriculture (350):												
BA .....	19,042	22,506	20,527	18,506	18,654	19,008	19,263	19,764	20,017	20,635	99,235	197,922
OT .....	19,556	22,313	19,992	17,883	17,970	18,440	18,763	19,249	19,516	20,131	97,714	193,813
Commerce & Housing Credit (370):												
On-budget:												
BA .....	-3,239	-4,518	-7,672	-7,385	-6,658	-3,937	-4,034	-4,794	-5,073	-5,118	-29,472	-52,428
OT .....	-14,762	-18,633	-23,217	-24,136	-28,258	-26,052	-20,982	-23,197	-24,597	-25,793	-109,006	-229,627
Off-budget:												
BA .....	-1,077	-1,528	-1,491	-1,489	-1,486	-1,485	-1,537	-1,588	-1,642	-1,695	-7,071	-15,018
OT .....	-1,077	-1,528	-1,491	-1,489	-1,487	-1,486	-1,538	-1,589	-1,643	-1,696	-7,072	-15,024
Transportation (400):												
BA .....	34,713	68,529	74,454	75,978	77,501	78,373	79,369	80,529	81,829	83,353	331,175	734,628
OT .....	80,659	69,907	75,199	77,558	78,163	79,056	80,231	81,409	82,872	84,024	381,486	789,078
Community & Regional Development (450):												
BA .....	14,556	15,303	15,269	15,414	15,387	15,283	15,421	15,658	15,954	16,302	75,929	154,547
OT .....	23,608	21,425	19,292	17,840	16,841	16,008	14,679	13,408	13,490	13,910	99,006	170,501
Education, Training, Employment, and Social Services (500):												
BA .....	73,908	82,372	86,699	89,536	85,278	86,555	87,749	89,167	90,661	92,094	417,794	864,022
OT .....	91,759	84,521	87,137	89,808	86,074	87,130	88,403	89,839	91,360	92,926	439,299	888,958
Health (550):												
BA .....	419,799	367,238	377,752	376,732	390,437	415,814	419,124	433,512	449,181	472,300	1,931,958	4,121,889
OT .....	416,573	370,205	375,839	377,346	390,404	405,309	418,298	432,149	447,991	471,312	1,930,367	4,105,426
Medicare (570):												
BA .....	519,196	558,895	570,144	590,695	651,579	692,307	737,455	815,257	836,296	859,011	2,890,509	6,830,835
OT .....	519,407	558,964	570,341	591,117	651,878	692,644	738,042	817,195	837,883	866,262	2,891,707	6,843,733
Income Security (600):												
BA .....	505,729	487,645	489,766	492,129	493,996	512,717	520,016	529,438	530,839	525,701	2,469,265	5,087,976
OT .....	505,032	490,122	487,105	484,280	490,014	508,689	515,475	529,111	525,624	515,225	2,456,553	5,050,677

TABLE 1.—FISCAL YEAR 2015 BUDGET RESOLUTION TOTAL SPENDING AND REVENUE—Continued

(In millions of dollars)

Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-2019	2015-2024
<b>Social Security (650):</b>												
On-budget:												
BA .....	31,442	34,245	37,133	40,138	43,383	46,747	50,255	53,941	57,800	58,441	186,341	453,525
OT .....	31,517	34,283	37,133	40,138	43,383	46,747	50,255	53,941	57,800	58,441	186,454	453,638
Off-budget:												
BA .....	864,514	909,753	963,029	1,021,768	1,085,632	1,154,095	1,225,833	1,300,728	1,378,255	1,462,797	4,844,696	11,366,404
OT .....	860,491	904,924	957,997	1,016,132	1,079,595	1,147,856	1,219,294	1,293,887	1,371,114	1,455,354	4,819,139	11,306,644
<b>Veterans Benefits and Services (700):</b>												
BA .....	153,027	164,961	163,858	162,388	174,305	179,269	183,571	195,680	192,458	189,292	818,539	1,758,809
OT .....	152,978	164,807	163,269	161,646	173,499	178,380	182,676	194,719	191,491	188,262	816,199	1,751,727
<b>Administration of Justice (750):</b>												
BA .....	54,011	56,932	56,770	58,405	60,239	62,146	64,263	66,967	69,031	71,166	286,358	619,931
OT .....	54,250	56,298	58,319	59,095	60,501	61,649	63,734	66,411	68,455	70,568	288,463	619,280
<b>General Government (800):</b>												
BA .....	23,710	23,064	21,587	23,269	24,040	24,759	25,556	26,353	27,097	27,912	115,670	247,347
OT .....	23,618	22,826	21,674	22,973	23,582	24,331	25,139	25,939	26,691	27,491	114,673	244,264
<b>Net Interest (900):</b>												
On-budget:												
BA .....	365,987	416,238	482,228	553,820	611,852	659,310	693,159	723,805	751,215	770,124	2,430,125	6,027,737
OT .....	365,987	416,238	482,228	553,820	611,852	659,310	693,159	723,805	751,215	770,124	2,430,125	6,027,737
Off-budget:												
BA .....	-98,709	-98,858	-100,630	-103,830	-109,424	-112,610	-114,314	-114,823	-113,941	-111,363	-511,452	-1,078,504
OT .....	-98,709	-98,858	-100,630	-103,830	-109,424	-112,610	-114,314	-114,823	-113,941	-111,363	-511,452	-1,078,504
<b>Allowances (920):</b>												
BA .....	-36,364	-47,825	-51,416	-54,566	-56,672	-61,825	-64,552	-66,871	-68,992	-65,972	-246,843	-575,055
OT .....	-22,676	-36,706	-45,014	-49,571	-53,542	-58,102	-61,040	-63,946	-66,322	-64,338	-207,509	-521,257
<b>Government-Wide Savings (930):</b>												
BA .....	25,904	-14,151	-30,525	-38,302	-46,446	-55,559	-63,060	-75,189	-87,334	-117,125	-103,520	-501,788
OT .....	20,052	-1,701	-17,482	-27,789	-35,547	-44,608	-53,317	-64,007	-75,209	-96,353	-62,467	-395,962
<b>Undistributed Offsetting Receipts (950):</b>												
On-budget:												
BA .....	-78,632	-83,652	-83,974	-84,602	-91,824	-93,787	-98,176	-101,529	-105,731	-113,422	-422,684	-935,329
OT .....	-78,632	-83,652	-83,974	-84,602	-91,824	-93,787	-98,176	-101,529	-105,731	-113,422	-422,684	-935,329

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-2019	2015-2024
Off-budget:												
BA .....	-16,994	-17,579	-18,240	-18,950	-19,680	-20,424	-21,191	-21,976	-22,771	-23,584	-91,443	-201,389
OT .....	-16,994	-17,579	-18,240	-18,950	-19,680	-20,424	-21,191	-21,976	-22,771	-23,584	-91,443	-201,389
Overseas Contingency Operations/Global War on Terrorism (970):												
BA .....	85,357	29,946	29,946	29,946	29,946	29,946	29,946	0	0	0	205,141	265,033
OT .....	52,580	37,823	32,585	30,893	31,032	29,647	29,647	11,200	4,402	1,827	184,912	261,634

Note: Only on-budget amounts for fiscal years 2015-2024 are entered into the budget resolution legislative text. Off-budget amounts are shown for display purposes only.

TABLE 2.—FISCAL YEAR 2015 BUDGET RESOLUTION DISCRETIONARY SPENDING

[In millions of dollars]

Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-2019	2015-2024
<b>SUMMARY</b>												
Total spending:												
BA .....	1,098,985	1,045,929	1,063,201	1,080,766	1,098,630	1,116,798	1,135,274	1,124,119	1,143,229	1,162,664	5,387,511	11,069,593
OT .....	1,185,938	1,128,700	1,114,609	1,118,684	1,136,428	1,151,173	1,166,284	1,170,334	1,177,594	1,187,700	5,684,358	11,537,443
Base Defense (050):												
BA .....	521,272	566,000	590,000	603,000	616,000	630,000	644,000	660,744	677,923	695,549	2,896,272	6,204,488
OT .....	558,846	565,135	576,177	585,469	603,360	617,404	631,450	651,917	663,415	675,120	2,888,986	6,128,293
Base Non Defense:												
BA .....	492,356	449,983	443,255	447,820	452,684	456,852	461,328	463,375	465,306	467,115	2,286,098	4,600,072
OT .....	574,512	525,742	505,847	502,323	502,036	504,122	505,187	507,217	509,777	510,753	2,610,459	5,147,516
<b>BY FUNCTION</b>												
National Defense (050):												
BA .....	521,272	566,000	590,000	603,000	616,000	630,000	644,000	660,744	677,923	695,549	2,896,272	6,204,488
OT .....	558,846	565,135	576,177	585,469	603,360	617,404	631,450	651,917	663,415	675,120	2,888,986	6,128,293
International Affairs (150):												
BA .....	39,097	39,859	40,708	41,608	42,496	43,438	44,389	45,401	46,405	47,459	203,768	430,860
OT .....	40,164	39,329	39,968	40,670	41,459	42,010	42,596	43,443	44,405	45,409	201,590	419,453
General Science, Space and Technology (250):												
BA .....	27,841	28,393	29,013	29,664	30,313	30,996	31,682	32,393	33,110	33,855	145,224	307,260
OT .....	27,829	28,140	28,650	29,250	29,838	30,489	31,074	31,770	32,476	33,204	143,707	302,720

TABLE 2.—FISCAL YEAR 2015 BUDGET RESOLUTION DISCRETIONARY SPENDING—Continued

[In millions of dollars]

Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-2019	2015-2024
<b>Energy (270):</b>												
BA .....	2,774	2,832	2,832	2,893	2,960	3,025	3,093	3,157	3,228	3,303	14,179	29,985
OT .....	4,484	3,075	2,958	2,988	3,025	3,079	3,146	3,210	3,224	3,295	16,530	32,484
<b>Natural Resources &amp; Environment (300):</b>												
BA .....	32,244	33,126	34,106	35,163	36,234	37,343	38,487	39,682	40,858	42,084	170,873	369,327
OT .....	37,259	36,106	34,949	35,347	36,085	37,162	38,276	39,433	40,538	41,143	179,746	376,299
<b>Agriculture (350):</b>												
BA .....	6,090	6,245	6,421	6,610	6,797	6,997	7,206	7,413	7,629	7,851	32,163	69,259
OT .....	6,000	6,159	6,338	6,520	6,707	6,905	7,110	7,315	7,527	7,744	31,724	68,325
<b>Commerce &amp; Housing Credit (370):</b>												
On-Budget:												
BA .....	-13,189	-13,160	-12,187	-11,242	-10,581	-8,324	-8,818	-8,926	-8,911	-8,815	-60,359	-104,153
OT .....	-12,725	-12,923	-12,180	-11,290	-10,664	-8,433	-8,927	-9,039	-9,026	-8,938	-59,782	-104,145
Off-Budget:												
BA .....	263	273	283	294	306	318	330	344	356	370	1,419	3,137
OT .....	263	273	283	294	305	317	329	343	355	369	1,418	3,131
<b>Transportation (400):</b>												
BA .....	30,908	31,721	32,617	33,581	34,536	35,543	36,572	37,631	38,700	38,259	163,363	350,068
OT .....	79,408	68,510	73,727	76,073	76,696	77,559	78,688	79,797	81,180	80,692	374,414	772,330
<b>Community &amp; Regional Development (450):</b>												
BA .....	13,258	13,476	13,749	14,058	14,378	14,723	15,070	15,434	15,798	16,177	68,919	146,121
OT .....	21,916	19,603	17,220	15,408	14,290	13,480	12,655	12,530	12,846	13,480	88,437	153,428
<b>Education, Training, Employment, and Social Services (500):</b>												
BA .....	92,129	93,507	95,055	96,659	98,233	100,096	102,007	103,921	105,865	107,871	475,584	995,346
OT .....	95,642	98,397	94,146	95,555	96,959	98,584	100,401	102,310	104,219	106,184	480,679	992,378
<b>Health (550):</b>												
BA .....	55,726	58,629	59,969	61,377	62,837	64,324	65,832	67,394	68,958	70,597	298,538	635,643
OT .....	59,144	59,233	59,445	59,970	61,048	62,419	63,790	65,299	66,838	68,415	298,840	625,601
<b>Medicare (570):</b>												
BA .....	6,653	7,042	7,463	7,920	8,407	8,918	9,454	10,011	10,588	11,208	37,485	87,664
OT .....	6,560	6,977	7,393	7,843	8,324	8,831	9,365	9,915	10,490	11,103	37,097	86,801
<b>Income Security (600):</b>												
BA .....	62,315	62,754	63,440	64,312	65,252	66,860	68,362	69,887	71,421	72,907	318,073	667,510
OT .....	64,586	64,173	64,073	64,417	64,999	66,321	67,651	69,098	70,580	72,039	322,248	667,937

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-2019	2015-2024
Social Security (650):												
On-Budget:												
BA	0	0	0	0	0	0	0	0	0	0	0	0
OT	75	38	0	0	0	0	0	0	0	0	113	113
Off-Budget:												
BA	5,749	5,918	6,113	6,318	6,526	6,749	6,974	7,207	7,442	7,685	30,624	66,681
OT	5,626	5,889	6,081	6,282	6,489	6,710	6,935	7,166	7,401	7,642	30,367	66,221
Veterans Benefits and Services (700):												
BA	65,477	66,887	68,979	71,194	73,438	75,802	78,231	80,718	83,239	85,849	345,975	749,814
OT	65,506	66,819	68,465	70,481	72,701	74,981	77,410	79,842	82,369	84,921	343,972	743,495
Administration of Justice (750):												
BA	52,129	53,684	55,467	57,354	59,283	61,296	63,360	65,470	67,614	69,834	277,918	605,492
OT	52,841	54,113	55,562	57,303	59,002	60,797	62,658	64,593	66,584	68,627	278,821	603,800
General Government (800):												
BA	17,288	16,659	15,271	16,859	17,502	18,150	18,828	19,508	20,206	20,934	83,579	181,205
OT	16,806	16,288	15,239	16,480	16,962	17,640	18,311	18,995	19,680	20,400	81,775	176,801
Allowances (920):												
BA	-30,278	-42,314	-46,179	-50,217	-52,514	-57,340	-60,801	-63,077	-65,162	-65,972	-221,502	-533,854
OT	-16,956	-31,417	-39,648	-45,176	-49,368	-53,616	-57,293	-60,152	-62,497	-64,001	-182,565	-480,124
Government-Wide Savings (930):												
BA	25,936	-15,491	-29,865	-36,586	-43,720	-52,062	-58,930	-70,194	-82,038	-94,341	-99,726	-457,292
OT	20,084	-3,041	-16,822	-26,073	-32,821	-41,111	-49,187	-59,012	-69,913	-81,635	-88,673	-399,532
Overseas Contingency Operations/Global War on Terrorism (970):												
BA	85,357	29,946	29,946	29,946	29,946	29,946	29,946	29,946	0	0	205,141	265,033
OT	52,580	37,823	32,585	30,893	31,032	29,647	29,647	29,647	11,200	4,402	1,827	184,912

TABLE 3.—FISCAL YEAR 2015 BUDGET RESOLUTION MANDATORY SPENDING

[In millions of dollars]

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-2019	2015-2024
<b>SUMMARY</b>												
Total spending:												
BA	2,490,974	2,603,918	2,736,788	2,876,142	3,067,399	3,263,213	3,414,041	3,625,603	3,756,823	3,870,186	13,775,221	31,705,088
OT	2,477,799	2,547,743	2,672,288	2,807,952	2,998,048	3,183,090	3,349,359	3,563,128	3,687,807	3,807,385	13,503,830	31,094,600
On-budget:												
BA	1,749,253	1,818,321	1,900,516	1,985,256	2,119,189	2,250,705	2,332,554	2,470,813	2,524,720	2,552,087	9,572,535	21,703,413
OT	1,739,978	1,766,946	1,841,016	1,922,666	2,055,838	2,176,782	2,274,372	2,415,138	2,462,804	2,496,686	9,326,444	21,152,225

TABLE 3.—FISCAL YEAR 2015 BUDGET RESOLUTION MANDATORY SPENDING—Continued

[In millions of dollars]

Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-2019	2015-2024
<b>Off-budget:</b>												
BA .....	741,722	785,597	836,272	890,887	948,210	1,012,509	1,081,487	1,154,790	1,232,103	1,318,100	4,202,687	10,001,675
OT .....	737,822	780,797	831,272	885,287	942,210	1,006,309	1,074,987	1,147,990	1,225,003	1,310,700	4,177,387	9,942,375
<b>BY FUNCTION</b>												
<b>National Defense (050):</b>												
BA .....	7,655	7,792	7,895	8,146	8,416	8,697	9,001	9,223	9,470	10,669	39,904	86,964
OT .....	7,657	7,929	8,075	8,326	8,542	8,771	9,049	9,264	9,507	10,676	40,529	87,796
<b>International Affairs (150):</b>												
BA .....	-402	-125	-66	-19	17	59	-385	-130	-118	-110	-595	-1,279
OT .....	-1,135	-1,353	-1,739	-1,848	-1,906	-1,896	-1,895	-1,694	-1,738	-1,785	-7,981	-16,989
<b>General Science, Space and Technology (250):</b>												
BA .....	100	100	100	100	100	100	100	100	100	100	500	1,000
OT .....	98	100	100	100	100	100	100	100	100	100	498	998
<b>Energy (270):</b>												
BA .....	1,508	1,046	-784	-1,131	-1,172	-1,174	-3,109	-4,175	-5,142	-9,416	-533	-23,549
OT .....	1,267	341	-1,558	-1,796	-1,747	-1,695	-3,492	-4,493	-5,412	-9,994	-3,493	-28,579
<b>Natural Resources &amp; Environment (300):</b>												
BA .....	2,045	1,365	971	-2,116	625	826	-2,059	-703	-931	-1,492	2,890	-1,469
OT .....	2,052	1,641	1,255	-2,031	694	715	-1,897	-684	-805	-1,391	3,611	-451
<b>Agriculture (350):</b>												
BA .....	12,952	16,261	14,106	11,896	11,857	12,011	12,057	12,351	12,388	12,784	67,072	128,663
OT .....	13,556	16,154	13,654	11,363	11,263	11,535	11,653	11,934	11,989	12,387	65,990	125,488
<b>Commerce &amp; Housing Credit (370):</b>												
On-budget:												
BA .....	9,950	8,642	4,515	3,857	3,923	4,387	4,784	4,132	3,838	3,697	30,887	51,725
OT .....	-2,037	-5,710	-11,037	-12,846	-17,594	-17,619	-12,055	-14,158	-15,571	-16,855	-49,224	-125,482
Off-budget:												
BA .....	-1,340	-1,801	-1,774	-1,783	-1,792	-1,803	-1,867	-1,932	-1,998	-2,065	-8,490	-18,155
OT .....	-1,340	-1,801	-1,774	-1,783	-1,792	-1,803	-1,867	-1,932	-1,998	-2,065	-8,490	-18,155
<b>Transportation (400):</b>												
BA .....	3,805	36,808	41,837	42,397	42,965	42,830	42,797	42,898	43,129	45,094	167,812	384,560
OT .....	1,251	1,397	1,472	1,485	1,467	1,497	1,543	1,612	1,692	3,332	7,072	16,748



Community & Regional Development (450):												
BA .....	1,298	1,827	1,520	1,356	1,009	560	351	224	156	125	7,010	8,426
OT .....	1,692	1,822	2,072	2,432	2,551	2,528	2,024	878	644	430	10,569	17,073
Education, Training, Employment, and Social Services (500):												
BA .....	-18,221	-11,135	-8,356	-7,123	-12,955	-13,541	-14,258	-14,754	-15,204	-15,777	-57,790	-131,324
OT .....	-3,883	-13,876	-7,009	-5,727	-10,885	-11,454	-11,998	-12,471	-12,859	-13,258	-41,380	-103,420
Health (550):												
BA .....	364,073	308,609	317,783	315,355	327,600	351,490	353,292	366,118	380,223	401,703	1,633,420	3,486,246
OT .....	357,429	310,972	316,394	317,376	329,356	342,890	354,508	366,850	381,153	402,897	1,631,527	3,479,825
Medicare (570):												
BA .....	512,543	551,853	562,681	582,775	643,172	683,389	728,001	805,246	825,708	847,803	2,853,024	6,743,171
OT .....	512,847	551,987	562,948	583,274	643,554	683,813	728,677	807,280	827,393	855,159	2,854,610	6,756,932
Income Security (600):												
BA .....	443,414	424,891	426,326	427,817	428,744	445,857	451,654	459,551	459,418	452,794	2,151,192	4,420,466
OT .....	440,446	425,949	423,032	419,863	425,015	442,368	447,824	460,013	455,044	443,186	2,134,305	4,382,740
Social Security (650):												
On-budget:												
BA .....	31,442	34,245	37,133	40,138	43,383	46,747	50,255	53,941	57,800	58,441	186,341	453,525
OT .....	31,442	34,245	37,133	40,138	43,383	46,747	50,255	53,941	57,800	58,441	186,341	453,525
Off-budget:												
BA .....	858,765	903,835	956,916	1,015,450	1,079,106	1,147,346	1,218,859	1,293,521	1,370,813	1,455,112	4,814,072	11,299,723
OT .....	854,865	899,035	951,916	1,009,850	1,073,106	1,141,146	1,212,359	1,286,721	1,363,713	1,447,712	4,788,772	11,240,423
Veterans Benefits and Services (700):												
BA .....	87,550	98,074	94,879	91,194	100,867	103,467	105,340	114,962	109,219	103,443	472,564	1,008,995
OT .....	87,472	97,988	94,804	91,165	100,798	103,399	105,266	114,877	109,122	103,341	472,227	1,008,232
Administration of Justice (750):												
BA .....	1,882	3,248	1,303	1,051	956	850	903	1,497	1,417	1,332	8,440	14,439
OT .....	1,409	2,185	2,757	1,792	1,499	852	876	1,458	1,371	1,281	9,642	15,480
General Government (800):												
BA .....	6,422	6,405	6,316	6,410	6,538	6,609	6,728	6,845	6,891	6,978	32,091	66,142
OT .....	6,812	6,538	6,435	6,493	6,620	6,691	6,828	6,944	7,011	7,091	32,898	67,463
Net Interest (900):												
On-budget:												
BA .....	365,987	416,238	482,228	553,820	611,852	659,310	693,159	723,805	751,215	770,124	2,430,125	6,027,737
OT .....	365,987	416,238	482,228	553,820	611,852	659,310	693,159	723,805	751,215	770,124	2,430,125	6,027,737
Off-budget:												
BA .....	-98,709	-98,858	-100,630	-103,830	-109,424	-112,610	-114,314	-114,823	-113,941	-111,363	-511,452	-1,078,504
OT .....	-98,709	-98,858	-100,630	-103,830	-109,424	-112,610	-114,314	-114,823	-113,941	-111,363	-511,452	-1,078,504

TABLE 3.—FISCAL YEAR 2015 BUDGET RESOLUTION MANDATORY SPENDING—Continued  
 [In millions of dollars]

Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-2019	2015-2024
<b>Allowances (920):</b>												
BA .....	-6,086	-5,511	-5,237	-4,349	-4,158	-4,485	-3,751	-3,794	-3,830	0	-25,341	-41,201
OT .....	-5,720	-5,289	-5,366	-4,395	-4,174	-4,486	-3,747	-3,794	-3,825	-337	-24,944	-41,133
<b>Government-Wide Savings (930):</b>												
BA .....	-32	1,340	-660	-1,716	-2,726	-3,497	-4,130	-4,995	-5,296	-22,784	-3,794	-44,496
OT .....	-32	1,340	-660	-1,716	-2,726	-3,497	-4,130	-4,995	-5,296	-14,718	-3,794	-36,430
<b>Undistributed Offsetting Receipts (950):</b>												
<b>On-budget:</b>												
BA .....	-78,632	-83,652	-83,974	-84,602	-91,824	-93,787	-98,176	-101,529	-105,731	-113,422	-422,684	-935,329
OT .....	-78,632	-83,652	-83,974	-84,602	-91,824	-93,787	-98,176	-101,529	-105,731	-113,422	-422,684	-935,329
<b>Off-budget:</b>												
BA .....	-16,994	-17,579	-18,240	-18,950	-19,680	-20,424	-21,191	-21,976	-22,771	-23,584	-91,443	-201,389
OT .....	-16,994	-17,579	-18,240	-18,950	-19,680	-20,424	-21,191	-21,976	-22,771	-23,584	-91,443	-201,389

## **CBO AND OMB DIFFERENCES IN BASELINE BUDGET ESTIMATES**

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When drafting the House budget resolution, the committee used CBO's February budget and economic forecast as its starting point. This estimate, also known as the baseline, is built to reflect the ten-year budget impact of all current laws that have been enacted before consideration of the budget resolution. All new policy changes assumed within the budget resolution are measured relative to CBO's baseline and, therefore, show how the budget would impact fiscal policy versus leaving current law unchanged.

The President's budget is also built from and measured against a baseline that assumes current law as its starting point. However, the President's and CBO's estimate of the current-law baseline differ substantially, mainly because the President assumes future economic growth will be much stronger. This difference causes the President's baseline to show nearly \$1.4 trillion of higher revenue than CBO does. There are also technical differences between the President and CBO on how fast spending grows in various programs. These differences amount to \$258 billion in lower ten-year spending under CBO's forecast versus the President's estimate.

It is very important to use the same baseline assumptions when comparing two budgets so that no bias is introduced into the analysis. OMB's projection of stronger economic growth allows it to show deficits that are likely to be much lower than if CBO's economic projections were used. Congress uses CBO's estimates in developing and considering budget proposals, including the President's budget. Normally, before the budget resolution is considered, the CBO re-estimates the President's budget and adjusts any baseline differences so that the House budget and the President's budget may be compared on an equal basis. However, the President submitted his budget a full month beyond the statutory deadline, and CBO was unable to complete its re-estimate before consideration of the budget resolution.

In this report, the Committee has used Office of Management and Budget data to quantify the President's budget and CBO's data to quantify the House budget resolution. This leads to an "apples and oranges" comparison of the two budgets. Table 4 on the following page shows differences in CBO's and the President's current-law baseline. This difference provides an indication of the differences between the two budgets based solely on economic assumptions and estimating differences. Since CBO was unable to complete its analysis due to the late arrival of the President's budget in time for the Committee to meet its statutory deadline, Tables 5 and 6 show comparisons of the House budget resolution using CBO data and the President's budget using OMB data. The reader

is advised to consider the baseline differences described in Table 4 when viewing Tables 5 and 6.

TABLE 4.—CBO FEBRUARY 2014 BASELINE VS. OMB BEA BASELINE WITH JOINT COMMITTEE ENFORCEMENT <sup>1</sup>

[In millions of dollars]

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015–2024
Spending .....	– 10,000	9,000	6,000	26,000	– 3,000	– 5,000	– 10,000	– 62,000	– 93,000	– 116,000	– 258,000
Revenues .....	54,000	24,000	– 25,000	– 82,000	– 133,000	– 174,000	– 224,000	– 253,000	– 275,000	– 298,000	– 1,386,000
Debt Held by the Public (end of year) .....	– 280,000	– 357,000	– 380,000	– 318,000	– 226,000	– 92,000	91,000	255,000	401,000	555,000	n.a.

<sup>1</sup> A negative sign reflects amounts in the CBO baseline that are below OMB's estimate; a positive sign reflects amounts in the CBO baseline that are above OMB's estimate.

TABLE 5.—SUMMARY OF FISCAL YEAR 2015 BUDGET RESOLUTION

[As a percentage of GDP]

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Average 2015–2024
<b>Deficit(+)/Surplus(–):</b>											
Committee recommendation .....	+2.1%	+1.2%	+0.9%	+0.7%	+0.9%	+0.9%	+0.8%	+0.8%	+0.4%	– 0.0%	+0.9%
CBO .....	+2.6%	+2.8%	+2.9%	+3.1%	+3.4%	+3.7%	+3.8%	+4.2%	+4.1%	+4.0%	+3.5%
President's budget .....	+3.1%	+2.8%	+2.3%	+1.9%	+2.3%	+2.2%	+2.1%	+2.1%	+1.8%	+1.6%	+2.2%
<b>Debt held by the public:</b>											
Committee recommendation .....	73.0%	71.0%	69.0%	66.0%	64.0%	63.0%	61.0%	60.0%	58.0%	56.0%	n.a.
CBO .....	73.2%	72.6%	72.3%	72.6%	73.3%	74.2%	75.3%	76.8%	78.0%	79.2%	n.a.
President's budget .....	74.6%	74.3%	73.5%	72.4%	72.0%	71.6%	71.1%	70.6%	69.9%	69.0%	n.a.
<b>Outlays:</b>											
Committee recommendation .....	20.2%	19.5%	18.9%	18.7%	18.8%	18.9%	18.9%	19.0%	18.7%	18.4%	19.0%
CBO .....	20.9%	21.1%	21.0%	21.1%	21.4%	21.7%	21.9%	22.3%	22.3%	22.4%	21.6%
President's budget .....	21.4%	21.4%	21.1%	20.9%	21.3%	21.4%	21.5%	21.7%	21.6%	21.5%	21.4%
<b>Revenues:</b>											
Committee recommendation .....	18.3%	18.4%	18.2%	18.0%	17.9%	17.9%	17.9%	18.0%	18.1%	18.2%	18.1%
CBO .....	18.2%	18.2%	18.1%	18.0%	18.0%	18.0%	18.1%	18.1%	18.2%	18.4%	18.1%
President's budget .....	18.3%	18.6%	18.9%	19.0%	19.0%	19.2%	19.4%	19.6%	19.8%	19.9%	19.2%

TABLE 6.—FISCAL YEAR 2015 BUDGET RESOLUTION VS. THE PRESIDENT'S BUDGET  
 (In millions of dollars)

Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-2019	2015-2024
<b>FISCAL YEAR 2015 BUDGET RESOLUTION</b>												
Total spending:												
BA	3,589,959	3,649,847	3,799,988	3,956,908	4,166,029	4,380,011	4,549,315	4,749,721	4,900,052	5,032,850	19,162,732	42,774,681
OT	3,663,737	3,676,443	3,786,896	3,926,636	4,134,476	4,334,263	4,515,643	4,733,462	4,865,402	4,995,085	19,188,188	42,632,043
On-budget:												
BA	2,842,226	2,858,059	2,957,321	3,059,410	3,210,987	3,360,435	3,460,524	3,587,380	3,660,151	3,706,695	14,928,003	32,703,188
OT	2,920,026	2,889,484	2,949,261	3,034,773	3,185,472	3,320,927	3,433,392	3,577,963	3,632,642	3,676,374	14,979,017	32,620,316
Off-budget:												
BA	747,734	791,788	842,668	897,499	955,042	1,019,576	1,088,791	1,162,341	1,239,901	1,326,155	4,234,730	10,071,493
OT	743,711	786,959	837,636	891,863	949,004	1,013,336	1,082,251	1,155,499	1,232,759	1,318,711	4,209,172	10,011,727
Revenues:												
Total	3,304,911	3,481,127	3,631,022	3,770,315	3,932,192	4,103,643	4,288,242	4,490,237	4,702,070	4,926,144	18,119,567	40,629,903
Macroeconomic fiscal impact	2,533,841	2,676,038	2,789,423	2,890,308	3,014,685	3,148,637	3,294,650	3,456,346	3,626,518	3,807,452	13,904,295	31,237,899
On-budget	771,070	805,088	841,599	880,008	917,507	955,006	993,591	1,033,890	1,075,552	1,118,691	4,215,272	9,392,004
Off-budget												
Surplus/Deficit( - ):												
Total	-379,826	-226,316	-179,875	-147,321	-198,284	-205,620	-191,401	-199,225	-104,332	5,059	-1,131,621	-1,827,140
Macroeconomic fiscal impact	-21,000	-31,000	-24,000	9,000	4,000	25,000	36,000	44,000	59,000	74,000	-63,000	175,000
On-budget	-386,186	-213,446	-159,838	-144,466	-170,787	-172,290	-138,741	-121,617	-6,124	131,078	-1,074,722	-1,382,417
Off-budget	27,360	18,130	3,963	-11,855	-31,497	-58,329	-88,660	-121,608	-157,208	-200,019	6,100	-619,724
Debt held by the public (end of year)	13,213,000	13,419,000	13,800,000	13,860,000	14,080,000	14,427,000	14,579,000	14,940,000	15,080,000	15,176,000	n.a.	n.a.
Debt subject to limit (end of year)	18,304,357	18,627,533	19,172,590	19,411,553	19,773,917	20,227,349	20,449,374	20,822,448	20,981,807	21,089,365	n.a.	n.a.

**PRESIDENT'S FY2015 BUDGET AS SUBMITTED**

Total spending:												
BA	3,969,069	4,081,522	4,280,648	4,499,051	4,764,051	5,023,808	5,260,084	5,523,392	5,767,037	6,010,425	21,594,341	49,179,087
OT	3,900,989	4,099,078	4,268,606	4,443,145	4,728,791	4,964,440	5,209,376	5,484,621	5,693,737	5,911,910	21,440,609	48,704,693
On-budget:												
BA	3,207,329	3,269,270	3,415,383	3,577,619	3,782,980	3,978,461	4,151,262	4,341,912	4,509,701	4,671,785	17,252,581	38,905,702
OT	3,143,368	3,291,521	3,409,079	3,527,332	3,752,609	3,923,372	4,103,804	4,309,637	4,443,476	4,580,958	17,123,909	38,485,056
Off-budget:												
BA	761,740	812,252	865,265	921,432	981,071	1,045,347	1,108,822	1,181,480	1,257,336	1,338,640	4,341,760	10,273,385
OT	757,621	807,557	859,527	915,813	976,182	1,041,068	1,105,572	1,174,984	1,250,261	1,331,052	4,316,700	10,219,637

Revenues:												
Total	3,337,425	3,567,952	3,810,779	4,029,856	4,226,119	4,452,278	4,705,729	4,954,286	5,212,085	5,478,190	18,972,131	43,774,699
On-budget	2,579,425	2,756,952	2,960,779	3,131,856	3,281,119	3,465,278	3,663,729	3,860,286	4,069,085	4,283,190	14,710,131	34,051,699
Off-budget	758,000	811,000	850,000	898,000	945,000	987,000	1,042,000	1,094,000	1,143,000	1,195,000	4,262,000	9,723,000
Surplus/Deficit( - ):												
Total	-563,564	-531,126	-457,827	-413,289	-502,672	-512,162	-503,647	-530,335	-481,652	-433,720	-2,468,478	-4,929,994
On-budget	-563,943	-534,569	-448,300	-395,476	-471,490	-458,094	-440,075	-449,351	-374,391	-297,668	-2,413,778	-4,433,357
Off-budget	379	3,443	-9,527	-17,813	-31,182	-54,068	-63,572	-80,984	-107,261	-136,052	-54,700	-496,637
Debt held by the public (end of year)	13,591,802	14,256,587	14,843,459	15,370,490	15,981,956	16,602,649	17,213,324	17,849,633	18,440,724	18,986,039	n.a.	n.a.
Debt subject to limit (end of year)	18,686,049	19,486,596	20,239,159	20,940,631	21,652,866	22,361,537	23,052,216	23,737,820	24,380,608	24,980,565	n.a.	n.a.

