



U.S. HOUSE OF REPRESENTATIVES

# COMMITTEE ON THE BUDGET

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*Ranking Democrat*

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## The Democratic Budget Resolution for Fiscal Year 2013

**Make it in America, Preserve the Medicare Guarantee, and  
Provide Tax Relief for Working Families  
while Responsibly Reducing the Deficit**

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March 28, 2012

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

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# Overview of the Democratic Budget

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The Democratic budget takes a balanced approach to meeting the nation's fiscal challenges, making investments where needed to keep the country strong, preserving the Medicare guarantee, protecting the social safety net, and providing tax relief for working families. The question is not whether we should implement a credible plan now to reduce our long-term deficits – we must. The question is how. Our plan does so in a balanced and credible way, in stark contrast to the Republican budget – which ends the Medicare guarantee while providing millionaires with windfall tax breaks.

**Making it in America** — The Democratic budget's first priority is helping people to Make it in America: creating more jobs now and making investments that will lead to long-term economic growth. America has emerged from the ravages of a financial meltdown and near economic collapse. While the economy is improving, millions of Americans remain out of work through no fault of their own. Our top priority must be to strengthen the fragile recovery and put America back to work. It is also clear that putting Americans back to work is the fastest and most effective way to reduce the short-term deficit. In fact, the Congressional Budget Office (CBO) estimates that slow growth and under-employment account for over one-third of the projected deficit for 2012.

Keeping our nation strong and competitive will require smart investments in national priorities – an educated and well-trained workforce, infrastructure that supports a 21<sup>st</sup> century economy, and research and development that can lead to innovative discoveries that have been a hallmark of America's success. It also means investing in small businesses and the American manufacturing sector through tax incentives that will spur business development, support more jobs, and strengthen the economy. The President's jobs proposals, incorporated in the Democratic budget, will boost job creation and the economic recovery. By contrast, independent analysts have found that the Republican budget could lead to the loss of more than 2 million jobs over two years.

**Preserving the Medicare Guarantee and the Social Safety Net** — Medicare, Medicaid, and Social Security are essential to the health and retirement security of millions of Americans. This budget firmly rejects the Republican budget's proposal to end the Medicare guarantee and strengthens the program instead of dismantling it. It also ensures that the social safety net remains intact. The growing costs of health care and retirement programs pose long-term challenges that need to be addressed in a way that puts the budget on a sustainable path, reduces the cost of health care for families, and improves our competitiveness. This budget supports the goal of making Medicare sustainable by making the health care system more efficient overall.

Our budget rejects the idea that “saving” Medicare means shifting rising costs onto seniors – especially considering the median annual income of a Medicare beneficiary is less than \$21,000. Democrats also refuse to give a tax windfall to the very wealthy and special interests and force seniors and middle-income families to pay the cost.

In addition, the Democratic budget maintains Medicaid to ensure that seniors, low-income children, and people with disabilities will continue to receive needed support. In contrast, the Republican budget slashes Medicaid by \$810 billion and block grants it to the states.

**Sharing Responsibility for Deficit Reduction** — This budget reduces the deficit responsibly with policies that balance spending cuts with increased revenue from tax reform, closing corporate tax loopholes, and applying the “Buffet Rule” to millionaires. This balanced approach is recommended by every single bipartisan group that has looked at deficit reduction. In contrast, nearly all House Republicans have taken the position that they will refuse to close a single special interest tax loophole or eliminate a single subsidy to big oil companies to reduce the deficit.

This deficit reduction plan involves difficult choices: making spending cuts but also getting rid of tax loopholes that benefit special interests at the expense of the rest of the country. In the last year, Congress has already reduced the projected 10-year deficit by over \$1 trillion by cutting discretionary spending totals for 2011 and 2012 and enacting tight annual spending limits for the next nine years – a difficult, bipartisan compromise that House Republicans simply walked away from.

