



February 14, 2012

## Highlights of the President's Fiscal Year 2013 Budget

Dear Democratic Colleague:

President Obama has put forth a budget that invests in job creation and economic growth in the short-term and gets our nation on a long-term, responsible path to fiscal sustainability. I sent around a brief summary yesterday, and the attached document prepared by the House Budget Committee Democratic staff covers key aspects of the budget request in more detail.

The President's budget builds on the recent good news about our economy, recognizing that the recovery is still fragile and that our first priority must be to put Americans back to work. In the near-term, we can boost our economic recovery by passing a payroll tax cut extension and continuing to provide unemployment insurance to the millions who are out of work through no fault of their own. Additionally, this budget includes key elements of the President's American Jobs Act, which has been sitting before Congress since September. For example, the proposed infrastructure investments will put thousands to work repairing our roads, bridges, and schools.

The most effective way to reduce our deficit is to put Americans back to work – in fact, CBO recently estimated that we would cut the deficit by one-third if our economy could be at full employment. But the President also includes additional measures to put our fiscal house in order, making tough choices and achieving deficit targets through a balance of spending cuts and increased revenue. It asks the wealthiest 2 percent of people, for example, to go back to the tax rates they paid under President Clinton – a time of great growth and prosperity – but also makes difficult cuts. We must all share responsibility as we work to reduce our debt and deficit.

The President's budget stands in sharp contrast to last year's Republican budget, much of which we expect to see again this year. We need to get serious about debts and deficits in a responsible way. The President takes a balanced approach to deficit reduction, but Republicans continue to insist on ending the Medicare guarantee and slashing vital investments in education, while giving tax breaks and sweetheart deals to the super wealthy.

Please feel free to contact me or the Budget Committee Democratic staff at 6-7200 if you have any questions, or visit the Committee's website at <http://democrats.budget.house.gov/> for charts and links to other budget materials.

Sincerely,

A handwritten signature in blue ink that reads "Chris Van Hollen".

Chris Van Hollen  
Ranking Democrat

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U.S. HOUSE OF REPRESENTATIVES

# COMMITTEE ON THE BUDGET

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Chris Van Hollen,  
*Ranking Democrat*

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## Highlights of the President's Fiscal Year 2013 Budget

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This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.

## General Notes

- All years are fiscal years unless otherwise noted.
- Throughout the document, the Congressional Budget Office is abbreviated to CBO. The Office of Management and Budget is abbreviated to OMB.
- The numbers in this document are OMB estimates.
- Throughout the document, the American Recovery and Reinvestment Act of 2009 (P.L. 111-5) is referred to as the Recovery Act.
- Funding levels for discretionary programs are stated in budget authority, and funding levels for entitlements and other direct spending programs represent outlays unless otherwise noted.
- Numbers in tables may not add due to rounding.

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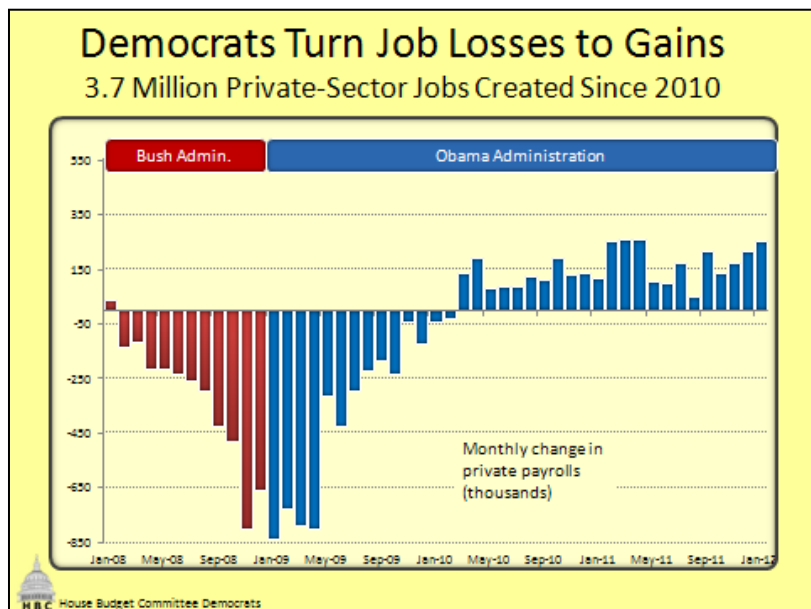
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# OVERVIEW

Yesterday President Obama sent Congress a budget for fiscal year 2013 that includes short-term initiatives to spur immediate job growth, pursues a balanced approach to deficit reduction in the medium-term, and makes investments to make the country stronger in the long-term. The budget exceeds the deficit reduction targets established in the Budget Control Act of 2011, consistently lowering the deficit as a share of the economy and stabilizing the debt as a percentage of the economy. The President reaches the targets not through an automatic sequester of spending, but instead with policy choices that balance the need to make wise investments to spur job growth and provide security for the middle-class with the need to put the budget on a fiscally sustainable path.

## Immediate Job Creation

After the worst recession since the Great Depression, the economy has now grown for ten straight quarters, and the private sector has added jobs for 23 consecutive months – 3.7 million jobs in total – since March 2010. More jobs were created last year than in any year since 2005. According to the Congressional Budget Office, the Recovery Act lowered the unemployment rate by up to 1.8 percentage points in calendar year 2010 and by up to 1.4 percentage points in 2011



relative to what it would have been had Congress and the President not taken action. In fact, the unemployment rate has dropped almost half a point since the Administration locked in the budget's unemployment forecast in November, so Administration officials believe the budget's forecast may be more pessimistic than warranted.

To continue to spur job growth, the budget includes elements of the President's [American Jobs Act](#) proposal. In total, the budget includes \$354 billion for short-term measures to create jobs, with \$178 billion spent in 2012 and most of the rest in 2013 (all years are fiscal years unless otherwise noted). The initiatives include tax cuts for individuals and businesses, creation of jobs to rebuild and modernize our infrastructure and communities – including preventing teacher layoffs and employing first responders – and reform of the Unemployment Insurance program to provide more job training and make it easier for businesses to hire unemployed workers. Major elements include the following:

**Payroll Tax Cut Extension** — The budget extends the payroll tax holiday for one year, through December 2012, which costs \$63.2 billion in 2012 and \$31.2 billion in 2013. To fully protect Social Security’s solvency, the budget also transfers an equal amount of general revenues to the Social Security Trust Funds.

**Unemployment Insurance Extension** — The budget extends for one year the emergency unemployment benefits to prevent millions of unemployed Americans from losing their benefits while they look for work. This extension and other initiatives for the unemployed cost \$22.6 billion in 2012 and \$22.9 billion over the 2013-2022 period.

**Surface Transportation** — The budget includes \$50 billion to fund jobs that address immediate surface transportation priorities, including funding for highways, transit systems, rail, and aviation. The budget also repropose the creation of a \$10 billion infrastructure bank.

**Education** — The budget provides \$60 billion for education jobs: \$25 billion to help states prevent teacher layoffs while the economy is still recovering; \$5 billion to support reforms in the teaching profession; and \$30 billion to create jobs upgrading at least 35,000 public schools, including elementary and secondary schools and community colleges.

**First Responders** — The budget provides \$5 billion to help states and localities rehire first responders.

**Veterans Job Corps** — The budget provides \$1.0 billion for an interagency initiative to employ up to 20,000 veterans over five years on projects to preserve and restore national parks and other federal, state, and local lands. The initiative seeks to help lower the high unemployment rate for post-Sept. 11 military veterans, which stood at 13.1 percent in December.

**Extension of 100 Percent Expensing** — The budget extends 100 percent first-year depreciation for certain property, at a cost of \$35.0 billion in 2012 but net savings of \$30.9 billion over the following ten years.

**Temporary Tax Credit for New Jobs** — The budget includes \$14.2 billion in 2012 and \$18.5 billion over the following ten years to provide a temporary 10 percent tax credit for new jobs and wage increases.

## **Deficit Reduction in the Medium Term**

As the economy continues to recover, the budget takes a balanced approach to reducing the deficit through a combination of targeted spending cuts and revenue changes that ask all Americans – especially those who have most benefitted from our economy – to pay their fair share. Under the President’s budget, the deficit for 2012 is \$1.3 trillion, reflecting enactment of policies that have \$200 billion of costs in 2012. For 2013 the deficit falls to \$901 billion and 5.5 percent of GDP. As spending declines and revenues rise as a share of the economy, the deficit reaches sustainable levels; debt held by the public declines relative to the size of the economy beginning in 2015 and stabilizes through the projection period.



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**President's 2013 Budget Totals in Billions of Dollars**

(OMB estimates)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Receipts</b>	2,469	2,902	3,215	3,450	3,680	3,919	4,153	4,379	4,604	4,857	5,115
<b>Outlays</b>	3,796	3,803	3,883	4,060	4,329	4,532	4,728	5,004	5,262	5,537	5,820
<b>Deficit</b>	1,327	901	668	610	649	612	575	626	658	681	704
<b>% of GDP</b>	8.5	5.5	3.9	3.4	3.4	3.0	2.7	2.8	2.8	2.8	2.8

**Saves \$5 Trillion through a Balanced Approach to Deficit Reduction** — Counting savings already achieved during the 112<sup>th</sup> Congress, the budget reduces the deficit by \$5 trillion through 2022 through a balanced approach. For every \$1 raised in taxes from closing corporate loopholes and from those making more than \$250,000 per year, OMB estimates that the budget includes \$2.50 in spending cuts. The budget's new policies save a net total of \$3.0 trillion relative to the Office of Management and Budget's (OMB's) baseline estimates over the 2012-2022 period. The Administration accomplishes the savings through policy choices rather than the automatic sequestration cuts scheduled to begin in January 2013 under the Budget Control Act. Therefore, the President's budget cancels the scheduled sequester, reducing the budget's net savings by \$1.2 trillion.

The key new proposals include the following:

**War Funding** — Overall, the budget assumes \$0.8 trillion in savings over ten years from reducing and capping war funding instead of continuing war spending at the current level in real terms. The budget assigns most of the savings to deficit reduction, and uses some for surface transportation programs.

**Mandatory Spending** — The budget contains \$0.6 trillion in net savings from a variety of changes in mandatory programs, with about \$0.4 trillion from health care entitlements and \$0.3 trillion in other areas. Most of the proposals were also in the Administration's September plan for the Joint Select Committee on Deficit Reduction ("[Living Within Our Means and Investing in the Future: The President's Plan for Economic Growth and Deficit Reduction](#)") or in last year's budget request.

**Tax Proposals** — The budget includes \$1.6 trillion in net tax savings, of which \$1.0 trillion is from not extending the portions of the 2001 and 2003 tax cuts that benefit upper income taxpayers and returning the estate and gift tax to the 2009 parameters.

**Debt Service** — The budget shows \$0.4 trillion in debt service savings.

## Investments for Long-term Growth and Strength

The budget maintains investments to help create an economy that is not only built to last, but that also includes jobs that pay well and that provides security for the middle class.

### Higher Education

The budget helps make college more affordable by increasing aid through grants, loans, and tax breaks, and by working to keep tuition costs in check.

- **American Opportunity Tax Credit** — The budget includes \$137 billion over ten years to make permanent the AOTC, which helps more than 9 million students afford college.
- **Pell Grants** — The maximum Pell grant will rise to \$5,635 in 2013 under a provision enacted by the previous Democratic Congress that provides an annual inflationary adjustment. The budget includes \$14 billion in mandatory appropriations to help sustain the discretionary maximum grant in 2014 and 2015, when some existing funding ends. This additional Pell grant funding is offset with savings from Perkins loan reforms, lowered compensation to guaranty agencies for student loans, and ending in-school interest rate subsidies for undergraduates after 150 percent of the program length.
- **Student Loans** — The budget extends for one year the current 3.4 percent interest rate on subsidized student loans; the rate is scheduled to revert to 6.8 percent on July 1, 2012, raising costs for 7.4 million students.
- **Campus-based Aid** — The budget shifts campus-based aid (Perkins Loans, Work Study, and Supplemental Educational Opportunity Grants) away from colleges that do not keep net tuition costs down.
- **Race to the Top for College Affordability** — The President is creating a new \$1 billion “Race to the Top” grant competition for states that contain college costs.

### Transportation and Infrastructure

The budget includes \$50 billion for immediate infrastructure investments and \$10 billion for an infrastructure bank. It also includes a \$476 billion six-year highway bill that represents a \$135 billion increase in investments to modernize our transportation infrastructure. The initiative is paid for with a portion of the war savings from reduced funding for Overseas Contingency Operations. These savings are used to offset the new spending and close the gap between the baseline levels of highway program spending and revenues.

The budget also features a National Wireless Initiative to help build a next-generation wireless broadband network, including an interoperable system for public safety. This proposal is fully paid for with spectrum auctions and other funds that also provide \$21 billion for deficit reduction.