DIFFERENCE

Total Spending:												
BA	-379,110	-431,675	-480,660	-542,143	-598,022	-643,797	-710,769	-773,671	-866,985	-977,575	-2,431,609	-6,404,406
OT	-237,252	-422,635	-481,710	-516,509	-594,315	-630,177	-693,733	-751,159	-828,335	-916,825	-2,252,421	-6,072,650
On-budget:												
BA	-365,103	-411,211	-458,062	-518,209	-571,993	-618,026	-690,738	-754,532	-849,550	-965,090	-2,324,578	-6,202,514
OT	-223,342	-402,037	-459,818	-492,559	-567,137	-602,445	-670,412	-731,674	-810,834	-904,484	-2,144,892	-5,864,740
Off-budget:												
BA	14,006	-20,464	-22,597	-23,933	-26,029	-25,771	-20,031	-19,139	-17,435	-12,485	-107,030	-201,892
OT	-13,910	-20,598	-21,891	-23,950	-27,178	-27,732	-23,321	-19,485	-17,502	-12,341	-107,528	-207,910
Revenues:												
Total	32,514	-86,825	-179,757	-259,541	-293,927	-348,635	-417,487	-464,049	-510,015	-552,046	-852,564	-3,144,796
On-budget	-45,584	-80,914	-171,356	-241,548	-266,434	-316,641	-369,079	-403,940	-442,567	-475,738	-805,836	-2,813,800
Off-budget	13,070	-5,912	-8,401	-17,992	-27,493	-31,994	-48,409	-60,110	-67,448	-76,309	-46,728	-330,996
Surplus/Deficit( - ):												
Total	-183,738	-304,810	-277,952	-265,968	-304,388	-306,542	-312,246	-331,110	-377,320	-438,779	-1,336,857	-3,102,854
On-budget	-177,757	-321,123	-288,462	-251,010	-300,703	-285,804	-301,334	-327,734	-368,267	-428,746	-1,339,056	-3,050,940
Off-budget	-26,981	-14,687	-13,490	-5,958	-315	4,261	25,088	40,624	49,947	63,967	-60,800	123,087
Debt held by the public (end of year)	-378,802	-837,587	-1,043,459	-1,510,490	-1,901,956	-2,175,649	-2,634,324	-2,909,633	-3,360,724	-3,810,039	n.a.	n.a.
Debt subject to limit (end of year)	-381,692	-859,063	-1,066,569	-1,529,078	-1,878,949	-2,134,188	-2,602,842	-2,915,372	-3,398,801	-3,891,200	n.a.	n.a.





# ECONOMIC ASSUMPTIONS OF THE BUDGET RESOLUTION

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## The Current Economic Situation

Real gross domestic product grew by 1.9 percent (measured on a year-over-year basis) in 2013. That represented a slowdown from the 2.8 percent growth posted in 2012. Looking at the trend over the past four years, real GDP growth has averaged just over 2 percent annually, well below the 3 percent historical trend rate of growth in the U.S.

Nonfarm payroll employment increased by 175,000 in the latest month (February 2014), roughly on par with the average monthly increase over the past year. The unemployment rate stands at 6.7 percent. That represents a significant decline from a peak of nearly 10 percent in 2009–2010. However, a significant chunk of this decline has been artificial because it has been due to people leaving the labor force (and therefore no longer being counted as “unemployed”) and not from a surge in employment. The slow decline in the unemployment rate in recent years has occurred alongside a steep decline in the economy’s labor-force participation rate. The participation rate stands at 63.0 percent, close to the lowest level since 1978.

This low labor-force-participation rate means that over 90 million Americans are now “on the sidelines” and not in the labor force, representing a 10 million increase since early 2009. The retirement of the baby-boom generation was expected to lead to lower labor-force-participation rates. However, since 2000, the labor-force-participation rate for those 55 and older has increased and the participation rate for younger works (those between 16 and 54) has declined.<sup>20</sup> Of the 10.5 million people who are currently counted as unemployed, 3.8 million, or 37 percent, have been unemployed for over 6 months. Prior to the recession, only about 18 percent of the unemployed were out of work for that long. The long-term unemployment problem has been rightfully flagged by economists as a major issue. Long-term unemployment not only leads to skill erosion at the personal level and a general detachment from job opportunities, it also undermines the long-term productive capacity of the economy.

Inflation remains low. The Federal Reserve’s preferred inflation gauge, the core price index for personal consumption expenditures (core PCE), rose just over 1 percent last year, well below the Federal Open Market Committee’s 2 percent objective for inflation over

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<sup>20</sup>Furchtgott-Roth, Diane, “Who Is Dropping Out of the Labor Force, and Why?” Real Clear Markets, 14 Jan. 2014.

the longer run. Some of the recent softness in headline inflation reflects factors that will probably prove transitory, like falling prices for crude oil and declines in non-oil import prices.

The Federal Reserve has begun to taper the level of its monthly bond purchases recently and is expected to fully wrap up its large-scale asset-purchase program by the end of this year. However, the Fed is expected to keep the federal funds rate near zero long after it finishes its bond-purchase program. Most economists expect the Fed will be in a position to finally raise the federal funds rate in the latter part of 2015, depending on economic developments.

The yield on the ten-year Treasury has been hovering around 2.75 percent of late. That is up from levels just under 2 percent last spring.

With unemployment still elevated, and quality job opportunities relatively few in number, wage growth remains subpar. The inflation-adjusted 12-month increase in hourly earnings has been just over 1 percent recently. The weak labor market and subpar wage growth is a prime reason why overall household income is still depressed. Real median household income declined for the fifth consecutive year in 2012 (latest data available) and, at just over \$51,000, is currently at its lowest level since 1995.

Emerging markets contributed to some volatility in global financial markets earlier this year, highlighted by steep drops in the currencies of countries like Argentina, Turkey, Brazil, and South Africa. U.S. markets have been somewhat immune to this volatility. The S&P 500 experienced some weakness in January, but has subsequently recovered and is currently about 20 percent above its year-earlier level.

### **The Economic Outlook**

The administration's economic forecast is more optimistic than both CBO and the Blue Chip consensus of private-sector forecasters. The administration expects real GDP to grow by 3.1 percent this year, rising to 3.4 percent in 2015 and 3.3 percent in 2016. The CBO expects real GDP to grow by 2.7 percent in 2014, 3.3 percent in 2015, and 3.4 percent in 2016. The Blue Chip consensus expects real GDP of 2.7 percent in 2014, 3.0 percent in 2015, and 2.9 percent in 2016. Over the ten-year budget window, OMB expects real GDP growth to average 2.7 percent, higher than CBO's forecast of a 2.5 percent growth average and Blue Chip's 2.6 percent growth average.

Similar to other forecasts, the administration expects the unemployment rate to decline gradually in the coming years. According to OMB, the unemployment rate will average 6.4 percent in 2015, declining to 6.0 percent in 2016, and 5.6 percent in 2017. The administration sees the longer-term unemployment rate leveling off at about 5.4 percent. (By comparison, the unemployment rate was 4.6 percent in 2007, the year before the financial crisis.) That path is somewhat better than the CBO forecast. CBO expects the unemployment rate to average 6.5 percent in 2015, declining to 6.1 percent in 2016 and 5.9 percent in 2017, and then leveling off at 5.6/5.5 percent later in the decade. The Blue Chip consensus sees a more rapid decline in the unemployment rate than either CBO or

OMB. According to Blue Chip, the unemployment rate will decline to 5.9 percent in 2015 and reach 5.3 percent by 2018.

The administration expects inflation to grow from its current low level of about 1.5 percent to above 2.0 percent in the next few years. Later in the decade, OMB expects the consumer price index (CPI) to grow at about 2.3 percent annually. CBO and Blue Chip expect a similar path for price inflation.

OMB expects that interest rates will rise to more normal levels in the coming years. The ten-year Treasury note, which is currently at about 2.7 percent, will rise to about 3.5 percent in 2015 and 4.0 percent in 2016. It is expected to hit 5.0 percent in 2021. CBO expects interest rates to rise to that level sooner. CBO sees the ten-year Treasury hitting 5.0 percent in 2018 and then flatlining at that level in the subsequent years. The Blue Chip consensus sees a more gradual increase in interest rates, with the ten-year Treasury note reaching 4.8 percent in 2021 and flatlining at that level in subsequent years.

### **Economic Forecasts and the Macroeconomic Feedback Effect of Pro-Growth Budget Policies**

Economic growth is one of the major determinants of revenue and spending levels—and therefore the size of budget deficits—over a given period. According to CBO, if real GDP growth is just 0.1 percentage point lower than expected over its ten-year budget window, revenue would be \$272 billion lower, spending would be nearly \$40 billion higher, and the cumulative deficit would rise by \$311 billion. We have seen the budget impact of sluggish economic growth in recent years. Although the U.S. economy technically emerged from recession nearly five years ago, the subsequent recovery has been subpar. Over the past four years, real GDP growth has averaged just over 2 percent annually. According to CBO, U.S. economic output has been growing at less than half of the typical rate exhibited during other recoveries since WWII.

This trend has surprised most economic forecasters. Back in 2010, CBO expected real GDP to grow by a relatively brisk 3.0 percent annual average over the budget window. Last year, that average edged down to 2.9 percent, but in its latest economic forecast, average real GDP growth fell to just 2.5 percent. The important change is that this year CBO has significantly lowered its expectation of long-term growth in potential real GDP, due mainly to negative developments in the labor market. CBO expects slower growth in the potential labor force later this decade, which is linked to the aging of the population and the retirement of the baby-boom generation. With a smaller labor force, there will also be less business investment and slower growth in the country's capital stock. Government policies will also play a role in this trend. For instance, the Affordable Care Act (ACA) will incentivize people to work fewer hours. The overall picture that CBO's latest economic forecast paints is that sluggish economic growth has evolved from mainly a cyclical issue to a longer-term structural problem.

The clear downward trend in the economic forecast in recent years has raised the hurdle significantly for those trying to correct the fiscal imbalance over the next decade. CBO's downgrade in its economic forecast from last year to this year has lowered expected

revenues by \$1.4 trillion over the next decade and has increased projected deficits by a cumulative \$1.0 trillion over this period. This is important because CBO's annual economic assumptions have typically been adopted for use in the budget resolution.

In contrast, the administration's budget is developed according to its own economic forecast. OMB's latest economic forecast is more optimistic than that of CBO. OMB expects real GDP growth to average 2.7 percent annually over the next 10 years, higher than CBO's estimate of 2.5 percent. This difference is in part attributable to the fact that the administration's economic forecast assumes the implementation of the President's policies, which the administration believes will lead to greater economic growth than the base case.

The budget resolution contains policies that would have a positive impact on economic growth and therefore on the budget. CBO has written extensively on the risks of deficits and debt to the economy and that the reduction in projected deficits and the debt would benefit the economy. Other policies that are likely to boost economic growth include both fundamental tax reform and increasing domestic energy production.

In a report published in February of 2013, CBO concluded that reducing budget deficits, thereby bending the curve on debt levels, would be a net positive for economic growth.<sup>21</sup> According to that analysis, a large deficit-reduction package of \$4 trillion, which this budget resolution actually exceeds, would increase real economic output by 1.7 percent in 2023. Their analysis concludes that deficit reduction creates long-term economic benefits because it increases the pool of national savings and boosts investment, thereby raising economic growth and job creation. The greater economic output that stems from a large deficit-reduction package would have a sizeable impact on the federal budget. For instance, higher output would lead to greater revenues through the increase in taxable incomes. Lower interest rates and a reduction in the stock of debt would lead to lower government spending on net interest expenses. CBO finds that this dynamic would reduce budget deficits by a net \$186 billion over ten years, including \$82 billion in the tenth year alone.

Since that analysis, CBO has updated its economic forecast and its baseline budget projections. CBO has conducted an economic analysis of the effects of the deficit reduction called for under this budget resolution relative to their new budget and economic outlook. The budget resolution incorporates these macroeconomic feedback effects into the budget figures, recognizing the fact that turning the economy around is a key element of shoring up the budget.

Even after incorporating this positive macroeconomic feedback into CBO's base-case forecast, GDP levels in the budget resolution are still below the levels assumed in the administration's economic forecast.

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<sup>21</sup>"Macroeconomic Effects of Alternative Budgetary Paths," Congressional Budget Office, Feb. 2013.

### **Background on CBO's Estimates of the Positive Macroeconomic Feedback Effects of Deficit Reduction**

The Congressional Budget Office has estimated several times over nearly 20 years that congressional action to reduce deficits will ultimately result in lower interest rates and faster economic growth by freeing up savings for use in productive investment. In addition, CBO has estimated that the positive economic effects of deficit reduction will feed back into the budget and further reduce deficits and debt over the medium and longer term.

In early 1995, CBO's current-law baseline forecasted rising deficits and debt through the end of the decade, and there was growing interest in efforts to reduce the deficit. In 1995 and 1996, CBO published several estimates of the positive economic and budgetary effects of illustrative policy changes necessary to achieve a balanced budget by 2002. CBO estimated that a seven-year illustrative path of policy changes necessary to balance the budget would lower interest rates, increase economic growth, and, as a result, further reduce deficits—and the amount of savings from policy changes needed to balance the budget.<sup>22,23,24</sup>

In its January 1997 baseline report, CBO estimated that if a credible plan to balance the budget by 2002 was enacted, the level of gross domestic product would increase and interest rates would decline by 70 basis points by 2000. CBO estimated that a five-year deficit-reduction plan comprised of \$423 billion in savings and debt service from illustrative policy changes and a \$77 billion fiscal dividend would result in a balanced budget by 2002. The size of the fiscal dividend in 2002 was estimated to be \$34 billion, or 0.3 percent of GDP.<sup>25</sup>

In 1997, President Clinton reached an agreement with a Republican-led Congress to balance the budget, which was incorporated into the conference report on the fiscal year 1998 budget resolution and enacted into law by subsequent reconciliation legislation. This bipartisan balanced-budget agreement incorporated CBO's estimate of the economic feedback from deficit reduction, what was then called the "fiscal dividend."<sup>26</sup> Based on CBO estimates of the combination of the policies and the economic feedback, the budget resolution projected a balanced budget by 2002. As it turned out, a unified budget surplus of \$69 billion was achieved in fiscal year 1998, four years earlier than CBO projected.<sup>27</sup>

In an updated economic-feedback analysis of the fiscal path in this budget resolution, CBO now estimates that the fiscal year 2015 House Republican budget, which provides ten-year savings of \$5.135 trillion from policy changes and debt service compared to current policy, would result in positive economic feedback effects

<sup>22</sup>"Economic and Budget Outlook: Fiscal Years 1996-2000," Congressional Budget Office, Jan. 1995, pp. xix-xx.

<sup>23</sup>"An Analysis of the President's Budgetary Proposals for Fiscal Year 1996," Congressional Budget Office, Apr. 1995, pp. 51-58.

<sup>24</sup>"Economic and Budget Outlook: Fiscal Years 1997-2006," Congressional Budget Office, May 1996, pp. 18-23.

<sup>25</sup>"Economic and Budget Outlook: Fiscal Years 1998-2007," Congressional Budget Office, January 1997, pp. 59-72.

<sup>26</sup>"Conference Report to Accompany H. Con. Res. 84, the Fiscal Year 1998 Budget Resolution," House Report 105-116, p. 60.

<sup>27</sup>"The Economic and Budget Outlook, An Update," Congressional Budget Office, September 1997, pages ix-x.

that would further lower the deficit by approximately \$175 billion. The dividend in 2024 would be \$74 billion, or 0.3 percent of GDP.<sup>28</sup> Adjusting for differences in the magnitude of deficit reduction, the CBO-estimated positive fiscal dividend from the fiscal year 2015 House Republican budget is more modest in size than the estimate that the agency made in 1997 and that was subsequently incorporated into the bipartisan fiscal year 1998 budget resolution.

TABLE 7.—ECONOMIC PROJECTIONS: ADMINISTRATION, CBO, AND PRIVATE FORECASTERS  
[Calendar years]

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Year to Year, Percent Change</b>												
Real GDP:												
Administration:												
Budget .....	1.7	3.1	3.4	3.3	3.2	2.8	2.5	2.4	2.3	2.3	2.3	2.3
CBO (Feb. 2014) .....	1.7	2.7	3.3	3.4	3.0	2.4	2.3	2.2	2.2	2.1	2.1	2.0
Blue Chip (March 2014) .....	1.9	2.7	3.0	2.9	2.8	2.6	2.5	2.4	2.4	2.4	2.4	2.4
Consumer Price Index:												
Administration Budget .....	1.4	1.6	2.0	2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3
CBO (Feb. 2014) .....	1.5	1.7	2.0	2.1	2.2	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Blue Chip (March 2014) .....	1.5	1.7	2.0	2.2	2.3	2.4	2.3	2.3	2.3	2.3	2.3	2.3
<b>Annual Average, Percent</b>												
Unemployment Rate:												
Administration Budget .....	7.5	6.9	6.4	6.0	5.6	5.4	5.4	5.4	5.4	5.4	5.4	5.4
CBO (Feb. 2014) .....	7.4	6.8	6.5	6.1	5.9	5.8	5.7	5.7	5.6	5.6	5.5	5.5
Blue Chip (March 2014) .....	7.4	6.4	5.9	5.6	5.4	5.3	5.3	5.3	5.3	5.3	5.3	5.3
3-Month Treasury Bill:												
Administration Budget .....	0.1	0.1	0.3	1.2	2.3	3.2	3.6	3.7	3.7	3.7	3.7	3.7
CBO (Feb. 2014) .....	0.1	0.2	0.4	1.8	3.3	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Blue Chip (March 2014) .....	0.1	0.1	0.5	1.9	2.9	3.3	3.5	3.5	3.6	3.6	3.6	3.6
10-Year Treasury Note:												
Administration Budget .....	2.3	3.0	3.5	4.0	4.3	4.6	4.7	4.9	5.0	5.1	5.1	5.1
CBO (Feb. 2014) .....	2.4	3.1	3.7	4.3	4.8	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Blue Chip (March 2014) .....	2.4	3.1	3.7	4.1	4.5	4.6	4.8	4.7	4.8	4.8	4.8	4.8

Sources: Congressional Budget Office, Office of Management and Budget, and Blue Chip Economic Indicators.

TABLE 8.—ECONOMIC ASSUMPTIONS OF THE FISCAL YEAR 2015 BUDGET RESOLUTION\*  
[Calendar years]

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Year to Year, Percent Change</b>												
Real GDP:												
CBO (Feb. 2014) .....	1.7	2.7	3.3	3.4	3.0	2.4	2.3	2.2	2.2	2.1	2.1	2.0
Consumer Price Index:												
CBO (Feb. 2014) .....	1.5	1.7	2.0	2.1	2.2	2.4	2.4	2.4	2.4	2.4	2.4	2.4
<b>Annual Average, Percent</b>												
Unemployment Rate:												
CBO (Feb. 2014) .....	7.4	6.8	6.5	6.1	5.9	5.8	5.7	5.7	5.6	5.6	5.5	5.5
3-Month Treasury Bill:												
CBO (Feb. 2014) .....	0.1	0.2	0.4	1.8	3.3	3.7	3.7	3.7	3.7	3.7	3.7	3.7
10-Year Treasury Note:												
CBO (Feb. 2014) .....	2.4	3.1	3.7	4.3	4.8	5.0	5.0	5.0	5.0	5.0	5.0	5.0

\*CBO's base case economic forecast without incorporating the positive macroeconomic feedback effect from lower budget deficits.

<sup>28</sup>“Budgetary and Economic Outcomes Under Paths for Federal Revenues and Noninterest Spending Specified by Chairman Ryan, April 2014,” Congressional Budget Office, April 1, 2014.

TABLE 9.—ESTIMATES OF TOTAL INCOME TAX EXPENDITURES FOR FISCAL YEARS 2013–2019  
 [In millions of dollars]

	Total from corporations and individuals							
	2013	2014	2015	2016	2017	2018	2019	2015–19
<b>National Defense:</b>								
1 Exclusion of benefits and allowances to armed forces personnel .....	11,620	12,620	13,230	12,200	12,310	12,730	13,240	63,710
<b>International affairs:</b>								
2 Exclusion of income earned abroad by U.S. citizens .....	4,410	4,310	4,350	4,470	4,730	4,990	5,200	23,740
3 Exclusion of certain allowances for Federal employees abroad .....	1,100	1,160	1,220	1,280	1,340	1,410	1,480	6,730
4 Inventory property sales source rules exception .....	3,320	3,600	3,890	4,220	4,560	4,940	5,352	22,962
5 Deferral of income from controlled foreign corporations (normal tax method) .....	63,440	72,740	75,540	76,380	76,260	73,970	71,060	373,210
6 Deferred taxes for financial firms on certain income earned overseas .....	6,660	2,700	0	0	0	0	0	0
<b>General science, space, and technology:</b>								
7 Expensing of research and experimentation expenditures (normal tax method) .....	5,840	5,160	4,800	5,450	6,230	6,930	7,270	30,680
8 Credit for increasing research activities .....	8,430	5,420	3,170	2,860	2,570	2,300	2,030	12,930
<b>Energy:</b>								
9 Expensing of exploration and development costs, fuels .....	550	510	510	590	600	550	520	2,770
10 Excess of percentage over cost depletion, fuels .....	530	670	780	920	1,070	1,230	1,390	5,390
11 Alternative fuel production credit .....	10	0	0	0	0	0	0	0
12 Exception from passive loss limitation for working interests in oil and gas properties .....	20	20	20	20	20	20	20	100
13 Capital gains treatment of royalties on coal .....	90	80	90	110	120	120	130	570
14 Exclusion of interest on energy facility bonds .....	20	30	30	30	30	30	30	150
15 Energy production credit 1 .....	1,670	2,370	3,000	3,330	3,370	3,210	3,130	16,040
16 Energy investment credit 1 .....	1,950	1,840	1,470	1,380	850	220	-20	3,900
17 Alcohol fuel credits 2 .....	40	10	10	0	0	0	0	10
18 Bio-Diesel and small agri-biodiesel producer tax credits 3 .....	20	20	0	0	0	0	0	0
19 Tax credits for clean-fuel burning vehicles .....	270	440	670	680	650	400	150	2,550
20 Exclusion of utility conservation subsidies .....	340	340	340	340	320	320	320	1,640
21 Credit for holding clean renewable energy bonds 4 .....	70	70	70	70	70	70	70	350
22 Deferral of gain from dispositions of transmission property to implement FERC restructuring policy .....	0	-60	-220	-220	-200	-170	-140	-950
23 Credit for investment in clean coal facilities .....	180	200	140	40	20	-10	-10	180
24 Temporary 50% expensing for equipment used in the refining of liquid fuels .....	600	-100	-700	-830	-870	-800	-660	-3,860
25 Natural gas distribution pipelines treated as 15-year property .....	100	100	100	110	110	120	120	560
26 Amortize all geological and geophysical expenditures over 2 years .....	100	110	130	130	120	100	100	580
27 Allowance of deduction for certain energy efficient commercial building property .....	70	40	20	0	0	-20	-20	-20
28 Credit for construction of new energy efficient homes .....	150	120	60	20	0	0	0	80
29 Credit for energy efficiency improvements to existing homes .....	610	0	0	0	0	0	0	0

TABLE 9.—ESTIMATES OF TOTAL INCOME TAX EXPENDITURES FOR FISCAL YEARS 2013–2019—Continued  
 [In millions of dollars]

	Total from corporations and individuals						
	2013	2014	2015	2016	2017	2018	2019
30 Credit for energy efficient appliances .....	150	130	120	100	0	0	0
31 Credit for residential energy efficient property .....	960	1,060	1,170	1,300	540	0	0
32 Qualified energy conservation bonds <sup>5</sup> .....	20	30	30	30	30	30	30
33 Advanced energy property credit .....	210	110	90	0	0	-10	-10
34 Advanced nuclear power production credit .....	0	0	0	0	210	470	590
<b>Natural resources and environment:</b>							
35 Expensing of exploration and development costs, nonfuel minerals .....	50	50	50	60	60	60	60
36 Excess of percentage over cost depletion, nonfuel minerals .....	580	590	590	600	610	620	640
37 Exclusion of interest on bonds for water, sewage, and hazardous waste facilities .....	450	490	560	630	690	730	790
38 Capital gains treatment of certain timber income .....	90	80	90	110	120	120	130
39 Expensing of multiperiod timber growing costs .....	280	300	300	320	330	340	360
40 Tax incentives for preservation of historic structures .....	570	580	600	610	620	630	640
41 Industrial CO <sub>2</sub> capture and sequestration tax credit .....	80	80	80	130	250	120	0
42 Deduction for endangered species recovery expenditures .....	20	20	20	30	30	30	30
<b>Agriculture:</b>							
43 Expensing of certain capital outlays .....	90	100	100	110	110	120	120
44 Expensing of certain multiperiod production costs .....	140	140	140	140	150	150	160
45 Treatment of loans forgiven for solvent farmers .....	40	40	40	40	40	40	40
46 Capital gains treatment of certain income .....	920	800	920	1,060	1,160	1,230	1,280
47 Income averaging for farmers .....	130	130	130	140	140	140	140
48 Deferral of gain on sale of farm refiners .....	20	20	20	20	20	20	20
49 Expensing of reforestation expenditures .....	70	70	70	80	80	90	100
<b>Commerce and housing:</b>							
Financial institutions and insurance:							
50 Exemption of credit union income .....	2,000	2,070	1,970	2,370	2,700	2,770	3,000
51 Exclusion of interest on life insurance savings .....	18,930	21,270	23,040	24,690	26,370	28,180	30,090
52 Special alternative tax on small property and casualty insurance companies .....	10	10	10	10	20	20	20
53 Tax exemption of certain insurance companies owned by tax-exempt organizations .....	600	660	690	730	760	790	830
54 Small life insurance company deduction .....	30	30	40	40	40	40	40
55 Exclusion of interest spread of financial institutions .....	210	1,260	1,840	1,940	2,030	2,130	2,230
Housing:							
56 Exclusion of interest on owner-occupied mortgage subsidy bonds .....	1,230	1,360	1,510	1,700	1,880	2,000	2,140
57 Exclusion of interest on rental housing bonds .....	1,000	1,090	1,230	1,390	1,520	1,640	1,750



58	Deductibility of mortgage interest on owner-occupied homes	69,020	70,370	73,910	79,830	89,150	100,600	112,840	456,330
59	Deductibility of State and local property tax on owner-occupied homes	29,290	31,740	33,880	36,570	39,600	42,730	45,770	198,550
60	Deferral of income from installment sales	1,140	1,330	1,470	1,630	1,760	1,860	1,950	8,670
61	Capital gains exclusion on home sales	34,270	52,250	56,510	61,110	66,090	71,480	77,300	332,490
62	Exclusion of net imputed rental income	72,440	76,220	79,810	83,470	87,900	92,570	97,488	441,238
63	Exception from passive loss rules for \$25,000 of rental loss	8,660	9,820	10,360	10,910	11,550	12,240	12,810	57,870
64	Credit for low-income housing investments	7,410	8,310	8,280	8,330	8,730	9,080	9,420	43,840
65	Accelerated depreciation on rental housing (normal tax method)	1,780	2,090	2,500	3,020	3,560	4,130	4,710	17,920
66	Discharge of mortgage indebtedness	3,360	870	0	0	0	0	0	0
Commerce:									
67	Discharge of business indebtedness	0	0	0	0	0	0	0	0
68	Exceptions from imputed interest rules	20	30	40	40	50	50	60	240
69	Treatment of qualified dividends	23,650	23,840	26,650	28,580	30,040	31,290	32,390	148,950
70	Capital gains (except agriculture, timber, iron ore, and coal)	68,860	60,030	68,850	79,300	86,950	91,550	95,620	422,270
71	Capital gains exclusion of small corporation stock	140	340	480	640	850	1,000	1,010	3,980
72	Step-up basis of capital gains at death	23,050	30,780	32,370	34,010	35,750	37,600	39,580	179,310
73	Carryover basis of capital gains on gifts	2,870	2,290	2,560	2,810	3,060	3,260	3,400	15,090
74	Ordinary income treatment of loss from small business corporation stock sale	60	60	60	60	60	60	60	300
75	Accelerated depreciation of buildings other than rental housing (normal tax method)	7,650	7,570	7,540	7,690	7,970	8,350	8,990	40,540
76	Accelerated depreciation of machinery and equipment (normal tax method)	48,460	15,300	15,470	35,640	52,860	69,300	84,420	257,690
77	Expensing of certain small investments (normal tax method)	3,950	1,180	2,040	570	360	1,080	1,570	420
78	Graduated corporation income tax rate (normal tax method)	4,300	4,200	4,130	4,100	4,220	4,200	4,370	21,020
79	Exclusion of interest on small issue bonds	170	190	210	230	250	280	290	1,260
80	Deduction for US production activities	12,860	13,790	14,480	15,200	15,840	16,820	16,150	78,490
81	Special rules for certain film and TV production	290	207	120	80	40	10	0	250
<b>Transportation:</b>									
82	Tonnage tax	60	70	70	70	80	80	90	520
83	Deferral of tax on shipping companies	20	20	20	20	20	20	20	100
84	Exclusion of reimbursed employee parking expenses	2,580	2,670	2,780	2,900	3,010	3,110	3,220	15,020
85	Exclusion for employer-provided transit passes	710	710	710	770	810	860	920	4,070
86	Tax credit for certain expenditures for maintaining railroad tracks	120	60	0	0	0	0	0	0
87	Exclusion of interest on bonds for Highway Projects and rail-truck transfer facilities	240	230	220	210	200	190	170	990
<b>Community and regional development:</b>									
88	Investment credit for rehabilitation of structures (other than historic)	30	30	30	30	30	30	30	150
89	Exclusion of interest for airport, dock, and similar bonds	740	820	920	1,030	1,130	1,210	1,300	5,590
90	Exemption of certain mutuals' and cooperatives' income	110	120	120	120	130	130	130	630
91	Empowerment zones, the DC enterprise zone, and renewal communities	450	350	200	190	190	180	150	910
92	New markets tax credit	950	1,010	1,040	1,050	960	750	560	4,360
93	Expensing of environmental remediation costs	180	180	170	160	160	160	160	810
94	Credit to holders of Gulf Tax Credit Bonds	220	240	280	310	340	360	390	1,680

TABLE 9.—ESTIMATES OF TOTAL INCOME TAX EXPENDITURES FOR FISCAL YEARS 2013–2019—Continued  
 (In millions of dollars)

	Total from corporations and individuals									
	2013	2014	2015	2016	2017	2018	2019	2015–19	2010–19	2015–19
95 Recovery Zone Bonds <sup>6</sup> .....	120	130	150	160	180	190	190	210	60	890
96 Tribal Economic Development Bonds .....	20	40	40	60	60	60	60	60	60	280
<b>Education, training, employment, and social services:</b>										
Education:										
97 Exclusion of scholarship and fellowship income (normal tax method) .....	2,890	2,980	3,090	3,200	3,310	3,420	3,420	3,550	16,570	16,570
98 HOPE tax credit .....	0	0	0	0	0	720	720	7,230	7,950	7,950
99 Lifetime Learning tax credit .....	1,810	1,680	1,720	1,740	1,740	1,880	1,880	3,100	10,180	10,180
100 American Opportunity Tax Credit <sup>7</sup> .....	12,540	15,530	15,240	15,310	15,370	13,760	13,760	0	59,680	59,680
101 Education Individual Retirement Accounts .....	70	80	100	110	120	130	130	150	610	610
102 Deductibility of student-loan interest .....	1,720	1,720	1,780	1,780	1,790	1,790	1,790	1,840	8,980	8,980
103 Deduction for higher education expenses .....	600	560	0	0	0	0	0	0	0	0
104 Qualified tuition programs .....	1,680	1,770	1,900	2,050	2,200	2,350	2,350	2,520	11,020	11,020
105 Exclusion of interest on student-loan bonds .....	510	560	620	700	760	820	880	880	3,780	3,780
106 Exclusion of interest on bonds for private nonprofit educational facilities .....	2,240	2,480	2,760	3,120	3,430	3,660	3,660	3,930	16,900	16,900
107 Credit for holders of zone academy bonds <sup>8</sup> .....	200	180	160	130	120	110	110	100	620	620
108 Exclusion of interest on savings bonds redeemed to finance educational expenses .....	10	10	10	20	20	20	20	20	90	90
109 Parental personal exemption for students age 19 or over .....	5,200	5,320	5,400	5,490	5,570	5,660	5,760	5,760	27,880	27,880
110 Deductibility of charitable contributions (education) .....	4,550	5,040	5,370	5,810	6,290	6,780	7,290	7,290	31,540	31,540
111 Exclusion of employer-provided educational assistance .....	710	750	800	850	900	950	950	1,000	4,500	4,500
112 Special deduction for teacher expenses .....	190	170	0	0	0	0	0	0	0	0
113 Discharge of student loan indebtedness .....	90	90	90	90	100	100	100	100	480	480
114 Qualified school construction bonds <sup>9</sup> .....	580	650	650	650	650	650	650	650	3,250	3,250
Training, employment, and social services:										
115 Work opportunity tax credit .....	900	880	460	250	200	170	170	130	1,210	1,210
116 Employer provided child care exclusion .....	880	920	970	1,040	1,110	1,170	1,240	1,240	5,530	5,530
117 Employer-provided child care credit .....	10	10	10	10	10	10	10	10	50	50
118 Assistance for adopted foster children .....	530	530	560	590	620	660	700	700	3,130	3,130
119 Adoption credit and exclusion <sup>10</sup> .....	450	540	580	600	640	730	660	660	3,210	3,210
120 Exclusion of employee meals and lodging (other than military) .....	2,185	3,700	3,797	3,910	4,032	4,155	4,155	4,278	20,172	20,172
121 Child credit <sup>11</sup> .....	23,480	23,350	23,500	23,620	23,480	23,450	23,450	23,480	117,530	117,530
122 Credit for child and dependent care expenses .....	4,160	4,200	4,310	4,460	4,590	4,690	4,690	4,760	22,810	22,810
123 Credit for disabled access expenditures .....	30	30	30	30	30	30	30	30	170	170
124 Deductibility of charitable contributions, other than education and health .....	39,260	43,600	46,630	50,600	54,940	59,390	64,250	64,250	275,810	275,810