The Democratic budget also makes difficult spending cuts on both the mandatory and discretionary side of the ledger. It adheres to the tight total annual discretionary caps that were established in the Budget Control Act. It also includes savings from mandatory spending, which could come from reductions in agricultural direct payments, improving the solvency of the Pension Benefit Guaranty Corporation (PBGC), and reducing duplication identified by the Government Accountability Office, among others.

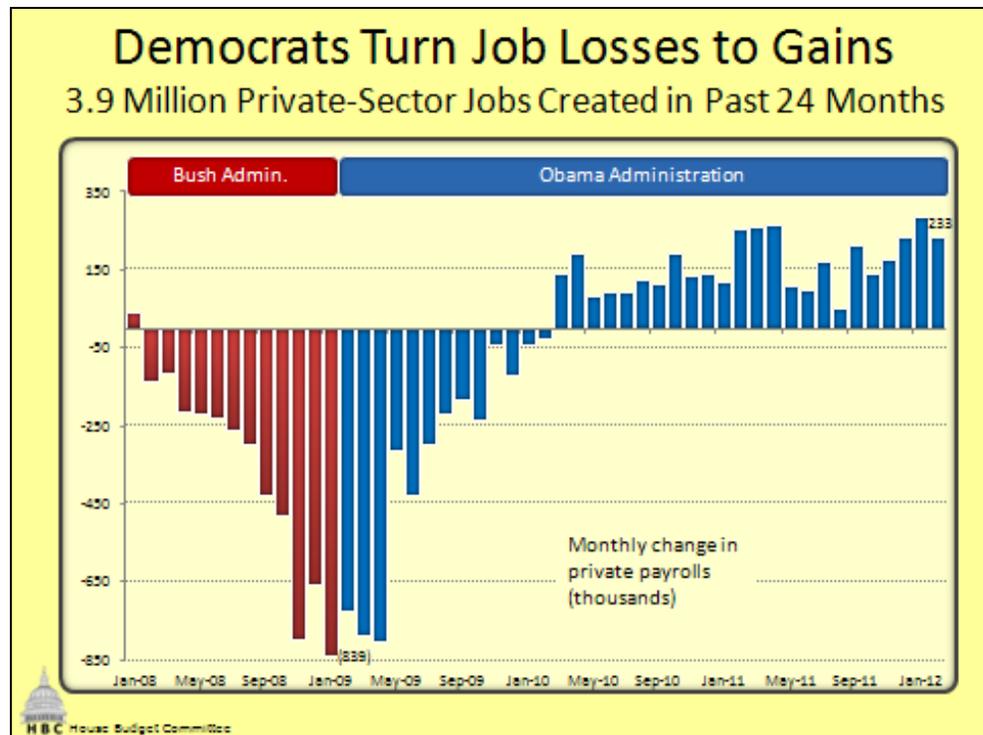
But further deficit reduction requires shared responsibility. The Democratic budget replaces across-the-board cuts scheduled to begin through sequestration in January 2013 with greater deficit reduction. This budget makes targeted policy choices that balance wise investments to spur job growth and provide middle-class security with reducing the deficit and stabilizing the debt as a share of the economy. It also accommodates expansion of incentives for low- and middle-income families to earn income, save for retirement, and attend college. To increase fairness and reduce the deficit, this budget generates revenue by ending the fiscally irresponsible Bush-era tax cuts for millionaires, closing a variety of corporate tax loopholes, and establishing a “Buffett Rule” to ensure that working families do not face a higher tax rate than the wealthiest Americans. Our budget protects tax cuts for working Americans, rather than protecting tax breaks for millionaires and special interests. The Republican budget, by contrast, will finance a windfall tax break for the very wealthy by increasing the tax burden on middle-income Americans. Based on Tax Policy Center estimates, the Republican budget would provide \$129,000 in tax cuts from just extending all of the Bush-era tax cuts, and then another \$265,000 on top of that from slashing the top tax rate to 25 percent, for a total average tax cut of \$394,000 for individuals earning over \$1 million.