## **American Innovation**

The budget increases investment in research and development (R&D) and clean energy to help create the jobs of the future. The budget provides \$140.8 billion for R&D overall, including 5 percent more than the 2012 level for non-defense R&D. The National Science Foundation receives \$7.4 billion, which is nearly 5 percent above the 2012 level. The budget also includes a new \$6 billion HomeStar program, which invests in energy and home improvements, reducing families' energy bills and creating jobs for those who undertake these renovations and \$1 billion to establish the advanced vehicles community development challenge.

## **Tax Policy**

The budget includes a \$3.5 trillion permanent extension of the 2001 and 2003 tax cuts for those with incomes under \$200,000 (\$250,000 for couples), permanent estate tax relief at the 2009 parameters, and permanent Alternative Minimum Tax relief. The budget allows \$968 billion in Bush-era tax cuts for those making above \$200,000/\$250,000 to expire. To jumpstart the economy and generate jobs, the budget provides \$113 billion in tax relief and in 2012 and an additional \$25 billion over the 2013-2022 period. The budget also provides tax cuts for families and tax incentives for businesses and regional development, totaling \$359 billion in tax cuts and over ten years, and \$953 billion in revenue raisers and loophole closers.

## ECONOMIC ASSUMPTIONS

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The Administration's economic assumptions are prefaced on the assumption that all the budget's proposal will be enacted, including: extension of the 2 percent payroll tax cut, 100 percent first-year depreciation, and enhanced Unemployment Insurance benefits through the end of 2012; and in 2013 and beyond the permanent extension of the middle class tax cuts as well as additional tax cuts for families and businesses. The following figures reflect calendar rather than fiscal years.

The Administration forecasts real economic growth of 2.7 percent in 2012 and 3.0 percent in 2013, and averaging 3.9 percent over 2013-2017 and 3.2 percent over the 2013-2022 period. The forecast is a more positive than CBO's outlook for growth – 2.9 percent real growth over ten years – in part because CBO's forecast assumes current law. The real growth forecasts of both the Administration and CBO are more optimistic than the Blue Chip consensus forecast.

The budget projects the unemployment rate will be 8.9 percent for 2012, 8.6 percent for 2013, 8.1 percent for 2014, and will fall to 5.8 percent by 2017 and 5.4 percent for years after 2018. CBO projects a higher 9.1 percent for 2013 and a higher 8.7 percent for 2014, but thereafter closely follows OMB's trajectory. The Federal Reserve, and to a lesser degree, Blue Chip, are more optimistic on unemployment than both OMB and CBO in the near term. Administration officials have emphasized that they locked down their unemployment forecast in November, and that since then the unemployment rate has dropped almost half a point, so they believe their forecast may be more pessimistic than warranted.

OMB is slightly more optimistic than CBO on inflation, predicting that rises in the CPI-U will average 2.0 percent over ten years, compared with CBO's forecast of 2.1 percent and Blue Chip's forecast of 2.4 percent. OMB is more conservative than CBO or Blue Chip on interest rates, forecasting that Treasury rates will rise off their current historical lows and return to their pre-crisis historical averages: 3-month Treasury rates rise from 0.1 percent in 2012 to 4.1 percent by 2017, and ten-year Treasury notes increase from 2.8 percent in 2012 to 5.0 percent by 2017 and 5.3 percent by 2021.

# TAX POLICY

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The budget includes a \$3.5 trillion permanent extension of the 2001 and 2003 tax cuts for those with incomes under \$200,000 (\$250,000 for couples), permanent estate tax relief at the 2009 parameters, and permanent Alternative Minimum Tax (AMT) relief. The budget allows \$968 billion in tax cuts for those making above \$200,000/\$250,000 to expire. To jumpstart the economy and generate jobs, the budget provides \$113 billion in tax relief in 2012 and an additional \$25 billion over the 2013-2022 period. The budget also provides tax cuts for families and tax incentives for businesses and regional development, totaling \$359 billion in tax cuts and over ten years and \$953 billion in revenue raisers and loophole closers.

The President proposes five principles for comprehensive tax reform: (1) simplify the tax code, (2) reform inefficient or unfair tax breaks, (3) reduce the deficit while preserving progressivity, (4) boost job creation and growth, and (5) ensure that millionaires pay a minimum effective tax rate of at least 30 percent (a.k.a, the “Buffett Rule”). If Congress fails to take up such comprehensive reform, then the President’s budget offers a detailed set of tax loophole closers and measures to broaden the tax base. These measures, taken together with the expiration of the upper-income tax cuts and the implementation of Buffett Rule, would raise more than \$1.5 trillion (on top of paying for additional tax cuts for the middle class) and move the tax system closer to ensuring that the wealthy do not receive more tax breaks than the middle class.

**Middle Class Tax Cuts** — For those with incomes under \$200,000 (\$250,000 for married couples), the budget permanently extends the 10, 15, 25, and 28 percent tax brackets, the 15 percent rate on capital gains and dividends, the \$1,000 refundable child tax credit (at a \$3,000 refundability threshold), and enhanced marriage penalty relief, among other provisions.

**AMT Relief** — The budget includes permanent AMT relief in its baseline, which costs \$1.9 trillion over ten years. This sum includes the cost of indexing the AMT exemption to inflation and the interaction effects with the reduced tax rates from extending the middle class tax cuts.

**Estate Tax Relief** — The budget permanently extends the \$3.5 million exemption and 45 percent tax rate at a cost of \$312 billion over ten years, or \$119 billion less than the cost of also continuing the added generosity passed in the 2010 tax cut deal (e.g., \$5 million exemption and 35 percent tax rate).

**Temporary Tax Relief for 2012** — The budget extends the 2 percent payroll tax cut for employees and the self-employed, while also providing a general revenue transfer to the Social Security Trust Fund to ensure the program’s finances are not affected. The budget also extends 100 percent first-year depreciation; provides a temporary 10-percent tax credit for new hires and wage increases; provides additional tax credits for investments in advanced energy manufacturing and for purchases of energy-efficient commercial building property; and reforms and extends Build America Bonds. In total, the Administration provides \$138 billion of such temporary tax relief, with \$113 billion of the cost occurring in 2012 and \$25 billion over the 2013-22 budget window.

**Tax Cuts for Families and Individuals** — The budget also calls for \$179 billion in additional tax cuts, mainly for extending tax credits created in the 2009 Recovery Act, including \$137 billion for the

American Opportunity Tax Credit, \$15 billion for automatic IRAs, \$14 billion for the expanded EITC benefits that go to families with three or more children, and \$10 billion for the expanded child and dependent care tax credit. New proposals that allow taxpayers to exclude the amount of student loan forgiveness from taxable income have negligible costs.

**Tax Incentives for Manufacturers** — Manufacturing is the focus of the Administration’s new tax proposals. The budget directs \$121 billion in major new investment tax incentives for manufacturers and to promote “insourcing” by encouraging manufacturers to bring operations and jobs back to the U.S. Within this sum, the budget provides \$109 billion for enhancing and making permanent the research and experimentation tax credit, \$4.4 billion for a new Manufacturing Communities tax credit, and credits for the production of vehicles from advanced technology or based on alternative fuels. One new incentive limits the production activities deduction (i.e., Sec. 199) just to domestic manufacturers and uses the savings to double the incentive for advanced manufacturing activities.

**Tax Cuts for Businesses** — The budget directs \$25 billion in incentives to small businesses through the following efforts: eliminating capital gains taxation on investments in small business stock; doubling the amount of expensed start-up expenditures; and improving incentives for small businesses to contribute to their health plans.

**Additional Incentives to Promote Growth and Trade** — The budget provides \$7.6 billion to spur regional growth by designating tax-favored “Growth Zones,” extending the New Markets Tax Credit, and reforming and expanding the Low-Income Housing Tax Credit. The budget continues \$26 billion in expiring individual and business tax incentives through calendar year 2013. It also provides \$200 million to expand trade initiatives.

**Raising Revenues and Closing Loopholes** — The budget re-proposes a number of measures to broaden the revenue base and close corporate loopholes, raising \$953 billion over ten years. One proposal limits itemized deductions, certain above-the-line deductions, and select exclusions to 28 percent of expenses, raising \$584 billion by itself. Other key revenue raisers include reforming the U.S. international tax system (\$148 billion), repealing fossil fuel tax subsidies (\$30 billion), repealing the LIFO method of inventory accounting (\$74 billion), reinstating Superfund taxes (\$21 billion), taxing carried interest (\$13 billion), and reducing the “tax gap” of taxes owed and not paid (\$12 billion).

While the Administration has proposed to tax millionaires at an effective tax rate of at least 30 percent (the “Buffett” rule) as a replacement for the AMT, the budget does not contain an estimate or a line item for that proposal. The Administration is also reportedly releasing a framework for corporate tax reform at the end of the month, but details are not yet available

## DISCRETIONARY SPENDING

**Discretionary Spending at Lowest Levels since the Eisenhower Administration** — Under the President’s budget, discretionary spending will fall to its lowest level relative to the size of the economy since the Eisenhower Administration. The discretionary levels are consistent with the Budget Control Act (BCA) caps after adjustment for program integrity measures and the Administration’s proposal to revert to the definition of security funding used for the 2012 appropriations.

DISCRETIONARY FOR 2013 (in billions of dollars)			
	<u>Security</u>	<u>Non-Security</u>	<u>Total</u>
Current BCA Caps.....	546.0	501.0	1,047.0
Adjustments:			
Revert to initial BCA definition of security.....	140.0	-140.0	---
War funding.....	96.7	---	96.7
Disaster funding.....	5.5	0.2	5.6
Reclassification of surface transportation...	---	-4.2	-4.2
Program integrity initiatives:			
Included in BCA.....	---	1.1	1.1
New initiatives.....	---	0.7	0.7
Revised Caps.....	788.2	358.8	1,147.0
President's Request.....	788.2	358.8	1,147.0

**Budget Control Act Caps** — The BCA established annual caps on discretionary spending covering 2012 through 2021. The Act also created firewalls to separate funding for programs in the defense budget function from other discretionary programs beginning in 2013. Automatic reductions to those caps are set to begin in January 2013. For 2013, the Act envisions that these automatic reductions will take the form of across-the-board cuts in already appropriated amounts. The budget proposes to repeal the automatic reductions and replace them with the policy-specific deficit reduction proposals in the budget.

Enactment of the President’s budget would lead to several adjustments to the BCA caps.

- **Change in security definition** — As part of the repeal of the automatic reductions required by the BCA, the budget proposes to revert back to the pre-sequester firewalls between the category of security funding (a broader definition that incorporates the Departments of Defense, Homeland Security, and Veterans, along with programs in the international affairs function, the Department of Energy’s National Nuclear Security Administration, and the Intelligence Community Management Account) and non-security funding, which are the categories that were used for the 2012 appropriations process. As a result, the budget provides \$4.6 billion more for programs in the defense function than envisioned under the current BCA caps.
- **War funding** — The BCA allows the discretionary caps to be adjusted for war funding. The budget proposes to limit the total cap adjustment for this purpose to \$450 billion for the 2013 to 2021 period. Of this amount, the budget includes \$97 billion for 2013.
- **Disaster funding** — The BCA allows for an adjustment for disaster relief provided for Presidentially declared disasters. The budget includes a request for \$5.6 billion for this purpose.
- **Transportation proposal** — As part of the Administration’s transportation proposal, the budget shifts some previously discretionary transportation funding to the mandatory side of the budget. To ensure that this change in concept is deficit-neutral, the discretionary caps would be adjusted downward by the same amount. In 2013, \$4.2 billion in discretionary budget authority is transferred to mandatory and the cap is reduced by that amount.
- **Existing program integrity initiatives** — The BCA allowed for two adjustments to the cap for program integrity initiatives. If a specific base amount is included within the existing discretionary limits, additional funding can qualify for a cap adjustment. For 2012, only part of one of the adjustments was utilized. The budget includes a request for the remaining 2012 funds as well as the full amount allowed for 2013. This funding will provide for the Social Security Administration to perform additional continuing disability reviews and redeterminations, and for the Department of Health and Human Services to fund anti-fraud efforts in health care programs. The additional spending is more than offset by savings from entitlement programs.
- **New program integrity initiatives** — The Administration proposes to add two new program integrity initiatives to the BCA. The first would fund additional tax enforcement activities through the Internal Revenue Service and would result in additional collection of tax revenues. The other would fund Department of Labor activities designed to reduce improper payments in the unemployment insurance program.



# EDUCATION

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**Education funding** — The budget increases the discretionary program level for the Department of Education by \$1.7 billion (2.5 percent). The primary focus is on increasing college affordability and access, training teachers and preventing teacher layoffs, and ensuring that federal job training and education programs are equipping Americans with the skills they need to succeed in the work force. The budget eliminates 21 education programs, although it replaces many with newly targeted programs with similar goals.