125 Exclusion of certain foster care payments .....	380	380	390	380	370	370	360	1,870
126 Exclusion of parsonage allowances .....	737	720	758	798	840	885	931	4,212
127 Indian employment credit .....	50	40	20	20	20	10	10	80
<b>Health:</b>								
128 Exclusion of employer contributions for medical insurance premiums and medical care <sup>12</sup> .....	185,330	196,010	207,200	217,140	229,000	241,070	256,290	1,150,700
129 Self-employed medical insurance premiums .....	6,140	6,670	6,970	7,240	7,550	7,870	8,170	37,800
130 Medical Savings Accounts / Health Savings Accounts .....	3,110	3,900	4,890	6,110	7,630	9,440	11,720	39,790
131 Deductibility of medical expenses .....	8,010	8,090	8,560	8,910	8,840	9,370	10,510	46,190
132 Exclusion of interest on hospital construction bonds .....	3,430	3,790	4,210	4,740	5,220	5,570	5,970	25,710
133 Refundable Premium Assistance Tax Credit <sup>13</sup> .....	0	0	-3,940	-4,060	-5,740	-6,290	-6,540	-26,570
134 Credit for employee health insurance expenses of small business <sup>14</sup> .....	630	870	1,050	1,040	760	470	330	3,650
135 Deductibility of charitable contributions (health) .....	4,470	4,980	5,350	5,820	6,340	6,880	7,460	31,850
136 Tax credit for orphan drug research .....	1,040	1,260	1,520	1,830	2,210	2,660	3,210	11,430
137 Special Blue Cross/Blue Shield deduction .....	190	230	360	430	480	440	370	2,080
138 Tax credit for health insurance purchased by certain displaced and retired individuals <sup>15</sup> .....	10	0	0	0	0	0	0	0
139 Distributions from retirement plans for premiums for health and long-term care insurance .....	320	360	400	440	460	480	500	2,280
<b>Income security:</b>								
140 Exclusion of railroad retirement system benefits .....	380	370	360	350	320	300	270	1,600
141 Exclusion of workers' compensation benefits .....	10,090	10,310	10,500	10,640	10,790	10,950	11,100	53,980
142 Exclusion of public assistance benefits (normal tax method) .....	770	790	820	860	900	940	980	4,500
143 Exclusion of special benefits for disabled coal miners .....	30	30	30	20	20	20	20	110
144 Exclusion of military disability pensions .....	110	110	110	110	110	110	110	550
Net exclusion of pension contributions and earnings:								
145 Defined benefit employer plans .....	37,860	40,090	42,340	44,750	47,270	49,160	51,440	234,960
146 Defined contribution employer plans .....	50,670	59,380	61,050	77,020	88,740	92,770	94,820	414,400
147 Individual Retirement Accounts .....	19,310	17,450	17,480	18,540	19,630	20,650	21,720	98,020
148 Low and moderate income savers credit .....	1,190	1,200	1,210	1,260	1,300	1,280	1,300	6,350
149 Self-Employed plans .....	19,400	23,300	25,530	28,100	30,890	33,860	37,150	155,530
Exclusion of other employee benefits:								
150 Premiums on group term life insurance .....	1,910	1,940	1,980	2,030	2,080	2,130	2,180	10,400
151 Premiums on accident and disability insurance .....	310	310	310	320	320	330	330	1,610
152 Income of trusts to finance supplementary unemployment benefits .....	20	20	30	40	40	50	60	220
153 Special ESOP rules .....	1,650	1,730	1,810	1,910	2,000	2,090	2,200	10,010
154 Additional deduction for the blind .....	30	30	30	30	40	40	40	180
155 Additional deduction for the elderly .....	2,380	2,560	2,800	3,040	3,310	3,610	3,850	16,610
156 Tax credit for the elderly and disabled .....	10	10	10	10	10	10	10	50
157 Deductibility of casualty losses .....	310	340	360	380	400	420	430	1,990
158 Earned income tax credit <sup>16</sup> .....	4,070	4,330	4,330	4,400	4,520	4,640	4,550	22,440

TABLE 9.—ESTIMATES OF TOTAL INCOME TAX EXPENDITURES FOR FISCAL YEARS 2013–2019—Continued

(In millions of dollars)

	Total from corporations and individuals							
	2013	2014	2015	2016	2017	2018	2019	2015–19
<b>Social Security:</b>								
Exclusion of social security benefits:								
159 Social Security benefits for retired workers .....	26,440	28,730	29,840	30,900	31,920	33,010	34,260	159,930
160 Social Security benefits for disabled workers .....	8,200	8,560	8,740	8,930	9,100	9,250	9,420	45,440
161 Social Security benefits for spouses, dependents and survivors .....	3,760	3,970	4,100	4,300	4,470	4,540	4,740	22,150
<b>Veterans benefits and services:</b>								
162 Exclusion of veterans death benefits and disability compensation .....	4,620	5,080	5,490	5,980	6,500	7,080	7,700	32,750
163 Exclusion of veterans pensions .....	410	430	450	470	480	490	510	2,400
164 Exclusion of GI bill benefits .....	980	1,110	1,160	1,240	1,320	1,410	1,500	6,630
165 Exclusion of interest on veterans housing bonds .....	10	10	20	20	30	30	30	130
<b>General purpose fiscal assistance:</b>								
166 Exclusion of interest on public purpose State and local bonds .....	28,440	31,450	35,010	39,420	43,400	46,340	49,660	213,830
167 Build America Bonds <sup>17</sup> .....	0	0	0	0	0	0	0	0
168 Deductibility of nonbusiness State and local taxes other than on owner-occupied homes .....	44,020	46,710	49,290	53,450	58,120	62,800	67,140	290,800
<b>Interest:</b>								
169 Deferral of interest on U.S. savings bonds .....	1,020	1,080	1,090	1,100	1,120	1,130	1,140	5,580
								<u>7,243,734</u>
<b>Addendum: Aid to State and local governments:</b>								
Deductibility of:								
Property taxes on owner-occupied homes .....	29,290	31,740	33,880	36,570	39,600	42,730	45,770	198,550
Nonbusiness State and local taxes other than on owner-occupied homes .....	44,020	46,710	49,290	53,450	58,120	62,800	67,140	290,800
Exclusion of interest on State and local bonds for:								
Public purposes .....	28,440	31,450	35,010	39,420	43,400	46,340	49,660	213,830
Energy facilities .....	20	30	30	30	30	30	30	150
Water, sewage, and hazardous waste disposal facilities .....	450	490	560	630	690	730	790	3,400
Small-issues .....	170	190	210	230	250	280	290	1,260
Owner-occupied mortgage subsidies .....	1,230	1,360	1,510	1,700	1,880	2,000	2,140	9,230
Rental housing .....	1,000	1,090	1,230	1,390	1,520	1,640	1,750	7,530
Airports, docks, and similar facilities .....	740	820	920	1,030	1,130	1,210	1,300	5,590
Student loans .....	510	560	620	700	760	820	880	3,780
Private nonprofit educational facilities .....	2,240	2,480	2,760	3,120	3,430	3,660	3,930	16,900

Hospital construction .....	3,430	3,790	4,210	4,740	5,220	5,570	5,970	25,710
Veterans' housing .....	10	10	20	20	30	30	30	130

<sup>1</sup> Firms can tax an energy grant in lieu of the energy production credit or the energy investment credit for facilities placed in service in 2009 and 2010 or whose construction commenced in 2009 and 2010. The effect of the grant on outlays (in millions of dollars) is as follows: 2013 \$8,080; 2014 \$4,710; 2015 \$2,520; 2016 \$1,580; 2017 \$330; 2018 \$0; 2019 \$0.

<sup>2</sup> In addition, the alcohol fuel mixture credit results in a reduction in excise tax receipts (in millions of dollars) as follows: 2013 \$10; 2014 \$0; 2015 \$0; 2016 \$0; 2017 \$0; 2018 \$0; 2019 \$0.

<sup>3</sup> In addition, the biodiesel producer tax credit results in a reduction in excise tax receipts (in millions of dollars) as follows: 2013 \$1,600; 2014 \$610; 2015 \$0; 2016 \$0; 2017 \$0; 2018 \$0; 2019 \$0.

<sup>4</sup> In addition, the provision has outlay effects of (in millions of dollars): 2013 \$40; 2014 \$50; 2015 \$50; 2016 \$50; 2017 \$50; 2018 \$50; 2019 \$50.

<sup>5</sup> In addition, the provision has outlay effects of (in millions of dollars): 2013 \$50; 2014 \$60; 2015 \$60; 2016 \$60; 2017 \$60; 2018 \$60; 2019 \$60.

<sup>6</sup> In addition, recovery zone bonds have outlay effects (in millions of dollars) as follows: 2013 \$160; 2014 \$160; 2015 \$160; 2016 \$160; and 2017 \$160.

<sup>7</sup> The figures in the table indicate the effect of the American opportunity tax credit on receipts. The effect of the credit on outlays (in millions of dollars) is as follows: 2013 \$4,040; 2014 \$6,170; 2015 \$6,280; 2016 \$6,280; 2017 \$6,090; 2018 \$5,970; 2019 \$2,680.

<sup>8</sup> In addition, the credit for holders of zone academy bonds has outlay effects of (in millions of dollars): 2013 \$20; 2014 \$30; 2015 \$30; 2016 \$30; 2017 \$30; 2018 \$30; and 2019 \$30.

<sup>9</sup> In addition, the provision for school construction bonds has outlay effects of (in millions of dollars): 2013 \$940; 2014 \$940; 2015 \$940; 2016 \$940; 2017 \$940; 2018 \$940; and 2019 \$940.

<sup>10</sup> The figures in the table indicate the effect of the adoption tax credit on receipts. The effect of the credit on outlays (in millions of dollars) is as follows: 2013 \$0.

<sup>11</sup> The figures in the table indicate the effect of the child tax credit on receipts. The effect of the credit on outlays (in millions of dollars) is as follows: 2013 \$21,660; 2014 \$21,680; 2015 \$21,700; 2016 \$21,600; 2017 \$21,680; 2018 \$21,930; and 2019 \$15,790.

<sup>12</sup> The figures in the table indicate the effect on income taxes of the employer contributions for health. In addition, the effect on payroll tax receipts (in millions of dollars) is as follows: 2013 \$117,920; 2014 \$122,990; 2015 \$127,980; 2016 \$132,400; 2017 \$138,330; 2018 \$145,270; 2019 \$153,870.

<sup>13</sup> In addition, the premium assistance credit provision has outlay effects (in millions of dollars) as follows: 2014 \$34,020; 2015 \$55,140; 2016 \$70,610; 2017 \$82,150; 2018 \$86,460; 2019 \$90,600.

<sup>14</sup> In addition, the small business credit provision has outlay effects (in millions of dollars) as follows: 2013 \$80; 2014 \$100; 2015 \$110; 2016 \$120; 2017 \$110; 2018 \$70; 2019 \$50.

<sup>15</sup> The figures in the table indicate the effect of the health coverage tax credit on receipts. The effect of the credit on outlays (in millions of dollars) is as follows: 2013 \$120; 2014 \$30; 2015 \$0.

<sup>16</sup> The figures in the table indicate the effect of the earned income tax credit on receipts. The effect of the credit on outlays (in millions of dollars) is as follows: 2013 \$56,760; 2014 \$58,430; 2015 \$58,070; 2016 \$58,360; 2017 \$59,500; 2018 \$60,900; and 2019 \$9,330.

<sup>17</sup> In addition, Build America Bonds have outlay effects of (in millions of dollars): 2013 \$3,190; 2014 \$3,190; 2015 \$3,190; 2016 \$3,190; 2017 \$3,190; 2018 \$3,190; and 2019 \$3,190.

Note: Provisions with estimates denoted normal tax method have no revenue loss under the reference tax law method. All estimates have been rounded to the nearest \$10 million. Provisions with estimates that rounded to zero in each year are not included in the table.



# **FUNCTION-BY-FUNCTION PRESENTATION**

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## **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 \$528.9 billion in budget authority and \$566.5 billion in outlays in fiscal year 2015. Of that total, discretionary spending in fiscal year 2015 totals \$521.3 billion in budget authority and \$558.8 billion in outlays. This is the amount provided for in the Bipartisan Budget Act. Mandatory spending in 2015 is \$7.7 billion in budget authority and \$7.7 billion in outlays. The ten-year totals for budget authority and outlays are \$6.3 trillion and \$6.2 trillion, respectively.

Over the last five years, the Department of Defense has repeatedly revised downward its estimates of the budgetary resources necessary to meet the nation's security needs:

- In 2011, Secretary Gates proposed a \$178 billion "efficiency initiative."
- In 2011, the President announced a further \$400 billion defense-budget reduction that ballooned to \$487 billion by the next budget submission in 2012.
- In 2013, Secretary Hagel proposed another \$120 billion reduction from the Budget Control Act's "pre-sequester" caps.

- And in 2014, the budget request is approximately \$184 billion lower than the Budget Control Act’s “pre-sequester” caps.

These repeated reductions in the requested defense budget are taking place in the context of an international environment that remains exceptionally challenging. In his testimony on the intelligence community’s annual worldwide threat assessment, Director of National Intelligence James Clapper testified that he had “not experienced a time when we’ve been beset by more crises and threats around the globe.”<sup>29</sup> Chairman of the Joint Chiefs of Staff General Martin Dempsey has 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.”<sup>30</sup>

In addition to a shrinking defense budget, the defense program—the collection of forces, acquisition programs, construction projects, and the like—continues to be under-resourced. Each year, the Congressional Budget Office [CBO] has reviewed the defense program and determined that the defense budgets requested are insufficient to implement that program. The most recent report found that the Defense Department’s fiscal year 2014 budget was on average \$33 billion short of providing for the full costs of the program as estimated by CBO.<sup>31</sup> While CBO has not yet analyzed this year’s request, there is little reason to believe its analysis will be substantially different from its previous reports.

Today in U.S. defense policy, there are two big mismatches: first, between the threats we face and the resources we’ve committed to meeting them, and second, between our stated policy and the budget that the President has requested. This budget seeks to resolve these contradictions by restoring defense budgets to the levels dictated by the national-security interests of the nation.

## Illustrative Policy Options

### DISCRETIONARY SPENDING

*Supporting Our Men and Women in Uniform.* Military personnel costs have grown 41 percent in real terms since 2001 and now consume about one-third of the base budget for the Department of Defense. Maintaining a high-quality, all-volunteer military requires robust compensation. However, given the explosive growth in compensation costs, the possibilities for reform must be examined. The Military Compensation and Retirement Modernization Commission 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.<sup>32</sup> In future years, serious consideration must be given to the Commis-

<sup>29</sup>James R. Clapper, “Current and Future Worldwide Threats to the National Security of the United States,” 11 Feb. 2014.

<sup>30</sup>General Martin Dempsey, Testimony to the Senate Armed Services Committee, 12 Feb. 2013.

<sup>31</sup>Congressional Budget Office, “Long-Term Implications of the 2014 Future Years Defense Program,” Nov. 2013.

<sup>32</sup>See Title VI, Subtitle H of the National Defense Authorization Act for Fiscal Year 2013, P.L. 112-239.



sion's recommendations if this defense program is going to be realized within existing budgets. Nonetheless, this budget does not assume any savings from accounts providing for the compensation (including health care) of military personnel. The budget fully reflects the amendments made to the Bipartisan Budget Act to exempt all service members who first joined the military before January 1, 2014 from the temporary reduction in cost-of-living adjustments for working-age retirees.

*Force Structure.* The President has proposed significant reductions in the end strength of the Army and Marine Corps, with the Army slated to be smaller than at any time since before World War II. While the ground component should not continue to be sized for prolonged counterinsurgency operations, the level of reductions contemplated by the President's request entails significant risk in an environment that, as has been noted, is extremely challenging and uncertain. This budget contemplates funding in excess of the President's request, which could be used, in part, to forestall this risky drawdown.

Any reductions in military end strength should be accompanied by reductions in the civilian and contractor workforce, which has ballooned in recent years and is now approximately the same size as the active-duty military, a ratio that is out of balance. Reductions by the Secretary of Defense should focus on performance while retaining vital functions that directly support the uniformed force.

This year's defense-budget request calls into doubt the ability of the Navy to maintain 11 carrier strike groups. The Future Years Defense Program does not include maintenance of 11 carrier strike groups, but the Navy has announced that if the President's defense request is funded by Congress, then it would reprogram the funding needed to maintain this desired level of naval force. The flexibility and capabilities provided by carrier strike groups are integral to the rebalance of our security posture toward Asia and to our security commitments in the Persian Gulf. This budget contemplates funding in excess of the President's request, which could be used, in part, to maintain the 11 carrier strike groups called for under longstanding defense plans.

*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) a substantial share of the Navy's surface combatants; and (3) 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. For example, the President's budget proposes to cancel the latest attempt by the Army to modernize its ground-combat vehicle fleet. While the Ground Combat Vehicle program may be cancelled, the need to recapitalize the Army's vehicle fleet will remain. Budgets within the next ten years will have to accommodate that need.

Compounding the fiscal challenge of this procurement “bow wave” is the reality that defense acquisition has consistently exceeded planned budgets. While the Government Accountability Office’s latest review of the defense acquisition portfolio found that 64 percent of the major programs had gained buying power in the previous year, whether this limited progress will be sustained is uncertain.<sup>33</sup> The Armed Services Committee has launched a long-term effort to reform the Department of Defense. This Durable Defense Reform initiative will among other things look for ways to improve the affordability of defense acquisition.

*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 living up to this responsibility. Although the Department hopes to have its budgetary information 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.

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<sup>33</sup> Government Accountability Office, “Defense Acquisitions: Assessments of Selected Weapons Programs,” Mar. 2014.

## 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 the Treasury; the U.S. Agency for International Development; and the Millennium Challenge Corporation.

Over the past decade, funding for the international-affairs budget has increased by almost 80 percent, adjusting for inflation. Unfortunately, the growth in spending is not reflected in a comparable growth in results. Duplicative programs, programs unrelated to vital U.S. national interests, and inefficiencies are prevalent in the budget and should be addressed. This budget reflects a thorough re-evaluation of accounts in Function 150 and prioritizes programs that are both integral to the core mission 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.

### Summary of Committee—Reported Resolution

The resolution calls for \$38.7 billion in budget authority and \$39.0 billion in outlays in fiscal year 2015. Of that total, discretionary spending in fiscal year 2015 totals \$39.1 billion in budget authority and \$40.2 billion in outlays. Mandatory spending in 2015 is -\$402 million in budget authority and -\$1.1 billion in outlays. (The negative figures reflect receipts from foreign-military sales and foreign-military-financing transactions). The ten-year totals for budget authority and outlays are \$429.6 billion and \$402.5 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 provide foreign assistance to support energy-efficient technologies intended to reduce energy use and mitigate 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 budget 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. When reduction decisions are made about these accounts, programs that receive matching foreign-government contributions, such as the Fulbright program, and are in line with U.S. strategic interests, should remain a priority.

*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 Contributions to International Organizations [CIO] account, which provides funding for 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 from the 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. Funding foreign aid and helping other nations rise toward prosperity keep 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 the 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 outcomes 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. 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. Although some changes have been made to the agency's practices, success continues to remain 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 and Stabilization Operations 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.

*International Religious Freedom.* The United States should promote freedom of religion or belief around the world, given the importance of religious freedom to human rights, economic development, stability, and democracy. The independent U.S. Commission on International Religious Freedom [USCIRF] has provided important oversight and recommendations in this regard, including redirecting and conditioning aid. It calls for budget justifications to take into account the findings and recommendations of USCIRF. Additionally, the Office of International Religious Freedom continues to serve as an important voice on these issues in the State Department and should be supported.

*Diplomatic Security.* This budget is dedicated to protecting American officials and facilities overseas and fully funds the President's request for both the State Department's Diplomatic Consular Programs and Embassy Security, Construction, and Maintenance accounts. Combined, the fiscal year 2015 funding level for these two accounts is an 8 percent increase compared to fiscal year 2013 enacted levels.

## 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 \$27.9 billion in budget authority as well as outlays in fiscal year 2015. Of that total, discretionary spending in fiscal year 2015 totals \$27.8 billion in budget authority and \$27.8 billion in outlays. Mandatory spending in 2015 is \$100 million in budget authority and \$98 million in outlays. The ten-year totals for budget authority and outlays are \$308.2 billion and \$303.7 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 while shifting the focus back to basic research. 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 core principles to support robust space capability, to allow for exploration beyond low Earth orbit, and to support our scientific and 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.* In fiscal year 2014, an enacted level of \$64.5 billion dollars was dedicated to research government-wide. Nearly half of that was dedicated to applied research. The unique role of the federal government is in supporting basic research, and funding should be distributed accordingly. For example, 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’s 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 Secu-

rity'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 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.”<sup>34,35</sup> 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.<sup>36</sup> And the administration refuses to answer for the lack of job creation and growth resulting from almost \$16 billion spent on “stimulus” grants—almost a quarter of them to European and Asian renewable-energy companies.<sup>37</sup>

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 its failed solar panels.<sup>38</sup> Another grant recipient, A123, was given permission to hand out as much as \$3.7 million in bonuses to top executives as a part of its bankruptcy proceedings.<sup>39</sup>

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 than previous administrations have in the past 15 years combined. Since 2009, the White House has generated over \$494 billion in regulatory activity—and \$112 billion in 2013 alone.<sup>40</sup> With more than \$87.6 billion in regulatory costs pending already in 2014,<sup>41</sup> the regulatory cost burden of this administration is sure to increase to well over half a trillion dollars by the end of the year. Regula-

<sup>34</sup>Terry Dinan, “CBO Testifies on Federal Financial Support for Fuels and Energy Technologies,” Congressional Budget Office, 13 Mar. 2013.

<sup>35</sup>Congressional Budget Office, “How Much Does the Federal Government Support the Development and Production of Fuels and Energy Technologies,” 6 Mar. 2012.

<sup>36</sup>Energy Information Administration, “Direct Federal Financial Interventions and Subsidies in Energy in Fiscal Year 2010,” July 2011.

<sup>37</sup>House Energy and Commerce Committee, “American Taxpayer Investment, Foreign Corporation Benefit,” 17 Jan. 2013.

<sup>38</sup>Sandoval, Michael, “Bankrupt Abound Solar to Bury Unused Solar Panels in Cement,” Heritage Foundation, 26 Feb. 2013.

<sup>39</sup>Paul Chesser, “A123's Executives Get Their Richly Undeserved Bonuses,” National Legal and Policy Center, 13 Nov. 2012.

<sup>40</sup>Batkins, Sam, “A Regulatory Flurry: The Year in Regulation, 2013,” American Action Forum, 8 Jan. 2014.

<sup>41</sup>Id.



tions already 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.<sup>42</sup> The additional burden added by the current administration is further stifling opportunity for job creation and growth.

All energy sources should be developed without undue government interference. However, the administration continues to pick winners and losers in the market, and it is crowding out disfavored energy sources in the private sector. Its officials have promoted changes to explicitly raise energy costs. In 2008, Steven Chu, who later served as 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.”<sup>43</sup> Then-candidate Barack Obama agreed, arguing in January of 2008: “Under my plan of a cap and trade system, electricity rates would necessarily skyrocket.”<sup>44</sup>

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 2013 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—a promise he expanded on in a major climate speech last summer at Georgetown University. 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 DOE’s Energy Information Administration, gasoline prices averaged \$2.40 a gallon in 2009, the year the President took office. By 2013, gasoline prices averaged \$3.58, the second most expensive annual average according to its data. (They hit their highest average in 2012.) In 2012, that worked out to \$2,912 in average household gasoline expenditures. (DOE has not provided average household gasoline expenditures for 2013 yet.) 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.

<sup>42</sup>Nicole V. Crain and W. Mark Crain, “The Impact of Regulatory Costs on Small Firms,” Small Business Research Survey, Sept. 2010.

<sup>43</sup>Neil King Jr. and Stephen Power, “Times Tough for Energy Overhaul,” Wall Street Journal, 12 Dec. 2008.

<sup>44</sup>Ed Morrissey, “Obama: I’ll Make Energy Prices ‘Skyrocket,’” HotAir.com, Available at <http://hotair.com/archives/2008/11/02/obama-ill-make-energy-prices-skyrocket/>; Accessed: 25 Mar. 2014.

### Summary of Committee-Reported Resolution

The resolution calls for \$2.7 billion in budget authority and \$4.5 billion in outlays in discretionary spending in fiscal year 2015. Mandatory spending in 2015 is \$1.5 billion in budget authority and \$1.3 billion in outlays. The totals reflect both new spending and the incoming repayment of loans, receipts from the sale of electricity produced by federal entities, and charges for the disposal of nuclear waste. These proceeds partially offset spending in this function. The ten-year totals for budget authority and outlays are \$30 billion and \$32.5 billion, respectively, for discretionary spending. The ten-year totals for budget authority and outlays are –\$23.5 billion and –\$28.6 billion, respectively, for mandatory spending. The negative balances reflect the proceeds described above fully offsetting and overcoming future expenditures.

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. At the same time, private-sector innovation in the oil and gas industry, which doesn't cost the government a dime, increased oil production on non-federal lands by 31 percent, and gas production on non-federal lands by 25 percent from fiscal year 2009 to 2012.<sup>45</sup>

### 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.

<sup>45</sup>Humphries, Mark, "U.S. Crude Oil and Natural Gas Production in Federal and Non-Federal Areas," Congressional Research Service, 7 Mar. 2013.

## 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 \$32 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-guaranty beneficiaries have included manufacturers creating jobs overseas, such as Fisker, which was provided over \$500 million and ended up assembling cars in Finland.<sup>46</sup>

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."<sup>47</sup>

*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.

<sup>46</sup>Matthew Mosk, Brian Ross and Ronnie Greene, "Car Company Gets U.S. Loan, Builds Cars in Finland," ABC News, 20 Oct. 2011.

<sup>47</sup>Allison, Herb, "Report of the Independent Consultant's Review with Respect to the Department of Energy Loan and Loan Guarantee Portfolio," 31 Jan. 2012.

## 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 led to better government, and the increase in spending in this function has only invited mismanagement and duplication.

The fiscal year 2015 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. It also supports the resources and environmental activities in this function. Specifically, it provides funding for strong stewardship of wildlife resources, fisheries, oceanography, and insular areas. Additionally, the resolution provides funding for responsible management of the National Park System, public lands nationwide, monuments, and other public objects of interest. Finally, the budget encourages a cost-effective approach to environmental regulation and increases funding for wildfire suppression to ensure funds are available for healthy forest management and to minimize ecological harm from fires that do occur.

One of the President’s very first initiatives was to cancel oil and gas 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 de facto moratorium that had been lifted in 2008. Oil production on federally controlled lands and in federally controlled waters declined from 2009 to 2012 by 6 percent, while natural-gas production on federal property declined 21 percent over the same period. Additionally, the President refuses to approve the Keystone XL Pipeline project, which has been in limbo for over five years. According to the State Department, construction of the Keystone XL pipeline would create more than 42,000 jobs, while other studies have estimated the project would create in excess of 100,000 jobs. The project would also contribute billions 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 37 years.<sup>48</sup> But the federal government is standing in the way.

While total U.S oil production is at its highest level in two decades, production on federal property has declined in recent years.

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<sup>48</sup> 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, Feb. 2013.

This is particularly problematic, because the federal government owns nearly one-third of the land in the country—an area roughly four times the size of Texas. Substantial volumes of oil and gas are known to lie under these government lands. According to the Congressional 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.<sup>49</sup> Our country has 223 billion barrels of recoverable oil<sup>50</sup> and enough natural gas to meet the country’s demand for over 90 years.<sup>51</sup>

The Natural Resources and Environment budget function funds 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 \$34.3 billion in budget authority and \$39.3 billion in outlays in fiscal year 2015. Discretionary budget authority in 2015 totals \$32.2 billion, with \$37.3 billion in related outlays; mandatory spending is \$2 billion in budget authority and \$2.1 billion in outlays. Over ten years, budget authority totals \$367.9 billion, and outlays are \$375.8 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 specific 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 (LWCF) has typically ranged between \$250 million and \$450 million. The President’s budget requested \$900 million for fiscal year 2015 and proposed removing the account from the annual congressional-review and -appropriations process. The President’s proposed change would occur in two phases. In 2015, the LWCF would receive a \$350 million discretionary appropriation and \$550 million in mandatory spending. Beginning in 2016, the entire \$900 million would become manda-

<sup>49</sup>Carl Behrens and Gene Whitney, “U.S. Fossil Fuel Resources: Terminology, Reporting and Summary,” Congressional Research Service, 30 Nov. 2010.

<sup>50</sup>“Technically Recoverable Shale Oil and Shale Gas Resources: An Assessment of 137 Shale Formations in 41 Countries Outside the United States,” U.S. Department of Energy, June 2013.

<sup>51</sup>Id. and “Natural Gas Consumption by End Use,” U.S. Energy Information Administration, Accessed 13 Mar. 2014.

tory spending in perpetuity. The federal government is already 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 keeps funding for land acquisition under congressional oversight and 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, primarily by reducing the funding federal agencies spend on overseas climate-change activities. It also recommends better coordination of programs and funds to eliminate duplicative and unnecessary spending.

*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.

*Improve Forest Service Management Practices and Fully Fund Wildfire Suppression.* Wildland Fire Management funding serves multiple purposes, the most prominent of which are wildfire prevention and wildfire suppression. The Department of the Interior and the U.S. Forest Service share wildfire-management responsibilities and receive funding to do so as part of the regular appropriations process. Under current law, these agencies are authorized to shift funds from prevention accounts into suppression accounts if suppression needs are underfunded. These transfers occur frequently, because wildfire suppression is underfunded almost every year. The President's fiscal year 2015 budget adopts a potentially more accurate forecasting model to better predict wildfire-funding needs. However, instead of requesting the full amount indicated by their new model as sufficient funding for wildfire suppression, the President's budget requests \$1.2 billion less than the projected need and asks Congress to provide the other \$1.2 billion outside of the discretionary budget caps enacted by Congress and the President.

This budget fully funds the President's wildfire-suppression request, including the additional \$1.2 billion, within the discretionary budget caps for fiscal year 2015. The budget also calls for improving forest-management practices by directing the Department of the Interior and the Forest Service to use the funds provided to remove excess growth and improve forest health, which will make forests less susceptible to catastrophic wildfires. The budget assumes adoption of commonsense reforms under the bipartisan Restoring Health Forests for Healthy Communities Act, which streamlines the regulatory process and restores active management to federal timberlands while protecting the environment. If fully

implemented, the budget would preclude the current practice and need to frequently transfer funds to the wildfire-suppression accounts from other Wildland Fire Management accounts, like the hazardous-fuels-reduction accounts. This will provide important protections for the accounts that help prevent wildfires.

Finally, to ensure that the suppression accounts are fully funded in future years, the budget calls on the Office of Management and Budget to include the U.S. Forest Service's Outyear Forecast model projections—the ones used in the President's fiscal year 2015 request—in all future budget submissions to Congress. The President would be required to either request an amount at least equal to the amount called for by the model or, if the President requests less than called for by the model, provide a side-by-side table of the model's estimate of needed funding and why he believes those additional funds are not necessary.

#### MANDATORY SPENDING

*Expand Onshore and Offshore Energy Production.* Despite the existence of abundant domestic resources, the federal government has adopted policies that hinder American production of oil and natural gas on federal lands and in federal waters. Breaking free of future dependence on energy supplies from countries whose interests differ from ours, 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.

*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 it has only paid at most \$30,000 annually—or eight cents an acre foot of water 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.



## 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. The recently passed Farm Bill made a number of reforms to agricultural assistance programs, most notably eliminating Direct Payments and reforming the nation's crop-insurance system.

Though farm income in 2014 is projected to be below recent record-high levels, the Agriculture Department's Economic Research Service projects that the farm sector's financial position will remain strong.<sup>52</sup> With federal deficits continuing, debt hitting new highs, and food prices going up, it remains important to reform agricultural-support programs, while maintaining a strong safety net for farmers.

### Summary of Committee—Reported Resolution

The resolution calls for \$19.0 billion in budget authority and \$19.5 billion in outlays in fiscal year 2015. Discretionary spending in fiscal year 2015 is \$6.1 billion in budget authority and \$6.0 billion in outlays; mandatory spending, the majority of the function's total, is \$13.0 billion in budget authority, with outlays of \$13.6 billion. The ten-year totals for budget authority and outlays are \$197.9 billion and \$193.8 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.* The recently passed Farm Bill reformed commodity programs, most notably by eliminating Direct Payments. However, this area remains ripe for reform. The budget takes into consideration the savings that the Farm Bill achieved and then proposes that additional savings be found. Under this option, mandatory agricultural outlays, other than food and nutrition programs, will be reduced by \$23 billion relative to the currently anticipated levels from fiscal year 2015 through fiscal year 2024. These savings could be achieved by continuing to reform assistance programs for agriculture. 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.

<sup>52</sup>“Farm Financial Position Expected to Remain Strong Despite a Forecast Drop in 2014 Income,” Amber Waves, U.S. Department of Agriculture, Economic Research Service, 4 Mar. 2014.

## **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 their efforts to bolster free enterprise, economic growth, and upward mobility. 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 –\$4.3 billion in budget authority and –\$15.8 billion in outlays in fiscal year 2015. Of that total, 2015 discretionary spending is –\$12.9 billion in budget authority and –\$12.5 billion in outlays. Mandatory spending in 2015 is \$8.6 billion in budget authority and –\$3.4 billion in outlays. The function totals over ten years are –\$67.4 billion in budget authority and –\$244.7 billion in outlays.

On-budget totals for fiscal year 2015 are –\$3.2 billion in budget authority and –\$14.8 billion in outlays. Of these amounts, discretionary budget authority is –\$13.2 billion, with outlays of –\$12.7 billion. Mandatory on-budget spending for fiscal year 2015 is \$10.0 billion in budget authority and –\$2.0 billion in outlays. Over ten years, the on-budget totals are –\$52.4 billion in budget authority and –\$229.6 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 2015 are –\$1.1 billion in budget authority and –\$1.1 billion in outlays. Of these amounts, discretionary totals are \$263 million in budget authority and \$263 million 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 2015 is –\$1.3 billion in budget authority and –\$1.3 billion in outlays. Over ten years, the mandatory off-budget totals are –\$18.2 billion in budget authority and –\$18.2 billion in outlays. The negative totals for budget authority and outlays in the off-budget portion of this function represent savings from recommended policy proposals described below for the U.S. Postal Service.

### **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-finance, 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.* Subsidies to businesses 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.

For example, as of March 2013, the SEC had 3,950 full-time employees, and an average salary across the agency of over \$155,000. SEC's budget has risen by more than 45 percent since fiscal year

2007. If the President's fiscal year 2015 budget request were granted, SEC's budget would grow by another 26 percent in just one fiscal year.

In its 2014 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 bail-out of Bear Stearns and the collapse of Lehman Brothers and fed 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 examine the Reserve Primary Fund, a large money market fund that broke-the-buck in September 2008; 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 increase almost 66 percent since 2004.

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. Instead, 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 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. Having outlived their original purpose, both programs should be terminated.

*Terminate Corporation for Travel Promotion.* In 2010, Congress established a new annual payment to the travel industry and created a new government agency, the Corporation for Travel Pro-

motion (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 any industry. Moreover, the travel industry can and should pay for the advertising that it benefits from.

*Restrict FDIC Authority Provided by Dodd-Frank 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. 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.* In 2008, the federal government placed Fannie Mae and Freddie Mac into conservatorship to prevent them from going bankrupt. Treasury has already provided \$187 billion in bailouts to Fannie and Freddie, and as long as the entities remain in conservatorship, taxpayers remain exposed to Fannie and Freddie’s over \$5 trillion of outstanding commitments. 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. Despite recent dividend payments by Fannie and Freddie, both enterprises continue to assume outsized risks that place the taxpayer in jeopardy in the event of future downturns in the housing market.

Since Treasury stepped in to provide additional bailout funds, Fannie and Freddie's dominance in the mortgage market has grown. In 2013, the GSEs accounted for 60 percent of first-lien mortgage originations, with FHA and VA backing an additional 19 percent. In 2005 and 2006, the GSE's share of first-lien originations was closer to 30 percent. Additionally, Fannie Mae, Freddie Mac, and Ginnie Mae now dominate the market for the issuance of new single-family, 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, this resolution envisions 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, which could include measures described in H.R. 2767, the Protecting American Taxpayers and Homeowners Act of 2013.

*Reform the Credit Reform Act to Incorporate Fair-Value Accounting Principles.* As the exposure of the taxpayer to Fannie and Freddie continues, taxpayers are also exposed to bailing out another housing giant: the Federal Housing Administration. The capital ratio of FHA's Mutual Mortgage Insurance fund has remained below the congressionally mandated 2 percent level since the financial crisis. While the capital ratio improved from fiscal year 2012 to fiscal year 2013, it was still negative at the conclusion of the last fiscal year. Additionally, FHA drew \$1.7 billion from Treasury in 2013 because it did not have sufficient funds to cover expected future losses.

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 mort-

gage-backed securities, regardless of which federal agency 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 (USPS) is unable to meet its financial obligations and is in desperate need of structural reforms. In fiscal year 2013, USPS had an operating loss of \$1 billion and defaulted on another \$5.6 billion payment to prefund the retirement health care of their employees. As of fiscal year 2013, the USPS had a total of approximately \$112 billion in unfunded long-term debt, including promised health-benefit compensation for Postal retirees, workers' compensation, and debt owed to the Treasury.

