



Rep. Scott Garrett, Chairman, RSC Budget and Spending Task Force

CUT, CAP, AND BALANCE: A Fiscal Year 2013 Budget

March 2012

CUT, CAP, AND BALANCE: THE PRINCIPLES. The Republican Study Committee's budget is based upon the following common-sense principles:

- The budget should balance within ten years without raising any taxes.
 - ✓ Our proposal balances the federal budget in 2017.
- The budget should strengthen Medicare, Medicaid, and Social Security to ensure their long-term sustainability.
 - ✓ Our proposal makes common-sense reforms to strengthen Medicare and Medicaid by offering increased choices and improved services, and saves Social Security by strengthening the program's bank account. There are no changes for seniors currently 55 years and older.
- The budget should reduce spending and trim down the size of the federal government to make it more effective and efficient.
 - ✓ Our proposal cuts agency spending below 2008 levels and gets government out of the way so America's businesses have the ability to grow and create jobs.
- The budget should terminate federal programs that are unconstitutional, duplicative, or harmful.
 - ✓ Our proposal does what American families across the country have been required to do in these tough economic times.
- The budget should prohibit earmarks.
 - ✓ Our proposal prohibits earmarks and eliminates pork-barrel spending.
- The budget should embrace reforms that make it is easier to reduce spending than it is to increase it.
 - ✓ Our proposal puts fair rules in place to prevent out-of-control Washington spending that stifles private-sector job creation.
- The budget should keep taxes low and include pro-jobs tax reform.
 - ✓ Our proposal prevents tax increases, repeals ObamaCare tax hikes, keeps the tax burden at its historic average, and makes the tax code simpler, flatter, and fairer.

Specifically, this proposal sets the following common-sense policies.

REDUCE SPENDING.

- Repeal ObamaCare to eliminate \$636 billion in additional spending over ten years.
- Set discretionary spending at \$931 billion in FY 2013 (the level proposed in last year's House-passed budget resolution minus the sequestration under the Budget Control Act).
- Ensure our nation's security funding defense at the same level as the House Republican budget, growing from \$554 billion in FY 2013 to \$699 billion in FY 2022.
- Reduce non-defense discretionary spending from \$377 billion in 2013 to \$329 billion in 2022.
- Reduce unnecessary mandatory spending—other than Medicare, Medicaid, and Social Security—by \$1.3 trillion between 2013 and 2022.

SAVE MEDICARE.

- Put Medicare on the path to long-term solvency. The RSC believes, that over the long term, Medicare should transition to a solvent, "premium-support" system as proposed by the House Republican budget, which provides Medicare enrollees a greater menu of choices, harnesses the power of competition among private insurance plans, and improves the quality of care. This policy would not affect individuals currently age 55 and older.
- Strengthen Medicare's long-term finances. This budget would slowly phase in an increase in the Medicare eligibility age for those born in 1958 and after. This policy makes no changes to individuals currently age 55 and older.

REFORM MEDICAID.

- Block-grant Medicaid and remove Washington D.C.'s burdensome red tape. This budget would empower the states with maximum flexibility to determine Medicaid eligibility and benefits, thereby improving the quality of care and access to vital services for the neediest and most vulnerable Americans. Based on the model set by the successful welfare reforms of 1996, federal funding for Medicaid and the Children's Health Insurance Program (CHIP) will be set at current levels for the next ten years. This proposal follows the RSC's State Health Flexibility Act (H.R. 4160).

SAFEGUARD SOCIAL SECURITY.

- Strengthen Social Security's long-term finances. This budget would slowly phase in an increase in the Social Security full-retirement age for individuals born in 1958 and after to an *eventual* full-retirement age of 70. This policy makes no changes to individuals currently age 55 and older.

ENACT PRO-GROWTH TAX REFORM.

- Prevent any new tax increases on the American people. This budget proposes a smarter tax code that is simpler, flatter, and fairer in line with the RSC's Jobs Through Growth Act (H.R. 3400).

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