**K-12 Education** — The budget contains the Administration’s proposal to reauthorize the Elementary and Secondary Education Act, which consolidates 38 programs into 11 new competitive grant programs. Funding is maintained at the 2012 enacted level for most of the remaining elementary and secondary education programs, including Title I and special education state grants. The budget targets its funding increases to competitive grant programs, including the following:

- **Race to the Top** — First created in 2009 by the Recovery Act, Race to the Top receives \$850 million for its fifth round of funding competitive grants, up from \$549 million for 2012.
- **Teacher Training** — The budget increases total funding for teacher training programs by \$142 million, including a \$101 million increase for competitive awards to states and school agencies that improve teacher effectiveness in high-need schools.

**Higher Education** — The budget helps make college more affordable by increasing aid available through grants, loans, and tax credits, and by working to keep tuition costs in check.

- **American Opportunity Tax Credit** — the budget includes \$137 billion over ten years to make permanent the AOTC, a partially refundable tax credit worth up to \$10,000 that helps more than 9 million students afford college. It is scheduled to expire in 2012.
- **Pell Grants** — The maximum Pell grant will rise to \$5,635 in 2013 under a provision enacted by the previous Democratic Congress that provides an annual inflationary adjustment. The budget includes \$14 billion in mandatory appropriations to help sustain the discretionary maximum grant in 2014 and 2015, when some existing funding ends. This additional Pell grant funding is offset with savings from Perkins loan reforms, lowered compensation to guaranty agencies for student loans, and by ending the in-school subsidies for undergraduates after 150 percent of the expected program length.
- **Student Loans** — The budget provides \$3.9 billion over ten years to extend the current 3.4 percent interest rate on subsidized student loans for an additional year. The interest rate is scheduled to revert to 6.8 percent on July 1, 2012, raising loan repayment costs for 7.4 million students.

- **Community Colleges** — The budget provides \$8 billion over three years in mandatory spending for a joint initiative with the Department of Labor to invest in community colleges to improve access to job training by forming partnerships with businesses.
- **Campus-based Aid** — The budget will shift campus-based aid (Perkins Loans, Work Study, and Supplemental Educational Opportunity Grants) away from colleges that do not keep net tuition costs down. It will increase Perkins loan availability to an additional 2,700 institutions and provide \$8.5 billion in additional annual loan volume by making the loan a direct loan and changing interest rates, for total budgetary savings of \$8.9 billion over ten years. The budget increases funding for Work Study for 2013 by \$150 million (15.3 percent) as part of a five-year effort to double the number of available Work Study opportunities from the current 683,000 students.
- **Race to the Top for College Affordability** — The President includes a new \$1 billion Race to the Top grant competition for states that contain college costs.

**Education Jobs** — As part of its job growth initiative, the budget provides \$60 billion in mandatory spending to support jobs in education. The total includes \$25 billion to prevent teacher layoffs, \$30 billion to modernize at least 35,000 public schools, and \$5 billion to strengthen the teaching profession through reforms in teacher training, accountability, and promotion.

# INFRASTRUCTURE

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The President's budget makes significant, targeted investments in infrastructure programs that deliver benefits nation-wide, especially in the areas of transportation and communications.

It supports a full reauthorization of surface transportation programs to create jobs, connect communities, and increase productivity. It also proposes a National Wireless Initiative that partners with the private sector to better use radio airwaves, to build a truly interoperable communications network for first responders, and to connect the entire country to a high-speed internet.

**Surface Transportation** — The budget makes a front-loaded set of investments in highways, mass transit, and passenger rail that will provide an immediate boost to the country's transportation systems. It budgets for these investments in a restructured, expanded transportation trust fund. Specifically, over a six-year reauthorization period (2013-2018), the budget requests:

- **Highway and Mass Transit Reauthorization** — About \$476 billion for highway, highway safety, and mass transit programs, a significant increase over the \$286 billion in contract authority provided by the previous highway bill (SAFETEA-LU).
- **Immediate Infrastructure Investment** — The budget calls for an immediate \$50 billion investment in infrastructure for roads, rails, and runways as part of its jobs initiative.
- **High Speed Rail** — The proposals above include \$47 billion for high speed rail and other passenger rail programs in the highway reauthorization, and an additional \$6 billion in 2012.
- **National Infrastructure Bank** — The budget includes \$10 billion for an infrastructure bank that will leverage federal, state, local, and private resources, and will select and fund large-scale transportation, water, and energy infrastructure projects through loans and loan guarantees. The loans could be extended for up to 35 years to ensure a long-term perspective. The bank could finance no more than 50 percent of a project to ensure participation by private investors as well as state and local jurisdictions.
- **Transfer to Mandatory Side of the Budget** — Under long-standing scorekeeping concepts, highway spending currently is not subject to either Pay-As-You-Go mandatory limits or discretionary caps. The President's budget shifts all highway trust fund spending to the mandatory side of the budget, making this spending subject to budget enforcement controls.

**Wireless Innovation and Infrastructure** — The budget uses voluntary incentive auctions to help the private sector reallocate spectrum for new purposes. This will allow underutilized spectrum to be used to expand access to high-speed, wireless broadband across the nation as mobile phone and broadband carriers obtain additional capacity to improve their networks and expand services. A portion of the auction proceeds would fund a dedicated mobile communications system for fire, police, and emergency responders. The remaining funds – nearly \$21 billion – would be used for deficit reduction.

# INNOVATION

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The budget increases investment in research and development (R&D) and clean energy, areas that are critical to growing the economy and restoring middle-class security.

**National Aeronautics and Space Administration (NASA)** — The budget essentially freezes funding for NASA at \$17.7 billion and focuses on maintaining American leadership in space, with investments in space science and the development of new space technologies. Funding for Mars Exploration is reduced by \$226 million, as NASA is working to keep costs down, while achieving its long-term goals. The James Webb Space Telescope receives a \$109 million increase.

**National Science Foundation (NSF)** — The NSF receives \$7.4 billion, which is nearly 5 percent above the 2012 level. The budget promotes long-term competitiveness by supporting research grants, developing new manufacturing technologies, and promoting education in the fields of science, technology, engineering and math.

**Clean, Sustainable Energy** — The budget proposes \$4.3 billion in appropriations for the energy budget function, comprised primarily of renewable energy, energy efficiency, and energy research programs of the Department of Energy (DOE). While this level is \$341 million (7.3 percent) less than the comparable 2012 level, the budget increases funding to develop and deploy proven renewable energy technologies while reducing funding for fossil fuels. In addition, the budget increases funding for DOE's Office of Science by \$118 million, to a total of \$5.0 billion, to support scientific discovery and sponsor research in the physical sciences.

**Job-creating Investments in Energy Efficiency** — The budget includes several mandatory energy-related proposals. Two highlights include:

- Providing HomeStar rebates for energy efficient home retrofits that create jobs in the area of energy efficiency improvements and reduce American families' energy expenses (\$6.0 billion, from 2013-2018).
- Establishing an advanced vehicles community development challenge (\$1.0 billion, from 2013 through 2015).

# HEALTH CARE

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The President's budget includes more than \$360 billion in savings over ten years from a variety of changes affecting Medicare, Medicaid, and other mandatory health programs. Most of the savings are in the Medicare program. Within Medicare, the vast majority of the policy changes affect provider payments rather than beneficiaries.

## Medicare

The budget reduces Medicare spending by \$303 billion over ten years, using essentially the same policies laid out in the President's debt-reduction proposal for the Joint Select Committee last fall. The budget acknowledges that the current system for paying physicians in the Medicare program must be addressed to prevent unrealistically steep cuts in payment rates in succeeding years. Consequently, the budget's underlying numbers reflect the cost of preventing the rate cuts called for under current law over the next ten years. Key proposals affecting Medicare are described below along with the net savings over ten years.

**Bad Debt** — The budget reduces reimbursement for Medicare bad debts owed to hospitals, nursing homes, and other institutional providers. Currently, Medicare reimburses 70 percent of bad debt in most cases. The budget phases this reimbursement rate down to 25 percent, saving \$35.9 billion.

**Graduate Medical Education** — The budget reduces Indirect Medical Education (IME) payments by ten percent, saving \$9.7 billion. IME is supposed to compensate hospitals for the higher costs of patient care associated with providing care in a teaching hospital. The Medicare Payment Advisory Commission has found that IME payments substantially exceed these extra costs.

**Rural Hospital Payments** — The budget reduces payments for Critical Access Hospitals (CAHs) from 101 percent to 100 percent of reasonable costs, and it prohibits the CAH designation for facilities that are less than ten miles from another hospital. Together, these policies save \$2.0 billion.

**Payments for Advanced Imaging Services** — The budget saves \$820 million by adjusting payments for advanced imaging services to reflect an assumption of higher levels of utilization of imaging equipment. This translates into a lower payment per imaging service provided.

**Medicare Prescription Drug Rebates** — The budget saves \$155.6 billion by ensuring that for Low-Income Subsidy-eligible individuals in the Medicare Part D prescription drug program, Medicare receives the same total rebates that Medicaid receives from prescription drug manufacturers. Specifically, the budget requires that manufacturers pay Medicare the difference between rebate levels they already provide Part D private plans and the Medicaid rebate levels.

**Post-Acute Care Payment Reforms** — The budget saves \$56.7 billion by reducing payment updates for post-acute care providers (skilled nursing facilities, inpatient rehabilitation facilities [IRFs], long-term care hospitals, and home health agencies). Another \$2.0 billion comes from equalizing payments for certain conditions (e.g., hip or knee replacements) that are currently provided in both

SNFs and IRFs, but paid at a higher rate in IRFs. The budget also aims to encourage appropriate post-acute placement by requiring that 75 percent – rather than the current 60 percent – of patients in an IRF facility have a qualifying complex condition for the facility to qualify for IRF payments, saving \$2.3 billion. Finally, the budget includes a provision to reduce payments by up to three percent for SNFs with high rates of preventable hospital readmissions, for savings of \$2.0 billion.

**Increase Income-Related Premiums for Part B and Part D** — The budget increases income-related premiums by 15 percent starting in 2017 and freezes the income thresholds associated with income-related premiums until 25 percent of beneficiaries under Parts B and D are subject to these premiums. These policies save \$27.6 billion.

**Modify Part B Deductible for New Enrollees** — The budget gradually increases the Part B deductible (currently \$140) by \$75 for new beneficiaries beginning in 2017, saving \$2.0 billion.

**Home Health Copayments** — The budget saves \$350 million by establishing a copayment of \$100 per episode for home health services that are not preceded by inpatient care. The policy is effective for new beneficiaries beginning in 2017. The objective of this policy is to encourage appropriate use of these services.

**Part B Premium Surcharge for Beneficiaries with Generous Medigap Coverage** — The budget includes a new surcharge on Part B premiums for people enrolling in Medicare in 2017 or later who choose a Medigap plan that provides first-dollar or near-first-dollar coverage of Medicare’s out-of-pocket costs. The surcharge equals roughly 15 percent of the average Medigap premium (or about 30 percent of the Part B premium). This policy saves \$2.5 billion.

## Pharmaceutical Policy Changes

The budget promotes faster development of generic biologics by reducing patent exclusivity for brand-name biologics from 12 to 7 years, saving \$3.8 billion over ten years (\$3.7 billion of these savings accrue to Medicare). The budget also proposes to prohibit brand and generic drug companies from entering into agreements to delay the availability of new generic drugs, a practice known as “pay for delay.” Under current law, brand-name companies sometimes pay generic companies to keep generic substitutes off the market. This anticompetitive practice raises costs for insurers and consumers. The budget gives the Federal Trade Commission the authority to prohibit these agreements, saving \$11.0 billion (\$8.6 billion of these savings accrue to Medicare).

## Medicaid

The budget reduces spending on Medicaid by \$56 billion over ten years, using essentially the same policies laid out in the President’s debt-reduction proposal for the Joint Select Committee. Key budget reductions affecting Medicaid are described below:

**Provider Taxes** — The budget limits states’ ability to tax providers to pay the state share of Medicaid beginning in 2015. This proposal saves \$21.8 billion over the 2015-2022 period.

**Single Matching Rate** — The budget applies a single blended matching rate to Medicaid and the Children’s Health Insurance Program starting in 2017, saving \$17.9 billion over the 2017-2022 period.

**Uncompensated Care** — The budget rebases Disproportionate Share Hospital (DSH) allotments beginning in 2021 to reflect the expected reduction in uncompensated care that will result from the Affordable Care Act (ACA). The ACA reduced DSH payments for 2014-2020 to reflect the reduction in uncompensated care due to insurance expansions, but allotments are scheduled to revert to pre-reform levels in 2021. The budget changes that, reducing spending by \$8.3 billion in 2021 and 2022.