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 25 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 \$19 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 \$34.7 billion in budget authority and \$80.7 billion in outlays in fiscal year 2015. Discretionary budget authority in 2015 is \$30.9 billion, with outlays of \$79.4 billion; and mandatory spending is \$3.8 billion in budget authority and \$1.3 billion in outlays. The large discrepancies between budget authority and outlays here result 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 \$734.6 billion, with outlays of \$789.1 billion.

The Moving Ahead for Progress in the 21st Century (MAP-21) surface-transportation authorization act provided stable funding for major construction projects in 2013 and 2014. However, the law did not include reforms to keep the program solvent beyond the authorization period.

Maintaining the solvency of the Highway Trust Fund and the policy of the trust fund being user-fee supported is a priority. With the Highway Trust Fund facing insolvency in late 2014 or early 2015, 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 \$16 to \$17 billion.

As a result of these chronic shortfalls, the trust fund has required several large general-fund contributions totaling more than \$52 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 and a \$2.4



billion transfer from the Leaking Underground Storage Tank Trust Fund.

Despite these large recent infusions, CBO estimates that the Highway Trust Fund still faces insolvency in 2015 once MAP-21 expires. Over the next decade, CBO projects a growing gap causing the Highway Trust Fund to run cumulative cash deficits of nearly \$173 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 and ensure that 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.

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, specific 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 Amtrak Operating Subsidies.* The budget supports eliminating operating subsidies that have been insulating Amtrak from making the structural reforms necessary 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 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. Recently, wasteful procurement practices led to over \$185 million in screening equipment sitting unused in expensive storage facilities. 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.

*Prioritize Rail Safety.* The budget supports the vital role of the Federal Railroad Administration in ensuring freight and passenger-rail safety, while reducing spending in non-essential transportation programs.

#### 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 in fiscal year 2015 under current levels of spending. By existing law and cash-management practices, the Department of Transportation would need to slow down or reduce spend-

ing 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, while at the same time providing flexibility for a surface-transportation reauthorization that does not increase the deficit. The budget includes a reserve fund to provide for the adjustment of budget levels for consideration of surface-transportation legislation, as long as that legislation is deficit neutral.

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.* 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.

## 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 \$14.6 billion in budget authority and \$23.6 billion in outlays in fiscal year 2015. Discretionary budget authority in 2015 is \$13.3 billion, with \$21.9 billion in associated outlays. Mandatory spending in 2015 is \$1.3 billion in budget authority and \$1.7 billion in outlays. The ten-year totals for budget authority and outlays are \$154.5 billion and \$170.5 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 program. CDBG is an annual formula grant directed to state and local governments to address a broad array of initiatives. In 2014, \$3.1 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.* Urban Area Security Initiative grants to over 30 cities have not produced measurable results for the most critical cities. This pro-

posal 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, while at the same time proposing further steps to eliminate overlap and inefficiencies. 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. From 1953 to 1992, presidents made 1,153 total disaster declarations—including Major Disasters Declarations, Emergency Declarations, and Fire Management Assistance Declarations—for an average of 29 declarations per year.<sup>53</sup> The last three administrations alone have made more than 2,400 declarations to date, including a single-year high of 242 made by the current administration in 2011. 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.

This 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

*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.

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<sup>53</sup> Federal Emergency Management Agency, "Disaster Declarations by Year," Mar. 2014.

## **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. But even 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 them 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 [GAO] 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 \$73.9 billion in budget authority and \$91.8 billion in outlays in fiscal year 2015. In that year, discretionary spending is \$92.1 billion in budget authority and \$95.6 billion in outlays; mandatory spending in 2015 is –\$18.2 billion in budget authority and –\$3.9 billion in outlays. Over ten years, spending in this function totals \$864 billion in budget authority and \$889 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 10.5 million Americans are unemployed. Yet they also

report 4 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 the 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. He echoed the request in his 2014 State of the Union address, charging Vice President Biden with conducting a review of the job-training system, despite the work already done by GAO and the Education and the Workforce Committee. 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 reported legislation to that end, which passed the House in March 2013.

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.

*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 2015 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. These laws expanded eligibility for Pell Grants and increased Pell Grant funding. These expansions, along with a dramatic rise in the number of eligible students due to the recession, have caused program costs to explode since 2008, from \$16.1 billion in 2008 to an estimated \$26.9 billion in fiscal year 2015. Pell was traditionally funded as a discretionary program. Instead of confronting the cost drivers of the program, a Democratic Congress began to increasingly rely on mandatory funding to solve its discre-

tionary shortfalls. Based on current CBO estimates, the program will again face a shortfall in fiscal year 2016.

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 2015 budget only provides funding for an increased level of award through the 2016-2017 award 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 2013-2014 award year of \$5,730 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 by 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. 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 provide funding to students and others who work in certain areas of public service. Participation in these programs is not based on need. The United States has a long history of robust volunteer work and other efforts that provide services to communities and individuals. Americans' generosity in contributing their time and money to these efforts is extraordinary and should be encouraged. However, 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 a percentage 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 February, the House Committee on the Budget reported H.R. 1872, the Budget and Accounting Transparency Act of 2014, which would mandate fair-value accounting. Unfortunately, SAFRA used the higher non-adjusted savings projection to subsidize the new health-care law and to increase spending on several education programs. Although much of the funding allocations have already been spent, Congress could cancel some of the future spending by repealing the expansion of the Income-Based Repayment program. SAFRA made the income-based repayment 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.

*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 will grow at a rate of 9 percent per year through 2018—far faster than the growth of the overall economy. The Congressional Budget Office projects federal spending on this program to be \$298 billion in fiscal year 2014. This is expected to nearly double within the next ten years, reaching \$574 billion by fiscal year 2024.

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' 2012 Actuarial Report on the Financial Outlook on Medicaid, total state spending will rise from about \$157 billion in fiscal year 2011 to \$317 billion in fiscal year 2021.

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 them for 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 \$792 billion over the 2015-2024 period. This is due to the millions of new beneficiaries that the law drives into the program. In fact, CBO estimates that in 2024, 13 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 \$419.8 billion in budget authority and \$416.6 billion in outlays in fiscal year 2015. Discretionary spending for the year is \$55.7 billion in budget authority and \$59.1 billion in outlays; mandatory spending is \$364.1 billion in budget authority and \$357.4 billion in outlays. The ten-year totals for budget authority and outlays are \$4.12 trillion and \$4.11 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 critical, and one set of potential approaches is described below.

#### 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 that each state could tailor to meet its 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 the 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.

The Medicaid reforms proposed in the fiscal year 2015 budget provide all states with the necessary flexibility to pursue reforms similar to the Indiana plan.

Based on this kind of reform, this budget assumes \$732 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 in Medicaid, the new health-care law would increase the eligible population for the program by one-third. For fiscal years 2015 through 2024, CBO projects the new law will increase federal spending by \$792 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 \$792.4 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 \$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 or make health decisions that violate their religious beliefs. This budget provides for the repeal of 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 health-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 \$1.2 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. This budget assumes full repeal of all of the new health-care law's tax increases as part of comprehensive tax reform.

**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. In CBO's latest Long-Term Budget Outlook, mandatory spending on Medicare is projected to reach 5 percent of GDP by 2040 and 9.4 percent of GDP by 2088. Medicare's trustees project that Medicare's Hospital Insurance Trust Fund will be bankrupt by 2026.

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 \$519.2 billion in budget authority and \$519.4 billion in outlays in fiscal year 2015. Discretionary spending is \$6.7 billion in budget authority and \$6.6 in outlays in fiscal year 2015. Mandatory spending in 2015 is \$512.5 billion in budget authority and \$512.8 in outlays. The ten-year totals for budget authority and outlays are \$6.8 trillion and \$6.8 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 is intended to be an insurance program that 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. Medicare is an open-ended, blank-check entitlement that operates under a rigid and bureaucratic fee-for-service payment system. This current structure 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. Unfortunately, the government has been slow to innovate and 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. For those who were 55 or older in 2013, they would remain in the traditional Medicare system.

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.

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. In September 2013, the Congressional Budget Office analyzed illustrative options of a premium support system. They found that a program in which the premium-support payment was based on the average bid of participating plans would result in savings for affected beneficiaries as well as the federal government.<sup>54</sup>

Moreover, 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 to 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. Also starting in 2024, the age of eligibility for Medicare would begin to rise gradually to correspond with Social Security’s retirement age and the fee-for-service benefit would be modernized to have a single deductible and by reforming supplemental insurance policies.

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.

<sup>54</sup> Congressional Budget Office, “A Premium Support System for Medicare: Analysis of Illustrative Options,” 18 Sept. 2013.



## 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 repeals the health-care law’s new rationing board, the Independent Payment Advisory Board.

*Medical-Liability-Insurance Reform.* This budget also advances commonsense 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.

*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, with the same provisions the President’s proposed in his fiscal year 2014 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 federal-employee-retirement and disability benefits (including military retirees); general retirement and disability insurance (excluding Social Security)—mainly through the Pension Benefit Guaranty Corporation—and benefits to railroad 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 \$505.7 billion in budget authority and \$505.0 billion in outlays in fiscal year 2015. Discretionary spending is \$62.3 billion in budget authority and \$64.6 billion in outlays in fiscal year 2015. Mandatory spending in 2015 is \$443.4 billion in budget authority and \$440.4 billion in outlays. The ten-year totals for mandatory budget authority and outlays are \$4.4 trillion and \$4.4 trillion, respectively.

The Committee's recommendation is a disciplined budget that will require committees of jurisdiction and agencies to set priorities and achieve efficiencies. In addition to implementing needed reforms in these programs, it will avoid the sudden and arbitrary benefit cuts 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 Outreach Funding.* This budget assumes that outreach funding for the SNAP program is reduced, and the reduction is shifted toward programs that facilitate upward mobility, such as properly reformed job-training programs.

*Make Responsible Reforms to Housing-Assistance Programs.* This resolution supports taking actions that would make housing-assistance programs more sustainable and work to direct federal dollars to serve those most in need. Spending on the Tenant-Based Section 8 program increased by 80 percent from 2005 to 2013. However, HUD's most recent Worst Case Housing Needs Report to Congress suggests the number of families who are severely rent burdened or live in substandard conditions continues to grow.<sup>55</sup> Reforms are needed both to ensure the affordability of these programs to the taxpayer and to ensure that assistance is available to those most in need. One reform could include the gradual expansion of the Moving to Work program to high-performing public housing authorities. Moving to Work gives public housing authorities more flexibility in how they spend funds so that they can serve families more efficiently.

## 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 \$83 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 the recession is long past. 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.

<sup>55</sup>"Worst Case Housing Needs 2011: Report to Congress," U.S. Department of Housing and Urban Development, Feb. 2013.

*Eliminate Abuse of LIHEAP.* The Low Income Home Energy Assistance Program provides low-income families with help to pay heating bills. However, states can provide as little as \$20 in LIHEAP benefits in order to increase SNAP benefits (see “Categorical Eligibility” above). The recently passed Farm Bill reformed this practice, but it did not end the abuse entirely—and this proposal would.

*Eliminate the Failed Troubled Asset Relief Program [TARP] Housing Subsidies.* This resolution supports ending the loan-subsidy initiative, the Home Affordable Modification Program [HAMP], created by the Obama administration as a part of TARP for distressed homeowners. In addition to serving far fewer households than planned, HAMP has experienced alarmingly high re-default rates. The Special Inspector General for the Troubled Asset Relief Program’s most recent quarterly report states that \$1.1 billion of TARP monies have been spent through HAMP on modifications that ultimately re-defaulted.<sup>56</sup>

*Eliminate Certain Waivers from Work Requirements for Able-Bodied Adults without Dependents.* H.R. 3102, the Nutrition Reform and Work Opportunity Act of 2013 included the elimination of certain waivers from SNAP work requirements for Able-Bodied Adults without Dependents (ABAWDs). As was demonstrated by the welfare reforms of the 1990s, work requirements are central to ensuring that public assistance helps individuals transition to independence.

*Institute 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 calls for rescinding 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 contributed to the largest sustained reduction in child poverty since the onset of the “Great Society.” It also calls for the Secretary of the U.S. Department of Agriculture to test work-first pilot projects under the authority granted by Sec. 4022 of the Agriculture Act of 2014.

*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. 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. This option would save an estimated \$125 billion over ten years.

<sup>56</sup>“Quarterly Report to Congress,” Office of the Special Inspector General for the Troubled Asset Relief Program, 29 Jan. 2014.

*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.”<sup>57</sup> 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.

*Eliminate the Ability to Receive Both Unemployment Insurance and Disability Insurance.* This option would eliminate the ability of individuals to receive both Unemployment Insurance benefits and Disability Insurance benefits. A condition of receiving UI benefits is that the individual is available and seeking work. In direct contradiction, Disability Insurance is available to benefit only those who are unable to work. The President included a similar proposal in his fiscal year 2015 budget. This could save up to \$5.4 billion over ten years.

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<sup>57</sup>U.S. House, Committee on Ways and Means. Contract with America: Welfare Reform, Part 2, Hearing, February 2, 1995 (Serial No. 104-44). Washington: Government Printing Office, 1995.

## FUNCTION 650: SOCIAL SECURITY

### Function Summary

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 programs. Under provisions of the Congressional Budget Act and the Budget Enforcement Act, the 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 calling on policymakers to come to the table and enact commonsense reforms to keep the program solvent for current beneficiaries and make it stronger for future generations.

More immediately, the Disability Insurance program is expected to go bankrupt in 2016. This will require a nearly 25 percent cut to the benefits of current recipients. The Obama administration has called on diverting funds from the retirement system (Old Age and Survivors Insurance or OASI) for Social Security to the Disability Insurance system.<sup>58</sup> This will accelerate the insolvency of the OASI trust fund, necessitating earlier cuts to Social Security benefits for current and future retirees. This budget does not support the raid on the OASI trust fund—rather, it continues to call for a bipartisan solution to Social Security's finances.

The Disability Insurance program has seen huge growth over the past decades. According to a 2012 report by the Congressional Budget Office, the share of working-age adults receiving Disability Insurance benefits rose from 1.3 percent to 4.5 percent. CBO also predicts that the share of working-age adults will continue to rise, reaching 5.0 percent in 2022. This increase in the number of adults on Disability Insurance has also sharply increased spending. As a percentage of GDP, the DI program was .27 percent in 1970; CBO is projecting that in 2024 the DI program will be .72 percent of GDP.

### 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 \$31.4 billion in budget authority and \$31.5 billion in outlays in fiscal year 2015. Over ten years, the on-budget totals are \$453.5 billion in budget authority and \$453.6 billion in outlays.

In the off-budget category, the budget calls for \$864.5 billion in budget authority for fiscal year 2015 and \$860.5 billion in outlays

<sup>58</sup>In March 5 testimony before the House Budget Committee, Sylvia Burwell said that the administration supported "Congress for taking the efforts that it [has] historically taken with regard to reallocation of the trust."

for fiscal year 2015. Over ten years, the off-budget totals are \$11.4 trillion in budget authority and \$10.3 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, [Social Security] 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.<sup>59</sup>

Social Security's fragile condition poses a serious problem that threatens to break the broader compact in which workers support current retirees, 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.

<sup>59</sup>U.S. House, Committee on the Budget. The Congressional Budget Office's Budget and Economic Outlook, Hearing, 13 Feb. 2013 (Serial No. 113-1). Washington: Government Printing Office, 2013.

In addition, there is bipartisan support 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 fails to meet 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 took several 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, in the House, 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 80 percent, while mandatory costs have increased 119 percent, mostly attributable to increasing disability compensation and the expansion of benefits.

**Summary of Committee-Reported Resolution**

The resolution calls for \$153.0 billion in budget authority and \$153.0 billion in outlays in fiscal year 2015. Discretionary spending is \$65.5 billion in budget authority and \$65.5 billion in outlays in fiscal year 2015. This is an increase of 3 percent from last year's discretionary level. Mandatory spending in 2015 is \$87.6 billion in budget authority and \$87.5 billion in outlays. The ten-year totals for budget authority and outlays are \$1.8 trillion and \$1.8 trillion, respectively.

This resolution also accommodates up to \$58.662 billion for fiscal year 2016 in advance appropriations for medical care, consistent with the Veterans Health Care Budget and Reform Transparency Act of 2009.

This budget does not assume any savings in Function 700 and fully funds the nation's commitment to the services and benefits earned by veterans through their selfless military service. This budget matches the President's discretionary request for fiscal year 2015, in addition to matching the President's fiscal year 2016 request for advance appropriations for veteran medical care. It also fully funds the mandatory benefits provided for under current law according to CBO's estimates. As of the writing of this concurrent resolution, CBO has yet to revise its current-law baseline, and the resolution provides the authority for the chairman of the Committee on the Budget to adjust the mandatory funding levels in this budget to reflect CBO's updated baseline. Veterans are, and will remain, the highest priority within this budget.

However, the committee is concerned with the VA's progress in eliminating the disability-claims backlog and ending veteran homelessness. While funding for the Veterans Benefits Administration and homelessness initiatives has significantly increased in recent years to achieve these goals by 2015, success remains elusive. The committee will continue to closely monitor VA's progress to ensure resources provided by Congress are sufficient and efficiently used to achieve these top priorities as soon as possible.

## 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. It includes most of the Department of Justice and several components of the Department of Homeland Security.

Activities funded within this function include the Federal Bureau of Investigation; the Drug Enforcement Administration; border 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.

### Summary of Committee-Reported Resolution

The resolution calls for \$54 billion in budget authority and \$54.3 billion in outlays in fiscal year 2015. Discretionary spending is \$52.1 billion in budget authority and \$52.8 billion in outlays in fiscal year 2015. Mandatory spending in 2015 is \$1.9 billion in budget authority and \$1.4 billion in outlays. The ten-year totals for budget authority and outlays are \$619.9 billion and \$619.3 billion, respectively.

According to the Government Accountability Office [GAO], from fiscal year 2005 to 2011, over \$30 billion was 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.<sup>60</sup> The GAO has determined that many of these grants were awarded without consideration of overlap or duplication with other DOJ grant programs, leading to significant waste.

With the risk of terrorism as well as a tidal wave of debt, federal taxpayer money for the Departments of Justice and Homeland Security should be focused on administering justice, arresting and prosecuting terrorists, investigating crimes, and seeking punishment for those guilty of unlawful behavior. Local law enforcement is the responsibility of the states and communities, and they should determine the best course of action in deterring crime. This 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 have iden-

<sup>60</sup> Government Accountability Office, "2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue," Feb. 2012.

tified overlap and duplication within many of these grant programs, and it is clear that they 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. Elizabeth's project, the largest federal building project in D.C. since the Pentagon.

#### MANDATORY SPENDING

*Extend Customs User Fees.* Continuing the policy of the Bipartisan Budget Act of 2013, the budget assumes that the Bureau of Customs and Border Protection continues to collect customs user fees through 2024. With the passage of the BBA, authority to collect these fees expires in 2023.

## 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; 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 stimulus act increased the General Services Administration's budget by \$5.8 billion, for example.

### Summary of Committee-Reported Resolution

The resolution calls for \$23.7 billion in budget authority and \$23.6 billion in outlays in fiscal year 2015. Of that total, discretionary spending in fiscal year 2015 totals \$17.3 billion in budget authority and \$16.8 billion in outlays. Mandatory spending in 2015 is \$6.4 billion in budget authority and \$6.8 billion in outlays. The ten-year totals for budget authority and outlays are \$247.3 billion and \$244.3 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 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. The budget reflects the changes to the Presidential Election Campaign Fund due to the passage of the Gabriella Miller Kids First Research Act.

#### DISCRETIONARY SPENDING

*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. The National Association of Secretaries of

State, the association of state officials responsible for administering elections, 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.* The IRS has over 85,500 employees and spends more than \$12 billion annually. The Internal Revenue Code now contains approximately 4 million words, and each year taxpayers and businesses spend over 6 billion hours complying with filing requirements.<sup>61</sup> The President's budget makes the tax code more complex and proposes to increase the IRS budget by approximately \$1.2 billion. This resolution calls for simplifying the burdensome tax code through tax reform, naturally reducing the agency's size by promoting policies that lead to less reliance on the IRS. As outlined in a 2012 GAO report, simplifying our increasingly complex tax code may reduce accidental errors in tax filing and improve voluntarily compliance.<sup>62</sup> A simplified tax code would have the dual benefits of reducing both the time taxpayers devote to complying with an overly complex code and the taxpayer dollars needed to administer and enforce it.

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<sup>61</sup>"2013 Annual Report to Congress," National Taxpayer Advocate, 31 Dec. 2013.

<sup>62</sup>"Opportunities to Improve the Taxpayer Experience and Voluntary Compliance," GAO, 26 April 2012.

**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.

According to CBO, if we do nothing, net interest payments are projected to nearly quadruple from \$233 billion in 2014 to \$880 billion by 2024. At this alarming growth rate, net interest spending is projected to exceed the entire amount spent on national defense by 2020. Reducing interest costs will require sustained spending restraint. This budget resolution provides such restraint, and it reduces net interest by \$893 billion over ten years compared with the CBO baseline.

**Summary of Committee-Reported Resolution**

The resolution calls for \$267.3 billion in mandatory budget authority and outlays in fiscal year 2015. The ten-year totals for budget authority and outlays are \$4.9 trillion.

On-budget mandatory budget authority and outlays are \$366.0 billion in fiscal year 2015 and \$6.0 trillion over ten years. The on-budget figures are larger than the function totals because the former are offset by off-budget interest payments from the general fund to the Social Security Trust Fund, which are reflected as off-budget collections (negative numbers).

These off-budget mandatory collections (negative budget authority and outlays) amount to \$98.7 billion in fiscal year 2015, and -\$1.1 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, the President and 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 2014 baseline was released, CBO did not provide forward-looking, 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 \$575 billion and \$521 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 two components are included in the baseline:

1. A \$534 billion and \$480 billion reduction in non-defense budget authority and outlays, respectively, needed to comply with the discretionary spending caps set by section 101 of the BCA.
2. A \$41 billion reduction in both budget authority and outlays to non-Medicare and non-defense mandatory programs necessary to comply with the automatic-enforcement procedure (i.e. sequester) mandated by the BCA.

## FUNCTION 930: GOVERNMENT-WIDE SAVINGS

### Summary of Committee-Reported Resolution

Function 930 includes various policies that produce government-wide budget effects in multiple functions rather than in a single, specific budget function. The resolution calls for spending \$25.9 billion and \$20.1 billion in budget authority and outlays, respectively, in fiscal year 2015. The ten-year totals for budget authority and outlay savings are  $-\$501.8$  billion and  $-\$396.0$  billion, respectively.

### Illustrative Policy Options

#### DISCRETIONARY SPENDING

*Abiding by the Bipartisan Budget Act of 2013.* The total base discretionary budget authority for fiscal year 2015 assumed in the resolution is \$1,013.6 billion—the same level set by the Bipartisan Budget Act of 2013 (BBA). The resolution offers approximately \$26 billion in fiscal year 2015 non-defense discretionary savings in several budget functions should Congress choose to enact additional deficit reduction next year. Because these additional savings would cause the resolution to display a lower total base discretionary level than contemplated by the BBA, \$26 billion in non-defense discretionary spending is added back to Function 930 in order to make the total budget-resolution base discretionary level match the amount specified in the BBA.

*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 who 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.

*Reform Civil Service Pensions.* 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.

#### MANDATORY SPENDING

*Program Integrity.* This budget assumes program integrity savings by assuming that Continuing Disability Reviews (CDRs) and Supplemental Security Income Redeterminations are fully funded and that additional steps are taken to reduce improper payments in the Medicare, Medicaid, and Unemployment Insurance programs. By ensuring that all benefits are targeted towards the appropriate households, this budget will reduce fraud and improper



payments in these programs. This could save up to \$27 billion over ten years.

## 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 –\$95.6 billion in budget authority and outlays in fiscal year 2015 (with the minus sign indicating receipts into the Treasury). Over ten years, budget authority and outlays total –\$1.1 trillion.

On-budget amounts are –\$78.6 billion in budget authority and outlays in fiscal year 2015, and –\$935.3 billion in budget authority and outlays over ten years.

Off-budget amounts are –\$17.0 billion in budget authority and outlays in fiscal year 2015, and –\$201.4 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. Complex procedural requirements, lack of organization, and delayed data reporting provide agencies very little incentive to dispose of unneeded properties

and very few repercussions for holding onto these properties indefinitely. According to the most recent Federal Real Property Report, from fiscal year 2012, the federal government owns or leases over 360,000 buildings and 485,000 structures. Of the buildings in the federal government's portfolio, non-defense buildings accounted for at least 148,000 of the total.

The government's track record for real-estate asset sales has been poor. The fiscal year 2012 report shows that of the 23,663 assets the federal government disposed of in that year, 6,066, or 25.6 percent, were disposed of via demolition. Only 515, or 2.2 percent, were disposed of through a sale. Many assets were simply given away at below-market value or even for free.

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 nearly 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.

## **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 \$85.4 billion in budget authority and \$52.6 billion in new outlays in fiscal year 2015. These amounts are the same as the President's request. This function accommodates all of the funding requested by the Department of State for the incremental, non-enduring civilian activities in Afghanistan, Pakistan, and Iraq. However, because troop levels beyond the end of 2014 are undecided, this budget includes the same \$79.4 billion placeholder for the Department of Defense as the President's budget. The fact that this function includes a temporary placeholder is not an invitation for the funding budgeted in this function to be used as a reserve fund for other activities not related to the war.

The budget resolution includes authority for the chairman of the Budget Committee to adjust the relevant levels and allocations for war-related spending to account for a future budget request from the President consistent with the decisions that are ultimately made on troop levels. In making any adjustments, the Budget Committee will be vigilant that the OCO/GWOT cap adjustment is not abused as a means of evading the statutory caps on discretionary spending.

The Budget Control Act of 2011 allows the discretionary caps to be automatically increased for funding designated for OCO/GWOT, which has created a loophole that could be used to circumvent discretionary funding caps. For FY 2014, Congress and the President enacted an appropriations bill that provided \$7.4 billion more than the Administration requested for OCO. Abuse of the OCO/GWOT cap adjustment is a backdoor loophole that undermines the integrity of the budget process. The Budget Committee will exercise its oversight responsibilities with respect to the use of the OCO/GWOT designation in the FY 2015 budget process, and it will oppose increases above the levels the Administration and our military commanders say are needed to carry out operations unless it can be clearly demonstrated that such amounts are war-related.

*Defense Activities.* The United States and the Government of Afghanistan have negotiated a Bilateral Security Agreement, which is currently awaiting approval by the Afghan government. The outgoing president of Afghanistan has refused to sign the agreement, leaving the ultimate disposition of the agreement to be determined by the next president, who will be elected in April. Until the agreement is concluded, the U.S. Government has been unable to determine what the troop level will be after 2014 and therefore what funding will be needed.

*Civilian Activities.* This budget fully funds the \$5.9 billion request 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.

However, the Committee notes concern regarding past, present, and future use of OCO/GWOT funds for civilian efforts:

- In past legislation, including the Consolidated Appropriations Act of 2014, OCO/GWOT has been used to fund accounts that the Committee does not view as critical to efforts related to the global war on terrorism, for example Education and Cultural Exchange Programs. Funding for these programs should be provided within their respective base budgets.

- Wasteful spending of war funding, especially for Afghanistan reconstruction efforts, is unacceptable. The Special Inspector General for Afghanistan Reconstruction has highlighted several recent examples, including multi-million-dollar infrastructure projects that have never been used, nor will be used for the intended purpose, if at all. The Committee will continue to closely monitor the use of OCO/GWOT funds to ensure taxpayer dollars are spent effectively and efficiently in achieving our strategic goals overseas. Continued reports of waste, fraud, and/or abuse will be taken into consideration as OCO/GWOT funding levels are determined going forward.

- The administration's decision to expand the scope of programs eligible for OCO/GWOT funding to include not only the frontline states of Iraq, Afghanistan, and Pakistan, but also Syria, Africa, and other areas of conflict, could lead to potential abuse of the OCO/GWOT designation. OCO/GWOT was originally intended to fund only extraordinary, and thus temporary, costs of U.S. operations in Iraq, Afghanistan, and Pakistan. While this budget fully supports U.S. missions in other conflict areas, it does not recommend expanding OCO's purpose and believes such missions should be funded in the relevant base budget accounts in Function 150.



## REVENUE

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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. This budget proposes to solve this problem by calling for a reformed tax code that is simpler, fairer, and pro-growth.

### Challenge

The current tax code is needlessly complex. It is estimated that individuals, families, and employers spend over 6 billion hours and over \$160 billion a year trying to negotiate a labyrinth of special rules, deductions and tax schedules. Over the past decade alone, there have been more than 4,400 changes to the tax code, more than one per day. 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. To put that figure in perspective, that is nearly the same amount that we collected in individual income taxes last year. Many of the deductions and preferences in the system are mainly used by a relatively small class of mostly higher-income individuals.

The large amount of tax preferences that pervade the code ends up narrowing the tax base. A narrow tax base requires much higher tax rates to raise a given amount of revenue. 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.

The top tax rate has actually risen and fallen dramatically throughout U.S. history, with little effect on tax revenue as a share of the economy. For instance, the top U.S. tax rate has been as high as 90 percent and as low as 28 percent, but income-tax revenue has remained fairly steady despite these sharp rate swings. It turns out that the biggest driver of revenue to the federal government isn’t higher tax rates, but economic growth. And the lion’s share of economists point out that a tax system with a broad tax base and low rates are keys to fostering economic growth and competitiveness.

One important hallmark of the U.S. economy is the importance of smaller, unincorporated businesses. 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.

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. This tax discourages investment and job creation, distorts business activity, and puts American businesses at a competitive disadvantage against foreign competitors. Yet the tax itself raises relatively little revenue—only 10 percent of the total federal revenue take comes from taxing corporate income. Any tax that raises little revenue and creates a lot of economic distortions is particularly ripe for reform.

Elevated corporate tax rates hinder American competitiveness by making the U.S. a less desirable destination for investment and jobs. Business location and investment decisions are becoming ever more sensitive to country tax rates as global integration increases. Foreign investment is important to an economy because it is a key source of funding to finance innovation and jobs. To enhance their competitiveness, many countries have been lowering business taxes. But the U.S. risks falling behind as it maintains its high tax rate while other countries lower theirs. 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.

The structure of U.S. international taxation is also out of sync with the international standard used by the majority of other countries, putting U.S. businesses operating abroad at a competitive disadvantage. Most countries operate under a so-called “territorial” system of international taxation, whereby their businesses operating abroad are only subject to the tax of the country where they do business. The U.S. has an antiquated “worldwide” system of international taxation, whereby U.S. multinationals operating abroad pay both the foreign-country tax and U.S. corporate taxes when profits are repatriated. They are essentially taxed twice. This puts them at an obvious competitive disadvantage. 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.

### **Solution: Pro-Growth Tax Reform**

Given the many problems with the current system, Congress should enact legislation that provides for a comprehensive reform of the U.S. tax code to promote economic growth, create American jobs, and increase wages. This can be achieved through revenue-neutral fundamental tax reform 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 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;
- repeals the Alternative Minimum Tax;
- reduces the corporate tax rate to 25 percent; and
- transitions the tax code to a more competitive system of international taxation.

Economists have shown that lowering overall rates and broadening the tax base will promote economic growth and support job creation by the private sector.

This resolution calls on comprehensive tax reform and lays out some principles, but it does not embrace any particular plan. There are many good ideas on that front—growth-oriented tax plans that could strengthen the economy and support the nation’s funding priorities.

Ways and Means Committee Chairman David Camp has proposed a comprehensive, revenue-neutral tax reform plan that would lower individual and corporate tax rates and remove a number of distortions in the code. The Joint Committee on Taxation has analyzed this plan and determined that it would increase real GDP by between 0.1 percent and 1.6 percent depending on the economic model used.

Congressman Burgess has also introduced a plan to dramatically simplify the tax code by offering individuals and businesses the option to pay a single flat tax on their income instead of navigating the maze of existing tax provisions. His plan would also repeal estate and gift taxes.

In addition, Congressman Woodall has submitted a fundamental tax-reform plan for consideration by the Ways and Means Committee that would eliminate taxes on wages, corporations, self-employment, capital gains, and gift and death taxes in favor of a personal-consumption tax that would provide the economic certainty that American businesses, entrepreneurs, and taxpayers desire.

Congress should consider these and the full myriad of pro-growth plans as it moves toward implementing the tax reform called for under this budget.



## **DIRECT SPENDING TRENDS AND REFORMS**

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### **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 fiscal year 2013 was \$2.3 trillion and will grow to over \$4 trillion by 2024, reflecting an average annual growth rate of 5.4 percent—much faster than both CBO’s projection of 2013 nominal economic growth of 3.3 percent and CBO’s longer-term projection of economic growth of 4.1 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 \$813 billion in 2013 to \$1,514 billion in 2024 and Medicare expected to grow from \$585 billion in 2013 to \$1,087 billion in 2024.

Over the next decade, the major means-tested entitlements are expected to grow by 5.4 percent per year—from \$694 billion in 2015 to \$1,083 billion in 2024. 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 inflation-adjusted dollars in 1962, or approximately 2.6 percent of total federal outlays and 0.5 percent of GDP. Just over the past ten years, major means-tested entitlement programs have grown 6.8 percent per year, from \$354 billion in 2005 to a projected \$639 billion in 2014.

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 from \$29 billion in 2004 to \$83 billion in 2013. 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 Bills 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 a 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. The most recent Farm Bill partially addressed this issue, requiring states to provide \$20 to recipients.

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. Over the past decade, spending on SSI has grown by 6.9 percent 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 (CHIP)—has grown from \$187 billion in 2005 to a projected \$312 billion in 2014. Going forward, CBO projects federal Medicaid and CHIP spending to nearly double over the next ten years, from \$343 billion in fiscal year 2015 to \$580 billion in fiscal year 2024. 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 them for 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, Medicaid grew at 5.4 percent a year over the past ten years, and it is projected to grow at an astounding 6.8 percent a year over the next ten years. This level of growth is clearly unsustainable.

#### FY 2015 BUDGET

The fiscal year 2015 budget addresses both non-means-tested and means-tested direct spending. Most importantly, it addresses the primary 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 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.

As Congress works to address high unemployment and weak economic growth, this budget is premised on the belief that the prospect of upward mobility should be in the 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 educational opportunities and from moving up the ladder of opportunity to join the middle class. By balancing the budget, implementing comprehensive tax reform, and reforming means-tested entitlement programs, this resolution is designed to accomplish exactly these goals.