# Details of the Democratic Budget

## Promotes Jobs and Long-Term Economic Growth

The day that President Obama was sworn in, the economy was collapsing at double the rate we originally thought. We were facing a second Great Depression, with negative 8.9 percent gross domestic product (GDP) and losing nearly 840,000 private sector jobs a month by January 2009.

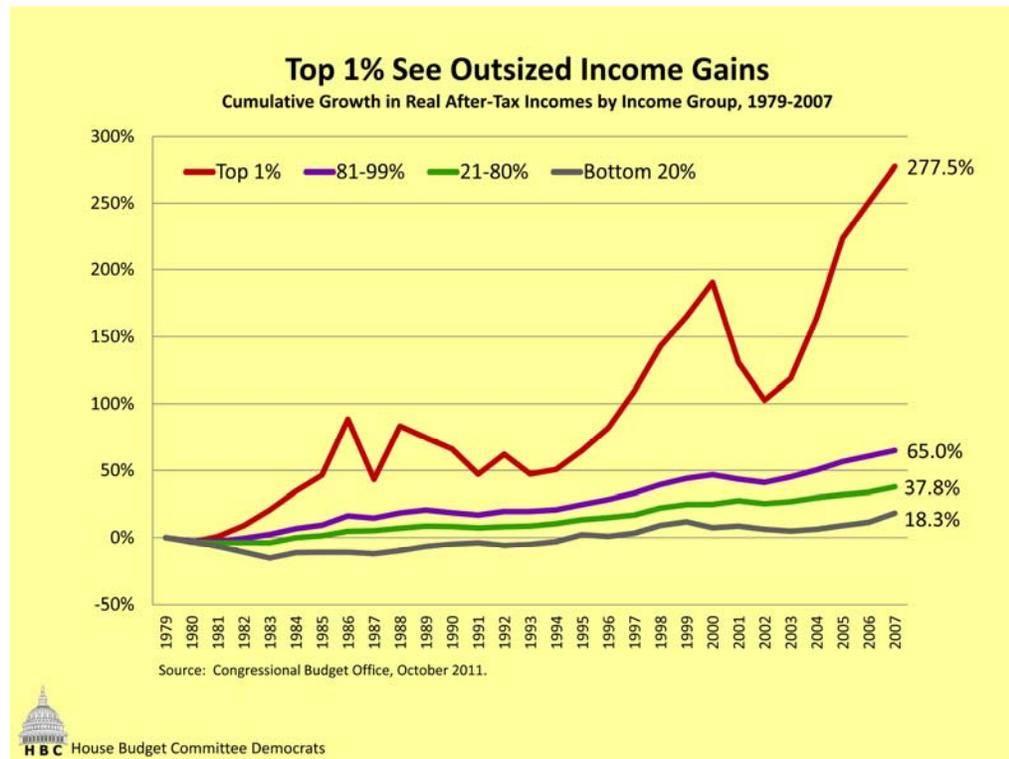
As a result of the extraordinary actions taken over the last few years, America avoided a second Great Depression and has emerged from the ravages of a financial meltdown and near economic collapse. The economy has now grown for 10 straight quarter, and the private sector has added jobs for 24 consecutive months –



3.9 million jobs in total – since March 2010. More jobs were created last year than in any year since 2005. The CBO confirms that 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. The Recovery Act, coupled with actions to save the auto industry and efforts by the Federal Reserve, helped end the economic free fall and began the upward climb in economic growth.

Despite this economic growth, the recovery has not yet reached all Americans and the unemployment rate remains unacceptably high. Millions of Americans remain out of work through no fault of their own and we must do more to put people back to work and help families make ends meet. Our economy is still vulnerable to outside shocks, from high oil prices to the ongoing European debt crisis. That is why our first priority has to be to continue to rebuild our economy and do all we can to help small businesses put people back to work. The President's jobs proposals, incorporated in the Democratic budget, will boost job creation and the economic recovery. By contrast, independent

analysts have found that the Republican budget could lead to the loss of more than 2 million jobs over two years.