**Waste, Fraud, and Abuse** — The budget expands efforts to reduce waste, fraud, and abuse in Medicaid through program integrity improvements, saving \$3.2 billion over the 2013-2022 period.

**Durable Medical Equipment (DME)** — The budget limits Medicaid’s reimbursement payments for DME to the same rates as Medicare starting, saving \$3.0 billion over ten years. Medicare is implementing a competitive bidding process for DME that is expected to save billions of dollars.

In addition to the spending reductions noted above, the budget includes some increases for Medicaid:

**Transitional Medical Assistance (TMA)** — The budget provides \$815 million to extend TMA through 2014. TMA helps low-income families with children transition to jobs by allowing the families to keep their Medicaid coverage for a limited period after starting a job.

**Qualified Individuals (QI)** — The budget provides \$1.7 billion to extend the QI program through 2015. The QI program pays the Medicare Part B premiums of low-income Medicare beneficiaries with incomes between 120 and 135 percent of the federal poverty level.

## Public Health

**Prevention and Public Health Fund** — The budget reduces the mandatory spending provided under the ACA for this Fund by \$4.0 billion over the 2014-2022 period.

**Food and Drug Administration (FDA)** — The budget includes a program level of \$4.5 billion for FDA, which is \$654 million (17.1 percent) more than the 2012 level. The total includes \$2.5 billion in appropriations, \$1.4 billion in existing user fees, and \$583 million in proposed user fees. The budget invests \$10 million to build new FDA inspection and analytic capabilities globally. The new user fees support the Food Safety Modernization Act and efforts to bring safe, effective, and affordable generic drugs and generic biologics to the American people.

**National Institutes of Health (NIH)** — The budget proposes a program level of \$30.9 billion for NIH for 2012, including \$30.7 billion in appropriations. These are the same levels as for 2012. The budget proposes to increase the number of new research grants by 7 percent by changing grants management policies.

**Centers for Disease Control and Prevention (CDC)** — The budget includes a program level of \$11.2 billion for CDC for 2013, which is a very slight increase above 2012. This level includes

\$903 million of the \$1.25 billion available from the ACA Prevention and Public Health Fund. The budget also includes \$5.1 billion in appropriations, \$664 million (11.6 percent) below the 2012 level.

**Health Resources and Services Administration (HRSA)** — The budget provides a program level of \$8.4 billion for HRSA for 2013, \$228 million (2.8 percent) more than the 2012 level. The budget includes \$6.1 billion in appropriations, a decrease of \$138 million (2.2 percent) from the 2012 level.

**Indian Health Service (IHS)** — The budget includes a program level of \$5.5 billion for IHS, \$116 million (2.2 percent) more than the 2012 level. The budget requests \$4.4 billion in appropriations. IHS supports federal, tribal, and urban programs serving two million American Indians and Alaska Natives.

**Substance Abuse and Mental Health Services Administration (SAMHSA)** — The budget proposes a program level of \$3.4 billion for SAMHSA, which is \$142 million (4.0 percent) less than the 2012 level. The budget requests \$3.2 billion in appropriations, \$196 million (5.9 percent) less than the 2012 level.

**Agency for Healthcare Research and Quality (AHRQ)** — The budget reflects a program level of \$409 million for AHRQ, a 1.0 percent increase above the 2012 level. This total includes \$334 million in Public Health Service Evaluation Funds, \$62 million from the Patient-Centered Outcomes Research Trust Fund, and \$12 million through the Prevention and Public Health Fund. The budget requests no appropriations for AHRQ, consistent with past budgets.



# NATIONAL SECURITY

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This section reviews the President's budget request for National Defense, Veterans, International Affairs, and Homeland Security programs.

## National Defense

The budget includes \$550.6 billion for "base" discretionary national defense activities, which includes the Department of Defense (DoD) and the nuclear weapons activities at the Department of the Energy. This amount is \$3.9 billion (0.7 percent) below the 2012 enacted level. Beyond 2013, the budget increases national defense funding by an average of 2.1 percent per year and reaches \$663.6 billion by 2022. However, compared to the President's 2012 budget, this year's budget reflects a nearly \$500 billion cut in national defense funding from 2012 through 2021. Of that amount, \$487 billion is cuts to programs at the Department of Defense.

**New Defense Strategy** — The budget for the Department of Defense is based on a new defense strategy, which includes emphasis on the Asia-Pacific area and the Middle East, and a shift to a military that is smaller, but leaner and more agile. As part of this shift, the Department of Defense will reduce the size of the active military by 103,000 and the size of the reserve force by 22,000 by 2017, and it will eliminate seven of the Air Forces' tactical air squadrons. As a result of these force structure cuts, the Administration is requesting that Congress approve another round of base closures. The Department of Defense will maintain the 11 aircraft carrier fleet and the current bomber fleet, and will invest in high-priority initiatives including special operations forces, unmanned air systems, and cyber capabilities.

**Military Pay and Benefits** — For 2013, the budget provides a 1.7 percent increase to basic military pay, the full increase authorized by law. It provides \$48.7 billion for the DoD Unified Medical Budget to provide medical care for over 9.6 million eligible beneficiaries. However, to curb escalating health care costs, the budget increases Tricare pharmacy copayments and enrollment fees that will affect all beneficiaries except active duty personnel, survivors of those who've died on active duty and the medically retired. Together, these increases save discretionary resources totaling \$452 million in 2013 and \$17.4 billion over ten years. These proposals also save mandatory costs in the Tricare for Life program totaling \$397 million in 2013 and \$16.6 billion over ten years.

**Procurement** — DoD's 2013 procurement budget includes \$98.8 billion, a \$5.7 billion (5.5 percent) cut below the 2012 enacted level. Key proposals in DoD's procurement plan for 2013 include terminating, restructuring, or delaying a number of Army vehicle procurement programs; terminating several Air Force programs including the C-27J Joint Cargo Aircraft and the RQ-4 Global Hawk Block 30 unmanned aircraft; funding for the procurement of 10 new ships (including 2 Virginia-class attack submarines); and delaying the procurement of 13 F-35 Joint Aircraft to reduce concurrency in the acquisition schedule.

**Overseas Contingency Operations** —The President’s budget includes \$96.7 billion for Overseas Contingency Operations (OCO) for 2013, which includes \$88.5 billion for the Department of Defense and \$8.2 billion for diplomatic and foreign aid operations. The 2013 OCO budget is nearly \$30 billion below the 2012 enacted level, reflecting the end of combat operations in Iraq and a drawdown in forces in Afghanistan. The budget includes \$44.2 billion per year beyond 2014 as placeholders, and caps total OCO spending at \$450 billion over the 2013 through 2021 period.

## Veterans

The budget includes \$61.2 billion in appropriations for 2013 for veterans’ health care, the administrative processing of veterans’ benefit claims, and Department of Veterans Affairs (VA) construction. This level is \$2.5 billion (4.3 percent) more than the 2012 level of \$58.7 billion.

**Medical Care** — The budget includes \$52.7 billion in appropriated funding for medical care for 2013 – or \$2.1 billion (4.1 percent) more than the 2012 level for medical services, facilities, and support and compliance. VA estimates that it will collect another \$3.0 billion in resources from third parties. The bulk of VA’s medical care funding – \$52.5 billion – has already been appropriated by Congress in advance of 2013. The budget requests another \$165 million for 2013 to ensure that VA can meet veterans’ health care needs. It also proposes \$54.5 billion in advance appropriations for 2014.

**Benefits Administration** — The budget requests \$2.2 billion for the Veterans Benefits Administration (VBA), or \$145 million (7.2 percent) more than the 2012 level. This level includes \$128 million to reduce claims processing time, improve the quality of determinations, and automate claims tracking.

**Construction** — The budget provides nearly \$1.3 billion for VA’s construction projects and grants to states. This level is \$67 million (5.6 percent) more than the 2012 level of construction funding.

**Veterans Job Corps** — In addition to appropriations, the budget provides \$1.0 billion in mandatory funding for 2013 for an interagency Veterans Job Corps. This initiative seeks to employ up to 20,000 veterans over five years on projects to preserve and restore national parks and other public lands.

## International Affairs

The budget provides a total of \$56.3 billion in regular and OCO appropriations for diplomacy and foreign assistance for 2013, which is \$1.3 billion (2.4 percent) more than the comparable enacted 2012 total.

**Regular Funding for International Affairs** — The total 2013 budget request includes \$48.0 billion in regular appropriations, or \$4.3 billion (9.8 percent) more than the comparable 2012 level. This level, however, includes funding for a number of non-frontline countries, agencies, and programs that were funded in OCO in the 2012 appropriations.

**OCO Funding for International Affairs** —Included in the 2013 budget total is \$8.2 billion in OCO appropriations for international affairs that are outside the discretionary caps. That level is almost

\$3.0 billion (26.4 percent) less than 2012 enacted OCO for international affairs. This lower level in the President's budget reflects the Administration's focus on using OCO only for the frontline states of Afghanistan, Iraq, and Pakistan.

**Aid to Israel and Egypt** — The budget maintains assistance to Egypt and Israel at virtually the same level as requested for 2012.

## Homeland Security

The budget includes \$39.5 billion for the Department of Homeland Security (DHS), which is \$191 million less than 2012 enacted level. DHS is comprised of a number of agencies, including the U.S. Customs and Border Protection Agency, the United States Coast Guard, the U.S. Immigration and Customs Enforcement Agency, the Transportation Security Administration, and the Federal Emergency Management Agency. Below are selected budget highlights.

**U.S. Customs and Border Protection** — The budget includes \$10.4 billion for U.S. Customs and Border Protection, \$208 million (2.1 percent) more than the 2012 enacted level. This level of funding supports 21,370 U.S. Border Patrol agents and 21,186 CBP officers at our country's ports of entry.

**U.S. Coast Guard** — The budget provides \$8.3 billion for the U.S. Coast Guard for 2013, a cut of \$337 million (3.9 percent) below the level enacted for 2012. The budget includes targeted cuts, such as decommissioning aging High Endurance Cutters and terminating the High Tempo High Maintenance operations program, and implements management efficiencies while emphasizing front-line operational capacity and critical recapitalization initiatives.

**Federal Emergency Management Agency** — The budget provides \$4.5 billion for the Federal Emergency Management Agency for 2013, \$282 million more than the level enacted for 2012. Of that amount, the budget provides \$2.9 billion for State and Local Programs to equip, train, and hire first responders. The budget consolidates a number of stand-alone grant programs within State and Local Programs, except the Emergency Management Performance Grants and Assistance to Firefighter Grants, into the National Preparedness Grant program. The budget provides \$6.1 billion for the Disaster Relief Fund. Of this amount, \$5.5 billion funds the federal government's response to presidentially declared disasters, and is eligible for discretionary cap adjustments.

## SAFETY NET

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The budget includes a number of proposals that will impact the social safety net.

**New Program for Dislocated Workers** — Millions of the unemployed are unlikely to get their old jobs back. The federal government currently provides training and reemployment services for those workers who were displaced due to foreign trade, but other workers receive less generous benefits. The budget includes a new program, starting in 2014, that would provide a similar core group of services to all workers, regardless of the reason for their unemployment. Over the 2014 through 2022 period, the budget includes \$35 billion for the new program.

**Child Care** — The budget includes \$6.0 billion in budget authority for the Child Care and Development Fund in 2013, which is comprised of \$3.4 billion in mandatory funding and \$2.6 billion in discretionary funds. This represents an increase of \$0.8 billion above the 2012 level – a \$0.3 billion increase in the discretionary request and \$0.5 billion in proposed legislation on the mandatory side. (In total over ten years, the legislative proposal would add \$7 billion to mandatory outlays.) The Fund supports child care subsidies for low-income working families and activities to improve child care quality. Funding in 2013 will support 1.5 million children, an increase of 70,000.

**Low-income Home Energy Assistance (LIHEAP)** — The budget includes \$3.0 billion for LIHEAP, which helps struggling families manage their home heating and cooling costs. This represents a reduction of \$452 million from the 2012 enacted level.

**Housing Choice Vouchers** — The budget provides \$19.1 billion for the Housing Choice Voucher program, an increase of \$0.9 billion (4.7 percent) over the 2012 level. It is the government's largest and most income-targeted program to help very low-income families afford housing in the private market. Funding at this level will allow for continued services for 2.2 million vulnerable households.

**Project-Based Rental Assistance** — The Project-Based Rental Assistance program also supports vulnerable families' housing needs. This program enters into contracts with owners of multifamily housing units and provides a subsidy to cover the difference between what a family can afford and market-based rent. The budget requests \$8.8 billion for 2013, a reduction of \$0.6 billion from the 2012 level, which will still serve 1.2 million households but some contracts will be shortened.

**Unemployment Reform** — States' UI programs have been under strain as a result of the downturn in the economy. The budget proposes changes to provide immediate relief to states as well as to shore up the unemployment system for the long-term. First, employers in indebted States would receive relief for two years. Then, beginning in 2015, the wage base on which unemployment taxes levied would increase while at the same time the tax rate would be lowered.

