



March 28, 2012

RSC Introduces FY 2013 Budget

This week, the House will vote on the FY 2013 House budget resolution. The RSC Budget balances in five years. It does this by:

- Cutting discretionary spending to \$931 billion (slightly below the 2008 levels approved by Nancy Pelosi), and freezes it until the budget balances in 2017. Defense spending is the same as the House Budget Committee proposal. Non-defense shrinks from \$377 billion in FY 2013 to \$329 billion in FY 2022.
- Protecting defense from sequestration by switching the scheduled cuts to non-defense discretionary this year and going forward.
- Creating a simpler, flatter, and fairer tax code as proposed in the RSC's [Jobs Through Growth Act](#).
- Extending federal funding for Medicaid & CHIP at current FY 2012 levels and gives states the tools they need to design and improve their own programs, as proposed in the RSC's [State Health Flexibility Act](#).
- Budgeting responsibly for federal welfare programs by returning spending for these programs to pre-recession levels once unemployment drops to 6.5%, as proposed in the RSC's [Welfare Reform Act](#).

Budget Proposals at a Glance

(in billions of dollars)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	13-22
SPENDING											
Baseline	3,580	3,668	3,846	4,097	4,267	4,447	4,708	4,953	5,200	5,520	44,286
President	3,717	3,807	3,952	4,186	4,356	4,553	4,829	5,083	5,339	5,613	45,435
GOP	3,530	3,476	3,536	3,690	3,824	3,977	4,199	4,409	4,605	4,888	40,134
RSC	3,457	3,362	3,409	3,514	3,614	3,734	3,924	4,095	4,263	4,483	37,855
Democrat	3,704	3,757	3,885	4,109	4,286	4,481	4,753	5,008	5,264	5,544	44,791
TAXES											
Baseline	2,968	3,283	3,589	3,838	4,066	4,272	4,484	4,719	4,962	5,218	41,399
President	2,741	3,105	3,413	3,657	3,868	4,043	4,227	4,445	4,661	4,885	39,045
GOP	2,734	2,980	3,232	3,449	3,642	3,811	3,986	4,184	4,388	4,601	37,007
RSC	2,734	2,980	3,232	3,449	3,642	3,811	3,986	4,184	4,388	4,601	37,007
Democrat	2,739	3,068	3,377	3,622	3,834	4,012	4,199	4,422	4,642	4,869	38,784
DEFICITS											
Baseline	612	385	257	259	201	175	224	234	237	303	2,887
President	977	702	539	529	488	510	602	638	678	728	6,391
GOP	797	496	304	241	182	166	213	225	217	287	3,128
RSC	723	382	177	65	(28)	(77)	(62)	(89)	(125)	(118)	848
Democrat	965	689	508	487	451	469	554	586	622	675	6,006

The budget also proposes reforms to strengthen Social Security and Medicare over the long-term while making no changes for people currently age 55 and older. The RSC budget would transition Medicare to a solvent premium-support system, as proposed by the House Budget Committee. It also gradually realigns the Social Security eligibility age with Americans' increasing longevity. The threshold for eligibility would increase by 2 months per year, beginning with people born in 1958 and after.





Conservatives' Budget Will Stop Borrowing From Our Children

By Rep. Scott Garrett and Rep. Jim Jordan

It would be both cruel and unfair to make a 7-year-old girl pay off \$50,000 she had no part in borrowing. Yet President Obama plans to do that and worse in his newest budget.

We hear every day from people who want Washington to cut spending and stop borrowing from their children. President Obama either doesn't hear them or isn't listening. He proposes huge tax increases, yet his budget still never balances and the borrowing never stops. This is a path to fewer jobs and fewer opportunities. As the sorry state of the Greek economy proves, you pay for borrowing too much, either sooner or later.

The \$50,000 mentioned above represents our national debt divided evenly among every single American, including senior citizens and second-graders. But in reality, the burden will not fall so evenly. As the years pass and the debt grows, the cost will fall more heavily on today's second-graders.

Last week, Chairman Paul Ryan and the House Budget Committee unveiled a plan to restrain spending and put the budget on a path to balance by 2040. This represents a vast improvement over President Obama's goals, and certainly over Senate Democrats, who have failed even to produce a budget for the third year in a row.

Even so, we join the many Americans concerned by the thought of waiting decades to balance the budget.

Conservatives in the Republican Study Committee hope to build on and improve on the Budget Committee's work. Our goal is simple: The federal government should stop borrowing from today's second-graders before they graduate high school.

Last year, the RSC laid out a path to balance in just nine years without raising taxes. Today, we take another step by making the tough decisions necessary to balance the budget in just five years. Our plan begins by freezing agency spending at slightly below 2008 levels until the budget balances in 2017.

A balanced budget will require a vibrant economy in addition to spending cuts. Entrepreneurs must have the confidence to begin new enterprises. Existing businesses need confidence to grow and expand. To provide this, and to reward hard work, our budget reforms taxes so that no American family or business will pay a federal tax rate higher than 25 percent.

We eliminate the death tax and alternative minimum tax, both of which punish success and stifle job growth. We also call a timeout on costly new regulations that are strangling businesses.

The RSC budget calls for unlocking America's energy resources, opening more areas to drilling, approving the entire Keystone XL pipeline, and removing unnecessary government rules that increase the price of gas. While oil and natural gas production boom on private and state lands, production has fallen in areas controlled by the federal government. Our economy will not meet its full potential until we fix this problem.

Our budget also looks beyond the short term to address the entitlement elephant in the federal budget. We repeal Obamacare in its entirety and introduce greater choice and competition to fight the rising cost of health care. In Medicare and Social Security, on which many Americans rely, this proposal makes absolutely no changes for people 55 and older. But to preserve these programs for the young, the RSC believes that Medicare should transition to a solvent "premium-support" system as proposed by the House Budget Committee last week.

Like Ryan's, our plan provides Medicare enrollees a greater menu of choices -- including staying with the current system. By harnessing the power of competition among private insurance plans and improving the quality of care, we put Medicare on the path to long-term solvency. Additionally, we strengthen Social Security by gradually realigning eligibility with Americans' increasing longevity.

The road to recovery has already been far too long, and our journey remains far from over. For this reason, we aim our proposals not only at balancing the budget, but also at restoring sanity in Washington, confidence in our economy and opportunity for our future. Our second-graders deserve nothing less.