**TABLE 10.—HISTORICAL MEANS-TESTED AND NON MEANS-TESTED DIRECT SPENDING**  
 [Outlays by fiscal year, in billions of dollars]

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Projected 2014	Average annual growth 2005–2014
<b>Means-Tested Programs:</b>												
<b>Health Care Programs:</b>												
Medicaid .....	176	182	181	191	201	251	273	275	251	265	298	5.4%
Medicare Part D Low-Income Subsidies* .....	0	0	11	17	17	19	21	26	20	22	24	10.0%
Health insurance subsidies .....	0	0	0	0	0	0	0	0	0	0	0	n.a
Children's Health Insurance Program .....	5	5	5	6	7	8	8	9	9	9	14	11.8%
<b>Subtotal .....</b>	<b>181</b>	<b>187</b>	<b>197</b>	<b>213</b>	<b>225</b>	<b>277</b>	<b>302</b>	<b>309</b>	<b>279</b>	<b>297</b>	<b>352</b>	<b>6.9%</b>
<b>Income Security:</b>												
SNAP .....	29	33	35	35	39	56	70	77	80	83	80	10.9%
Supplemental Security Income .....	34	38	37	36	41	45	47	53	47	53	54	4.8%
Earned income and child tax credits .....	42	49	52	54	75	67	77	78	77	79	82	6.9%
Family support and foster care <sup>b</sup> .....	31	31	30	31	32	33	35	33	30	32	31	0.2%
Child nutrition .....	12	13	14	14	15	16	17	18	19	20	21	5.6%
<b>Subtotal .....</b>	<b>147</b>	<b>163</b>	<b>168</b>	<b>170</b>	<b>202</b>	<b>217</b>	<b>247</b>	<b>260</b>	<b>254</b>	<b>266</b>	<b>268</b>	<b>6.2%</b>
Veterans' Pensions .....	3	4	4	3	4	4	4	5	5	5	6	5.2%
Pell Grants <sup>c</sup> .....	0	0	0	0	1	2	4	14	12	16	13	n.a
<b>Subtotal, Means-Tested Programs .....</b>	<b>331</b>	<b>354</b>	<b>369</b>	<b>386</b>	<b>431</b>	<b>501</b>	<b>557</b>	<b>589</b>	<b>550</b>	<b>584</b>	<b>639</b>	<b>6.8%</b>
<b>Non-Means-Tested Programs<sup>d</sup> .....</b>	<b>1,015</b>	<b>1,094</b>	<b>1,188</b>	<b>1,242</b>	<b>1,349</b>	<b>1,787</b>	<b>1,553</b>	<b>1,646</b>	<b>1,710</b>	<b>1,753</b>	<b>1,766</b>	<b>5.7%</b>



TABLE 11.—PROJECTED MEANS-TESTED AND NON MEANS-TESTED DIRECT SPENDING—Continued

[Outlays by fiscal year, in billions of dollars]

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Average annual growth 2015–2024
<b>Income Security:</b>												
SNAP .....	80	80	79	78	76	76	75	75	74	74	74	–0.8%
Supplemental Security income .....	54	55	61	59	55	62	64	66	74	71	67	2.1%
Earned income and child tax credits <sup>b</sup> .....	82	84	87	88	89	78	80	81	82	84	85	0.4%
Family support and foster care <sup>c</sup> .....	31	31	32	32	32	32	32	33	33	33	33	0.6%
Child nutrition .....	21	22	23	23	24	25	26	27	28	30	31	3.9%
<b>Subtotal .....</b>	<b>268</b>	<b>272</b>	<b>281</b>	<b>279</b>	<b>277</b>	<b>273</b>	<b>277</b>	<b>282</b>	<b>292</b>	<b>291</b>	<b>291</b>	<b>0.8%</b>
Veterans' Pensions .....	6	6	6	7	7	7	7	7	8	8	8	3.2%
Pell Grants <sup>c</sup> .....	13	6	7	8	10	10	10	10	10	10	10	–3.1%
<b>Subtotal, Means-Tested Programs .....</b>	<b>639</b>	<b>694</b>	<b>774</b>	<b>818</b>	<b>848</b>	<b>877</b>	<b>916</b>	<b>958</b>	<b>1,009</b>	<b>1,046</b>	<b>1,083</b>	<b>5.4%</b>
<b>Non-Means-Tested Programs<sup>d</sup> .....</b>	<b>1,766</b>	<b>1,846</b>	<b>1,955</b>	<b>2,035</b>	<b>2,124</b>	<b>2,266</b>	<b>2,399</b>	<b>2,546</b>	<b>2,736</b>	<b>2,851</b>	<b>2,994</b>	<b>5.4%</b>
<b>Social Security</b>												
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												
<b>Total Mandatory Outlays .....</b>	<b>2,405</b>	<b>2,540</b>	<b>2,729</b>	<b>2,853</b>	<b>2,972</b>	<b>3,144</b>	<b>3,315</b>	<b>3,504</b>	<b>3,744</b>	<b>3,897</b>	<b>4,077</b>	<b>5.4%</b>
<b>Memorandum:</b>												
Pell Grants (Discretionary) <sup>e</sup> .....	18	27	29	24	24	25	25	26	26	27	27	3.8%

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 2014 to 2024 (February 2014). The average annual growth rate over the 2015–2024 period encompasses growth in outlays from the amount projected for 2014 to the amount projected for 2024. 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. Differs from the amounts reported in Table 3-2 of The Budget and Economic Outlook: 2014 to 2024 (February 2014) because it does not include payments to reflect the average increase from the amount projected for 2014 to the amount projected for less healthy enrollees, reinsurance (amounts paid to plans that enroll individuals who end up with high costs), and risk corridors (amounts paid to health insurance plans whose actual costs for medical claims exceed expected costs). According to CBO's projections, that spending will be more than offset by corresponding collections. Spending for grants to states to establish exchanges is also excluded.
- b. Differs from the amounts reported in Table 3-2 of The Budget and Economic Outlook: 2014 to 2024 (February 2014) because it does not include other tax credits.
- c. 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.
- d. 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.
- e. Does not include offsetting receipts. List provided by House Budget Committee based on CBO's most recent Budget and Economic Outlook.
- f. 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 2014. Outlays for future years are based on those projected amounts of budget authority and on the budget authority provided in 2014.



## THE LONG-TERM BUDGET OUTLOOK

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

This budget turns the tide. It makes \$5.1 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 and arbitrary cuts to current services, such as those the country would experience in a debt crisis.

These reductions are hardly draconian. Over the years, Congress has put two-thirds of the budget on auto-pilot, and spending in those areas grows each year. The Congressional Budget Office has said the current laws and policies cannot be sustained. However, any effort to restrain the growth in this spending is cast as “cut.”

Under current policy, the federal government will spend \$47.8 trillion over the next ten years. Under this proposal, it will spend roughly \$42.6 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 5.2 percent. Under this budget, it will rise by only 3.5 percent.

Washington cannot keep spending money it does not have. So this budget achieves balance in 2024 by bringing spending down below 19 percent of GDP by 2024. In the country’s entire history, Congress has never balanced the budget when spending was higher than 18.7 percent of GDP.

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.

According to analysis by CBO, the spending path assumed in this budget will result in a balanced budget in ten years and a growing surplus that will lead to a sharp reduction in the national debt. CBO says a small budget surplus of 0.1 percent of GDP in 2025 will eventually grow to 1.8 percent of GDP by 2040. At the same time, debt held by the public will decline from over 73 percent of GDP today to 54 percent of GDP in 2025 to just 18 percent of GDP by 2040—a glide path to fully paying off the national debt.

Over the long term, the budget assumes revenue follows CBO’s extended baseline and is allowed to grow from 18.4 percent of GDP

in 2024 to 19 percent of GDP by 2035 and then remain at that share of the economy through 2040.

The United States has dealt with financial problems in the past. In 1997, a Democratic president and a Republican Congress passed the Balanced Budget Act of 1997, 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.

## SECTION-BY-SECTION DESCRIPTION

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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. Concurrent resolution on the budget for fiscal year 2015.*

Subsection (a) establishes the budgetary levels for fiscal year 2015 and each of the nine years following that budget year, fiscal years 2016 through 2024. 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 2015, 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, with spending authority. In addition to an allocation for fiscal year 2015, the authorizing committees receive an allocation of spending authority over the 10-year period provided for by the concurrent resolution on the budget and may not spend more than the allocation for the budget year or over the 10-year period.

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 subject to the statutory limit, and debt held by the public. 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.

In general, the debt subject to statutory limit aggregates refer 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 2015, the budget year, and for each of fiscal years 2016 through 2024.

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—Recommended Long-Term Levels**

*Section 201. Long-term budgeting.*

Section 201 sets out recommended budgetary levels for certain budget aggregates for each of fiscal years 2030, 2035, and 2040 as a percentage of the gross domestic product of the United States as follows:

*Federal Revenues*

Fiscal Year 2030: 18.8 percent  
 Fiscal Year 2035: 19.0 percent  
 Fiscal Year 2040: 19.0 percent

*Budget Outlays*

Fiscal Year 2030: 18.5 percent  
 Fiscal Year 2035: 17.9 percent  
 Fiscal Year 2040: 17.2 percent

*Deficits*

Fiscal Year 2030: -0.3 percent  
 Fiscal Year 2035: -1.1 percent  
 Fiscal Year 2040: -1.8 percent

*Debt*

Fiscal Year 2030: 43.0 percent  
 Fiscal Year 2035: 31.0 percent  
 Fiscal Year 2040: 18.0 percent

**Title III—Reserve Funds***Section 301. Reserve fund for the repeal of the 2010 health care laws.*

Section 301 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 302. Deficit-neutral reserve fund for the reform of the 2010 health care laws.*

Section 302 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 2015 through 2024. 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 303. Deficit-neutral reserve fund related to the Medicare provisions of the 2010 health care laws.*

Section 303 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 2015 through 2024.

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 304. Deficit-neutral reserve fund for the sustainable growth rate of the Medicare program.*

Section 304 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 Se-



curity Act, as long as the measure does not increase the deficit in the period of fiscal years 2015 through 2024.

*Section 305. Deficit-neutral reserve fund for reforming the tax code.*

Section 305 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 the House considers that reform the Internal Revenue Code of 1986, as long as such a measure does not increase the deficit in the period of fiscal years 2015 through 2024.

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 306. Deficit-neutral reserve fund for trade agreements.*

Section 306 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 2015 through 2024.

*Section 307. Deficit-neutral reserve fund for revenue measures.*

Section 307 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 2015 through 2024. 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 308. Deficit-neutral reserve fund for rural counties and schools.*

Section 308 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 309. Deficit-neutral reserve fund for transportation*

Section 309 permits the Chairman of the Committee on the Budget to revise the allocations of spending authority and to adjust other budgetary enforcement levels in this resolution for any bill or joint resolution to maintain the solvency of the Highway Trust Fund, as long as such a measure does not increase the deficit in the period of fiscal years 2015 through 2024.

*Section 310. Deficit-neutral reserve fund to reduce poverty and increase opportunity and upward mobility.*

Section 310 permits the Chairman of the Committee on the Budget to revise the allocations of spending authority provided to applicable committees and adjust other budgetary enforcement levels in this resolution for a measure reforming policies and programs to reduce poverty and increase opportunity and upward mobility as long as such a measure neither adversely impacts job creation nor increases the deficit in the period of fiscal years 2015 through 2024.

#### **Title IV—Estimates of Direct Spending**

*Section 401. 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 2015 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 non-means-tested direct spending for the 10-year periods before and after fiscal year 2015 respectively. It also proposes reforms to the non-means-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 401.

#### **Title V—Budget Enforcement**

*Section 501. Limitation on advance appropriations.*

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

Subsection (b) 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.”

Subsection (c) specifically sets a limit on the amount of total allowable advance appropriations for fiscal year 2016. It allows advance appropriations of up to \$58.662 billion for fiscal year 2016 for Veterans Medical Services, Veterans Medical Support and Compliance, and Veterans Medical Facilities accounts of the Veterans Health Administration.

It also allows up to \$28.781 billion for the programs referred to in subsection (b).

Subsection (d) 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 2016.

*Section 502. Concepts and definitions.*

Section 502 permits the Chairman of the Committee on the Budget to adjust the levels and allocations in this budget resolution upon enactment of legislation changing concepts or definitions.

*Section 503. 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 2015.

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) authorizes the Chairman of the Committee on the Budget to adjust the aggregates, allocations, and budgetary levels in this resolution for Overseas Contingency Operations/Global War on Terrorism to account for any new information included in the President's budget submission for fiscal year 2015.

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 dis-

cretionary spending limits for fiscal year 2015 are set in the fiscal year 2015 Sequester Preview Report, which was submitted on March 10, 2014.

Subsection (c) authorizes the Chairman of the Committee on the Budget to adjust the 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 (d) 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 504. 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 2025.

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

- Fiscal years 2025 through 2034;
- Fiscal years 2035 through 2044;
- Fiscal years 2045 through 2054;
- Fiscal years 2055 through 2064.

*Section 505. 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 House Committee on Appropriations 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, as long as such measure does not increase the deficit in fiscal year 2015 and in the period of fiscal years 2015 through 2024.

*Section 506. 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 504 of the concurrent resolution on the budget (the long-term spending point of order).

*Section 507. 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 508. Transfers from the general fund of the Treasury to the Highway Trust Fund that increase public indebtedness.*

Section 508 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 509. 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 2015 only. This separate allocation is the exclusive allocation for OCO/GWOT under section 302(a).

Subsection (a) also states that any provision designated as such under section 251(b)(2)(A)(ii) of the Balanced Budget and Emer-

gency 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 510. Exercise of rulemaking powers.*

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

### **Title VI—Policy Statements**

*Section 601. 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 602. Policy statement on tax reform.*

Subsection (a) sets out findings.

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

*Section 603. Policy statement on Replacing the President's health care law.*

Subsection (a) sets out findings.

Subsection (b) states the policy on replacing the President's health care law assumed by this concurrent resolution on the budget.

*Section 604. 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 605. 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.

Subsection (c) states the policy on the Disability Insurance program assumed by this concurrent resolution on the budget.

*Section 606. Policy statement on higher education affordability and workforce development opportunity.*

Subsection (a) sets out findings on higher education.

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

Subsection (c) sets out findings on workforce development.

Subsection (d) states the policy on workforce development assumed by this concurrent resolution on the budget.

*Section 607. 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.

*Section 608. 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 609. 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 610. Policy statement on unauthorized spending.*

Section 610 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.

*Section 611. Policy statement on Federal regulatory policy.*

Subsection (a) sets out findings.

Subsection (b) states the policy on Federal regulation assumed by this concurrent resolution on the budget.

*Section 612. Policy statement on trade.*

Subsection (a) sets out findings.

Subsection (b) states that the policy of this concurrent resolution on the budget is to pursue international trade, global commerce, and a modern and competitive U.S. international tax system in order to promote job creation in the United States.

*Section 613. No Budget, No Pay.*

Section 613 states that the policy of this concurrent resolution on the budget is that Congress should agree to a concurrent resolution on the budget every year pursuant to section 301 of the Congressional Budget Act of 1974. Section 613 further states that if by April 15, a House of Congress has not agreed to a concurrent resolution in the budget, the payroll administrator of that House should carry out this policy in the same manner as the provisions of Public Law 113-3, the No Budget, No Pay Act of 2013.



## THE CONGRESSIONAL BUDGET PROCESS

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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 2015), and the 10-year period (fiscal years 2015 through 2024). 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 first fiscal year and at least the four 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 leg-

isolation 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 2015 through 2024.

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 2015 are measured against the level for that year included in the fiscal year 2015 budget resolution and also the 10-year period of fiscal year 2015 through 2024.

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 2015 that commences on October 1, 2014, and a 10-year total for fiscal years 2015 through 2024.

*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 2015, 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 113th Congress first met on January 3, 2014, for the purposes of this concurrent resolution on the budget, the budget year is fiscal year 2015.

In general, bills, conference reports, joint resolutions, and 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 12.—ALLOCATION OF SPENDING AUTHORITY TO HOUSE COMMITTEE ON APPROPRIATIONS  
[In millions of dollars]

	2015
Base Discretionary Action:	
BA .....	1,013,628
OT .....	1,145,213
Global War on Terrorism:	
BA .....	85,357
OT .....	52,580
Current Law Mandatory:	
BA .....	792,819
OT .....	781,191

TABLE 13.—RESOLUTION BY AUTHORIZING COMMITTEE  
[On-budget amounts in millions of dollars]

	2015	2015–2024
Agriculture:		
Current Law:		
BA .....	91,867	899,235
OT .....	90,908	895,879
Resolution Change:		
BA .....	– 2,813	– 207,910
OT .....	– 2,556	– 207,260
Total:		
BA .....	89,054	691,325
OT .....	88,352	688,619
Armed Services:		
Current Law:		
BA .....	155,752	1,800,993
OT .....	155,609	1,799,840
Resolution Change:		
BA .....	0	0
OT .....	0	0
Total:		
BA .....	155,752	1,800,993
OT .....	155,609	1,799,840
Financial Services:		
Current Law:		
BA .....	15,472	113,699
OT .....	4,917	– 59,392
Resolution Change:		
BA .....	– 7,546	– 70,509
OT .....	– 6,933	– 70,353
Total:		
BA .....	7,926	43,190
OT .....	– 2,016	– 129,745
Education & Workforce:		
Current Law:		
BA .....	– 7,217	– 595
OT .....	– 7,507	2,483

TABLE 13.—RESOLUTION BY AUTHORIZING COMMITTEE—Continued  
 [On-budget amounts in millions of dollars]

	2015	2015–2024
<b>Resolution Change:</b>		
BA .....	– 18,271	– 203,318
OT .....	– 6,378	– 185,221
<b>Total:</b>		
BA .....	– 25,488	– 203,913
OT .....	– 13,885	– 182,738
<b>Energy &amp; Commerce:</b>		
<b>Current Law:</b>		
BA .....	394,347	5,241,142
OT .....	388,554	5,232,008
<b>Resolution Change:</b>		
BA .....	– 43,979	– 1,887,802
OT .....	– 43,452	– 1,886,232
<b>Total:</b>		
BA .....	350,368	3,353,340
OT .....	345,102	3,345,776
<b>Foreign Affairs:</b>		
<b>Current Law:</b>		
BA .....	26,172	234,004
OT .....	25,639	230,621
<b>Resolution Change:</b>		
BA .....	0	0
OT .....	0	0
<b>Total:</b>		
BA .....	26,172	234,004
OT .....	25,639	230,621
<b>Oversight &amp; Government Reform:</b>		
<b>Current Law:</b>		
BA .....	109,538	1,293,151
OT .....	107,591	1,269,038
<b>Resolution Change:</b>		
BA .....	– 12,266	– 173,394
OT .....	– 12,266	– 173,394
<b>Total:</b>		
BA .....	97,272	1,119,757
OT .....	95,325	1,095,644
<b>Homeland Security:</b>		
<b>Current Law:</b>		
BA .....	2,035	23,688
OT .....	1,997	24,077
<b>Resolution Change:</b>		
BA .....	0	0
OT .....	0	0
<b>Total:</b>		
BA .....	2,035	23,688
OT .....	1,997	24,077
<b>House Administration:</b>		
<b>Current Law:</b>		
BA .....	42	375
OT .....	49	222
<b>Resolution Change:</b>		
BA .....	– 33	– 285
OT .....	– 40	– 132
<b>Total:</b>		
BA .....	9	90
OT .....	9	90
<b>Natural Resources:</b>		
<b>Current Law:</b>		
BA .....	5,719	61,568
OT .....	6,777	66,392
<b>Resolution Change:</b>		
BA .....	– 700	– 20,909

TABLE 13.—RESOLUTION BY AUTHORIZING COMMITTEE—Continued  
 [On-budget amounts in millions of dollars]

	2015	2015–2024
OT .....	– 597	– 20,306
Total:		
BA .....	5,019	40,659
OT .....	6,180	46,086
Judiciary:		
Current Law:		
BA .....	19,977	104,365
OT .....	9,304	104,805
Resolution Change:		
BA .....	– 11,576	– 59,331
OT .....	– 499	– 57,645
Total:		
BA .....	8,401	45,034
OT .....	8,805	47,160
Transportation & Infrastructure:		
Current Law:		
BA .....	71,941	725,565
OT .....	17,463	190,273
Resolution Change:		
BA .....	– 50,987	– 167,500
OT .....	– 55	– 1,080
Total:		
BA .....	20,954	558,065
OT .....	17,408	189,193
Science, Space & Technology:		
Current Law:		
BA .....	101	1,010
OT .....	99	1,008
Resolution Change:		
BA .....	0	0
OT .....	0	0
Total:		
BA .....	101	1,010
OT .....	99	1,008
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 .....	2,155	88,910
OT .....	2,322	90,556
Resolution Change:		
BA .....	0	0
OT .....	0	0
Total:		
BA .....	2,155	88,910
OT .....	2,322	90,556
Ways & Means:		
Current Law:		
BA .....	1,001,620	15,431,316
OT .....	1,001,253	15,434,824
Resolution Change:		
BA .....	– 38,060	– 1,211,987
OT .....	– 37,860	– 1,211,787

TABLE 13.—RESOLUTION BY AUTHORIZING COMMITTEE—Continued  
[On-budget amounts in millions of dollars]

	2015	2015–2024
Total:		
BA .....	963,560	14,219,329
OT .....	963,393	14,223,037

## **STATUTORY CONTROLS OVER THE BUDGET**

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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 BBEDCA occur within 15 days after the end of a session of Congress. Sequestration remained 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 budget authority, 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 15 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 if 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 of spending reduction required to achieve the specified deficit reduction.

Since the Joint Committee did not 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 non-defense 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 affected both discretionary and mandatory spending for fiscal year 2013. This means that discretionary amounts appropriated for fiscal year 2013 were sequestered by the calculated amount without regard for the amount appropriated—i.e., it was 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—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 sequester under section 251(a) of BBEDCA 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 BCA sequester was ordered by the President, as required by law, on March 1, 2013.

#### BIPARTISAN BUDGET ACT OF 2013

As a result of the budget conference negotiations between Chairman Ryan and Chairman Murray, the Bipartisan Budget Act of 2013 (BBA 13) amended section 251 of BBEDCA to increase the limits on discretionary spending for fiscal years 2014 and 2015. The BBA 13 agreement provided \$63 billion in sequester relief over two years, split evenly between defense and non-defense programs. In fiscal year 2014, defense discretionary spending was set at \$520.5 billion, and non-defense discretionary spending was set at \$491.8 billion. In fiscal year 2015, defense discretionary spending was set at \$521.3 billion, and non-defense discretionary spending was set at \$492.4 billion.

The sequester relief was fully offset by reductions in mandatory spending elsewhere in the budget. The agreement included dozens of specific deficit-reduction provisions, with mandatory savings and non-tax revenue totaling approximately \$85 billion. This included \$28 billion in reductions stemming from a provision requiring the President to sequester the same percentage of mandatory budg-

etary resources in 2022 and 2023 as will be sequestered in 2021 under current law.



## ENFORCING BUDGETARY LEVELS

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### 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 breaches 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 May 15.

#### *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 are 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 proposition 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.





# ACCOUNTS IDENTIFIED FOR ADVANCE APPROPRIATIONS

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## ACCOUNTS IDENTIFIED FOR ADVANCE APPROPRIATIONS FOR FISCAL YEAR 2016

(Subject to a General Limit of \$28,781,000,000)

### *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 2016

(Subject to a Separate Limit of \$58,662,202,000)

### *Military Construction, Veterans Affairs*

VA Medical Services  
VA Medical Support and Compliance  
VA Medical Facilities



## VOTES OF THE COMMITTEE

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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 2015.

On April 2, 2014 the Committee met in open session, a quorum being present.

Dr. 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 2015. The Committee on the Budget took the following votes:

1. An amendment offered by Representatives Van Hollen, Pascrell, Moore, Castor, McDermott, Jefferies, Pocan, Lujan Grisham, and Doggett to increase discretionary non-defense spending at the pre-sequester level set in the Budget Control Act to make more investments in education, workforce training, scientific research, public health, energy efficiency, and manufacturing by decreasing funding for Overseas Contingency Operations

The amendment would increase budget authority for Function 920 by \$80 billion in fiscal year 2016 and outlays by the following amounts: \$44.800 billion for fiscal year 2016, \$20.400 billion for fiscal year 2017, \$7.920 billion for fiscal year 2018, \$2.880 billion for fiscal year 2019, and \$2.800 billion for fiscal year 2020.

The amendment would reduce budget authority in Function 970 by \$13.333 billion for fiscal year 2016 through fiscal year 2020 and by \$13.335 billion for fiscal year 2021.

Outlays in Function 970 would be reduced by the following amounts: \$8.213 billion for fiscal year 2016, \$11.240 billion for fiscal year 2017, \$12.386 billion for fiscal year 2018, \$12.866 billion for fiscal year 2019, \$13.200 billion for fiscal year 2020, \$13.201 billion for fiscal year 2021, \$4.987 billion for fiscal year 2022, \$1.960

billion for fiscal year 2023, \$0.813 billion for fiscal year 2024, and \$0.333 billion for fiscal year 2025.

The amendment was not agreed to by a roll call vote of 14 ayes and 19 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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)				RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)	X		
COLE (OK)		X		CASTOR (FL)	X		
McCLINTOCK (CA)		X		McDERMOTT (WA)			
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)			
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)			
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)	X		
BLACKBURN (TN)		X		BLUMENAUER (OR)	X		
NUNNELEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)				KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)							

2. An amendment offered by Representatives Yarmuth, Van Hollen, Pascrell, Ryan (OH), Castor, McDermott, Pocan, Lujan Grisham, Cárdenas, Blumenauer, Schrader, Doggett and Kildee to increase discretionary and mandatory budget authority and outlays for Function 700 to reflect the President's budget and establish a Veterans Job Corps. The amendment makes all discretionary programs at the Department of Veterans Affairs subject to advance appropriations.

The amendment would increase discretionary budget authority for Function 700 by \$1.657 billion for fiscal year 2016. Outlays for Function 700 would increase by the following amounts: \$0.833 bil-

lion for fiscal year 2016, \$0.470 billion for fiscal year 2017, \$0.185 billion for fiscal year 2018, and \$0.060 billion for fiscal years 2019 and 2020.

The amendment would increase mandatory budget authority for Function 700 by \$1.000 billion for fiscal year 2015. Mandatory outlays for Function 700 would increase by the following amounts: \$0.050 billion for fiscal year 2015, \$0.237 billion for fiscal years 2016 and 2017, and \$0.238 billion for fiscal years 2018 and 2019.

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, closing loopholes in the international corporate tax system, raising taxes on high-income individuals, and reforming the tax code by repealing certain business expense deductions.

The amendment was not agreed to by a roll call vote of 14 ayes and 22 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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)	X		
COLE (OK)		X		CASTOR (FL)	X		
McCLINTOCK (CA)		X		McDERMOTT (WA)			
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)			
WOODALL (GA)		X		CÁRDENAS (CA)	X		
BLACKBURN (TN)		X		BLUMENAUER (OR)	X		
NUNNELEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)			
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					

**ROLLCALL VOTE NO. 2—Continued**

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
DUFFY (WI)		X					

3. An amendment offered by Representatives Blumenauer, Van Hollen, Pascrell, Ryan (OH), Castor, McDermott, Lee, Pocan, Huffman, and Curdenas to establish a deficit-neutral reserve fund for a new surface transportation authorization (highway bill). The amendment would preclude transfers from the general fund of the Treasury into the Highway Trust Fund unless such transfers are offset by revenue increases elsewhere.

The amendment was not agreed to by a roll call vote of 16 ayes and 22 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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)	X		
COLE (OK)		X		CASTOR (FL)	X		
McCLINTOCK (CA)		X		McDERMOTT (WA)			
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)	X		
BLACKBURN (TN)		X		BLUMENAUER (OR)	X		
NUNNELEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

4. An amendment offered by Representatives Curdenas, Van Hollen, Yarmuth, Pascrell, Moore, Castor, McDermott, Lee, Jeffries, Pocan, Lujan Grisham, Blumenauer, and Schrader to adjust revenue and Function 920 levels to reflect adoption of H.R. 15, the House companion to the Senate's Comprehensive Immigration Reform bill.

The amendment would increase aggregate levels of revenue by the following amounts: \$2.1 billion for fiscal year 2015, \$11.5 billion for fiscal year 2016, \$28.0 billion for fiscal year 2017, \$39.1 billion for fiscal year 2018, \$45.0 billion for fiscal year 2019, \$47.7 billion for fiscal year 2020, \$55.3 billion for fiscal year 2021, \$65.0 billion for fiscal year 2022, \$77.7 billion for fiscal year 2023, and \$87.6 billion for fiscal year 2024.

The amendment would increase budget authority and outlays for Function 920 by the following amounts: \$4.6 billion for fiscal year 2015, \$6.8 billion for fiscal year 2016, \$14.0 billion for fiscal year 2017, \$19.8 billion for fiscal year 2018, \$24.6 billion for fiscal year 2019, \$26.6 billion for fiscal year 2020, \$32.2 billion for fiscal year 2021, \$37.4 billion for fiscal year 2022, \$44.4 billion for fiscal year 2023, and \$51.4 billion for fiscal year 2024.

The amendment also expresses the sense of the House on immigration reform.

The amendment was not agreed to by a roll call vote of 15 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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)			
CALVERT (CA)		X		MOORE (WI)	X		
COLE (OK)		X		CASTOR (FL)	X		
McCLINTOCK (CA)		X		McDERMOTT (WA)			
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)	X		
BLACKBURN (TN)		X		BLUMENAUER (OR)	X		
NUNNELEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		

**ROLLCALL VOTE NO. 4—Continued**

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

5. An amendment offered by Representatives Pocan, Van Hollen, Pascrell, Ryan (OH), Moore, Castor, McDermott, Lee, Jeffries, Lujan Grisham, Curdenas, Doggett, and Kildee expressing a sense of the House on the importance of raising the minimum wage.

The amendment was not agreed to by a roll call vote of 13 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		YARMUTH (KY)			
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)			
CALVERT (CA)		X		MOORE (WI)	X		
COLE (OK)		X		CASTOR (FL)	X		
McCLINTOCK (CA)		X		McDERMOTT (WA)			
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)	X		
BLACKBURN (TN)		X		BLUMENAUER (OR)	X		
NUNNELEE (MS)		X		SCHRADER (OR)			
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					



**ROLLCALL VOTE NO. 5—Continued**

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

6. An amendment offered by Representatives Jeffries, Van Hollen, Pascrell, Ryan (OH), Moore, McDermott, Pocan, Curdenas, and Kildee to extend unemployment insurance.

The amendment would increase budget authority for Function 600 by \$5.750 billion for fiscal year 2015. Outlays for Function 600 would change by the following amounts: \$5.735 billion for fiscal year 2015, -\$0.260 billion for fiscal year 2016, -\$0.155 billion for fiscal year 2017, -\$0.200 billion for fiscal year 2018, -\$0.235 billion for fiscal year 2019, -\$0.220 billion for fiscal year 2020, -\$0.200 billion for fiscal year 2021, -\$0.130 billion for fiscal year 2022, -\$0.035 billion for fiscal year 2023, and \$0.025 billion for fiscal year 2024.

The amendment would also reduce budget authority and outlays for Function 750 by \$3.542 billion each for fiscal year 2024.

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, closing loopholes in the international corporate tax system, raising taxes on high-income individuals, and reforming the tax code by repealing certain business expense deductions.

The amendment was not agreed to by a roll call vote of 15 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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)	X		
COLE (OK)		X		CASTOR (FL)	X		
McCLINTOCK (CA)		X		McDERMOTT (WA)			
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		

**ROLLCALL VOTE NO. 6—Continued**

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

7. An amendment offered by Representatives Pascrell, Van Hollen, Yarmuth, Ryan (OH), Moore, Castor, McDermott, Pocan, Lujan Grisham, Cárdenas, and Doggett to increase Medicaid funding.

The amendment would increase mandatory budget authority and outlays each by the following amounts: \$31 billion for fiscal year 2016, \$47 billion for fiscal year 2017, \$62 billion for fiscal year 2018, \$71 billion for fiscal year 2019, \$80 billion for fiscal year 2020, \$93 billion for fiscal year 2021, \$106 billion for fiscal year 2022, \$118 billion for fiscal year 2023, and \$124 billion for fiscal year 2024.

The amendment also expresses a sense of the House that the expansion of Medicaid both reduces rates of adverse health effects and benefits state budgets. The amendment is offset with tax increases including higher taxes on oil companies, changing the depreciation schedules for certain equipment, closing loopholes in the international corporate tax system, and raising taxes on high-income individuals.

The amendment was not agreed to by a roll call vote of 15 ayes and 21 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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)	X		
COLE (OK)		X		CASTOR (FL)			
McCLINTOCK (CA)		X		McDERMOTT (WA)			

**ROLLCALL VOTE NO. 7—Continued**

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

8. An amendment offered by Representatives Lee, Van Hollen, Pascrell, Ryan (OH), Moore, Castor, McDermott, Pocan, and Doggett expressing a sense of the House on a National Strategy to Eradicate Poverty and Increase Opportunity.

Chairman Ryan offered a substitute amendment, which Representative Lee rejected.

The amendment was not agreed to by a roll call vote of 15 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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)	X		
COLE (OK)		X		CASTOR (FL)	X		
McCLINTOCK (CA)		X		McDERMOTT (WA)			
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		

**ROLLCALL VOTE NO. 8—Continued**

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

9. An amendment offered by Representatives Lujan Grisham, Van Hollen, Pascrell, Moore, Castor, McDermott, Jeffries, Pocan, Blumenauer, and Doggett 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 16 ayes and 22 noes.

**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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)	X		
COLE (OK)		X		CASTOR (FL)	X		
McCLINTOCK (CA)		X		McDERMOTT (WA)			
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		

**ROLLCALL VOTE NO. 9—Continued**

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

10. An amendment offered by Representatives Castor, Van Hollen, Yarmuth, Pascrell, Ryan (OH), McDermott, Pocan, Lujan Grisham, Blumenauer, Doggett, and Kildee relating to funding for the National Institutes of Health.

The amendment would increase mandatory budget authority for Function 550 by the following amounts: \$2 billion for fiscal year 2015, \$2.181 billion for fiscal year 2016, \$2.363 billion for fiscal year 2017, \$2.552 billion for fiscal year 2018, \$2.747 billion for fiscal year 2019, \$2.936 billion for fiscal year 2020, \$3.139 billion for fiscal year 2021, \$3.362 billion for fiscal year 2022, \$3.600 billion for fiscal year 2023, and \$3.846 billion for fiscal year 2024.

Outlays for Function 550 would increase by the following amounts: \$1.006 billion for fiscal year 2015, \$1.664 billion for fiscal year 2016, \$2.030 billion for fiscal year 2017, \$2.269 billion for fiscal year 2018, \$2.536 billion for fiscal year 2019, \$2.722 billion for fiscal year 2020, \$2.915 billion for fiscal year 2021, \$3.121 billion for fiscal year 2022, \$3.342 billion for fiscal year 2023, and \$3.574 billion for fiscal year 2024.

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, closing loopholes in the international corporate tax system, raising taxes on high-income individuals, and reforming the tax code by repealing certain business expense deductions.

The amendment was not agreed to by a roll call vote of 16 ayes and 21 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		YARMUTH (KY)	X		

## ROLLCALL VOTE NO. 10—Continued

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

11. An amendment offered by Representatives Moore, Van Hollen, Pascrell, McDermott, Lee, Jeffries, Pocan, and Doggett to increase spending on the Earned Income Tax Credit making it available to childless workers paid for by an increase in taxes.

The amendment would increase budget authority and outlays for Function 600 each by the following amounts: \$5.200 billion for fiscal year 2016, \$5.200 billion for fiscal year 2017, \$5.200 billion for fiscal year 2018, \$5.100 billion for fiscal year 2019, \$5.200 billion for fiscal year 2020, \$5.300 billion for fiscal year 2021, \$5.300 billion for fiscal year 2022, \$5.400 billion for fiscal year 2023, and \$5.500 billion for fiscal year 2024.

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, closing loopholes in the international corporate tax system, raising taxes on high-income individuals, and reforming the tax code by repealing certain business expense deductions.

The amendment was not agreed to by a roll call vote of 17 ayes and 21 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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)	X		
COLE (OK)		X		CASTOR (FL)	X		
McCLINTOCK (CA)		X		McDERMOTT (WA)	X		
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)				CÁRDENAS (CA)	X		
BLACKBURN (TN)		X		BLUMENAUER (OR)	X		
NUNNELEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

12. An amendment offered by Representatives Ryan (OH), Van Hollen, Pascarell, Castor, McDermott, Lee, Pocan, Lujan Grisham, Cardenas, Schrader, and Doggett to increase mandatory spending in Function 500 to reject the elimination of annual inflationary increases in the maximum Pell grant for the next ten years.