## NATURAL RESOURCES AND AGRICULTURE

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The President's budget proposes a net \$32.4 billion in appropriations for managing America's natural resources and protecting the environment. The budget level is \$419 million (1.3 percent) less than the 2012 level when comparing regular appropriations. (Congress appropriated an additional \$1.9 billion for 2012 for disasters.) Some highlights of the budget follow:

**Department of the Interior (DOI)** — The budget includes a net \$11.4 billion in appropriations for DOI for 2013, just slightly more than the 2012 level. DOI will save over \$200 million compared with 2010 levels through administrative efficiencies and reduced spending on travel, printing, supplies, and advisory services. Both the National Park Service and the Bureau of Indian Affairs receive roughly the same level for 2013 as they did for 2012. The other major DOI agencies — Fish and Wildlife Service, Bureau of Land Management, and Geological Survey — receive budget increases of 3 to 5 percent each. DOI's budget includes a total of \$386 million for the two agencies that now oversee offshore oil and gas development. This level is \$28 million (7.8 percent) more than the 2012 level for the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement.

**Environmental Protection Agency (EPA)** — The budget provides \$8.3 billion for EPA for 2013, which is \$106 million (1.3 percent) less than the 2012 level. The budget increases funding for priorities like enforcement and grants to states and tribes. The budget includes a \$15 million increase for Chesapeake Bay restoration and maintains funding for Great Lakes restoration at \$300 million. The budget reduces two revolving funds for states to maintain clean, drinkable water by a total of \$359 million (15.0 percent) below the 2012 level.

**Other Major Agencies** — The budget proposes the following levels for other major agencies:

- **National Oceanic and Atmospheric Administration (NOAA)** — The budget provides \$5.2 billion in appropriations for NOAA, \$165 million (3.3 percent) more than the 2012 level. The budget does not move NOAA from the Commerce Department to DOI, as the Administration recently proposed.
- **Forest Service** — The budget includes \$4.9 billion for the Agriculture Department's forest management activities for 2013, which is \$253 million (5.5 percent) more than the 2012 level.
- **Army Corps of Engineers—Civil Works (Corps)** — The budget provides \$4.7 billion for the Corps for 2013, or \$270 million (5.4 percent) less than the 2012 level of regular appropriations. (The Corps received another \$1.7 billion in 2012 appropriations for disasters.)

**Tax Breaks for Oil, Natural Gas, and Coal** — The budget proposes to end tax preferences for fossil fuels, raising \$41 billion over ten years. It repeals 12 of these subsidies in all, including credits for the expensing of intangible drilling costs and for percentage depletion for oil and natural gas wells.

**Agriculture** — The budget cuts programs under the Agriculture Committee's jurisdiction by \$34.2 billion, reducing agriculture subsidies (\$30.3 billion), trimming conservation spending (\$2.0 billion), and imposing new fees (\$1.9 billion). The budget also continues temporary SNAP assistance as part of its short-term jobs initiative, which increases spending over the ten-year period by \$1.7 billion.

## PENSIONS AND FEDERAL PAY

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**Federal Employee Pay and Benefits** — The budget increases retirement contributions from Federal employees by 1.2 percent of their salary, which is phased in over three years in 0.4 percent increments starting in 2013. The Administration estimates these contributions will yield \$27 billion in savings over ten years. The budget also provides a 0.5 percent pay raise for civilian employees, 1.2 percent less than the 1.7 percent needed to keep pace with inflation as measured by the Employment Cost index. This initiative saves \$28 billion over the 2013 to 2022 period, and is in addition to the \$60 billion already saved by the two-year pay freeze put in place through 2012.

**Pension Benefit Guaranty Corporation (PBGC)** — The PBGC insures pension funds and is designed to be completely funded by premiums paid by employers. When an insured pension plan fails, the PBGC assumes responsibility for paying insured benefits. As of September 2011, the system faced a deficit of \$26 billion. The budget gives PBGC's board the authority to gradually adjust premiums to bring the system into balance. Over the budget horizon, the proposal saves \$16 billion.

## APPENDIX: OMB SUMMARY TABLES

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OMB posts all of the budget's summary tables online at:

<http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/tables.pdf>

Following are several key OMB summary tables:

Table S–2. Effect of Budget Proposals on Projected Deficits

Table S–3. Deficit Reduction Since January 2011

Table S–12. Funding Levels for Appropriated (“Discretionary”) Programs by Agency

Table S–14. Economic Assumptions

Cuts, Consolidations, and Savings – Summary Tables (online at

<http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/ccs.pdf>)

**Table S-2. Effect of Budget Proposals on Projected Deficits**

(Deficit increases (+) or decreases (-) in billions of dollars)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Totals	
												2013-2017	2013-2022
<b>Projected deficits in the adjusted baseline<sup>1</sup></b> .....	<b>1,127</b>	<b>772</b>	<b>662</b>	<b>749</b>	<b>862</b>	<b>815</b>	<b>793</b>	<b>862</b>	<b>944</b>	<b>1,011</b>	<b>1,193</b>	<b>3,860</b>	<b>8,663</b>
Percent of GDP .....	7.2%	4.7%	3.9%	4.1%	4.5%	4.0%	3.7%	3.8%	4.0%	4.1%	4.7%	4.2%	4.2%
<b>Proposals in the 2013 Budget:<sup>2</sup></b>													
<b>Short-term measures for jobs growth</b> .....	178	137	24	10	1	-*	1	1	1	*	*	172	176
<b>Net deficit reduction proposals:</b>													
Health and other mandatory initiatives .....	11	2	-17	-42	-50	-59	-63	-66	-74	-88	-140	-166	-597
Expiration of high income tax cuts .....		-83	-95	-110	-128	-143	-154	-164	-174	-185	-197	-560	-1,433
Other revenue proposals .....	*	-20	11	-58	-97	-54	-50	-44	-57	-54	-57	-218	-480
Reductions in Overseas Contingency Operations not reserved for surface transportation .....					-19	-92	-95	-98	-101	-104	-107	-111	-617
Proposed program integrity cap adjustment for IRS and Unemployment Insurance, including mandatory savings ....	*	*	-*	-1	-2	-3	-4	-4	-5	-5	-5	-6	-28
Proposed Budget Control Act disaster relief cap adjustment ...		5	1									6	6
Outlay effects of discretionary policy .....	-*	8	3	-6	-7	-7	-6	-5	-4	-7	-7	-9	-38
Total net deficit reduction proposals .....	11	-88	-97	-218	-304	-358	-372	-382	-414	-443	-512	-1,064	-3,187
<b>Surface transportation reauthorization:</b>													
Investments in surface transportation .....		*	4	9	13	18	24	22	15	11	8	45	125
Reductions in Overseas Contingency Operations reserved for surface transportation .....		-17	-64	-82	-68							-231	-231
Net cost of surface transportation reauthorization .....		-17	-60	-73	-55	18	24	22	15	11	8	-186	-106
<b>Tax cuts for families, individuals, and businesses<sup>3</sup></b> .....	10	25	39	31	32	33	35	36	38	40	43	159	352
<b>Debt service and indirect interest effects</b> .....	*	1	2	1	-10	-24	-40	-55	-73	-93	-116	-30	-407
<b>Total proposals in the 2013 Budget</b> .....	<b>200</b>	<b>58</b>	<b>-91</b>	<b>-250</b>	<b>-335</b>	<b>-332</b>	<b>-352</b>	<b>-377</b>	<b>-433</b>	<b>-484</b>	<b>-577</b>	<b>-950</b>	<b>-3,173</b>
<b>Effect of replacing Joint Committee enforcement with 2013 Budget deficit reduction proposals:</b>													
Programmatic effects .....		71	96	105	109	109	109	109	109	109	38	490	966
Debt service .....		*	2	6	13	19	26	32	38	44	50	39	229
Total effect of replacing Joint Committee enforcement .....		71	97	110	122	129	135	141	147	154	88	530	1,195
<b>Resulting deficits in 2013 Budget</b> .....	<b>1,327</b>	<b>901</b>	<b>668</b>	<b>610</b>	<b>649</b>	<b>612</b>	<b>575</b>	<b>626</b>	<b>658</b>	<b>681</b>	<b>704</b>	<b>3,440</b>	<b>6,684</b>
Percent of GDP .....	8.5%	5.5%	3.9%	3.4%	3.4%	3.0%	2.7%	2.8%	2.8%	2.8%	2.8%	3.8%	3.3%

\* \$500 million or less.

<sup>1</sup> See Tables S-4 and S-8 for information on the adjusted baseline.<sup>2</sup> For total deficit reduction since January 2011, see Table S-3.<sup>3</sup> Includes the effects of incentives for expanding manufacturing and insourcing jobs and continuing certain provisions through calendar year 2013.



**Table S-3. Deficit Reduction Since January 2011**

(Deficit reduction (-) or increase (+) in billions of dollars)

	2012-2021	2013-2022
Enactment of 2011 full-year appropriations <sup>1</sup> .....	-357	-320
Enactment of 2012 full-year appropriations .....	-565	-598
Budget Control Act discretionary caps for 2013 through 2021 <sup>2</sup> .....	-681	-791
PAYGO legislation enacted during the 1 <sup>st</sup> Session of the 112 <sup>th</sup> Congress <sup>1</sup> .....	-7	-11
<b>2013 Budget:</b>		
Short-term measures for job growth .....	354	176
Tax cuts for families, individuals, and businesses <sup>3</sup> .....	319	352
Reauthorize surface transportation .....	117	125
Health and other mandatory initiatives .....	-446	-597
Expiration of high income tax cuts .....	-1,236	-1,433
Other revenue proposals .....	-423	-480
Cap Overseas Contingency Operations (OCO) funding .....	-741	-848
Proposed program integrity cap adjustment for IRS and Unemployment Insurance, including mandatory savings .....	-23	-28
Proposed Budget Control Act disaster relief cap adjustment .....	6	6
Outlay effects of discretionary policy .....	-31	-38
Debt service .....	-595	-800
Total deficit reduction since January 2011 .....	-4,309	-5,286
<b>Memorandum, revenue and outlay effects:</b>		
Enacted outlay reductions and 2013 Budget spending proposals .....	-3,136	-3,777
Enacted receipt increases and 2013 Budget revenue proposals .....	-1,174	-1,510

<sup>1</sup> Savings totaled through 2021.<sup>2</sup> Includes program integrity and the cap adjustment for proposed disaster relief.<sup>3</sup> Includes the effects of continuing certain expiring provisions through calendar year 2013.

**Table S-12. Funding Levels for Appropriated (“Discretionary”) Programs by Agency**

(Budget authority in billions of dollars)