Additionally, we must be cognizant of the growing income disparity in our nation. The CBO tells us that between 1979 and 2007, real after-tax incomes of the top 1 percent leaped 278 percent, or a whopping \$973,000 per household — compared with increases of just 25 percent for

the middle-fifth of households and 16 percent for the poorest-fifth of the population. More recently, the Census Bureau reports that American families lost ground during the 2000s as median incomes slipped 4.8 percent in real terms between 2000 and 2009. The conclusion is that the wealthy can afford to pay a little more in taxes and the incomes of the middle class are still recovering from Bush Administration policies. The Republican budget would only exacerbate income inequality by first locking in current tax cuts for the wealthiest Americans and then proposing trillions of dollars in additional tax cuts disproportionately benefitting those at the top.

**Immediate Job Promotion —**

- **Transportation Jobs** — The Democratic 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 includes \$10 billion to establish an infrastructure bank. At a time when the unemployment rate in the construction industry stands at 17.1 percent, those kinds of investments are a win-win for the American people.

This stands in clear contrast with the Republican budget, which ignores the President’s sensible proposals for economic growth and future competitiveness. The Republican budget assumes deep cuts in transportation spending next year, which will limit our ability to maintain and modernize this nation’s infrastructure. They will likely force additional

construction job losses next year and hurt businesses' ability to transport goods and supplies in the long run, weakening future economic growth.

- **Tax Credits for Job Creation** — Our budget includes the President's proposed temporary 10 percent tax credit for new jobs and wage increases. It also includes other tax incentives to support manufacturing, including extending 100 percent first-year depreciation for certain property, which accelerates new investment spending in 2012 but recoups most of the costs over the following 10 years. The Republican budget would just expand tax breaks for large multinational companies to ship investment capital and jobs overseas.
- **Education Jobs** — The Democratic budget includes the President's request for \$80 billion for education jobs initiatives to promote jobs now while also creating an infrastructure that will help students learn and create a better future workforce. The Republican budget slashes our investments in education. Our budget's investments do not just create jobs in the short-term, but are necessary for long-term economic growth. These investments include:
  - \$30 billion to rebuild and modernize at least 35,000 public schools, funding critical repairs and needed renovation projects that would put hundreds of thousands of Americans back to work while upgrading crumbling public elementary and secondary schools and community colleges;
  - \$25 billion to help states and localities prevent hundreds of thousands of educator layoffs and to allow the rehiring of thousands more teachers and staff who were let go due to funding cutbacks; and
  - \$8 billion for community colleges to partner with businesses to train 2 million workers in high-growth industries with skills that will lead directly to jobs.
- **First Responder Jobs** — This budget includes \$5 billion to help states and localities hire police officers and firefighters. Because of budget constraints precipitated by the economic downturn, thousands of police officers and firefighters have lost their jobs and tens of thousands of law enforcement and firefighter jobs have gone unfilled. This funding would provide immediate help to states and localities to reverse these layoffs and put police and firefighters on the job to keep our communities safe. The Republican budget ignores this important part of the President's plan.
- **Jobs for Veterans** — The Democratic budget includes \$1 billion for the President's proposal to establish a Veterans Job Corps. This new initiative will employ at least 20,000 veterans over five years. Although the number of unemployed veterans has declined significantly in the past year — from 1 million a year ago to 777,000 last month — there are still too many veterans out of work. In contrast, the Republican budget provides no funding for this important program.

