



## Legislative Bulletin.....April 9, 2014

### Contents:

H. Con Res. 96 — House Budget Resolution for Fiscal Year 2015

---

### House Budget Resolution for Fiscal Year 2015 (Ryan, R-WI)

**Order of Business:** H. Con. Res. 96, the [House Budget Resolution](#) for Fiscal Year 2015 will be considered under a structured rule this week. The [Rule](#) makes in order five amendments in the nature of a substitute: the [President's](#) budget (Mulvaney), the [Congressional Black Caucus](#) (Fudge), the [Progressive Caucus](#) (Ellison), the [Republican Study Committee](#) (Woodall), and the [Democrat Caucus](#) (Van Hollen).

The President's, Congressional Black Caucus, and the Progressive Caucus substitute budgets are expected to be considered on the House floor on Wednesday, April 9, 2014.

The RSC and the Democrat substitute budgets are expected to be considered on the House floor on Thursday, April 10, 2014.

The vote on final passage of the House Budget is also expected to take place on Thursday, April 10, 2014.

### **Summary:**

**When does it balance?:** The House Republican budget balances in 2024, once the [macroeconomic effects](#) of the budget as calculated by the CBO are taken into account.

**Overall Spending:** The House Republican budget reduces spending by \$5.1 trillion compared to current policy. Over the ten year budget window, spending averages 19 percent of GDP.

**Taxes:** The House Republican budget calls for revenue neutral pro-growth comprehensive tax reform. Over the ten year budget window, revenues average 18.1 percent of GDP.

**Healthcare:** The House Republican budget fully repeals Obamacare.

**Medicare:** A premium support system for new retirees would go into effect in 2024. This is the same year as premium support would have been implemented under the [FY2014 House Republican budget](#). The budget also calls for means testing premiums, medical liability reform,

beginning to increase the eligibility age, reforming supplemental insurance policies, and combining the fee-for-service benefit into a single deductible.

**Medicaid:** The House Republican budget would convert Medicaid to a block grant to the states that grows by inflation and population. This reform would save \$732 billion over ten years.

**Discretionary:** Total base discretionary budget authority in FY2015 is \$1.014 trillion, consistent with the [Ryan-Murray agreement](#). Discretionary spending is held below post-sequester Budget Control Act levels through the remainder of the budget window, saving \$308 billion. Over the next ten years, non-defense discretionary spending is reduced by \$791 billion compared to current policy.

**Defense:** The House Republican budget grows military funding from \$521 billion in FY2015 to \$696 billion in FY2024. The levels from 2016 – 2021 are consistent with the pre-sequester Budget Control Act levels.

### **Amendments:**

#### **1. President's Budget (Mulvaney, R-SC):**

The President's budget would increase spending by \$791 billion over the next ten years compared to current policy. Despite the \$1.8 trillion in new taxes, the President's budget never balances. Although he only recently signed into law the [Ryan-Murray agreement](#) that increased base discretionary spending to \$1.014 trillion in FY2015, the President's budget would increase base discretionary spending to \$1.065 trillion in FY15.

#### **2. Congressional Black Caucus Budget (Fudge, D-OH):**

The Congressional Black Caucus budget would increase spending by \$1.5 trillion compared to current policy over the next ten years. Despite increasing taxes by \$2.3 trillion, this proposal never balances.

#### **3. Progressive Caucus Budget (Ellison, D-MN):**

The Progressive budget would increase spending by \$3.3 trillion over the next ten years compared to current policy. Despite \$6.6 trillion in new taxes, this proposal never achieves balance.

#### **4. The RSC Back to Basics Budget (Woodall, R-GA):**

**When does it balance?:** The RSC budget balances in FY2018.

**Overall Spending:** The RSC reduces spending by \$7.4 trillion compared to current policy. Spending over the ten year budget window would average 18.1 percent of GDP.

**Taxes:** The RSC budget calls for pro-growth comprehensive tax reform that is revenue neutral on a dynamic basis that takes into account the macroeconomic impact of reform. Revenues over the ten year budget window would average 18.1 percent of GDP.

**Healthcare:** The RSC budget fully repeals Obamacare. To implement real patient-centered healthcare reform that would lower costs and improve access, the budget substitute would enact the RSC's [American Health Care Reform Act](#).

**Medicare:** The RSC budget would implement a premium support program for new retirees in 2019. Analysis of similar proposals [by the CBO](#) predicts that this would lower premiums and costs for seniors, as well as save the taxpayers. Further, the RSC budget would simplify Medicare by combining Part A and Part B, incentivize better health care choices through Medigap reform, and begins to slowly phase in an increase in the eligibility age to 67, keeping up with longevity beginning in 2024.

**Medicaid:** Medicaid would be block granted to the states at pre-Obamacare FY15 levels, as proposed by [H.R. 567, the State Health Flexibility Act](#).

**Social Security:** The RSC budget puts Social Security on a path to solvency. Specifically, the budget proposes to slowly phase in an increase in the Social Security full-retirement age. The full retirement age would continue the current-law's gradual increase of two months per year beginning in 2022 until the full retirement age reaches 70. The RSC budget also would change the formula for cost of living adjustments (COLA) by adopting chained CPI, a more accurate measure of inflation.

**Disability Insurance:** Recognizing that Disability Insurance is projected to go bankrupt in 2016, the RSC budget lays out principles to reform the program, including promoting work, updating the eligibility rules, fighting fraud and abuse, and ending double dipping in both unemployment and disability insurance.

**Discretionary:** In FY2015, discretionary spending is reduced to \$950 billion. Discretionary spending is frozen until the federal budget is balanced in 2018, and is then allowed to slowly increase.

**Defense:** Defense discretionary spending in the RSC budget is equal to the House Republican budget, growing military funding from \$521 billion in FY2015 to \$696 billion in FY2024.

## **5. Democrat Caucus Budget (Van Hollen, D-MD):**

The Democrat budget substitute would increase spending by \$740 billion over the next ten years compared to current policy. Despite increasing taxes by \$1.8 trillion, the Democrat budget never balances.

**Committee Action:** H. Con. Res. 96 was [marked up](#) by the House Budget Committee on April 2, 2014 and reported as an original measure by a 22-16 vote. The Committee report can be read [here](#).

**Cost to Taxpayers:** The CBO [does not score](#) budget resolutions.

**Does the Bill Expand the Size and Scope of the Federal Government?:** No, the House Republican Budget reduces the size of the federal government.

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

**Does the Bill Contain Any Federal Encroachment into State or Local Authority in Potential Violation of the 10<sup>th</sup> Amendment?:** No.

**Does the Bill Delegate Any Legislative Authority to the Executive Branch?:** No.

**Does the Bill Contain Any Earmarks/Limited Tax Benefits/Limited Tariff Benefits?:** No.

**RSC Staff Contact:** Matt Dickerson, [matthew.dickerson@mail.house.gov](mailto:matthew.dickerson@mail.house.gov), 6-9718

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

###