	2010 Actual	2011 Actual	2012 Enacted	2013 Request	Outyears										Totals	
					2014	2015	2016	2017	2018	2019	2020	2021	2022	2013- 2017	2013- 2022	
<b>Base Discretionary Funding by Agency:<sup>1</sup></b>																
<b>Security Agencies:</b>																
Defense <sup>2</sup> .....	530.1	528.3	530.5	525.4	533.6	545.9	555.9	567.3	579.3	592.4	605.4	617.9	634.2	2,728.2	5,757.4	
Energy - National Nuclear Security Administration <sup>2</sup> .....	9.9	10.5	11.0	11.5	10.8	11.0	11.2	11.4	11.7	11.9	12.2	12.4	12.8	55.9	116.8	
Homeland Security .....	39.8	41.9	39.7	39.5	39.8	40.5	41.2	41.9	42.8	43.7	44.7	45.7	46.8	202.8	426.5	
Veterans Affairs <sup>3</sup> .....	53.1	56.4	58.5	61.0	63.1	64.2	65.5	66.9	68.3	69.8	71.3	72.8	74.8	320.6	677.7	
State and other international programs <sup>4,5</sup> .....	50.8	50.1	43.7	48.0	48.9	49.8	50.8	51.9	53.0	54.2	55.3	56.5	58.0	249.3	526.3	
Intelligence Community Management Account .....	0.7	0.7	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	2.9	6.1	
Allowance for security agencies <sup>6</sup> .....	.....	.....	.....	.....	1.8	-0.4	0.3	1.0	1.8	1.8	1.9	2.5	2.2	2.6	12.8	
<b>Subtotal, Security Agencies<sup>7</sup> .....</b>	<b>684.4</b>	<b>687.8</b>	<b>684.0</b>	<b>686.0</b>	<b>698.4</b>	<b>711.6</b>	<b>725.3</b>	<b>741.0</b>	<b>757.4</b>	<b>774.5</b>	<b>791.5</b>	<b>808.5</b>	<b>829.5</b>	<b>3,562.3</b>	<b>7,523.7</b>	
<b>Nonsecurity Agencies:</b>																
Agriculture <sup>4</sup> .....	25.1	21.5	22.0	21.4	22.6	23.1	23.5	24.0	24.6	25.1	25.7	26.2	26.9	114.6	243.0	
Commerce .....	13.9	5.6	7.7	8.0	8.3	8.6	8.9	9.4	10.4	11.5	17.7	9.8	9.7	43.3	102.3	
<i>Census Bureau</i> .....	7.2	-0.7	0.9	1.0	1.2	1.3	1.5	1.8	2.6	3.6	9.6	1.6	1.2	5.9	25.0	
Education .....	64.3	68.3	67.4	69.8	70.3	71.2	72.2	73.3	74.4	75.5	76.7	77.9	79.2	356.9	740.6	
Energy (excluding National Nuclear Security Administration) .....	16.6	15.2	15.3	15.6	16.3	16.6	16.9	17.3	17.6	18.0	18.4	18.8	19.3	82.6	174.8	
Health and Human Services <sup>8</sup> .....	84.4	78.5	78.3	71.7	79.8	81.3	82.9	84.7	86.5	88.5	90.4	92.4	94.6	400.3	852.6	
Housing and Urban Development .....	42.8	37.1	38.2	35.3	39.2	40.0	40.8	41.7	42.6	43.6	44.6	45.5	46.7	197.0	420.0	
Interior .....	12.1	11.7	11.3	11.4	11.8	12.1	12.3	12.6	12.8	13.2	13.4	13.7	14.1	60.2	127.4	
Justice .....	27.6	26.9	26.8	17.9	27.7	28.3	28.8	29.5	30.1	30.8	31.5	32.2	33.0	132.2	289.8	
Labor .....	13.5	12.5	13.2	12.0	12.0	11.3	11.5	11.8	12.0	12.3	12.5	12.8	13.0	58.6	121.2	
State and other international programs <sup>4</sup> .....	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.6	1.3	
Transportation .....	14.7	13.7	13.7	13.8	14.1	14.4	14.7	15.0	15.3	15.7	16.0	16.4	16.8	72.0	152.2	
Treasury .....	13.4	13.4	13.2	12.6	13.7	14.1	14.5	14.9	15.4	15.9	16.4	16.9	17.3	69.8	151.6	
Corps of Engineers .....	5.5	4.9	5.0	4.7	4.8	4.9	5.0	5.1	5.2	5.3	5.5	5.6	5.7	24.6	51.9	
Environmental Protection Agency .....	10.3	8.7	8.5	8.3	8.5	8.7	8.9	9.1	9.3	9.5	9.7	9.9	10.1	43.5	91.9	
General Services Administration .....	0.4	-1.0	-1.0	-0.8	-1.2	-1.3	-1.3	-1.4	-1.4	-1.4	-1.4	-1.5	-1.5	-5.9	-13.2	
National Aeronautics and Space Administration .....	18.7	18.4	17.8	17.7	18.0	18.4	18.7	19.1	19.6	20.0	20.4	20.9	21.4	92.0	194.2	
National Science Foundation .....	6.9	6.8	7.0	7.4	7.5	7.6	7.8	8.0	8.1	8.3	8.5	8.7	8.9	38.3	80.8	
Small Business Administration .....	0.8	0.7	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	4.9	10.4	
Social Security Administration <sup>8</sup> .....	8.9	8.6	8.8	9.0	9.2	9.4	9.5	9.7	9.9	10.1	10.4	10.6	10.8	46.8	98.6	
Corporation for National and Community Service .....	1.2	1.1	1.0	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	5.5	11.6	
Other agencies .....	19.1	18.1	18.2	18.9	19.3	19.6	20.0	20.4	20.8	21.3	21.8	22.2	22.7	98.1	207.0	

**Table S-12. Funding Levels for Appropriated (“Discretionary”) Programs by Agency—Continued**

(Budget authority in billions of dollars)

	2010 Actual	2011 Actual	2012 Enacted	2013 Request	Outyears										Totals	
					2014	2015	2016	2017	2018	2019	2020	2021	2022	2013– 2017	2013– 2022	
Allowance for nonsecurity agencies <sup>6</sup> .....					-21.1	-20.3	-20.5	-20.8	-21.7	-22.7	-28.7	-20.7	-20.3	-82.8	-196.9	
<b>Subtotal, Nonsecurity Discretionary Budget Authority<sup>7</sup> .....</b>	<b>400.4</b>	<b>371.0</b>	<b>373.6</b>	<b>356.8</b>	<b>363.3</b>	<b>370.1</b>	<b>377.3</b>	<b>385.5</b>	<b>394.0</b>	<b>402.9</b>	<b>411.8</b>	<b>420.6</b>	<b>430.9</b>	<b>1,853.1</b>	<b>3,913.3</b>	
Discretionary Cap Adjustments and Other Funding (not included above): <sup>9</sup>																
<b>Overseas Contingency Operations<sup>10</sup> .....</b>	<b>162.6</b>	<b>159.4</b>	<b>126.5</b>	<b>96.7</b>	<b>44.2</b>	<b>44.2</b>	<b>44.2</b>	<b>44.2</b>	<b>44.2</b>	<b>44.2</b>	<b>44.2</b>	<b>44.2</b>	<b>44.2</b>	<b>273.4</b>	<b>494.2</b>	
Defense .....	162.3	158.8	115.1	88.5										88.5	88.5	
Homeland Security .....	0.2	0.3	0.3													
Justice .....	0.1	0.1														
State and other international programs .....		0.3	11.2	8.2										8.2	8.2	
Overseas Contingency Operations outyears .....					44.2	44.2	44.2	44.2	44.2	44.2	44.2	44.2	44.2	176.6	397.4	
<b>Disaster Relief .....</b>			<b>10.5</b>	<b>5.6</b>										<b>5.6</b>	<b>5.6</b>	
Agriculture .....			0.4													
Commerce .....			0.2													
Homeland Security .....			6.4	5.5										5.5	5.5	
Housing and Urban Development .....			0.1													
Transportation .....			1.7													
Corps of Engineers .....			1.7													
Small Business Administration .....				0.2										0.2	0.2	
<b>Program Integrity<sup>11</sup> .....</b>	<b>0.5</b>	<b>0.5</b>	<b>0.9</b>	<b>1.8</b>	<b>2.3</b>	<b>2.8</b>	<b>3.2</b>	<b>3.7</b>	<b>3.7</b>	<b>3.8</b>	<b>3.9</b>	<b>4.0</b>	<b>4.1</b>	<b>13.9</b>	<b>33.4</b>	
Health and Human Services .....			0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	1.8	4.2	
Labor .....				*	*	*	*	*	*	*	*	*	*	0.1	0.3	
Treasury .....				0.7	1.0	1.3	1.6	2.0	2.0	2.0	2.1	2.1	2.2	6.7	17.1	
Social Security Administration .....	0.5	0.5	0.6	0.8	0.9	1.1	1.2	1.3	1.3	1.3	1.3	1.3	1.3	5.3	11.8	
<b>Other Emergency/Supplemental Funding<sup>12</sup> ....</b>	<b>9.6</b>	<b>-1.3</b>	<b>-*</b>													
Defense .....	-1.9															
Energy .....	-1.5															
Health and Human Services .....	0.2	-1.3														
Homeland Security .....	5.5		-*													
State and other international programs .....	6.1															
Small Business Administration .....	1.0															
Other emergency/supplemental funding .....	0.4															
<b>Grand Total, Discretionary Budget Authority ...</b>	<b>1,257.6</b>	<b>1,217.5</b>	<b>1,195.5</b>	<b>1,147.0</b>	<b>1,108.2</b>	<b>1,128.7</b>	<b>1,150.0</b>	<b>1,174.4</b>	<b>1,199.3</b>	<b>1,225.3</b>	<b>1,251.3</b>	<b>1,277.3</b>	<b>1,308.6</b>	<b>5,708.3</b>	<b>11,970.2</b>	

**Table S-12. Funding Levels for Appropriated (“Discretionary”) Programs by Agency—Continued**

(Budget authority in billions of dollars)

	2010 Actual	2011 Actual	2012 Enacted	2013 Request	Outyears										Totals	
					2014	2015	2016	2017	2018	2019	2020	2021	2022	2012– 2016	2012– 2021	
<b>Memorandum: 2013 Budget Defense Request versus 2012 Budget Defense Request<sup>13</sup></b>																
2012 Budget for Defense .....	n/a	n/a	553.0	570.7	586.4	598.2	610.6	621.6	632.8	644.1	655.7	667.5	n/a	3,540.4	6,140.6	
Savings resulting from 2013 Budget policy ....	n/a	n/a	-22.5	-45.3	-52.8	-52.2	-54.7	-54.2	-53.5	-51.8	-50.3	-49.6	n/a	-227.5	-486.9	

\* \$50 million or less.

<sup>1</sup> The 2013 Budget proposes discretionary funding levels at the caps included in Title I of the Budget Control Act of 2011 with separate categories for "security" and "nonsecurity" programs for 2013 and a single discretionary category for 2014–2021. These caps have been adjusted downward to reflect the Administration's proposal to reclassify certain surface transportation programs as mandatory, as shown in the Preview Report in the Budget Process chapter of the *Analytical Perspectives* volume.

<sup>2</sup> The Department of Defense (DOD) levels in 2014–2022 include funding that will be allocated, in annual increments, to the National Nuclear Security Administration (NNSA). Current estimates by which DOD's budget authority will decrease and NNSA's will increase are, in millions of dollars: 2014: 677; 2015: 712; 2016: 767; 2017: 781; 2018: 798; 2013–2022: 7,109. The DOD and NNSA are reviewing NNSA's outyear requirements and these will be included in future reports to the Congress.

<sup>3</sup> The Veterans Affairs total is net of medical care collections.

<sup>4</sup> The Security category for State and other international programs is comprised entirely of international affairs (function 150). This includes funding for international food aid programs in the Department of Agriculture.

<sup>5</sup> The variances in the Security category for State and other international programs base funding are due in part to definitional differences in Overseas Contingency Operations (OCO). A comparison of total international affairs funding, including both base and OCO funds, can be found in the State and other international programs chapter of this volume.

<sup>6</sup> The 2013 Budget includes allowances, similar to the Function 920 allowances used in Budget Resolutions, to represent amounts to be allocated among the respective agencies to reach the notional security and nonsecurity levels for 2014 and beyond. These notional levels are determined for illustrative purposes based on the overall growth of the discretionary category being applied on a proportional basis to the 2013 security/nonsecurity caps but do not reflect specific policy decisions.

<sup>7</sup> Amounts in 2011–2012 exclude changes in mandatory programs enacted in appropriations bills since those amounts have been rebased as mandatory, whereas amounts in 2013 are net of these proposals. The individual agency chapters in this volume provide a comparative look at the gross funding levels from year to year.

<sup>8</sup> Funding from the Hospital Insurance and Supplementary Medical Insurance trust funds for administrative expenses incurred by the Social Security Administration that support the Medicare program is included in the Health and Human Service total.

<sup>9</sup> Where applicable, amounts in 2012 through 2021 are cap adjustment amounts designated pursuant to Section 251(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended. Amounts in 2010 and 2011 are not so designated but are shown for comparability purposes.

<sup>10</sup> The Budget includes placeholder amounts of \$44.2 billion per year for OCO in 2014 and beyond. These amounts reflect the Administration's proposal to cap total OCO budget authority from 2013 to 2021 at \$450 billion but do not reflect any specific decisions or assumptions about OCO spending in any particular year.

<sup>11</sup> Amounts in 2012 include requested increased funding for BBEDCA program integrity adjustments for the Department of Health and Human Services (+\$270 million) and the Social Security Administration.

<sup>12</sup> Amounts are not designated as emergency funding pursuant to Section 251(b)(2)(A) of the BBEDCA, as amended. These amounts include congressionally-designated emergencies, rescissions of funding provided in the American Recovery and Reinvestment Act of 2009 (P.L. 111–5), and other supplemental funding.

<sup>13</sup> These amounts exclude funding designated as OCO.