The amendment would increase budget authority for Function 500 by the following amounts: \$6.505 billion for fiscal year 2015, \$7.349 billion for fiscal year 2016, \$9.805 billion for fiscal year 2017, \$9.653 billion for fiscal year 2018, \$9.851 billion for fiscal year 2019, \$10.01 billion for fiscal year 2020, \$9.802 billion for fiscal year 2021, \$9.874 billion for fiscal year 2022, \$9.948 billion for fiscal year 2023, and \$10.02 billion for fiscal year 2024.

The amendment would increase outlays for Function 500 by the following amounts: \$6.428 billion for fiscal year 2015, \$6.732 billion for fiscal year 2016, \$8.004 billion for fiscal year 2017, \$9.739 billion for fiscal year 2018, \$9.708 billion for fiscal year 2019, \$9.892

billion for fiscal year 2020, \$9.952 billion for fiscal year 2021, \$9.824 billion for fiscal year 2022, \$9.893 billion for fiscal year 2023, and \$9.967 billion for fiscal year 2024.

The amendment would adjust the aggregate levels of revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, closing loopholes in the international corporate tax system, raising taxes on high-income individuals, and reforming the tax code by repealing certain business expense deductions.

The amendment was not agreed to by a roll call vote of 16 ayes and 21 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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)			
COLE (OK)		X		CASTOR (FL)	X		
McCLINTOCK (CA)		X		McDERMOTT (WA)	X		
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)	X		
BLACKBURN (TN)				BLUMENAUER (OR)	X		
NUNNELEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

13. An amendment offered by Representatives McDermott, Van Hollen, Pascrell, Castor, Pocan, and Doggett to increase mandatory



budget authority and outlays in Function 550 to ensure Medicaid beneficiaries have access to primary care.

The amendment would increase mandatory budget authority and outlays for Function 550 by \$5.4 billion each year for the period of fiscal years 2015 through 2024.

The amendment would adjust the aggregate levels of revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, closing loopholes in the international corporate tax system, raising taxes on high-income individuals, and reforming the tax code by repealing certain business expense deductions.

The amendment was not agreed to by a roll call vote of 13 ayes and 21 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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)			
COLE (OK)		X		CASTOR (FL)			
McCLINTOCK (CA)		X		McDERMOTT (WA)	X		
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)				POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)			
BLACKBURN (TN)		X		BLUMENAUER (OR)			
NUNNEEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

14. An amendment offered by Representatives Huffman, Van Hollen, Pascrell, McDermott, Pocan, and Curdenas relating to funding for the Individuals with Disabilities Education Act (IDEA).

The amendment would increase budget authority for Function 500 by the following amounts: \$1.433 billion for fiscal year 2015, \$3.045 billion for fiscal year 2016, \$4.859 billion for fiscal year 2017, \$6.900 billion for fiscal year 2018, \$9.195 billion for fiscal year 2019, \$11.777 billion for fiscal year 2020, \$14.681 billion for fiscal year 2021, \$17.948 billion for fiscal year 2022, \$21.624 billion for fiscal year 2023, and \$37.231 billion for fiscal year 2024.

Outlays for Function 500 would increase by the following amounts: \$0.721 billion for fiscal year 2015, \$1.938 billion for fiscal year 2016, \$3.467 billion for fiscal year 2017, \$5.239 billion for fiscal year 2018, \$7.296 billion for fiscal year 2019, \$9.610 billion for fiscal year 2020, \$12.213 billion for fiscal year 2021, \$15.141 billion for fiscal year 2022, \$18.435 billion for fiscal year 2023, and \$27.909 billion for fiscal year 2024.

The amendment would adjust the aggregate levels of revenue by eliminating tax deductions for oil production and U.S. businesses with international operations and reforming the tax code by repealing certain business expense deductions.

The amendment was not agreed to by a roll call vote of 13 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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)			
COLE (OK)		X		CASTOR (FL)			
McCLINTOCK (CA)		X		McDERMOTT (WA)	X		
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)			
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)	X		
BLACKBURN (TN)		X		BLUMENAUER (OR)			
NUNNELEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)		X		KILDEE (MI)	X		

## ROLLCALL VOTE NO. 14—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

15. An amendment offered by Representatives Schrader, Van Hollen, Pascrell, Castor, McDermott, Lee, Pocan, Lujan Grisham, Curdenas, and Blumenauer to increase spending for early childhood programs.

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, closing loopholes in the international corporate tax system, raising taxes on high-income individuals, and reforming the tax code by repealing certain business expense deductions.

The amendment would increase mandatory budget authority for Function 500 by \$1.300 billion for fiscal year 2015, \$3.246 billion for fiscal year 2016, \$5.784 billion for fiscal year 2017, \$7.581 billion for fiscal year 2018, \$8.956 billion for fiscal year 2019, \$9.880 billion for fiscal year 2020, \$10.797 billion for fiscal year 2021, \$10.258 billion for fiscal year 2022, \$9.348 billion for fiscal year 2023, and \$7.607 billion for fiscal year 2024.

Outlays for Function 500 would increase by the following amounts: \$0.130 billion for fiscal year 2015, \$1.235 billion for fiscal year 2016, \$3.110 billion for fiscal year 2017, \$5.456 billion for fiscal year 2018, \$7.360 billion for fiscal year 2019, \$8.773 billion for fiscal year 2020, \$9.787 billion for fiscal year 2021, \$10.560 billion for fiscal year 2022, \$10.275 billion for fiscal year 2023, and \$9.356 billion for fiscal year 2024.

The amendment also increases mandatory budget authority for Function 550 by the following amounts: \$0.500 billion for fiscal year 2015, \$0.500 billion for fiscal year 2016, \$1.000 billion for fiscal year 2017, \$1.000 billion for fiscal year 2018, \$1.500 billion for fiscal year 2019, \$1.500 billion for fiscal year 2020, \$2.000 billion for fiscal year 2021, \$2.000 billion for fiscal year 2022, \$2.500 billion for fiscal year 2023, and \$2.500 billion for fiscal year 2024.

Outlays for Function 550 would increase by the following amounts: \$0.020 billion for fiscal year 2015, \$0.115 billion for fiscal year 2016, \$0.400 billion for fiscal year 2017, \$0.575 billion for fiscal year 2018, \$0.900 billion for fiscal year 2019, \$1.075 billion for fiscal year 2020, \$1.400 billion for fiscal year 2021, \$1.575 billion for fiscal year 2022, \$1.900 billion for fiscal year 2023, and \$2.075 billion for fiscal year 2024.

The amendment was not agreed to by a roll call vote of 13 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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)			
COLE (OK)		X		CASTOR (FL)			
McCLINTOCK (CA)		X		McDERMOTT (WA)			
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)	X		
BLACKBURN (TN)		X		BLUMENAUER (OR)			
NUNNELEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

16. An amendment offered by Representatives Doggett, McDermott, Jeffries, and Pocan relating to corporate compensation. The amendment would reform the tax code by repealing certain business expense deductions.

The amendment would increase recommended levels of revenue for fiscal years 2015 through 2024 by the following amounts: \$3.5 billion for fiscal year 2015, \$6 billion for fiscal year 2016, \$6.1 billion for fiscal year 2017, \$6.1 billion for fiscal year 2018, \$5.7 billion for fiscal year 2019, \$5.3 billion for fiscal year 2020, \$4.9 billion for fiscal year 2021, \$4.6 billion for fiscal year 2022, \$4.3 billion for fiscal year 2023, and \$4 billion for fiscal year 2024.

The amendment would decrease the deficits for fiscal years 2015 through 2024 by the following amounts: \$3.5 billion for fiscal year 2015, \$6 billion for fiscal year 2016, \$6.1 billion for fiscal year 2017, \$6.1 billion for fiscal year 2018, \$5.7 billion for fiscal year 2019, \$5.3 billion for fiscal year 2020, \$4.9 billion for fiscal year

2021, \$4.6 billion for fiscal year 2022, \$4.3 billion for fiscal year 2023, and \$4 billion for fiscal year 2024.

The amendment was not agreed to by a roll call vote of 12 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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)			
COLE (OK)		X		CASTOR (FL)			
McCLINTOCK (CA)		X		McDERMOTT (WA)			
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)			
BLACKBURN (TN)		X		BLUMENAUER (OR)			
NUNNELEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

17. An amendment offered by Representatives Kildee, Van Hollen, Pascrell, McDermott, Pocan, and Doggett relating to taxes for certain high income individuals.

The amendment would increase the recommended levels of revenue for fiscal years 2015 through 2024 and decrease the deficit by the following amounts: \$16 billion for fiscal year 2015, \$3 billion for fiscal year 2016, \$9 billion for fiscal year 2017, \$10.5 billion for fiscal year 2018, \$11.5 billion for fiscal year 2019, \$12.5 billion for fiscal year 2020, \$13.5 billion for fiscal year 2021, \$15 billion for fiscal year 2022, \$16.5 billion for fiscal year 2023, and \$17.5 billion for fiscal year 2024.

The amendment was not agreed to by a roll call vote of 13 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		
PRICE (GA)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)			
COLE (OK)		X		CASTOR (FL)			
McCLINTOCK (CA)		X		McDERMOTT (WA)			
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)	X		
BLACKBURN (TN)		X		BLUMENAUER (OR)			
NUNNELEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

18. An amendment offered by Representatives Pocan, Van Hollen, Pascrell, McDermott, Lujan Grisham, Cárdenas, Blumenauer, Schrader, and Kildee relating to student loans.

The amendment establishes a deficit-neutral reserve fund for student loan refinancing.

The amendment also increases mandatory budget authority and outlays for Function 500. Mandatory budget authority would increase by the following amounts: \$3.075 billion for fiscal year 2015, \$5.265 billion for fiscal year 2016, \$5.505 billion for fiscal year 2017, \$5.72 billion for fiscal year 2018, \$5.895 billion for fiscal year 2019, \$6.045 billion for fiscal year 2020, \$6.29 billion for fiscal year 2021, \$6.44 billion for fiscal year 2022, \$6.6 billion for fiscal year 2023, and \$6.855 billion for fiscal year 2024.

Outlays would increase by the following amounts: \$1.92 billion for fiscal year 2015, \$3.95 billion for fiscal year 2016, \$4.725 billion for fiscal year 2017, \$4.92 billion for fiscal year 2018, \$5.08 billion for fiscal year 2019, \$5.22 billion for fiscal year 2020, \$5.445 billion for fiscal year 2021, \$5.58 billion for fiscal year 2022, \$5.715 billion for fiscal year 2023, and \$5.85 billion for fiscal year 2024.

The amendment would adjust the aggregate levels of revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, closing loopholes in the international corporate tax system, raising taxes on high-income individuals, and reforming the tax code by repealing certain business expense deductions.

The amendment was not agreed to by a roll call vote of 13 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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)			
COLE (OK)		X		CASTOR (FL)			
McCLINTOCK (CA)		X		McDERMOTT (WA)			
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)	X		
BLACKBURN (TN)		X		BLUMENAUER (OR)			
NUNNEEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

19. An amendment offered by Representatives Van Hollen, Pascrell, McDermott, Jeffries, Pocan, Huffman, and Blumenauer creating a point of order against the budget as it relates to repealing President's health care law.

The amendment was not agreed to by a roll call vote of 14 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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)			
COLE (OK)		X		CASTOR (FL)			
McCLINTOCK (CA)		X		McDERMOTT (WA)			
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)	X		
BLACKBURN (TN)		X		BLUMENAUER (OR)	X		
NUNNELEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

20. An amendment offered by Representatives Pascrell, Van Hollen, Castor, McDermott, Pocan, and Blumenauer expressing a sense of the House rejecting an increase in taxes for the middle class.

The amendment was not agreed to by a roll call vote of 15 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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)	X		
COLE (OK)		X		CASTOR (FL)			
McCLINTOCK (CA)		X		McDERMOTT (WA)			
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)	X		
BLACKBURN (TN)		X		BLUMENAUER (OR)	X		
NUNNELEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

21. An amendment offered by Representatives Curdenas, Van Hollen, Moore, McDermott, Lee, and Pocan relating to juvenile justice programs.

The amendment would reduce the savings in Function 920 to provide funding for juvenile justice programs. Budget authority would be reduced by \$0.125 billion for fiscal year 2016. Outlays would be reduced by the following amounts: \$0.063 billion for fiscal year 2016, \$0.035 billion for fiscal year 2017, \$0.014 billion for fiscal year 2018, \$0.005 billion for fiscal year 2019, and \$0.005 billion for fiscal year 2020.

The amendment would adjust the aggregate levels of revenue by various business tax reforms.

The amendment was not agreed to by a roll call vote of 15 ayes and 22 noes.

## ROLLCALL VOTE NO. 21

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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)	X		
COLE (OK)		X		CASTOR (FL)			
McCLINTOCK (CA)		X		McDERMOTT (WA)			
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)	X		
BLACKBURN (TN)		X		BLUMENAUER (OR)	X		
NUNNELEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

22. An amendment offered by Representative Lee eliminating all funding for fiscal years 2016 through 2021 for Overseas Contingency Operations.

The amendment would decrease budget authority for Function 970 by \$29.946 billion each year for the period of fiscal years 2016 through 2021.

The amendment would decrease outlays for Function 970 by the following amounts: \$17.770 billion for fiscal year 2016, \$26.763 billion for fiscal year 2017, \$28.799 billion for fiscal year 2018, \$29.404 billion for fiscal year 2019, \$29.703 billion for fiscal year 2020, \$29.647 billion for fiscal year 2021, \$11.200 billion for fiscal year 2022, \$4.402 billion for fiscal year 2023, and \$1.827 billion for fiscal year 2024.

The amendment was not agreed to by a roll call vote of 15 ayes and 22 noes.

## ROLLCALL VOTE NO. 22

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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)	X		
COLE (OK)		X		CASTOR (FL)			
McCLINTOCK (CA)		X		McDERMOTT (WA)	X		
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)			
BLACKBURN (TN)		X		BLUMENAUER (OR)	X		
NUNNELEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

23. An amendment offered by Representatives Van Hollen, McDermott, Lee, Pocan, Lujan Grisham, and Blumenauer relating to Overseas Contingency Operations.

The amendment would limit fiscal year 2015 allocations for Overseas Contingency Operations to the levels in the President's budget request for Overseas Contingency Operations.

Chairman Ryan agreed to work with the minority on this amendment and to incorporate applicable language in the Committee report. Representative Van Hollen then withdrew his amendment.

24. An amendment offered by Representatives Moore, Van Hollen, Pascarell, Ryan (OH), Castor, McDermott, Lee, Jeffries, Pocan, Lujan Grisham, Cárdenas, and Kildee relating to the Supplemental Nutrition Assistance Program.

The amendment would increase mandatory budget authority and outlays for Function 600 each by the following amounts: \$1 billion for fiscal year 2015, \$4 billion for fiscal year 2016, \$4 billion for fis-

cal year 2017, \$3 billion for fiscal year 2018, \$19 billion for fiscal year 2019, \$19.8 billion for fiscal year 2020, \$20.7 billion for fiscal year 2021, \$21.2 billion for fiscal year 2022, \$21.8 billion for fiscal year 2023, and \$22.5 billion for fiscal year 2024.

The amendment would adjust the aggregate levels of revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, closing loopholes in the international corporate tax system, raising taxes on high-income individuals, and reforming the tax code by repealing certain business expense deductions.

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

#### ROLLCALL VOTE NO. 23

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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)	X		
COLE (OK)		X		CASTOR (FL)			
McCLINTOCK (CA)		X		McDERMOTT (WA)	X		
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)	X		
BLACKBURN (TN)		X		BLUMENAUER (OR)	X		
NUNNELEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

25. An amendment offered by Representatives McDermott, Van Hollen, Pascrell, and Pocan relating to Medicare.

The amendment expresses a sense of the House declaring that benefits provided under the President's health care law for seniors, including the provisions related to Medicare Part D, should not be repealed.

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

**ROLLCALL VOTE NO. 24**

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		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCARELL (NJ)	X		
CAMPBELL (CA)		X		RYAN, TIM (OH)	X		
CALVERT (CA)		X		MOORE (WI)	X		
COLE (OK)		X		CASTOR (FL)			
McCLINTOCK (CA)		X		McDERMOTT (WA)	X		
LANKFORD (OK)		X		LEE (CA)	X		
BLACK (TN)		X		JEFFRIES (NY)	X		
RIBBLE (WI)		X		POCAN (WI)	X		
FLORES (TX)		X		LUJAN GRISHAM (NM)	X		
ROKITA (IN)		X		HUFFMAN (CA)	X		
WOODALL (GA)		X		CÁRDENAS (CA)	X		
BLACKBURN (TN)		X		BLUMENAUER (OR)	X		
NUNNELEE (MS)		X		SCHRADER (OR)	X		
RIGELL (VA)		X		DOGGETT (TX)	X		
HARTZLER (MO)		X		KILDEE (MI)	X		
WALORSKI (IN)		X					
MESSER (IN)		X					
RICE (SC)		X					
WILLIAMS (TX)		X					
DUFFY (WI)		X					

26. Dr. Price made a motion that the Committee adopt the aggregates, function totals, and other appropriate matter, with any amendments.

The motion offered by Dr. Price was agreed to by voice vote.

Chairman Ryan called up the Concurrent Resolution on the Budget for fiscal year 2015 incorporating the aggregates, function totals, and other appropriate matter as previously agreed.

27. Dr. 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 Dr. Price was agreed to by a roll call vote of 22 ayes and 16 noes.

**ROLLCALL VOTE NO. 25**

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			YARMUTH (KY)		X	
GARRETT (NJ)	X			PASCARELL (NJ)		X	
CAMPBELL (CA)	X			RYAN, TIM (OH)		X	
CALVERT (CA)	X			MOORE (WI)		X	
COLE (OK)	X			CASTOR (FL)			
McCLINTOCK (CA)	X			McDERMOTT (WA)		X	
LANKFORD (OK)	X			LEE (CA)		X	
BLACK (TN)	X			JEFFRIES (NY)		X	
RIBBLE (WI)	X			POCAN (WI)		X	
FLORES (TX)	X			LUJAN GRISHAM (NM)		X	
ROKITA (IN)	X			HUFFMAN (CA)		X	
WOODALL (GA)	X			CÁRDENAS (CA)		X	
BLACKBURN (TN)	X			BLUMENAUER (OR)		X	
NUNNELEE (MS)	X			SCHRADER (OR)		X	
RIGELL (VA)	X			DOGGETT (TX)		X	
HARTZLER (MO)	X			KILDEE (MI)		X	
WALORSKI (IN)	X						
MESSER (IN)	X						
RICE (SC)	X						
WILLIAMS (TX)	X						
DUFFY (WI)	X						

Dr. 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**

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During consideration of the budget resolution, the Committee considered 25 amendments. Fifteen of those amendments proposed to increase revenues (taxes) and increase spending. Frequently, the same assumptions were made with respect to the revenue increases. In total, the revenue increases proposed in these 15 amendments amounted to \$1.5 trillion to offset additional spending proposed in the amendments. In addition, the amendments the Committee defeated would have the effect of hampering one or more of the following goals in resolution: reducing spending, balancing the budget, advancing tax reform, reforming and strengthening federal programs, increasing defense spending and promoting economic growth. The rationale for rejecting some of these amendments follows.

### **AN AMENDMENT RELATED TO INCREASED DISCRETIONARY SPENDING**

Representative Chris Van Hollen of Maryland offered an amendment that would have increased non-defense discretionary spending. This spending was intended to be offset by a reduction in funding for the Overseas Contingency Operations (OCO) account. The Committee defeated this amendment because it was a prime example of “stimulus economics”—the belief that more borrowing and spending (pitched as “investment”) will somehow lead to greater prosperity. After four successive years of trillion-dollar deficits, fueled by a borrow-and-spend economic philosophy, and roughly \$6.6 trillion in new debt since the President took office, the economy and the job market have not taken off as promised. Furthermore, the resources to pay for this amendment’s expansion in government spending were purported to come from an account that contains no funds. As the Congressional Budget Office (CBO) has noted on several occasions, “There are no funds in the Treasury set aside” for OCO. Representative Scott Garrett of New Jersey submitted into the record a letter from CBO Director Douglas Elmendorf that discusses in some detail the problems with capping OCO spending as an offset. Therefore, this amendment would have simply led to an increase in government spending and larger deficits.

### **AN AMENDMENT RELATED TO DEPARTMENT OF VETERANS AFFAIRS SPENDING**

Representative John Yarmuth of Kentucky offered an amendment that would increase veterans-related discretionary and mandatory spending, including creating a Veterans Job Corps, and called for making all discretionary programs at the Department of

Veterans Affairs subject to advance appropriations. The amendment was defeated because the budget resolution already fully funds the President's fiscal year 2015 discretionary request, makes no cuts to veterans' benefits, and exceeds the President's discretionary budget request by \$9 billion over the budget window. Further, this budget matches the President's advance appropriation request for veteran medical care for fiscal year 2016. In regards to the new mandatory Job Corps proposal, Republicans were concerned about the lack of details regarding the proposal, which the Committee on Veterans Affairs did not recommend including in the budget due to similar concerns. For these reasons, the Committee defeated this amendment.

AN AMENDMENT RELATED TO INCREASING REVENUE  
TO THE HIGHWAY TRUST FUND

Representative Earl Blumenauer of Oregon offered an amendment creating a deficit-neutral reserve fund to provide for increased spending on surface-transportation programs and higher receipts for the Highway Trust Fund. The amendment would allow the reauthorization of surface-transportation programs for a period of six years, covering fiscal years 2015—2020, to be offset by higher revenues. The Committee defeated this amendment. The budget resolution already includes a deficit-neutral reserve fund for the reauthorization of surface-transportation programs (Sec. 309). Moreover, the budget resolution does not lock the Transportation and Infrastructure Committee into the narrow parameters of this amendment but instead allows for a surface-transportation reauthorization covering any length of time, provided that it does not increase the deficit. This approach was taken by the 2013 House budget, which paved the way for the current surface-transportation authorization (MAP-21).

AN AMENDMENT RELATED TO JUVENILE JUSTICE PROGRAMS

Representative Tony Cárdenas of California offered an amendment to provide additional spending for juvenile justice programs. This spending increase would be offset by increases in taxes on businesses. The Committee defeated this amendment. The budget resolution assumes no cuts to juvenile justice programs. It does, however, call for consolidating and streamlining Department of Justice (DOJ) grants to eliminate unnecessary overlap and duplication. Grantees such as juvenile justice programs will benefit from more accountable, less fragmented DOJ grant administration. Moreover, the budget resolution calls for comprehensive, revenue-neutral tax reform. Tax policy changes of this sort should be considered in the context of comprehensive, revenue-neutral tax reform.

AN AMENDMENT RELATED TO THE MINIMUM WAGE

Representative Mark Pocan of Wisconsin offered an amendment calling for an increase in the minimum wage. The Committee defeated this amendment because of concerns about the effects the policy would have on employment. According to the nonpartisan Congressional Budget Office, this policy would eliminate 500,000



jobs. Furthermore, the Washington Post has reported that the Obama administration worried that it would “spark \* \* \* negative effects on employment.” Finally, in a literature survey, independent economists David Neumark and William Wascher found that most research found a negative effect on employment due to increases in the minimum wage.

AN AMENDMENT RELATED TO EMERGENCY  
UNEMPLOYMENT COMPENSATION

Representative Hakeem Jeffries of New York offered an amendment calling for an extension of Emergency Unemployment Compensation. The Committee defeated this amendment because it would increase taxes by over \$50 billion in taxes over the next decade. Such selective tax increases would make comprehensive tax reform harder to accomplish—the purpose of which is to eliminate loopholes and broaden the base so that rates may be lowered to stimulate economic growth. The proposed policy could lead to “emergency and temporary” unemployment expansions becoming permanent and also ignores growing evidence that extended unemployment insurance may inhibit economic growth and increase the unemployment rate.

AN AMENDMENT RELATED TO POVERTY

Representative Barbara Lee of California offered an amendment calling for a national strategy to eliminate poverty. The amendment, as drafted, proposed a number of counterproductive policies, policies that would have hurt economic growth and eliminated jobs. Poverty is a serious problem that needs to be addressed. During the mark-up the majority worked to find agreement on an amendment with Representative Lee. Unfortunately, she rejected alternate language suggested by the majority that she had previously authored and that had passed the House of Representatives in 2008. The Committee defeated this amendment.

AN AMENDMENT RELATED TO NUTRITION ASSISTANCE

Representative Gwen Moore of Wisconsin offered an amendment calling for an increase in spending of \$137 billion for food stamps. The Committee defeated this amendment. The food-stamp program has increased nearly threefold over the past decade, from \$29 billion in 2004, to \$83 billion in 2013. While much of this increase is due to the recent recession, the SNAP program has also seen a number of expansions in the program, most notably categorical eligibility—and the Department of Agriculture has concluded that SNAP enrollment has become disconnected from changes in the real economy. For these reasons, the Committee defeated this amendment.

AN AMENDMENT RELATED TO THE TAX TREATMENT OF  
EXECUTIVE COMPENSATION

Representative Lloyd Doggett of Texas offered an amendment that would limit the dollar amount of each employee’s salary a publicly-traded company can deduct as a business expense. Currently, the deduction cap applies only to covered employees, namely the

CEO and other three highest-paid executive officers, excluding the chief financial officer. Additionally, under current law performance-based and commission-based pay do not count towards the cap.

The Committee defeated this amendment. The Committee supports comprehensive tax reform, including reforms that would address the corporate tax code. The Tax Foundation estimates that our current statutory corporate income-tax rate of 35 percent is the highest in the industrialized world, which puts American businesses at a disadvantage and discourages job creation, entrepreneurship, and economic growth. However, this amendment does not provide the comprehensive tax reform this country needs. Rather, it would further complicate the code to raise taxes on one select group of individuals by about \$50 billion over ten years. The budget resolution calls for pro-growth tax reform that would address the real problems with our tax code—namely the unnecessary complexity and high rates that threaten economic growth. For these reasons, the Committee defeated this amendment.

#### AN AMENDMENT RELATED TO COMPREHENSIVE IMMIGRATION REFORM

Representative Tony Cárdenas of California offered an amendment to increase revenue and Function 920 levels to reflect adoption of H.R. 15, a bill significantly similar to the Senate Committee on the Judiciary-reported version of S. 744, a comprehensive immigration-reform bill.

The Committee defeated this amendment. The Committee rejected the sweeping changes made in H.R. 15 and its Senate companion, an over one-thousand-page bill. Rather, the Committee advocates for a step-by-step process that begins with border security and interior enforcement. The House committees of jurisdiction have been and continue working to reform our broken immigration system. For those reasons, the Committee did not support the inclusion of H.R. 15 in this budget resolution.

#### AN AMENDMENT RELATED TO MEDICAID

Representative Bill Pascrell of New Jersey offered an amendment to increase Medicaid funding. The amendment is offset with a variety of tax increases.

The Committee defeated this amendment. This budget proposes to spend \$3.5 trillion over the next decade on Medicaid and Other Health programs. It increases spending on the program every year from fiscal year 2016 onward. According to CBO, Medicaid is growing at an average annual rate of 9 percent over the next five years. This budget proposes simply to slow the growth in spending and give states more flexibility so they can design the programs around their people's needs. Spending growth at that rate is simply unsustainable. But the problem with Medicaid isn't just that it spends too much. It's also not giving patients the access to health care that they need. Moreover, the President's health-care law forces millions of Americans into this broken system. This budget repeals those expansions, empowers states with the flexibility and resources to design innovative programs that are more responsive to their citizens' needs than a one-size-fits-all federal program, and creates the space to replace the President's health care law with true, patient-centered reforms that will better serve Medicaid pa-

tients. For these reasons, the Committee did not agree to this amendment.

#### AN AMENDMENT RELATED TO MEDICARE

Representative Michelle Lujan Grisham of New Mexico offered an amendment to increase Medicaid funding and to include in the Chairman's Mark a Sense of the House praising the effects of the President's health-care law on Medicare and opposing premium support.

The Committee defeated this amendment. Because of rising health costs and demographic changes, CBO projects that the Medicare program will be bankrupt in 2026. The status quo is unacceptable. The President's health-care law only made the problem worse. By raiding Medicare to pay for a new entitlement, it ensured that 40 percent of Medicare providers will go out of business according to the Medicare Trustees.

In contrast, the Medicare reforms contained in the budget save and strengthen the Medicare guarantee. The Republican budget slows Medicare spending—but it does so by transitioning to a new Medicare program for future generations. Those in and near retirement have the same program as they have today, with no changes to the current benefit structure. The traditional fee-for-service program would permanently remain an option—for all seniors, current and future—in the Republican budget. Future seniors would choose from a list of Medicare-approved private plans competing with the fee-for-service program so seniors have a range of plans, regardless of health status or pre-existing conditions. High-income seniors get less support; low-income seniors get more. And new evidence from the Congressional Budget Office shows that premium-support-style reforms can both reduce costs to seniors and the federal government. The real threat to the Medicare guarantee is the status quo. And doing nothing—or worse, trying to ration care—represents the greatest threat to seniors' health security. For these reasons, the Committee defeated this amendment.

#### AN AMENDMENT TO PROMOTE SCIENTIFIC JOBS AND PROVIDE A NATIONAL INVESTMENT IN BIOMEDICAL RESEARCH

Representative Kathy Castor of Florida offered an amendment to increase Function 550 mandatory budget authority by \$28.7 billion and mandatory outlays by \$25.2 billion. It assumes this additional funding for the National Institutes of Health (NIH). The amendment offsets the new spending by increasing taxes.

The Committee defeated this amendment. The Chairman's Mark assumes no cuts to NIH and reflects strong support for NIH's core mission to invest in basic biomedical research as a key investment to uncover new knowledge that can lead to better health and disease cures for everyone. However, it is imperative taxpayer dollars are spent wisely. Recent news reports that taxpayer funds entrusted to the National Institutes of Health are being spent to support a variety of questionable projects, including grants examining "Public Health Education and Campaigns in China" and a study asserting a link between the Tea Party and the tobacco industry. Every agency that supports public health and research, including HHS, collectively must work to ensure all these resources are spent

in the most effective manner to avoid duplication and waste and to coordinate the activity toward collective public-health or research goals and objectives. For these reasons, the Committee defeated this amendment.

AN AMENDMENT RELATED TO PELL GRANTS

Representative Tim Ryan of Ohio offered an amendment to increase spending on the Pell grant program with the costs offset with a variety of taxes increases. The Committee defeated this amendment.

Pell Grants are a critical source of financial aid that has helped increase access to higher education for millions of low-income students. But reckless spending hikes have jeopardized the program's ability to keep its promises. Program costs have skyrocketed since fiscal year 2008, and the program faces a big financial shortfall in fiscal year 2016. If left unaddressed, it could cause severe cuts to eligibility and/or award amounts. While this amendment refuses to make the tough decisions needed to put Pell Grants on a sustainable path, the Chairman's mark puts the program on a sustainable path with a number of commonsense reforms. It takes Pell off autopilot while maintaining the current maximum award of \$5,730 for each year of the next decade. Moreover, it rolls back several recent expansions of the program to ensure that Pell stays focused on those in most need and does not spur higher tuition.

AN AMENDMENT RELATED TO PRIMARY CARE PHYSICIANS IN MEDICAID

Representative Jim McDermott of Washington offered an amendment increasing spending for Medicaid. The amendment would increase Medicaid payments for those primary providers who treat Medicaid patients only in those states that have expanded their Medicaid programs according to the regulations under the President's health-care law. Those primary-care providers who treat Medicaid patients in states that have not expanded their Medicaid payments would not benefit from this provision. Moreover, the amendment does not address the access problems that enrollees currently face. The budget resolution would instead put states in charge of their own Medicaid program so they can design solutions that best meet the unique needs of their own constituents. The committee defeated the amendment.

AN AMENDMENT RELATED TO THE INDIVIDUALS WITH  
DISABILITIES EDUCATION ACT

Representative Jared Huffman of California offered an amendment to increase spending to fund the Individuals with Disabilities Education Act (IDEA) at 40 percent of the average per pupil expenditure for special education, the maximum amount authorized under the law. It offsets the cost of this spending by raising taxes in a variety of ways. The Committee defeated this amendment.

The Chairman's mark assumes no reductions to IDEA, and it reflects strong support for IDEA's core mission to support the education of children with disabilities. IDEA is funded annually through the appropriations process. The Committee believes funding for this critical program should remain subject to annual re-

view, providing the chance for Congress to make changes and ensure priorities are being met. The Appropriations Committee will have the opportunity to examine IDEA spending and, within the parameters set by this budget, set appropriate funding levels. For these reasons, the Committee defeated this amendment.

#### AN AMENDMENT RELATED TO EARLY CHILDHOOD DEVELOPMENT

Representative Kurt Schrader of Oregon offered an amendment to increase funding for early childhood programs. It offsets the costs of this increased spending by raising taxes in a variety of ways. The Committee defeated this amendment.

The federal government currently supports 45 different programs costing at least \$14.2 billion annually with the purpose of supporting or providing early childhood care and education programs for children under the age of five. Yet, in everything, including education, the measure of success should not be the amount of taxpayer money spent. It must be assessed in how effectively the money is spent and the outcomes of the particular program. One of the largest early childhood education programs is Head Start, a nearly \$9 billion per year program that has been shown to provide little to no benefit for cognitive, social-emotional, health, or parenting practices of its participants. This maze of programs and lack of sustained results are a disservice to vulnerable children, and it is irresponsible to add yet another layer of spending before these existing programs are fixed. For these reasons, the Committee did not support inclusion of this amendment in the Chairman's Mark.

#### AN AMENDMENT RELATED TO STUDENT LOANS

Representative Mark Pocan of Wisconsin offered an amendment to increase spending on student loans. The amendment offsets these costs by raising taxes in a variety of ways. The Committee defeated this amendment.

The Committee agrees student debt is a growing problem. In fact, the Chairman's Mark contains a policy statement expressing its concern at the rapid rate of tuition growth. However, the best solution to alleviating the burden of student debt is to increase the return to education by restoring strong economic growth. This budget promotes pro-growth policies, policies that un- and under-employed recent college graduates need. Moreover, the federal government already provides a variety of loan-repayment plans to help students manage their debt. This budget adopts a modest reform proposed by the President's Fiscal Commission that would require undergraduate students to assume more responsibility for the costs of their loans. It also rolls back expansions to the income-based repayment program that many suggest are disproportionately benefiting graduate and professional students. This budget's reforms to student financial aid will ensure critical programs are sustained and available to the people who need them most, rather than fueling tuition inflation. For these reasons, the Committee defeated this amendment.

AN AMENDMENT RELATING TO THE ACCOUNTING OF REPEAL  
OF THE AFFORDABLE CARE ACT

Representative Chris Van Hollen of Maryland offered an amendment creating a point of order against future legislation that subsequently repeals portions of the President's health-care law. The underlying resolution calls for the full repeal of the health law. It repeals more than \$2 trillion in new spending under the President's health-care law. It repeals over a trillion in tax increases as part of comprehensive, revenue-neutral tax reform. It ends the health law's raid on Medicare and instead keeps those savings within the Medicare program while also creating a deficit-neutral reserve fund to replace those savings. The amendment would provide a roadblock to addressing the fundamental flaws with the President's health-care law. For these reasons, the committee defeated the amendment.