**Table S-14. Economic Assumptions<sup>1</sup>**

(Calendar years)

	2010 Actual	Projections											
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Gross Domestic Product (GDP):</b>													
Nominal level, billions of dollars .....	14,527	15,106	15,779	16,522	17,397	18,448	19,533	20,651	21,689	22,666	23,659	24,688	25,760
Percent change, nominal GDP, year/year .....	4.2	4.0	4.5	4.7	5.3	6.0	5.9	5.7	5.0	4.5	4.4	4.3	4.3
Real GDP, percent change, year/year .....	3.0	1.8	2.7	3.0	3.6	4.1	4.0	3.9	3.2	2.7	2.5	2.5	2.5
Real GDP, percent change, Q4/Q4 .....	3.1	1.7	3.0	3.0	4.0	4.2	3.9	3.8	2.8	2.6	2.5	2.5	2.5
GDP chained price index, percent change, year/year	1.2	2.1	1.7	1.7	1.6	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
<b>Consumer Price Index<sup>2</sup>, percent change, year/ year .....</b>													
	1.6	3.2	2.2	1.9	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1
<b>Interest rates, percent:</b>													
91-day Treasury bills <sup>3</sup> .....	0.1	0.1	0.1	0.2	1.4	2.7	3.8	4.1	4.1	4.1	4.1	4.1	4.1
10-year Treasury notes .....	3.2	2.8	2.8	3.5	3.9	4.4	4.7	5.0	5.1	5.1	5.1	5.3	5.3
<b>Unemployment rate, civilian, percent<sup>4</sup> .....</b>													
	9.6	9.0	8.9	8.6	8.1	7.3	6.5	5.8	5.5	5.4	5.4	5.4	5.4
<b>Memorandum, January unemployment rate forecasts:<sup>4,5</sup></b>													
Blue Chip Low Ten .....	9.6	9.0	8.3	7.6									
Blue Chip High Ten .....	9.6	9.0	9.0	8.9									
FOMC Central Tendency <sup>6</sup> .....	9.6	8.7	8.2–8.5	7.4–8.1	6.7–7.6								
CBO <sup>7</sup> .....	9.6	9.0	8.8	9.1	8.7	7.4	6.3	5.7	5.5	5.5	5.4	5.4	5.3

Note: A more detailed table of economic assumptions is in Chapter 2, "Economic Assumptions," in the *Analytical Perspectives* volume of the Budget, Table 2-1.

Sources: CBO, The Economic Outlook: January 2012; January 2012 Blue Chip Economic Indicators, Aspen Publishers, Inc.; Federal Reserve Open Market Committee Projection Materials, January 25, 2012.

<sup>1</sup>Based on information available as of mid-November 2011.

<sup>2</sup>Seasonally adjusted CPI for all urban consumers.

<sup>3</sup>Average rate, secondary market (bank discount basis).

<sup>4</sup>Annual average.

<sup>5</sup>After the economic assumptions for the Budget were finalized, the unemployment rate declined notably. Alternative forecasts are presented to reflect a range of current projections based on more recent data.

<sup>6</sup>Fourth quarter values.

<sup>7</sup>Projection based on current law.

**DISCRETIONARY CUTS, CONSOLIDATIONS, AND SAVINGS**

(Budget authority and obligation limitation in millions of dollars)

Cuts	2012	2013	2013 Change from 2012
Agricultural Marketing Service - Microbiological Data Program, Department of Agriculture .....	5	.....	-5
Agricultural Marketing Service - Pesticide Recordkeeping Program, Department of Agriculture .....	2	.....	-2
Alaska Conveyance Program, Department of the Interior .....	29	17	-12
Area Health Education Centers, Department of Health and Human Services .....	27	.....	-27
Assistance for Europe, Eurasia, and Central Asia, Department of State and Other International Programs .....	627	514	-113
Beach Grants, Environmental Protection Agency .....	10	.....	-10
Bureau of Indian Affairs Construction, Department of the Interior .....	124	106	-18
Bureau of Labor Statistics' International Labor Comparisons Program, Department of Labor .....	2	.....	-2
C-130 Avionics Modernization, Department of Defense .....	208	.....	-208
C-27 Joint Cargo Aircraft, Department of Defense .....	480	.....	-480
Chemical Risk Management Fibers Program, Environmental Protection Agency .....	2	.....	-2
Children's Hospital Graduate Medical Education Payment Program, Department of Health and Human Services .....	265	88	-177
Children's Mental Health Grant, Department of Health and Human Services .....	117	89	-28
Christopher Columbus Fellowship Foundation .....	.....	.....	.....
Clean Automotive Technologies, Environmental Protection Agency .....	16	.....	-16
Clean Water and Drinking Water State Revolving Funds, Environmental Protection Agency .....	2,384	2,025	-359
CMRR Facility, Department of Energy .....	200	35	-165
Coastal Impact Assistance Program, Department of the Interior .....	.....	-200	-200
Community Services Block Grant, Department of Health and Human Services .....	679	350	-329
Computer and Information Science and Engineering Research Programs, National Science Foundation			
Interface Between Computer Science and Economics and Social Sciences .....	7	.....	-7
Network Science and Engineering .....	3	.....	-3
Social-Computational Systems .....	7	.....	-7
Cruiser Modernization Program, Department of Defense .....	573	101	-472
Cyber-Enabled Discovery and Innovation Program, National Science Foundation .....	29	.....	-29
Defense Weather Satellite System, Department of Defense .....	43	.....	-43
Diesel Emissions Reduction Grant Program, Environmental Protection Agency .....	30	15	-15
Drawdown of Military End Strength, Department of Defense .....	.....	-774	-774
Economic Impact Grants, Department of Agriculture .....	6	.....	-6
Education Research Centers and Agricultural Research, Department of Health and Human Services			
Agricultural, Forestry, and Fishing Program .....	20	.....	-20
Education Research Centers .....	24	.....	-24
Electric Guaranteed Underwriting Loan Program, Department of Agriculture .....	1	.....	-1
Elimination of Overlapping Programs, Department of Labor			
Veterans Workforce Investment Program .....	15	.....	-15
Women in Apprenticeship in Non-Traditional Occupations .....	1	.....	-1
Environmental Education, Environmental Protection Agency .....	10	.....	-10
Farm Service Agency Discretionary Conservation Programs, Department of Agriculture .....	5	.....	-5
Federal Flight Deck Officer Program, Department of Homeland Security .....	25	12	-13
Fossil Energy Research and Development, Department of Energy .....	534	421	-113
Global Hawk Unmanned Aerial Vehicle, Department of Defense .....	324	.....	-324
Grants-in-Aid for Airports, Department of Transportation .....	3,350	2,424	-926
Harry S. Truman Scholarship Foundation .....	1	.....	-1
Health Care Services Grant Program, Department of Agriculture .....	3	.....	-3
Health Careers Opportunity Program, Department of Health and Human Services .....	15	.....	-15
High Energy Cost Grants, Department of Agriculture .....	10	.....	-10
High Mobility Multipurpose Wheeled Vehicle Modernized Expanded Capacity Vehicle Recapitalization, Department of Defense .....	4	.....	-4
Housing for Persons with Disabilities, Department of Housing and Urban Development .....	165	150	-15
Hypersonics, National Aeronautics and Space Administration .....	25	4	-21
Impact Aid - Payments for Federal Property, Department of Education .....	1,291	1,224	-67
International Forestry, Department of Agriculture .....	8	4	-4
Investigator-Initiated Research Grants, Department of Health and Human Services .....	43	29	-14
Job Corps, Department of Labor .....	1,703	1,650	-53
Joint Air-to-Ground Missile Program, Department of Defense .....	235	10	-225
Joint High Speed Vessel, Department of Defense .....	372	189	-183

**DISCRETIONARY CUTS, CONSOLIDATIONS, AND SAVINGS—Continued**

(Budget authority and obligation limitation in millions of dollars)

Cuts	2012	2013	2013 Change from 2012
Light Attack and Armed Reconnaissance Aircraft, Department of Defense .....	115	.....	-115
Low Income Home Energy Assistance Program, Department of Health and Human Services .....	3,472	3,020	-452
Low-Priority Construction Projects, Corps of Engineers .....	5,002	4,731	-271
Mathematics and Physical Sciences Research Programs, National Science Foundation			
Cultural Heritage Science .....	4	.....	-4
Grid Computing .....	2	.....	-2
Mathematical Physics .....	2	.....	-2
Solar Energy Initiative (SOLAR) .....	2	.....	-2
Nanoscale Science and Engineering Centers, National Science Foundation .....	31	26	-5
NASA Education, National Aeronautics and Space Administration .....	136	100	-36
National Bio-Agro-Defense Facility, Department of Homeland Security .....	50	10	-40
National Drug Intelligence Center, Department of Justice .....	20	.....	-20
National Heritage Areas, Department of the Interior .....	17	9	-8
National Park Service Construction, Department of the Interior .....	155	131	-24
National Pre-Disaster Mitigation Fund, Department of Homeland Security .....	36	.....	-36
National Undersea Research Program, Department of Commerce .....	4	.....	-4
National Wildlife Refuge Fund, Department of the Interior .....	14	.....	-14
NOAA Office of Education External Grants, Department of Commerce .....	24	11	-13
Office of the Assistant Secretary Grant Programs, Department of Health and Human Services .....	89	70	-19
Office of the Special Trustee for American Indians, Department of the Interior .....	152	146	-6
Patient-Centered Health Research, Department of Health and Human Services .....	17	10	-7
Pest and Disease Programs, Department of Agriculture .....	816	762	-54
Preparedness and Response Activities, Department of Health and Human Services			
Centers for Public Health Preparedness .....	8	.....	-8
Hospital Preparedness Program .....	380	255	-125
Presidio Trust, Presidio Trust .....	12	.....	-12
Preventive Health and Health Services Block Grant, Department of Health and Human Services .....	79	.....	-79
PRIME Technical Assistance, Small Business Administration .....	4	.....	-4
Public Broadcasting Grants, Department of Agriculture .....	3	.....	-3
Public Outreach Programs, National Science Foundation			
Communicating Science Broadly .....	2	.....	-2
Connecting Researchers with Public Audiences .....	4	.....	-4
REACH, Department of Health and Human Services .....	14	.....	-14
Research, Education and Extension Grants, Department of Agriculture			
Animal Health (Sec. 1433) .....	4	.....	-4
Capacity Building: Non-Land Grant Colleges .....	4	.....	-4
Competitive Grants for Policy Research .....	4	.....	-4
Critical Agricultural Materials .....	1	.....	-1
Farm Business Management and Benchmarking .....	1	.....	-1
Food Animal Residue Avoid Database .....	1	.....	-1
Forest Products Research .....	1	.....	-1
Methyl Bromide Transition Program .....	2	.....	-2
Potato Breeding Research (Competitive) .....	1	.....	-1
Rangeland Restoration .....	1	.....	-1
Rural Health and Safety .....	2	.....	-2
Sungrants .....	2	.....	-2
Supplemental and Alternative Crops .....	1	.....	-1
Water Quality .....	5	.....	-5
Youth Organizations .....	1	.....	-1
Robotic Exploration of Mars, National Aeronautics and Space Administration .....	587	361	-226
Rural Access to Emergency Devices, Department of Health and Human Services .....	1	.....	-1
Rural Business Opportunity Grants, Department of Agriculture .....	2	.....	-2
Rural Community Facilities, Department of Health and Human Services .....	5	.....	-5
Rural Hospital Flexibility Grant Programs, Department of Health and Human Services .....	41	26	-15
Rural Multifamily Housing Preservation Grants, Department of Agriculture .....	4	.....	-4

**DISCRETIONARY CUTS, CONSOLIDATIONS, AND SAVINGS—Continued**

(Budget authority and obligation limitation in millions of dollars)

Cuts	2012	2013	2013 Change from 2012
Rural Single Family Housing Grant Programs, Department of Agriculture .....	60	38	-22
Sea-Based X-Band Radar, Department of Defense .....	177	10	-167
Second Line of Defense, Department of Energy .....	262	93	-169
Self-Help and Assisted Homeownership Opportunity Program, Department of Housing and Urban Development .....	14	.....	-14
Single Family Housing Direct Loans, Department of Agriculture .....	43	39	-4
State and Volunteer Fire Assistance Grants, Department of Agriculture .....	99	84	-15
State Criminal Alien Assistance Program, Department of Justice .....	240	70	-170
State Indoor Radon Grant Program, Environmental Protection Agency .....	8	.....	-8
Superfund Remedial, Environmental Protection Agency .....	565	532	-33
Superfund Support to Other Federal Agencies, Environmental Protection Agency .....	6	.....	-6
T-AGOS Ocean Surveillance Ship, Department of Defense .....	10	.....	-10
Valles Caldera, Department of Agriculture .....	3	.....	-3
Volunteer Generation and Nonprofit Capacity Building Funds, Corporation for National and Community Service			
Nonprofit Capacity Building Fund .....	.....	.....	.....
Volunteer Generation Fund .....	4	.....	-4
Washington Metropolitan Area Transit Authority, Department of Transportation .....	150	135	-15
Water and Wastewater and Community Facilities Loan Guarantees, Department of Agriculture .....	6	.....	-6
Water Resources Research Act Program, Department of the Interior .....	6	.....	-6
Watershed Rehabilitation Program, Department of Agriculture .....	15	.....	-15
Wildland Fire Program/Hazardous Fuels Reduction, Department of the Interior .....	183	145	-38
<b>Total, Discretionary Cuts .....</b>	<b>27,247</b>	<b>19,297</b>	<b>-7,950</b>
Consolidations			
Central Utah Project, Department of the Interior .....	29	21	-8
Data Centers Closures, Department of Defense .....	.....	-300	-300
Elementary and Secondary Education Act, Department of Education .....	.....	.....	.....
Family Self-Sufficiency, Department of Housing and Urban Development .....	75	60	-15
Forest Service Integrated Resource Restoration, Department of Agriculture .....	806	793	-13
Higher Education Programs, Department of Education .....	.....	.....	.....
Information Technology, Department of the Treasury .....	.....	-9	-9
Integrated Approaches to Prevention, Department of Health and Human Services .....	.....	.....	.....
National Oceanic and Atmospheric Administration, Department of Commerce .....	.....	.....	.....
Rehabilitation Act Programs, Department of Education .....	.....	.....	.....
State and Local Grants Reform, Department of Homeland Security .....	.....	.....	.....
State Substance Abuse Prevention Grants, Department of Health and Human Services .....	455	405	-50
United States Visitor and Immigrant Status Indicator Technology, Department of Homeland Security .....	.....	.....	.....
<b>Total, Discretionary Consolidations .....</b>	<b>1,365</b>	<b>970</b>	<b>-395</b>
Savings			
Financial Crimes Enforcement Network, Department of the Treasury .....	.....	-6	-6
Increased Flexibility for the U.S. Mint in Coinage, Department of the Treasury .....	.....	.....	.....
Law Enforcement-Wide Administrative Efficiencies, Department of Justice .....	.....	-127	-127
Pit Disassembly and Conversion Savings, Department of Energy .....	26	.....	-26
Senate Campaign Finance Reports Electronic Submission, Federal Election Commission .....	.....	.....	.....
<b>Total, Discretionary Savings .....</b>	<b>26</b>	<b>-133</b>	<b>-159</b>
<b>Total, Discretionary Cuts, Consolidations, and Savings .....</b>	<b>28,638</b>	<b>20,134</b>	<b>-8,504</b>



**MANDATORY CUTS, CONSOLIDATIONS, AND SAVINGS**

(Outlays and receipts in millions of dollars)

Cuts	2013	2014	2015	2016	2017	2013–2017	2013–2022
Coal Tax Preferences, Department of Energy							
Domestic Manufacturing Deduction for Hard Mineral Fossil Fuels .....	-13	-23	-24	-26	-28	-114	-271
Expensing of Exploration and Development Costs .....	-26	-44	-46	-48	-50	-214	-440
Percent Depletion for Hard Mineral Fossil Fuels .....	-185	-177	-172	-168	-168	-870	-1,744
Royalty Taxation .....	-11	-25	-31	-38	-43	-148	-422
Commodity Payments to Farmers, Department of Agriculture .....	516	-3,296	-2,027	-647	-893	-6,347	-22,668
Conservation Reserve Program, Department of Agriculture .....	-11	-40	-79	-134	-127	-391	-977
Crop Insurance Program, Department of Agriculture .....	-225	-264	-702	-889	-895	-2,975	-7,621
Geothermal Payments to Counties, Department of the Interior .....	-4	-4	-5	-5	-5	-23	-50
Oil and Gas Company Tax Preferences, Department of Energy							
Increase Geological and Geophysical Amortization Period for Independent Producers to Seven Years .....	-61	-225	-339	-310	-226	-1,161	-1,400
Repeal Credit for Oil and Gas Produced from Marginal Wells .....							
Repeal Deduction for Tertiary Injectants .....	-7	-11	-11	-11	-11	-51	-100
Repeal Domestic Manufacturing Tax Deduction for Oil and Natural Gas Companies .....	-574	-986	-1,043	-1,105	-1,169	-4,877	-11,612
Repeal Enhanced Oil Recovery Credit .....							
Repeal Exception to Passive Loss Limitations for Working Interests in Oil and Natural Gas Properties .....	-9	-11	-10	-9	-8	-47	-82
Repeal Expensing of Intangible Drilling Costs .....	-3,490	-2,398	-1,867	-1,760	-1,453	-10,968	-13,902
Repeal Percentage Depletion for Oil and Natural Gas Wells .....	-612	-1,046	-1,083	-1,122	-1,166	-5,029	-11,465
Oil and Gas Research and Development Program, Department of Energy .....	-20	-40	-30	-10		-100	-100
Student Loan Savings for Pell Grant Program, Department of Education							
Limit In-School Interest Subsidy to 150% .....	-82	-164	-187	-187	-187	-807	-1,779
Payments to Guarantee Agencies—FFEL .....	-3,390					-3,390	-3,390
Telecommunications Development Fund, Telecommunications Development Fund .....	-7	-7	-7	-7	-7	-35	-70
Unrestricted Abandoned Mine Lands Payments, Department of the Interior .....	-173	-166	-92	-71	-71	-573	-1,100
<b>Total, Mandatory Cuts .....</b>	<b>-8,384</b>	<b>-8,927</b>	<b>-7,755</b>	<b>-6,547</b>	<b>-6,507</b>	<b>-38,120</b>	<b>-79,193</b>
Consolidations							
Federal Highways Programs, Department of Transportation .....							
Savings							
Currency Reader Coupon Program, Department of the Treasury .....	-53	-12	-12	-12	-13	-102	-170
FECA Reform, Department of Labor .....	-13	-16	-26	-36	-47	-138	-536
Health Care (Medicaid Proposals), Department of Health and Human Services .....	-180	-200	-1,685	-2,335	-6,390	-10,790	-50,900
Health Care (Pharmaceutical Proposals), Department of Health and Human Services and Office of Personnel Management .....	-694	-766	-1,016	-1,452	-1,639	-5,566	-16,490
Medicare Provider Payment Modifications, Department of Health and Human Services .....	-5,026	-13,466	-16,878	-20,103	-23,727	-79,200	-267,473
Prevention and Public Health Fund, Department of Health and Human Services .....		-28	-283	-678	-523	-1,512	-4,012
<b>Total, Mandatory Savings .....</b>	<b>-5,966</b>	<b>-14,488</b>	<b>-19,900</b>	<b>-24,616</b>	<b>-32,339</b>	<b>-97,308</b>	<b>-339,581</b>
<b>Total, Mandatory Cuts, Consolidations, and Savings .....</b>	<b>-14,350</b>	<b>-23,415</b>	<b>-27,655</b>	<b>-31,163</b>	<b>-38,846</b>	<b>-135,428</b>	<b>-418,774</b>

## ADMINISTRATIVELY IMPLEMENTED CONSOLIDATIONS AND SAVINGS

(In millions of dollars)

	2012	2013	2012-2016
<b>Department of Agriculture</b>			
Consolidating Offices.....	0.000	-60.000	-240.000
Forest Service Administrative Efficiencies .....	0.000	-60.000	-360.000
<b>Department of Defense</b>			
Air Force Basic Developmental Education Program .....	-1.904	-1.904	-9.520
<b>Department of Education</b>			
Electronic Grant Award Notification .....	-0.250	-1.250	-5.250
<b>Department of Health and Human Services</b>			
Eliminating Waste in Drug Procurement for Uninsured Patients .....	-1.400	-1.900	-7.700
FDA Processing Domestic Inspection Reports Electronically to Save Paper and Postage .....	-1.700	-1.800	-10.000
NIH Free Stuff Website .....	-0.039	-0.060	-0.279
<b>Department of Homeland Security</b>			
Sharing Excess Aviation Equipment.....	0.000	0.000	-20.000
<b>Department of Housing and Urban Development</b>			
Risk-based Monitoring with Project-based Contract Administrators .....	0.000	-28.000	-69.000
<b>Department of Justice</b>			
Digitizing BOP X-Rays.....	-1.300	-1.300	-6.300
Learning and Development Training Efficiencies .....	-2.020	-2.030	-11.000
Reducing Use of FedEx and Other Couriers .....	-0.500	-1.000	-3.500
<b>Department of Labor</b>			
Regional Office Consolidations .....	-1.000	-4.000	-19.000
<b>Department of State and Other International Programs</b>			
Electronic Signatures.....	0.000	-2.900	-11.600
Green IT .....	-1.200	-2.700	-12.000
<b>Department of Transportation</b>			
Enterprise Software Licenses .....	-4.670	-4.660	-11.330
Federal Register Electronic Delivery .....	-0.043	-0.047	-0.235
Strategic Sourcing .....	-3.850	-3.470	-8.500
<b>Department of the Treasury</b>			
Bureau of the Public Debt and Financial Management Service .....	0.000	0.000	-18.000
Cut Training Travel Costs by Offering Improved On-line Learning .....	-1.000	-2.000	-10.000
Energy and Water Conservation at the Main Treasury Building .....	-1.600	-2.100	-10.500
Fleet Management .....	-0.800	-0.800	-4.000
Reduce Paper Copies of U.S. Code .....	-0.010	-0.010	-0.140
<b>Environmental Protection Agency</b>			
Administrative Proceedings Paper Reduction .....	-0.115	-0.750	-0.415
<b>National Aeronautics and Space Administration</b>			
Electronic Performance Plans .....	0.000	-0.100	-0.500
Elimination of Hard Copies .....	0.000	-0.100	-0.500
Tool Crypt for Projects .....	0.000	-1.100	-3.500
<b>Social Security Administration</b>			
Commemorative Month Flyers .....	-0.005	-0.005	-0.025
Social Security Magazine .....	-0.084	-0.126	-0.588
<b>TOTAL</b> .....	<b>-23.490</b>	<b>-184.112</b>	<b>-853.382</b>

Note: Amounts in this table include estimated savings from actions agencies are implementing to reduce costs that require no further action by the Congress.

**PROGRAM INTEGRITY SAVINGS**  
(Outlays and receipts in millions of dollars)

	2012 <sup>1</sup>	2013	2014	2015	2016	2017	2012-2017	2012-2022
<b>Savings from Discretionary Cap Adjustments:</b>								
Disability Insurance and Supplemental Security Income Programs, Social Security Administration .....	-39	-452	-2,183	-3,264	-4,343	-4,821	-15,102	-47,935
Health Care Fraud and Abuse Control, Department of Health and Human Services .....	-405	-450	-496	-546	-599	-628	-3,124	-5,950
IRS Tax Enforcement and Compliance, Department of the Treasury .....	.....	-421	-1,123	-2,251	-3,455	-4,694	-11,944	-39,393
Unemployment Insurance, Department of Labor .....	.....	-22	-54	-77	-99	-121	-373	-1,028
<b>Total, Savings from Discretionary Cap Adjustments .....</b>	<b>-444</b>	<b>-1,345</b>	<b>-3,856</b>	<b>-6,138</b>	<b>-8,496</b>	<b>-10,264</b>	<b>-30,543</b>	<b>-94,306</b>
<b>Savings from Mandatory/Receipt Legislative Proposals:</b>								
Cut Waste, Fraud, and Abuse in Medicare, Medicaid, and CHIP, Department of Health and Human Services .....	.....	-161	-236	-306	-336	-376	-1,416	-3,616
Levy payments to Medicare Providers with Delinquent Tax Debt, Department of the Treasury ....	.....	-56	-66	-68	-70	-72	-332	-717
Provide Authority To Contact Delinquent Debtors Via Their Cell Phones, While Enhancing Consumer Protections, Department of the Treasury .....	.....	-12	-12	-12	-12	-12	-60	-120
Unclaimed Asset Recovery, Department of the Treasury .....	.....	-2	-2	-2	-2	-2	-10	-20
WEP/GPO Enforcement Provision, Social Security Administration .....	.....	13	20	17	-211	-456	-617	-3,412
<b>Total, Savings from Mandatory/Receipt Legislative Proposals .....</b>	<b>.....</b>	<b>-218</b>	<b>-296</b>	<b>-371</b>	<b>-631</b>	<b>-918</b>	<b>-2,435</b>	<b>-7,885</b>
<b>Other Program Integrity Savings:</b>								
Partnership Fund for Program Integrity Innovation, Executive Office of the President .....	.....	.....	.....	.....	.....	.....	.....	.....
Leveraging Technology to Reduce Improper Payments, Government-wide .....	.....	.....	.....	.....	.....	.....	.....	.....
Workers Compensation Information Reporting, Social Security Administration .....	.....	.....	.....	.....	.....	.....	.....	.....
Offset Federal Income Tax Refunds to Collect Delinquent State Income Taxes For Out-Of-State-Residents, Department of the Treasury <sup>2</sup> .....	.....	[-100]	[-150]	[-250]	[-100]	[-100]	[-700]	[-1,200]
<b>Total, Program Integrity Savings .....</b>	<b>-444</b>	<b>-1,563</b>	<b>-4,152</b>	<b>-6,509</b>	<b>-9,127</b>	<b>-11,182</b>	<b>-32,978</b>	<b>-102,191</b>

<sup>1</sup> This table includes 11-year savings instead of 10-year savings to reflect the proposal to fund program integrity at the full level authorized for 2012 by the Balanced Budget and Emergency Deficit Control Act.

<sup>2</sup> Collections returned to States.