AN AMENDMENT TO HELP WITH PRESCRIPTION  
DRUG COSTS FOR SENIORS

Representative Jim McDermott of Washington offered an amendment stating the sense of the House that the President's health-care law included provisions that reduced prescription-drug costs for seniors who fall in the "donut hole" in the Part D program. The President's health-care law is flawed and needs to be repealed and replaced. In this instance, according to the Congressional Budget Office, the provisions in the President's health-care law that changed the structure of the Part D program would have the effect of increasing prescription-drug costs for all seniors. For these reasons, the committee defeated this amendment.

AN AMENDMENT RELATED TO TAX PREFERENCES  
FOR CERTAIN TAXPAYERS

Representative Dan Kildee of Michigan offered an amendment that would have reduced or eliminated certain tax preferences for those with adjusted gross income (AGI) in excess of \$1 million annually. The Committee defeated this amendment as the measure would harm the economy and do little to reduce the deficit. It may be politically expedient to go after certain groups deemed unpopular, but the majority of non-corporate small businesses pay taxes under the individual income-tax system. Therefore, these individual tax hike proposals end up impacting the successful small business that are the engines of job creation in our economy. Small businesses generate 60 to 80 percent of net new jobs annually and employ about half of all private-sector employees, according to the Small Business Administration. For these reasons, the Committee defeated this amendment.

AN AMENDMENT RELATED TO THE DISTRIBUTIONAL  
IMPACT OF TAX REFORM

Representative Bill Pascrell of New Jersey offered an amendment expressing the sense of the House that the budget should not allow taxes to be raised on the middle class. The Committee defeated this amendment. This budget resolution does not call for tax increases on anyone, whatever their income level. The budget reso-

lution calls for fundamental tax reform that broadens the tax base and lowers tax rates. The tax code is littered with special credits, deductions and loopholes, which sum to over \$1 trillion annually and are disproportionately used by upper-income individuals. The budget resolution advocates cleaning out these loopholes so that tax rates can be lowered for all taxpayers. This amendment would hamper the tax-reform process by blocking the examination of the entire universe of tax preferences. In addition, section 602 includes a policy statement, calling for pro-growth tax reform that would make the code simpler and fairer. For these reasons, the Committee defeated this amendment.





## **OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE**

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### 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(1) of rule XI of the Rules of the House of Representatives requires each committee to afford a two-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

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### **2015 Republican Budget Slows Economic Growth, Widens Income Inequality, and Dims the American Dream**

Our budgets are a reflection of our vision for America. They reveal our priorities. They demonstrate what we value and what we don't. They are about fundamental choices for the future direction of our nation.

The President has presented a budget for fiscal year 2015 that will help boost job growth, sharpen America's competitive edge, and expand opportunity. The Republican budget before us does exactly the opposite. Of all the reckless budgets our Republican colleagues have introduced, this one is the worst for America. Many will argue that this budget should not be taken seriously because it will go nowhere in the Senate. But the public should take it very seriously, because it tells people exactly what Republicans in Congress would do if they had the power to impose their will on the country.

At its core, this budget rigs the rules for wealthy special interests at the expense of everyone else. It cuts the tax rates for multimillionaires by one-third while it guts vital investments in our children's futures, squeezes the middle class, and violates important commitments to our seniors.

The Republican budget is a boon to our economic competitors, providing perverse tax incentives to ship American jobs overseas while shortchanging investments in jobs here at home. It makes historically reckless cuts in areas that help power our economy—education, scientific research, innovation, advanced manufacturing, and diverse energy sources. All told, it cuts non-defense discretionary spending by a staggering \$791 billion below the already unsustainable sequester level. That takes those investments to almost 40 percent lower as a share of the economy than at any time in the last 50 years.

At a time when we should be modernizing our infrastructure, this budget slashes the transportation budget by a whopping \$52 billion this year alone, stopping new projects and throwing construction workers off their jobs. It will condemn the United States to a pot-holed road of economic decline. And it rejects one measure that, according to the Congressional Budget Office, could immediately unleash more economic activity and grow our economy—comprehensive immigration reform.

The saddest part of this budget is that it casts a dark shadow over the American Dream—it violates the fundamental promise that every hard-working American should have a fair shot at success. Our kids' education is vital to a bright future for all of us. At a time when we should be investing more in education, the Repub-

lican budget's unallocated cut would proportionately slash funding for education and job training by over \$145 billion. According to the Administration's estimates, this cut to education funding would mean that Title I, which helps ensure that students can meet challenging academic standards, would be unable to support the equivalent of about 8,000 schools, potentially resulting in 29,000 fewer teachers and their aides. Special education would take a big hit.

After cutting appropriations available for education by \$145 billion, the Republican budget goes further and cuts current policy support for higher education by another \$205 billion. Students who want to go to college will have a tough time unless they are born into well-to-do families. This budget eliminates the one guaranteed source of Pell Grants, starts charging students interest on their loans while in college, discontinues the college tuition tax credits, and reverses new efforts to relieve the debt burden on many students.

Instead of addressing the lack of upward mobility, rung by rung, this budget knocks steps off the ladder of opportunity. If you are to the manor born, cheers. For everyone else, this budget is a punch in the gut.

Take seniors for our next example. Those on Medicare will immediately pay more for diagnostic screenings and other preventative health services. Those with high prescription drug costs will see the donut hole re-opened and prices will skyrocket—seniors with high drug costs will pay nearly \$1,200 more per year. Millions of seniors in nursing homes will be especially hurt by the reckless cuts to Medicaid. Over two-thirds of the base Medicaid program supports the elderly and the disabled and this budget slashes the Medicaid budget in its last year by a full 25 percent—in addition to repealing the Affordable Care Act expansion of the program. At the same time, the budget ends the current Medicare guarantee, forcing seniors who stay in fee-for-service care to face large premium increases. On top of all this, the Republican budget keeps the Medicare sequester cut on health providers in place to the tune of \$140 billion.

Middle class families are also hit, and will see their tax burden increase to finance windfall tax breaks for the very rich. It ignores the reality exemplified by Ways and Means Chairman Camp's tax reform plan that demonstrates that we cannot have a revenue-neutral plan that lowers the top tax rate to 25 percent without raising rates for those making less. While Chairman Camp's bill has a top rate of 35 percent, this budget calls for a top rate for millionaires of 25 percent. Financing this tax break for the wealthy will mean an average tax increase of \$2,000 for middle class families with children.

This budget reserves perhaps its cruelest blow to those seeking to climb out of poverty and into the middle class. It reveals that Republicans' post-election talk about seriously addressing poverty issues was just that—talk. During the last election, Governor Romney stated that he wasn't focused on helping the 47 percent of struggling Americans, and this Republican budget sets out to prove it. It absolutely decimates safety net programs—like SNAP and Medicaid—designed to stop people from falling into deep poverty.

Just last year, after much debate, Congress reduced the Republican Farm Bill's cut to food and nutrition support from \$40 billion to \$8 billion. But this budget would now slash \$137 billion, meaning millions of kids will be hungrier. It is premised on the false and pernicious notion that providing struggling families with minimal food and nutrition support saps their will to work. This is apparently the new Republican jobs plan—just take away food and nutrition support, and jobs will sprout up and people will flock to work. Give children dignity by taking away school lunch programs. Slash Medicaid because poor people are just lolling around in Medicaid hammocks. It is no wonder that faith groups have criticized past Republican budgets as failing to meet basic moral standards.

Our Republican colleagues say these bitter austerity measures are needed to reduce the deficit. But if that is really their paramount concern, why do they refuse to close a single special interest tax break to reduce the deficit? Republicans say they do not want to pass on debts to future generations, but will not end a single break for the Koch brothers and other special interests. Instead, they place all the burden of deficit reduction on the middle class, kids, seniors, and hard-working Americans who make their living earning wages rather than on profits on tax-preferred hedge funds and stock options.

Despite these austerity measures, the truth is that this budget does not balance. It is a total fraud for Republicans to claim that this budget balances in ten years at the same time they have voted over 50 times to repeal the Affordable Care Act (ACA). Why? Because this budget includes all of the ACA's Medicare savings and revenue, which together amount to about \$2 trillion. Without these Obamacare provisions, the Republican budget falls hundreds of billions of dollars short of balance in year ten. The truth is that Republicans do not repeal the entire Affordable Care Act—just all the benefits of the law, like the tax credits that make insurance more affordable and the provisions that allow younger people to stay on their parents policies until age 26. The Republicans keep all the ACA budget savings. They cannot have it both ways: either they support all the revenue and savings in the ACA or their budget does not come close to balancing.

The Republican budget is a deeply pessimistic vision of America. It will result in slower economic growth and widening income inequality. It will further empower entrenched special interests while

dimming the American Dream for everyone else. We can do so much better, and this is a debate we should take to the country.

CHRIS VAN HOLLEN.  
JOHN A. YARMUTH.  
BILL PASCRELL, JR.  
TIM RYAN.  
GWEN MOORE.  
KATHY CASTOR.  
JIM MCDERMOTT.  
BARBARA LEE.  
HAKEEM S. JEFFRIES.  
MARK POCAN.  
MICHELLE LUJAN GRISHAM.  
JARED HUFFMAN.  
TONY CÁRDENAS.  
EARL BLUMENAUER.  
KURT SCHRADER.  
LLOYD DOGGETT.  
DANIEL KILDEE.

113TH CONGRESS  
2D SESSION

# H. CON. RES. 96

Establishing the budget for the United States Government for fiscal year 2015 and setting forth appropriate budgetary levels for fiscal years 2016 through 2024.

## CONCURRENT RESOLUTION

*Resolved by the House of Representatives (the Senate concurring),*

### SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2015.

(a) DECLARATION.—The Congress determines and declares that this concurrent resolution establishes the budget for fiscal year 2015 and sets forth appropriate budgetary levels for fiscal years 2016 through 2024.

(b) TABLE OF CONTENTS.—The table of contents for this concurrent resolution is as follows:

Sec. 1. Concurrent resolution on the budget for fiscal year 2015.

#### TITLE I—RECOMMENDED LEVELS AND AMOUNTS

Sec. 101. Recommended levels and amounts.

Sec. 102. Major functional categories.

#### TITLE II—RECOMMENDED LONG-TERM LEVELS

Sec. 201. Long-term budgeting.

#### TITLE III—RESERVE FUNDS

Sec. 301. Reserve fund for the repeal of the 2010 health care laws.

Sec. 302. Deficit-neutral reserve fund for the reform of the 2010 health care laws.

Sec. 303. Deficit-neutral reserve fund related to the Medicare provisions of the 2010 health care laws.

Sec. 304. Deficit-neutral reserve fund for the sustainable growth rate of the Medicare program.

Sec. 305. Deficit-neutral reserve fund for reforming the tax code.

Sec. 306. Deficit-neutral reserve fund for trade agreements.

Sec. 307. Deficit-neutral reserve fund for revenue measures.

Sec. 308. Deficit-neutral reserve fund for rural counties and schools.

Sec. 309. Deficit-neutral reserve fund for transportation.

Sec. 310. Deficit-neutral reserve fund to reduce poverty and increase opportunity and upward mobility.

#### TITLE IV—ESTIMATES OF DIRECT SPENDING

Sec. 401. Direct spending.

#### TITLE V—BUDGET ENFORCEMENT

Sec. 501. Limitation on advance appropriations.

Sec. 502. Concepts and definitions.

Sec. 503. Adjustments of aggregates, allocations, and appropriate budgetary levels.

Sec. 504. Limitation on long-term spending.

Sec. 505. Budgetary treatment of certain transactions.

Sec. 506. Application and effect of changes in allocations and aggregates.

Sec. 507. Congressional Budget Office estimates.

Sec. 508. Transfers from the general fund of the Treasury to the Highway Trust Fund that increase public indebtedness.

Sec. 509. Separate allocation for overseas contingency operations/global war on terrorism.

Sec. 510. Exercise of rulemaking powers.

#### TITLE VI—POLICY STATEMENTS

Sec. 601. Policy statement on economic growth and job creation.

- Sec. 602. Policy statement on tax reform.  
 Sec. 603. Policy statement on replacing the President's health care law.  
 Sec. 604. Policy statement on Medicare.  
 Sec. 605. Policy statement on Social Security.  
 Sec. 606. Policy statement on higher education and workforce development opportunity.  
 Sec. 607. Policy statement on deficit reduction through the cancellation of unobligated balances.  
 Sec. 608. Policy statement on responsible stewardship of taxpayer dollars.  
 Sec. 609. Policy statement on deficit reduction through the reduction of unnecessary and wasteful spending.  
 Sec. 610. Policy statement on unauthorized spending.  
 Sec. 611. Policy statement on Federal regulatory policy.  
 Sec. 612. Policy statement on trade.  
 Sec. 613. No budget, no pay.

## **TITLE I—RECOMMENDED LEVELS AND AMOUNTS**

### **SEC. 101. RECOMMENDED LEVELS AND AMOUNTS.**

The following budgetary levels are appropriate for each of fiscal years 2015 through 2024:

(1) **FEDERAL REVENUES.**—For purposes of the enforcement of this concurrent resolution:

(A) The recommended levels of Federal revenues are as follows:

Fiscal year 2015: \$2,533,841,000,000.  
 Fiscal year 2016: \$2,676,038,000,000.  
 Fiscal year 2017: \$2,789,423,000,000.  
 Fiscal year 2018: \$2,890,308,000,000.  
 Fiscal year 2019: \$3,014,685,000,000.  
 Fiscal year 2020: \$3,148,637,000,000.  
 Fiscal year 2021: \$3,294,650,000,000.  
 Fiscal year 2022: \$3,456,346,000,000.  
 Fiscal year 2023: \$3,626,518,000,000.  
 Fiscal year 2024: \$3,807,452,000,000.

(B) The amounts by which the aggregate levels of Federal revenues should be changed are as follows:

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.  
 Fiscal year 2024: \$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 2015: \$2,842,226,000,000.  
 Fiscal year 2016: \$2,858,059,000,000.  
 Fiscal year 2017: \$2,957,321,000,000.  
 Fiscal year 2018: \$3,059,410,000,000.  
 Fiscal year 2019: \$3,210,987,000,000.  
 Fiscal year 2020: \$3,360,435,000,000.  
 Fiscal year 2021: \$3,460,524,000,000.  
 Fiscal year 2022: \$3,587,380,000,000.  
 Fiscal year 2023: \$3,660,151,000,000.  
 Fiscal year 2024: \$3,706,695,000,000.

(3) **BUDGET OUTLAYS.**—For purposes of the enforcement of this concurrent resolution, the appropriate levels of total budget outlays are as follows:

Fiscal year 2015: \$2,920,026,000,000.  
 Fiscal year 2016: \$2,889,484,000,000.  
 Fiscal year 2017: \$2,949,261,000,000.  
 Fiscal year 2018: \$3,034,773,000,000.



Fiscal year 2019: \$3,185,472,000,000.  
 Fiscal year 2020: \$3,320,927,000,000.  
 Fiscal year 2021: \$3,433,392,000,000.  
 Fiscal year 2022: \$3,577,963,000,000.  
 Fiscal year 2023: \$3,632,642,000,000.  
 Fiscal year 2024: \$3,676,374,000,000.

(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 2015: –\$386,186,000,000.  
 Fiscal year 2016: –\$213,446,000,000.  
 Fiscal year 2017: –\$159,838,000,000.  
 Fiscal year 2018: –\$144,466,000,000.  
 Fiscal year 2019: –\$170,787,000,000.  
 Fiscal year 2020: –\$172,290,000,000.  
 Fiscal year 2021: –\$138,741,000,000.  
 Fiscal year 2022: –\$121,617,000,000.  
 Fiscal year 2023: –\$6,124,000,000.  
 Fiscal year 2024: \$131,078,000,000.

(5) DEBT SUBJECT TO LIMIT.—The appropriate levels of the public debt are as follows:

Fiscal year 2015: \$18,304,357,000,000.  
 Fiscal year 2016: \$18,627,533,000,000.  
 Fiscal year 2017: \$19,172,590,000,000.  
 Fiscal year 2018: \$19,411,553,000,000.  
 Fiscal year 2019: \$19,773,917,000,000.  
 Fiscal year 2020: \$20,227,349,000,000.  
 Fiscal year 2021: \$20,449,374,000,000.  
 Fiscal year 2022: \$20,822,448,000,000.  
 Fiscal year 2023: \$20,981,807,000,000.  
 Fiscal year 2024: \$21,089,365,000,000.

(6) DEBT HELD BY THE PUBLIC.—The appropriate levels of debt held by the public are as follows:

Fiscal year 2015: \$13,213,000,000,000.  
 Fiscal year 2016: \$13,419,000,000,000.  
 Fiscal year 2017: \$13,800,000,000,000.  
 Fiscal year 2018: \$13,860,000,000,000.  
 Fiscal year 2019: \$14,080,000,000,000.  
 Fiscal year 2020: \$14,427,000,000,000.  
 Fiscal year 2021: \$14,579,000,000,000.  
 Fiscal year 2022: \$14,940,000,000,000.  
 Fiscal year 2023: \$15,080,000,000,000.  
 Fiscal year 2024: \$15,176,000,000,000.

#### SEC. 102. MAJOR FUNCTIONAL CATEGORIES.

The Congress determines and declares that the appropriate levels of new budget authority and outlays for fiscal years 2015 through 2024 for each major functional category are:

(1) National Defense (050):

Fiscal year 2015:

(A) New budget authority, \$528,927,000,000.

(B) Outlays, \$566,503,000,000.

Fiscal year 2016:

(A) New budget authority, \$573,792,000,000.

(B) Outlays, \$573,064,000,000.

Fiscal year 2017:

(A) New budget authority, \$597,895,000,000.

(B) Outlays, \$584,252,000,000.

Fiscal year 2018:

(A) New budget authority, \$611,146,000,000.

(B) Outlays, \$593,795,000,000.

Fiscal year 2019:

(A) New budget authority, \$624,416,000,000.

(B) Outlays, \$611,902,000,000.

Fiscal year 2020:

(A) New budget authority, \$638,697,000,000.

(B) Outlays, \$626,175,000,000.

- Fiscal year 2021:  
 (A) New budget authority, \$653,001,000,000.  
 (B) Outlays, \$640,499,000,000.
- Fiscal year 2022:  
 (A) New budget authority, \$669,967,000,000.  
 (B) Outlays, \$661,181,000,000.
- Fiscal year 2023:  
 (A) New budget authority, \$687,393,000,000.  
 (B) Outlays, \$672,922,000,000.
- Fiscal year 2024:  
 (A) New budget authority, \$706,218,000,000.  
 (B) Outlays, \$685,796,000,000.
- (2) International Affairs (150):
- Fiscal year 2015:  
 (A) New budget authority, \$38,695,000,000.  
 (B) Outlays, \$39,029,000,000.
- Fiscal year 2016:  
 (A) New budget authority, \$39,734,000,000.  
 (B) Outlays, \$37,976,000,000.
- Fiscal year 2017:  
 (A) New budget authority, \$40,642,000,000.  
 (B) Outlays, \$38,229,000,000.
- Fiscal year 2018:  
 (A) New budget authority, \$41,589,000,000.  
 (B) Outlays, \$38,822,000,000.
- Fiscal year 2019:  
 (A) New budget authority, \$42,513,000,000.  
 (B) Outlays, \$39,553,000,000.
- Fiscal year 2020:  
 (A) New budget authority, \$43,497,000,000.  
 (B) Outlays, \$40,114,000,000.
- Fiscal year 2021:  
 (A) New budget authority, \$44,004,000,000.  
 (B) Outlays, \$40,701,000,000.
- Fiscal year 2022:  
 (A) New budget authority, \$45,271,000,000.  
 (B) Outlays, \$41,749,000,000.
- Fiscal year 2023:  
 (A) New budget authority, \$46,287,000,000.  
 (B) Outlays, \$42,667,000,000.
- Fiscal year 2024:  
 (A) New budget authority, \$47,349,000,000.  
 (B) Outlays, \$43,624,000,000.
- (3) General Science, Space, and Technology (250):
- Fiscal year 2015:  
 (A) New budget authority, \$27,941,000,000.  
 (B) Outlays, \$27,927,000,000.
- Fiscal year 2016:  
 (A) New budget authority, \$28,493,000,000.  
 (B) Outlays, \$28,240,000,000.
- Fiscal year 2017:  
 (A) New budget authority, \$29,113,000,000.  
 (B) Outlays, \$28,750,000,000.
- Fiscal year 2018:  
 (A) New budget authority, \$29,764,000,000.  
 (B) Outlays, \$29,350,000,000.
- Fiscal year 2019:  
 (A) New budget authority, \$30,413,000,000.  
 (B) Outlays, \$29,938,000,000.
- Fiscal year 2020:  
 (A) New budget authority, \$31,096,000,000.  
 (B) Outlays, \$30,589,000,000.
- Fiscal year 2021:  
 (A) New budget authority, \$31,782,000,000.  
 (B) Outlays, \$31,174,000,000.
- Fiscal year 2022:

- (A) New budget authority, \$32,493,000,000.
- (B) Outlays, \$31,870,000,000.
- Fiscal year 2023:
  - (A) New budget authority, \$33,210,000,000.
  - (B) Outlays, \$32,576,000,000.
- Fiscal year 2024:
  - (A) New budget authority, \$33,955,000,000.
  - (B) Outlays, \$33,304,000,000.
- (4) Energy (270):
  - Fiscal year 2015:
    - (A) New budget authority, \$4,228,000,000.
    - (B) Outlays, \$5,751,000,000.
  - Fiscal year 2016:
    - (A) New budget authority, \$3,820,000,000.
    - (B) Outlays, \$3,416,000,000.
  - Fiscal year 2017:
    - (A) New budget authority, \$2,048,000,000.
    - (B) Outlays, \$1,400,000,000.
  - Fiscal year 2018:
    - (A) New budget authority, \$1,762,000,000.
    - (B) Outlays, \$1,192,000,000.
  - Fiscal year 2019:
    - (A) New budget authority, \$1,788,000,000.
    - (B) Outlays, \$1,278,000,000.
  - Fiscal year 2020:
    - (A) New budget authority, \$1,851,000,000.
    - (B) Outlays, \$1,384,000,000.
  - Fiscal year 2021:
    - (A) New budget authority, -\$16,000,000.
    - (B) Outlays, -\$346,000,000.
  - Fiscal year 2022:
    - (A) New budget authority, -\$1,018,000,000.
    - (B) Outlays, -\$1,283,000,000.
  - Fiscal year 2023:
    - (A) New budget authority, -\$1,914,000,000.
    - (B) Outlays, -\$2,188,000,000.
  - Fiscal year 2024:
    - (A) New budget authority, -\$6,113,000,000.
    - (B) Outlays, -\$6,699,000,000.
- (5) Natural Resources and Environment (300):
  - Fiscal year 2015:
    - (A) New budget authority, \$34,289,000,000.
    - (B) Outlays, \$39,311,000,000.
  - Fiscal year 2016:
    - (A) New budget authority, \$34,491,000,000.
    - (B) Outlays, \$37,747,000,000.
  - Fiscal year 2017:
    - (A) New budget authority, \$35,077,000,000.
    - (B) Outlays, \$36,204,000,000.
  - Fiscal year 2018:
    - (A) New budget authority, \$33,047,000,000.
    - (B) Outlays, \$33,316,000,000.
  - Fiscal year 2019:
    - (A) New budget authority, \$36,859,000,000.
    - (B) Outlays, \$36,779,000,000.
  - Fiscal year 2020:
    - (A) New budget authority, \$38,169,000,000.
    - (B) Outlays, \$37,877,000,000.
  - Fiscal year 2021:
    - (A) New budget authority, \$36,428,000,000.
    - (B) Outlays, \$36,379,000,000.
  - Fiscal year 2022:
    - (A) New budget authority, \$38,979,000,000.
    - (B) Outlays, \$38,749,000,000.
  - Fiscal year 2023:
    - (A) New budget authority, \$39,927,000,000.

- (B) Outlays, \$39,733,000,000.
- Fiscal year 2024:
  - (A) New budget authority, \$40,592,000,000.
  - (B) Outlays, \$39,752,000,000.
- (6) Agriculture (350):
  - Fiscal year 2015:
    - (A) New budget authority, \$19,042,000,000.
    - (B) Outlays, \$19,556,000,000.
  - Fiscal year 2016:
    - (A) New budget authority, \$22,506,000,000.
    - (B) Outlays, \$22,313,000,000.
  - Fiscal year 2017:
    - (A) New budget authority, \$20,527,000,000.
    - (B) Outlays, \$19,992,000,000.
  - Fiscal year 2018:
    - (A) New budget authority, \$18,506,000,000.
    - (B) Outlays, \$17,883,000,000.
  - Fiscal year 2019:
    - (A) New budget authority, \$18,654,000,000.
    - (B) Outlays, \$17,970,000,000.
  - Fiscal year 2020:
    - (A) New budget authority, \$19,008,000,000.
    - (B) Outlays, \$18,440,000,000.
  - Fiscal year 2021:
    - (A) New budget authority, \$19,263,000,000.
    - (B) Outlays, \$18,763,000,000.
  - Fiscal year 2022:
    - (A) New budget authority, \$19,764,000,000.
    - (B) Outlays, \$19,249,000,000.
  - Fiscal year 2023:
    - (A) New budget authority, \$20,017,000,000.
    - (B) Outlays, \$19,516,000,000.
  - Fiscal year 2024:
    - (A) New budget authority, \$20,635,000,000.
    - (B) Outlays, \$20,131,000,000.
- (7) Commerce and Housing Credit (370):
  - Fiscal year 2015:
    - (A) New budget authority, -\$3,239,000,000.
    - (B) Outlays, -\$14,762,000,000.
  - Fiscal year 2016:
    - (A) New budget authority, -\$4,518,000,000.
    - (B) Outlays, -\$18,633,000,000.
  - Fiscal year 2017:
    - (A) New budget authority, -\$7,672,000,000.
    - (B) Outlays, -\$23,217,000,000.
  - Fiscal year 2018:
    - (A) New budget authority, -\$7,385,000,000.
    - (B) Outlays, -\$24,136,000,000.
  - Fiscal year 2019:
    - (A) New budget authority, -\$6,658,000,000.
    - (B) Outlays, -\$28,258,000,000.
  - Fiscal year 2020:
    - (A) New budget authority, -\$3,937,000,000.
    - (B) Outlays, -\$26,052,000,000.
  - Fiscal year 2021:
    - (A) New budget authority, -\$4,034,000,000.
    - (B) Outlays, -\$20,982,000,000.
  - Fiscal year 2022:
    - (A) New budget authority, -\$4,794,000,000.
    - (B) Outlays, -\$23,197,000,000.
  - Fiscal year 2023:
    - (A) New budget authority, -\$5,073,000,000.
    - (B) Outlays, -\$24,597,000,000.
  - Fiscal year 2024:
    - (A) New budget authority, -\$5,118,000,000.
    - (B) Outlays, -\$25,793,000,000.

- (8) Transportation (400):
- Fiscal year 2015:
    - (A) New budget authority, \$34,713,000,000.
    - (B) Outlays, \$80,659,000,000.
  - Fiscal year 2016:
    - (A) New budget authority, \$68,529,000,000.
    - (B) Outlays, \$69,907,000,000.
  - Fiscal year 2017:
    - (A) New budget authority, \$74,454,000,000.
    - (B) Outlays, \$75,199,000,000.
  - Fiscal year 2018:
    - (A) New budget authority, \$75,978,000,000.
    - (B) Outlays, \$77,558,000,000.
  - Fiscal year 2019:
    - (A) New budget authority, \$77,501,000,000.
    - (B) Outlays, \$78,163,000,000.
  - Fiscal year 2020:
    - (A) New budget authority, \$78,373,000,000.
    - (B) Outlays, \$79,056,000,000.
  - Fiscal year 2021:
    - (A) New budget authority, \$79,369,000,000.
    - (B) Outlays, \$80,231,000,000.
  - Fiscal year 2022:
    - (A) New budget authority, \$80,529,000,000.
    - (B) Outlays, \$81,409,000,000.
  - Fiscal year 2023:
    - (A) New budget authority, \$81,829,000,000.
    - (B) Outlays, \$82,872,000,000.
  - Fiscal year 2024:
    - (A) New budget authority, \$83,353,000,000.
    - (B) Outlays, \$84,024,000,000.
- (9) Community and Regional Development (450):
- Fiscal year 2015:
    - (A) New budget authority, \$14,556,000,000.
    - (B) Outlays, \$23,608,000,000.
  - Fiscal year 2016:
    - (A) New budget authority, \$15,303,000,000.
    - (B) Outlays, \$21,425,000,000.
  - Fiscal year 2017:
    - (A) New budget authority, \$15,269,000,000.
    - (B) Outlays, \$19,292,000,000.
  - Fiscal year 2018:
    - (A) New budget authority, \$15,414,000,000.
    - (B) Outlays, \$17,840,000,000.
  - Fiscal year 2019:
    - (A) New budget authority, \$15,387,000,000.
    - (B) Outlays, \$16,841,000,000.
  - Fiscal year 2020:
    - (A) New budget authority, \$15,283,000,000.
    - (B) Outlays, \$16,008,000,000.
  - Fiscal year 2021:
    - (A) New budget authority, \$15,421,000,000.
    - (B) Outlays, \$14,679,000,000.
  - Fiscal year 2022:
    - (A) New budget authority, \$15,658,000,000.
    - (B) Outlays, \$13,408,000,000.
  - Fiscal year 2023:
    - (A) New budget authority, \$15,954,000,000.
    - (B) Outlays, \$13,490,000,000.
  - Fiscal year 2024:
    - (A) New budget authority, \$16,302,000,000.
    - (B) Outlays, \$13,910,000,000.
- (10) Education, Training, Employment, and Social Services (500):
- Fiscal year 2015:
    - (A) New budget authority, \$73,908,000,000.

- (B) Outlays, \$91,759,000,000.
- Fiscal year 2016:
  - (A) New budget authority, \$82,372,000,000.
  - (B) Outlays, \$84,521,000,000.
- Fiscal year 2017:
  - (A) New budget authority, \$86,699,000,000.
  - (B) Outlays, \$87,137,000,000.
- Fiscal year 2018:
  - (A) New budget authority, \$89,536,000,000.
  - (B) Outlays, \$89,808,000,000.
- Fiscal year 2019:
  - (A) New budget authority, \$85,278,000,000.
  - (B) Outlays, \$86,074,000,000.
- Fiscal year 2020:
  - (A) New budget authority, \$86,555,000,000.
  - (B) Outlays, \$87,130,000,000.
- Fiscal year 2021:
  - (A) New budget authority, \$87,749,000,000.
  - (B) Outlays, \$88,403,000,000.
- Fiscal year 2022:
  - (A) New budget authority, \$89,167,000,000.
  - (B) Outlays, \$89,839,000,000.
- Fiscal year 2023:
  - (A) New budget authority, \$90,661,000,000.
  - (B) Outlays, \$91,360,000,000.
- Fiscal year 2024:
  - (A) New budget authority, \$92,094,000,000.
  - (B) Outlays, \$92,926,000,000.
- (11) Health (550):
  - Fiscal year 2015:
    - (A) New budget authority, \$419,799,000,000.
    - (B) Outlays, \$416,573,000,000.
  - Fiscal year 2016:
    - (A) New budget authority, \$367,238,000,000.
    - (B) Outlays, \$370,205,000,000.
  - Fiscal year 2017:
    - (A) New budget authority, \$377,752,000,000.
    - (B) Outlays, \$375,839,000,000.
  - Fiscal year 2018:
    - (A) New budget authority, \$376,732,000,000.
    - (B) Outlays, \$377,346,000,000.
  - Fiscal year 2019:
    - (A) New budget authority, \$390,437,000,000.
    - (B) Outlays, \$390,404,000,000.
  - Fiscal year 2020:
    - (A) New budget authority, \$415,814,000,000.
    - (B) Outlays, \$405,309,000,000.
  - Fiscal year 2021:
    - (A) New budget authority, \$419,124,000,000.
    - (B) Outlays, \$418,298,000,000.
  - Fiscal year 2022:
    - (A) New budget authority, \$433,512,000,000.
    - (B) Outlays, \$432,149,000,000.
  - Fiscal year 2023:
    - (A) New budget authority, \$449,181,000,000.
    - (B) Outlays, \$447,991,000,000.
  - Fiscal year 2024:
    - (A) New budget authority, \$472,300,000,000.
    - (B) Outlays, \$471,312,000,000.
- (12) Medicare (570):
  - Fiscal year 2015:
    - (A) New budget authority, \$519,196,000,000.
    - (B) Outlays, \$519,407,000,000.
  - Fiscal year 2016:
    - (A) New budget authority, \$558,895,000,000.
    - (B) Outlays, \$558,964,000,000.

- Fiscal year 2017:  
 (A) New budget authority, \$570,144,000,000.  
 (B) Outlays, \$570,341,000,000.
- Fiscal year 2018:  
 (A) New budget authority, \$590,695,000,000.  
 (B) Outlays, \$591,117,000,000.
- Fiscal year 2019:  
 (A) New budget authority, \$651,579,000,000.  
 (B) Outlays, \$651,878,000,000.
- Fiscal year 2020:  
 (A) New budget authority, \$692,307,000,000.  
 (B) Outlays, \$692,644,000,000.
- Fiscal year 2021:  
 (A) New budget authority, \$737,455,000,000.  
 (B) Outlays, \$738,042,000,000.
- Fiscal year 2022:  
 (A) New budget authority, \$815,257,000,000.  
 (B) Outlays, \$817,195,000,000.
- Fiscal year 2023:  
 (A) New budget authority, \$836,296,000,000.  
 (B) Outlays, \$837,883,000,000.
- Fiscal year 2024:  
 (A) New budget authority, \$859,011,000,000.  
 (B) Outlays, \$866,262,000,000.
- (13) Income Security (600):
- Fiscal year 2015:  
 (A) New budget authority, \$505,729,000,000.  
 (B) Outlays, \$505,032,000,000.
- Fiscal year 2016:  
 (A) New budget authority, \$487,645,000,000.  
 (B) Outlays, \$490,122,000,000.
- Fiscal year 2017:  
 (A) New budget authority, \$489,766,000,000.  
 (B) Outlays, \$487,105,000,000.
- Fiscal year 2018:  
 (A) New budget authority, \$492,129,000,000.  
 (B) Outlays, \$484,280,000,000.
- Fiscal year 2019:  
 (A) New budget authority, \$493,996,000,000.  
 (B) Outlays, \$490,014,000,000.
- Fiscal year 2020:  
 (A) New budget authority, \$512,717,000,000.  
 (B) Outlays, \$508,689,000,000.
- Fiscal year 2021:  
 (A) New budget authority, \$520,016,000,000.  
 (B) Outlays, \$515,475,000,000.
- Fiscal year 2022:  
 (A) New budget authority, \$529,438,000,000.  
 (B) Outlays, \$529,111,000,000.
- Fiscal year 2023:  
 (A) New budget authority, \$530,839,000,000.  
 (B) Outlays, \$525,624,000,000.
- Fiscal year 2024:  
 (A) New budget authority, \$525,701,000,000.  
 (B) Outlays, \$515,225,000,000.
- (14) Social Security (650):
- Fiscal year 2015:  
 (A) New budget authority, \$31,442,000,000.  
 (B) Outlays, \$31,517,000,000.
- Fiscal year 2016:  
 (A) New budget authority, \$34,245,000,000.  
 (B) Outlays, \$34,283,000,000.
- Fiscal year 2017:  
 (A) New budget authority, \$37,133,000,000.  
 (B) Outlays, \$37,133,000,000.
- Fiscal year 2018:

- (A) New budget authority, \$40,138,000,000.
- (B) Outlays, \$40,138,000,000.
- Fiscal year 2019:
  - (A) New budget authority, \$43,383,000,000.
  - (B) Outlays, \$43,383,000,000.
- Fiscal year 2020:
  - (A) New budget authority, \$46,747,000,000.
  - (B) Outlays, \$46,747,000,000.
- Fiscal year 2021:
  - (A) New budget authority, \$50,255,000,000.
  - (B) Outlays, \$50,255,000,000.
- Fiscal year 2022:
  - (A) New budget authority, \$53,941,000,000.
  - (B) Outlays, \$53,941,000,000.
- Fiscal year 2023:
  - (A) New budget authority, \$57,800,000,000.
  - (B) Outlays, \$57,800,000,000.
- Fiscal year 2024:
  - (A) New budget authority, \$58,441,000,000.
  - (B) Outlays, \$58,441,000,000.
- (15) Veterans Benefits and Services (700):
  - Fiscal year 2015:
    - (A) New budget authority, \$153,027,000,000.
    - (B) Outlays, \$152,978,000,000.
  - Fiscal year 2016:
    - (A) New budget authority, \$164,961,000,000.
    - (B) Outlays, \$164,807,000,000.
  - Fiscal year 2017:
    - (A) New budget authority, \$163,858,000,000.
    - (B) Outlays, \$163,269,000,000.
  - Fiscal year 2018:
    - (A) New budget authority, \$162,388,000,000.
    - (B) Outlays, \$161,646,000,000.
  - Fiscal year 2019:
    - (A) New budget authority, \$174,305,000,000.
    - (B) Outlays, \$173,499,000,000.
  - Fiscal year 2020:
    - (A) New budget authority, \$179,269,000,000.
    - (B) Outlays, \$178,380,000,000.
  - Fiscal year 2021:
    - (A) New budget authority, \$183,571,000,000.
    - (B) Outlays, \$182,676,000,000.
  - Fiscal year 2022:
    - (A) New budget authority, \$195,680,000,000.
    - (B) Outlays, \$194,719,000,000.
  - Fiscal year 2023:
    - (A) New budget authority, \$192,458,000,000.
    - (B) Outlays, \$191,491,000,000.
  - Fiscal year 2024:
    - (A) New budget authority, \$189,292,000,000.
    - (B) Outlays, \$188,262,000,000.
- (16) Administration of Justice (750):
  - Fiscal year 2015:
    - (A) New budget authority, \$54,011,000,000.
    - (B) Outlays, \$54,250,000,000.
  - Fiscal year 2016:
    - (A) New budget authority, \$56,932,000,000.
    - (B) Outlays, \$56,298,000,000.
  - Fiscal year 2017:
    - (A) New budget authority, \$56,770,000,000.
    - (B) Outlays, \$58,319,000,000.
  - Fiscal year 2018:
    - (A) New budget authority, \$58,405,000,000.
    - (B) Outlays, \$59,095,000,000.
  - Fiscal year 2019:
    - (A) New budget authority, \$60,239,000,000.



- (B) Outlays, \$60,501,000,000.
- Fiscal year 2020:
  - (A) New budget authority, \$62,146,000,000.
  - (B) Outlays, \$61,649,000,000.
- Fiscal year 2021:
  - (A) New budget authority, \$64,263,000,000.
  - (B) Outlays, \$63,734,000,000.
- Fiscal year 2022:
  - (A) New budget authority, \$66,967,000,000.
  - (B) Outlays, \$66,411,000,000.
- Fiscal year 2023:
  - (A) New budget authority, \$69,031,000,000.
  - (B) Outlays, \$68,455,000,000.
- Fiscal year 2024:
  - (A) New budget authority, \$71,166,000,000.
  - (B) Outlays, \$70,568,000,000.
- (17) General Government (800):
  - Fiscal year 2015:
    - (A) New budget authority, \$23,710,000,000.
    - (B) Outlays, \$23,618,000,000.
  - Fiscal year 2016:
    - (A) New budget authority, \$23,064,000,000.
    - (B) Outlays, \$22,826,000,000.
  - Fiscal year 2017:
    - (A) New budget authority, \$21,587,000,000.
    - (B) Outlays, \$21,674,000,000.
  - Fiscal year 2018:
    - (A) New budget authority, \$23,269,000,000.
    - (B) Outlays, \$22,973,000,000.
  - Fiscal year 2019:
    - (A) New budget authority, \$24,040,000,000.
    - (B) Outlays, \$23,582,000,000.
  - Fiscal year 2020:
    - (A) New budget authority, \$24,759,000,000.
    - (B) Outlays, \$24,331,000,000.
  - Fiscal year 2021:
    - (A) New budget authority, \$25,556,000,000.
    - (B) Outlays, \$25,139,000,000.
  - Fiscal year 2022:
    - (A) New budget authority, \$26,353,000,000.
    - (B) Outlays, \$25,939,000,000.
  - Fiscal year 2023:
    - (A) New budget authority, \$27,097,000,000.
    - (B) Outlays, \$26,691,000,000.
  - Fiscal year 2024:
    - (A) New budget authority, \$27,912,000,000.
    - (B) Outlays, \$27,491,000,000.
- (18) Net Interest (900):
  - Fiscal year 2015:
    - (A) New budget authority, \$365,987,000,000.
    - (B) Outlays, \$365,987,000,000.
  - Fiscal year 2016:
    - (A) New budget authority, \$416,238,000,000.
    - (B) Outlays, \$416,238,000,000.
  - Fiscal year 2017:
    - (A) New budget authority, \$482,228,000,000.
    - (B) Outlays, \$482,228,000,000.
  - Fiscal year 2018:
    - (A) New budget authority, \$553,820,000,000.
    - (B) Outlays, \$553,820,000,000.
  - Fiscal year 2019:
    - (A) New budget authority, \$611,852,000,000.
    - (B) Outlays, \$611,852,000,000.
  - Fiscal year 2020:
    - (A) New budget authority, \$659,310,000,000.
    - (B) Outlays, \$659,310,000,000.

- Fiscal year 2021:  
 (A) New budget authority, \$693,159,000,000.  
 (B) Outlays, \$693,159,000,000.
- Fiscal year 2022:  
 (A) New budget authority, \$723,805,000,000.  
 (B) Outlays, \$723,805,000,000.
- Fiscal year 2023:  
 (A) New budget authority, \$751,215,000,000.  
 (B) Outlays, \$751,215,000,000.
- Fiscal year 2024:  
 (A) New budget authority, \$770,124,000,000.  
 (B) Outlays, \$770,124,000,000.
- (19) Allowances (920):
- Fiscal year 2015:  
 (A) New budget authority, -\$36,364,000,000.  
 (B) Outlays, -\$22,676,000,000.
- Fiscal year 2016:  
 (A) New budget authority, -\$47,825,000,000.  
 (B) Outlays, -\$36,706,000,000.
- Fiscal year 2017:  
 (A) New budget authority, -\$51,416,000,000.  
 (B) Outlays, -\$45,014,000,000.
- Fiscal year 2018:  
 (A) New budget authority, -\$54,566,000,000.  
 (B) Outlays, -\$49,571,000,000.
- Fiscal year 2019:  
 (A) New budget authority, -\$56,672,000,000.  
 (B) Outlays, -\$53,542,000,000.
- Fiscal year 2020:  
 (A) New budget authority, -\$61,825,000,000.  
 (B) Outlays, -\$58,102,000,000.
- Fiscal year 2021:  
 (A) New budget authority, -\$64,552,000,000.  
 (B) Outlays, -\$61,040,000,000.
- Fiscal year 2022:  
 (A) New budget authority, -\$66,871,000,000.  
 (B) Outlays, -\$63,946,000,000.
- Fiscal year 2023:  
 (A) New budget authority, -\$68,992,000,000.  
 (B) Outlays, -\$66,322,000,000.
- Fiscal year 2024:  
 (A) New budget authority, -\$65,972,000,000.  
 (B) Outlays, -\$64,338,000,000.
- (20) Government-wide savings (930):
- Fiscal year 2015:  
 (A) New budget authority, \$25,904,000,000.  
 (B) Outlays, \$20,052,000,000.
- Fiscal year 2016:  
 (A) New budget authority, -\$14,151,000,000.  
 (B) Outlays, -\$1,701,000,000.
- Fiscal year 2017:  
 (A) New budget authority, -\$30,525,000,000.  
 (B) Outlays, -\$17,482,000,000.
- Fiscal year 2018:  
 (A) New budget authority, -\$38,302,000,000.  
 (B) Outlays, -\$27,789,000,000.
- Fiscal year 2019:  
 (A) New budget authority, -\$46,446,000,000.  
 (B) Outlays, -\$35,547,000,000.
- Fiscal year 2020:  
 (A) New budget authority, -\$55,559,000,000.  
 (B) Outlays, -\$44,608,000,000.
- Fiscal year 2021:  
 (A) New budget authority, -\$63,060,000,000.  
 (B) Outlays, -\$53,317,000,000.
- Fiscal year 2022:

- (A) New budget authority, –\$75,189,000,000.
- (B) Outlays, –\$64,007,000,000.
- Fiscal year 2023:
  - (A) New budget authority, –\$87,334,000,000.
  - (B) Outlays, –\$75,209,000,000.
- Fiscal year 2024:
  - (A) New budget authority, –\$117,125,000,000.
  - (B) Outlays, –\$96,353,000,000.
- (21) Undistributed Offsetting Receipts (950):
  - Fiscal year 2015:
    - (A) New budget authority, –\$78,632,000,000.
    - (B) Outlays, –\$78,632,000,000.
  - Fiscal year 2016:
    - (A) New budget authority, –\$83,652,000,000.
    - (B) Outlays, –\$83,652,000,000.
  - Fiscal year 2017:
    - (A) New budget authority, –\$83,974,000,000.
    - (B) Outlays, –\$83,974,000,000.
  - Fiscal year 2018:
    - (A) New budget authority, –\$84,602,000,000.
    - (B) Outlays, –\$84,602,000,000.
  - Fiscal year 2019:
    - (A) New budget authority, –\$91,824,000,000.
    - (B) Outlays, –\$91,824,000,000.
  - Fiscal year 2020:
    - (A) New budget authority, –\$93,787,000,000.
    - (B) Outlays, –\$93,787,000,000.
  - Fiscal year 2021:
    - (A) New budget authority, –\$98,176,000,000.
    - (B) Outlays, –\$98,176,000,000.
  - Fiscal year 2022:
    - (A) New budget authority, –\$101,529,000,000.
    - (B) Outlays, –\$101,529,000,000.
  - Fiscal year 2023:
    - (A) New budget authority, –\$105,731,000,000.
    - (B) Outlays, –\$105,731,000,000.
  - Fiscal year 2024:
    - (A) New budget authority, –\$113,422,000,000.
    - (B) Outlays, –\$113,422,000,000.
- (22) Overseas Contingency Operations/Global War on Terrorism (970):
  - Fiscal year 2015:
    - (A) New budget authority, \$85,357,000,000.
    - (B) Outlays, \$52,580,000,000.
  - Fiscal year 2016:
    - (A) New budget authority, \$29,946,000,000.
    - (B) Outlays, \$37,823,000,000.
  - Fiscal year 2017:
    - (A) New budget authority, \$29,946,000,000.
    - (B) Outlays, \$32,585,000,000.
  - Fiscal year 2018:
    - (A) New budget authority, \$29,946,000,000.
    - (B) Outlays, \$30,893,000,000.
  - Fiscal year 2019:
    - (A) New budget authority, \$29,946,000,000.
    - (B) Outlays, \$31,032,000,000.
  - Fiscal year 2020:
    - (A) New budget authority, \$29,946,000,000.
    - (B) Outlays, \$29,647,000,000.
  - Fiscal year 2021:
    - (A) New budget authority, \$29,946,000,000.
    - (B) Outlays, \$29,647,000,000.
  - Fiscal year 2022:
    - (A) New budget authority, \$0.
    - (B) Outlays, \$11,200,000,000.
  - Fiscal year 2023:

(A) New budget authority, \$0.

(B) Outlays, \$4,402,000,000.

Fiscal year 2024:

(A) New budget authority, \$0.

(B) Outlays, \$1,827,000,000.

## **TITLE II—RECOMMENDED LONG-TERM LEVELS**

### **SEC. 201. LONG-TERM BUDGETING.**

The following are the recommended revenue, spending, and deficit levels for each of fiscal years 2030, 2035, and 2040 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: 18.8 percent.

Fiscal year 2035: 19.0 percent.

Fiscal year 2040: 19.0 percent.

(2) **BUDGET OUTLAYS.**—The appropriate levels of total budget outlays are not to exceed:

Fiscal year 2030: 18.5 percent.

Fiscal year 2035: 17.9 percent.

Fiscal year 2040: 17.2 percent.

(3) **DEFICITS.**—The appropriate levels of deficits are not to exceed:

Fiscal year 2030: -0.3 percent.

Fiscal year 2035: -1.1 percent.

Fiscal year 2040: -1.8 percent.

(4) **DEBT.**—The appropriate levels of debt held by the public are not to exceed:

Fiscal year 2030: 43.0 percent.

Fiscal year 2035: 31.0 percent.

Fiscal year 2040: 18.0 percent.

## **TITLE III—RESERVE FUNDS**

### **SEC. 301. 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. 302. 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 2015 through 2024.

### **SEC. 303. 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 2015 through 2024.

**SEC. 304. 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 2015 through 2024.

**SEC. 305. 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 2015 through 2024.

**SEC. 306. 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 2015 through 2024.

**SEC. 307. 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 2015 through 2024.

**SEC. 308. 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 Public Law 106–393 in the future and would not increase the deficit or direct spending for the period of fiscal years 2015 through 2019, or the period of fiscal years 2015 through 2024.

**SEC. 309. DEFICIT-NEUTRAL RESERVE FUND FOR TRANSPORTATION.**

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this resolution for any bill or joint resolution, or amendment thereto or conference report thereon, if such measure maintains the solvency of the Highway Trust Fund, but only if such measure would not increase the deficit over the period of fiscal years 2015 through 2024.

**SEC. 310. DEFICIT-NEUTRAL RESERVE FUND TO REDUCE POVERTY AND INCREASE OPPORTUNITY AND UPWARD MOBILITY.**

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this resolution for any bill or joint resolution, or amendment thereto or conference report thereon, if such measure reforms policies and programs to reduce poverty and increase opportunity and upward mobility, but only if such measure would neither adversely impact job creation nor increase the deficit over the period of fiscal years 2015 through 2024.

## **TITLE IV—ESTIMATES OF DIRECT SPENDING**

**SEC. 401. 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 2015 is 6.8 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 2015 is 5.4 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 assumes the conversion of 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 assumes the repeal of 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 assumes the conversion of the program into a flexible State allotment tailored to meet each State's needs. The allotment would increase based on 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 2015 is 5.7 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 2015 is 5.4 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 V—BUDGET ENFORCEMENT**

### **SEC. 501. LIMITATION ON ADVANCE APPROPRIATIONS.**

(a) **IN GENERAL.**—In the House, except as provided for in subsection (b), 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.

(b) **EXCEPTIONS.**—An advance appropriation may be provided for programs, projects, activities, or accounts referred to in subsection (c)(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”.

(c) **LIMITATIONS.**—For fiscal year 2016, the aggregate level of advance appropriations shall not exceed—

(1) \$58,662,202,000 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) \$28,781,000,000 in new budget authority for all programs identified pursuant to subsection (b).

(d) **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 2016.

### **SEC. 502. 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. 503. 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 spend-

ing (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 2015 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 FUND OVERSEAS CONTINGENCY OPERATIONS/GLOBAL WAR ON TERRORISM.**—In order to take into account any new information included in the budget submission by the President for fiscal year 2015, the chair of the Committee on the Budget may adjust the allocations, aggregates, and other appropriate budgetary levels for Overseas Contingency Operations/Global War on Terrorism or the section 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).

(c) **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.

(d) **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 2015 and the period of fiscal years 2015 through fiscal year 2024 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. 504. 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 2025.

**SEC. 505. 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 2015 and the period of fiscal years 2015 through 2024.



**SEC. 506. 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.—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 504.

**SEC. 507. 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 loan and loan-guarantee 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, FCRA accounting solely uses the discount rates of the Treasury, failing to incorporate all of the risks attendant to these credit activities.

(3) The Congressional Budget Office estimates that if fair-value were used to estimate the cost of all new credit activity in 2014, the deficit would be approximately \$50 billion higher than under the current methodology.

(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. 508. 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. 509. 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 2015. 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 2015, 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. 510. 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 VI—POLICY STATEMENTS**

**SEC. 601. POLICY STATEMENT ON ECONOMIC GROWTH AND JOB CREATION.**

(a) FINDINGS.—The House finds the following:

(1) Although the United States economy technically emerged from recession nearly five years ago, the subsequent recovery has felt more like a malaise than a rebound. Real gross domestic product (GDP) growth over the past four years has averaged just over 2 percent, well below the 3 percent trend rate of growth in the United States.

(2) The Congressional Budget Office (CBO) did a study in late 2012 examining why the United States economy was growing so slowly after the recession. They found, among other things, that United States economic output was growing at less than half of the typical rate exhibited during other recoveries since World War II. CBO said that about two-thirds of this “growth gap” was due to a pronounced sluggishness in the growth of potential GDP—particularly in potential employment levels (such as people leaving the labor force) and the growth in productivity (which is in turn related to lower capital investment).

(3) The prolonged economic sluggishness is particularly troubling given the amount of fiscal and monetary policy actions taken in recent years to cushion the depth of the downturn and to spark higher rates of growth and employment. In addition to the large stimulus package passed in early 2009, many other initiatives have been taken to boost growth, such as the new homebuyer tax credit and the “cash for clunkers” program. These stimulus efforts may have led to various short term “pops” in activity but the economy and job market has since reverted back to a sub-par trend.

(4) The unemployment rate has declined in recent years, from a peak of nearly 10 percent in 2009-2010 to 6.7 percent in the latest month. However, a significant chunk of this decline has been due to people leaving the labor force (and therefore no longer being counted as “unemployed”) and not from a surge in employment. The slow decline in the unemployment rate in recent years has occurred alongside a steep decline in the economy’s labor force participation rate. The participation rate stands at 63.0 percent, close to the lowest level since 1978. The flipside of this is that over 90 million Americans are now “on the sidelines” and not in the labor force, representing a 10 million increase since early 2009.

(5) Real median household income declined for the fifth consecutive year in 2012 (latest data available) and, at just over \$51,000, is currently at its lowest level since 1995. Weak wage and income growth as a result of a subpar labor market not only means lower tax revenue coming in to the Treasury, it also means higher government spending on income support programs.

(6) A stronger economy is vital to lowering deficit levels and eventually balancing the budget. According to CBO, if annual real GDP growth is just 0.1 percentage point higher over the budget window, deficits would be reduced by \$311 billion.

(7) This budget resolution therefore embraces pro-growth policies, such as fundamental tax reform, that will help foster a stronger economy and more job creation.

(8) Reining in government spending and lowering budget deficits has a positive long-term impact on the economy and the budget. According to CBO, a significant deficit reduction package (i.e. \$4 trillion), would boost longer-term economic output by 1.7 percent. Their analysis concludes that deficit reduction creates long-term economic benefits because it increases the pool of national savings and boosts investment, thereby raising economic growth and job creation.

(9) The greater economic output that stems from a large deficit reduction package would have a sizeable impact on the Federal budget. For instance, higher output would lead to greater revenues through the increase in taxable incomes. Lower interest rates, and a reduction in the stock of debt, would lead to lower government spending on net interest expenses. According to CBO, this dynamic would reduce unified budget deficits by an amount sufficient to produce a surplus in fiscal year 2024.

(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 to 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. 602. 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 United States 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) Over the past decade alone, there have been more than 4,400 changes to the tax code, more than one per day. 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 highly complex.

(3) In addition, these tax preferences are disproportionately used by upper-income individuals.

(4) The large amount of tax preferences that pervade the code end up narrowing the tax base. A narrow tax base, in turn, requires much higher tax rates to raise a given amount of revenue.

(5) It is estimated that American taxpayers end up spending \$160 billion and roughly 6 billion hours a year complying with the tax code – a waste of time and resources that could be used in more productive activities.

(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 United States 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 United States corporate income tax rate (including Federal, State, and local taxes) sums to just over 39 percent, the highest rate in the industrialized world. 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 United States corporate tax restrains economic growth and job creation. The United States 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 United States international taxation essentially taxes earnings of United States firms twice, putting them at a significant competitive disadvantage with competitors with more competitive international tax systems.

(11) Reforming the United States tax code to a more competitive international system would boost the competitiveness of United States 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 about 17.5 percent of the economy throughout modern American history. Revenues rise above this level under current law to 18.4 percent of the economy by the end of the 10-year budget window.

(14) Attempting to raise revenue through tax increases to meet out-of-control spending would damage the economy.

(15) This resolution also rejects the idea of instituting a carbon tax in the United States, which some have offered as a “new” source of revenue. Such a plan would damage the economy, cost jobs, and raise prices on American consumers.

(16) Closing tax loopholes to fund spending does not constitute fundamental tax reform.

(17) 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. Washington has a spending problem, not a revenue problem.

(b) **POLICY ON TAX REFORM.**—It is the policy of this resolution that Congress should enact legislation that provides for a comprehensive reform of the United States tax code to promote economic growth, create American jobs, increase wages, and benefit American consumers, investors, and workers through revenue-neutral fundamental tax reform 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. 603. POLICY STATEMENT ON REPLACING THE PRESIDENT'S HEALTH CARE LAW.**

(a) **FINDINGS.**—The House finds the following:

(1) The President's health care law has failed to reduce health care premiums as promised. Health care premiums were supposed to decline by \$2,500. Instead, according to the 2013 Employer Health Benefits Survey, health care premiums have increased by 5 percent for individual plans and 4 percent for family since 2012. Moreover, according to a report from the Energy and Commerce Committee, premiums for individual market plans may go up as much as 50 percent because of the law.

(2) The President pledged that Americans would be able to keep their health care plan if they liked it. But the non-partisan Congressional Budget Office now estimates 2 million Americans with employment-based health coverage will lose those plans.

(3) Then-Speaker of the House, Nancy Pelosi, said that the President's health care law would create 4 million jobs over the life of the law and almost 400,000 jobs immediately. Instead, the Congressional Budget Office estimates that the law will reduce full-time equivalent employment by about 2.0 million hours in 2017 and 2.5 million hours in 2024, “compared with what would have occurred in the absence of the ACA.”

(4) The implementation of the law has been a failure. The main website that Americans were supposed to use in purchasing new coverage was broken for over a month. Since the President's health care law was signed into law, the Administration has announced 23 delays. The President has also failed to submit any nominees to sit on the Independent Payment Advisory Board, a panel of bureaucrats that will cut Medicare by

an additional \$12.1 billion over the next ten years, according to the President's own budget.

(5) The President's health care law should be repealed and replaced with reforms that make affordable and quality health care coverage available to all Americans.

(b) **POLICY ON REPLACING THE PRESIDENT'S HEALTH CARE LAW.**—It is the policy of this resolution that the President's health care law must not only be repealed, but also replaced, for the following reasons:

(1) The President's health care law is a government-run system driving up health care costs and forcing Americans to lose their health care coverage and should be replaced with a reformed health care system that gives patients and their doctors more choice and control over their health care.

(2) Instead of a complex structure of subsidies, "firewalls," mandates, and penalties, a reformed health care system should make health care coverage portable.

(3) Instead of stifling innovation in health care technologies, treatments, and medications through Federal mandates, taxes, and price controls, a reformed health care system should encourage research and development.

(4) Instead of instituting one-size-fits-all directives from Federal bureaucracies such as the Internal Revenue Service, the Department of Health and Human Services, and the Independent Payment Advisory Board, individuals and families should be free to secure the health care coverage that best meets their needs.

(5) Instead of allowing fraudulent lawsuits, which are driving up health care costs, the medical liability system should be reformed while at the same time reaffirming that States should be free to implement the policies that best suit their needs.

(6) Instead of using Federal taxes, mandates, and bureaucracies to address those who have trouble securing health care coverage, high risk pools should be established.

(7) Instead of more than doubling spending on Medicaid, which is driving up Federal debt and will eventually bankrupt State budgets, Medicaid spending should be brought under control and States should be given more flexibility to provide quality, affordable care to those who are eligible.

(8) Instead of driving up health care costs and reducing employment, a reformed health care system should lower health care costs, which will increase economic growth and employment by lowering health care inflation.

**SEC. 604. 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 2026 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 percent per year over the next ten years, and according to the Congressional Budget Office's 2013 Long-Term Budget Outlook, spending on Medicare is projected to reach 5 percent of gross domestic product (GDP) by 2040 and 9.4 percent of GDP by 2088.

(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 GDP plus one percentage point, which the President has twice proposed to reduce to GDP plus one-half 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 become unprofitable 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 younger 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. 605. 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 nearly 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 \$1.7 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) In the past, Social Security has been reformed on a bipartisan basis, most notably by the "Greenspan Commission" which helped to address Social Security shortfalls for over a generation.

(8) 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 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.

(c) **POLICY ON DISABILITY INSURANCE.**—It is the policy of this resolution that Congress and the President should enact legislation on a bipartisan basis to reform the Disability Insurance program prior to its insolvency in 2016 and should not raid the Social Security retirement system without reforms to the Disability Insurance system.

**SEC. 606. POLICY STATEMENT ON HIGHER EDUCATION AND WORKFORCE DEVELOPMENT OPPORTUNITY.**

(a) **FINDINGS ON HIGHER EDUCATION.**—The House finds the following:

(1) A well-educated workforce is critical to economic, job, and wage growth.

(2) 19.5 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 2002-2003 Academic Year and the 2012-2013 Academic Year—

(A) published tuition and fees for in-State students at public four-year colleges and universities increased at an average rate of 5.2 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 3.9 percent per year beyond the rate of general inflation; and

(C) published tuition and fees for in-State students at private four-year colleges and universities increased at an average rate of 2.4 percent per year beyond the rate of general inflation.

(4) Over that same period, Federal financial aid has increased 105 percent.

(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 more than quadrupled between 2003 and 2013, and now stands at nearly \$1.1 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 2016 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 \$5,730 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.

(c) **FINDINGS ON WORKFORCE DEVELOPMENT.**—The House finds the following:

(1) Over ten million Americans are currently unemployed.

(2) Despite billions of dollars in spending, those looking for work are stymied by a broken workforce development system that fails to connect workers with assistance and employers with trained personnel.

(4) According to a 2011 Government Accountability Office (GAO) report, in fiscal year 2009, the Federal Government spent \$18 billion across 9 agencies to administer 47 Federal job training programs, almost all of which overlapped with another program in terms of offered services and targeted population.

(5) Since the release of that GAO report, the Education and Workforce Committee, which has done extensive work in this area, has identified more than 50 programs.

(3) Without changes, this flawed system will continue to fail those looking for work or to improve their skills, and jeopardize economic growth.

(d) **POLICY ON WORKFORCE DEVELOPMENT.**—It is the policy of this resolution to address the failings in the current workforce development system, by—

(1) streamlining and consolidating Federal job training programs as advanced by the House-passed Supporting Knowledge and Investing in Lifelong Skills Act (SKILLS Act); and

(2) empowering states with the flexibility to tailor funding and programs to the specific needs of their workforce, including the development of career scholarships.

**SEC. 607. POLICY STATEMENT ON DEFICIT REDUCTION THROUGH THE CANCELLATION OF UNOBLIGATED BALANCES.**

(a) **FINDINGS.**—The House finds the following:

(1) According to the most recent estimate from the Office of Management and Budget, Federal agencies were expected to hold \$739 billion in unobligated balances at the close of fiscal year 2014.

(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 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 continue to make it a high pri-

ority to review unobligated balances and identify savings for deficit reduction.

**SEC. 608. POLICY STATEMENT ON RESPONSIBLE STEWARDSHIP OF TAXPAYER DOLLARS.**

(a) FINDINGS.—The House finds the following:

(1) The budget for the House of Representatives is \$188 million less than it was when Republicans became the majority in 2011.

(2) The House of Representatives has achieved significant savings by consolidating operations and renegotiating contracts.

(b) POLICY ON RESPONSIBLE STEWARDSHIP OF TAXPAYER DOLLARS.—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.

(3) Retirement benefits for Members of Congress should not include free, taxpayer-funded health care for life.

**SEC. 609. 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, 2012, and 2013 the Government Accountability Office issued reports showing excessive duplication and redundancy in Federal programs including—

(A) 209 Science, Technology, Engineering, and Mathematics 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) 14 grant and loan programs, and 3 tax benefits to reduce diesel emissions;

(F) 94 different initiatives run by 11 different agencies to encourage “green building” in the private sector; and

(G) 23 agencies implemented approximately 670 renewable energy initiatives in fiscal year 2010 at a cost of nearly \$15 billion.

(4) The Federal Government spends about \$80 billion each year for approximately 800 information technology investments. 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) GAO has identified strategic sourcing as a potential source of spending reductions. In 2011 GAO estimated that saving 10 percent of the total or all Federal procurement could generate over \$50 billion in savings annually.

(6) Federal agencies reported an estimated \$108 billion in improper payments in fiscal year 2012.

(7) 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.

(8) According to the Congressional Budget Office, by fiscal year 2015, 32 laws will expire, possibly resulting in \$693 billion in unauthorized appropriations. Timely reauthorizations of these laws would ensure assessments of program justification and effectiveness.

(9) 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 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. 610. 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.

**SEC. 611. POLICY STATEMENT ON FEDERAL REGULATORY POLICY.**

(a) **FINDINGS.**—The House finds the following:

(1) Excessive regulation at the Federal level has hurt job creation and dampened the economy, slowing our recovery from the economic recession.

(2) In the first two months of 2014 alone, the Administration issued 13,166 pages of regulations imposing more than \$13 billion in compliance costs on job creators and adding more than 16 million hours of compliance paperwork.

(3) The Small Business Administration estimates that the total cost of regulations is as high as \$1.75 trillion per year. Since 2009, the White House has generated over \$494 billion in regulatory activity, with an additional \$87.6 billion in regulatory costs currently pending.

(4) The Dodd-Frank financial services legislation (Public Law 111–203) resulted in more than \$17 billion in compliance costs and saddled job creators with more than 58 million hours of compliance paperwork.

(5) Implementation of the Affordable Care Act to date has added 132.9 million annual hours of compliance paperwork, imposing \$24.3 billion of compliance costs on the private sector and an \$8 billion cost burden on the states.

(6) The highest regulatory costs come from rules issued by the Environmental Protection Agency (EPA); these regulations are primarily targeted at the coal industry. In September 2013,

the EPA proposed a rule regulating greenhouse gas emissions from new coal-fired power plants. The proposed standards are unachievable with current commercially available technology, resulting in a de-facto ban on new coal-fired power plants. Additional regulations for existing coal plants are expected in the summer of 2014.

(7) Coal-fired power plants provide roughly forty percent of the United States electricity at a low cost. Unfairly targeting the coal industry with costly and unachievable regulations will increase energy prices, disproportionately disadvantaging energy-intensive industries like manufacturing and construction, and will make life more difficult for millions of low-income and middle class families already struggling to pay their bills.

(8) Three hundred and thirty coal units are being retired or converted as a result of EPA regulations. Combined with the de-facto prohibition on new plants, these retirements and conversions may further increase the cost of electricity.

(9) A recent study by Purdue University estimates that electricity prices in Indiana will rise 32 percent by 2023, due in part to EPA regulations.

(10) The Heritage Foundation recently found that a phase out of coal would cost 600,000 jobs by the end of 2023, resulting in an aggregate gross domestic product decrease of \$2.23 trillion over the entire period and reducing the income of a family of four by \$1200 per year. Of these jobs, 330,000 will come from the manufacturing sector, with California, Texas, Ohio, Illinois, Pennsylvania, Michigan, New York, Indiana, North Carolina, Wisconsin, and Georgia seeing the highest job losses.

(b) **POLICY ON FEDERAL REGULATION.**—It is the policy of this resolution that Congress should, in consultation with the public burdened by excessive regulation, enact legislation that—

(1) seeks to promote economic growth and job creation by eliminating unnecessary red tape and streamlining and simplifying Federal regulations;

(2) pursues a cost-effective approach to regulation, without sacrificing environmental, health, safety benefits or other benefits, rejecting the premise that economic growth and environmental protection create an either/or proposition;

(3) ensures that regulations do not disproportionately disadvantage low-income Americans through a more rigorous cost-benefit analysis, which also considers who will be most affected by regulations and whether the harm caused is outweighed by the potential harm prevented;

(4) ensures that regulations are subject to an open and transparent process, rely on sound and publicly available scientific data, and that the data relied upon for any particular regulation is provided to Congress immediately upon request;

(5) frees the many commonsense energy and water projects currently trapped in complicated bureaucratic approval processes;

(6) maintains the benefits of landmark environmental, health safety, and other statutes while scaling back this administration's heavy-handed approach to regulation, which has added \$494 billion in mostly ideological regulatory activity since 2009, much of which flies in the face of these statutes' intended purposes; and

(7) seeks to promote a limited government, which will unshackle our economy and create millions of new jobs, providing our Nation with a strong and prosperous future and expanding opportunities for the generations to come.

**SEC. 612. POLICY STATEMENT ON TRADE.**

(a) **FINDINGS.**—The House finds the following:

(1) Opening foreign markets to American exports is vital to the United States economy and beneficial to American workers and consumers. The Commerce Department estimates that

every \$1 billion of United States exports supports more than 5,000 jobs here at home.

(2) A modern and competitive international tax system would facilitate global commerce for United States multinational companies and would encourage foreign business investment and job creation in the United States

(3) The United States currently has an antiquated system of international taxation whereby United States multinationals operating abroad pay both the foreign-country tax and United States corporate taxes. They are essentially taxed twice. This puts them at an obvious competitive disadvantage.

(4) The ability to defer United States taxes on their foreign operations, which some erroneously refer to as a “tax loophole,” cushions this disadvantage to a certain extent. Eliminating or restricting this provision (and others like it) would harm United States competitiveness.

(5) This budget resolution advocates fundamental tax reform that would lower the United States corporate rate, now the highest in the industrialized world, and switch to a more competitive system of international taxation. This would make the United States a much more attractive place to invest and station business activity and would chip away at the incentives for United States companies to keep their profits overseas (because the United States corporate rate is so high).

(6) The status quo of the current tax code undermines the competitiveness of United States businesses and costs the United States economy investment and jobs.

(7) Global trade and commerce is not a zero-sum game. The idea that global expansion tends to “hollow out” United States operations is incorrect. Foreign-affiliate activity tends to complement, not substitute for, key parent activities in the United States such as employment, worker compensation, and capital investment. When United States headquartered multinationals invest and expand operations abroad it often leads to more jobs and economic growth at home.

(8) American businesses and workers have shown that, on a level playing field, they can excel and surpass the international competition.

(b) **POLICY ON TRADE.**—It is the policy of this resolution to pursue international trade, global commerce, and a modern and competitive United States international tax system in order to promote job creation in the United States.

**SEC. 613. NO BUDGET, NO PAY.**

It is the policy of this resolution that Congress should agree to a concurrent resolution on the budget every year pursuant to section 301 of the Congressional Budget Act of 1974. If by April 15, a House of Congress has not agreed to a concurrent resolution on the budget, the payroll administrator of that House should carry out this policy in the same manner as the provisions of Public Law 113-3, the No Budget, No Pay Act of 2013, and place in an escrow account all compensation otherwise required to be made for Members of that House of Congress. Withheld compensation should be released to Members of that House of Congress the earlier of the day on which that House of Congress agrees to a concurrent resolution on the budget, pursuant to section 301 of the Congressional Budget Act of 1974, or the last day of that Congress.