#### **Building a Stronger America through Long-Term Growth —**

- **Education** — The Democratic budget recognizes that investing in educating our children is one of the best returns on the dollar we can find and is the only way to ensure our nation remains competitive in the global economy. Our budget reflects the President's request for increased

investment in education and includes his request for \$6 billion to prevent the interest rate on subsidized student loans from doubling this July, an action that would increase debt for more than 7 million students. The budget also includes a deficit-neutral reserve fund to accommodate additional measures to make college more affordable, including any further proposals on student loans or future funding for Pell grants.

Our investment in education contrasts sharply with the Republican budget, which explicitly cuts education and puts education on the chopping block for very deep, unspecified cuts – up to \$17 billion in cuts for 2013 and \$897 billion over 10 years. This plan could eviscerate education services; if applied across-the-board, the Administration estimates that in 2014 alone it could cut 200,000 low-income children from Head Start, which already serves less than one in five eligible children. In addition, the Republican budget slashes student loans and Pell grants for higher education by \$166 billion over 10 years. It eliminates all mandatory funding for Pell grants that Congress enacted to provide inflationary increases in the grant each year, ends student loan benefits that previous Democratic Congresses enacted and paid for, and does nothing to forestall the imminent increase in student loan interest rates.

- **Innovation and Research** — The Democratic budget promotes long-term American competitiveness by supporting the next generation of scientific leaders, developing new manufacturing technologies, and bringing discoveries from laboratories to businesses and everyday lives. The budget funds science and engineering workforce development programs that support the best and brightest scientists and engineers in formative stages of their careers. In addition, the Democratic budget ensures funding for innovative manufacturing processes that will reduce costs by using less energy, improving product quality, and accelerating product development. These investments are critical to creating the jobs of the future and growing our economy.

The Republican budget cuts funding for research and development, ignoring the benefits of these important investments and their impact on future generations. Federal funding for research and development advances clean energy technologies and increases the competitiveness of American manufacturing.

- **Small Business Loans** – The recession has stressed the Small Business Administration’s (SBA) major lending programs at the very time that they are most needed by many businesses. The Democratic budget provides additional resources for SBA to ensure that the lending volume for these programs remains the same, rather than shrinking and denying many small businesses access to capital. The Republican budget leaves SBA vulnerable to large cuts.
- **Infrastructure** – The Democratic budget makes infrastructure a key priority. In addition to the President’s \$50 billion infrastructure jobs initiative, it also reverses the transportation cuts assumed in the Republican resolution, cuts which would reduce transportation spending by roughly one-fifth over 10 years, including a reduction next year deep enough that it may force cuts in projects already underway. Instead, our budget includes the President’s proposed six-year surface transportation bill that will allow for continued investments in our nation’s

highways, bridges, transit, and rail networks. Those investments will create construction jobs in the short-run and fuel long-term economic growth by modernizing transportation systems. The Democratic budget also provides funding for an infrastructure bank that could offer new financing opportunities and leverage further private sector investment in our future infrastructure needs. Additionally, it includes a jobs reserve fund that would allow Congress to consider further infrastructure improvements outside of the transportation area.

Further, the Democratic budget recognizes that it is important for commerce and safety that we provide additional funding to maintain America's many harbors, seaports, and waterways – including the vital practice of dredging, or deepening, them.

### **Keeping our Nation Secure and Accountable —**

- **Provides for Strong National Security** – The Democratic budget supports a strong military that is second to none and supports the notion that the size and the structure of our military and defense budgets have to be driven by strategy. It also recognizes that during this difficult fiscal period, we must be smarter and more efficient in how we spend taxpayer dollars on national security as well as on every other federal priority.

Our budget advocates for a more cost-effective national security apparatus—one that makes the “hard trades” that former Chairman of the Joint Chiefs of Staff Admiral Mullen has said are lacking. The budget must pivot from technologies and strategies developed for the Cold War to instead emphasize capabilities to counter 21<sup>st</sup> century threats, such as intelligence, surveillance, reconnaissance, and special operations. It provides for greater accountability and advocates for a comprehensive national security strategy that includes careful consideration of international, defense, homeland security, and law enforcement programs.

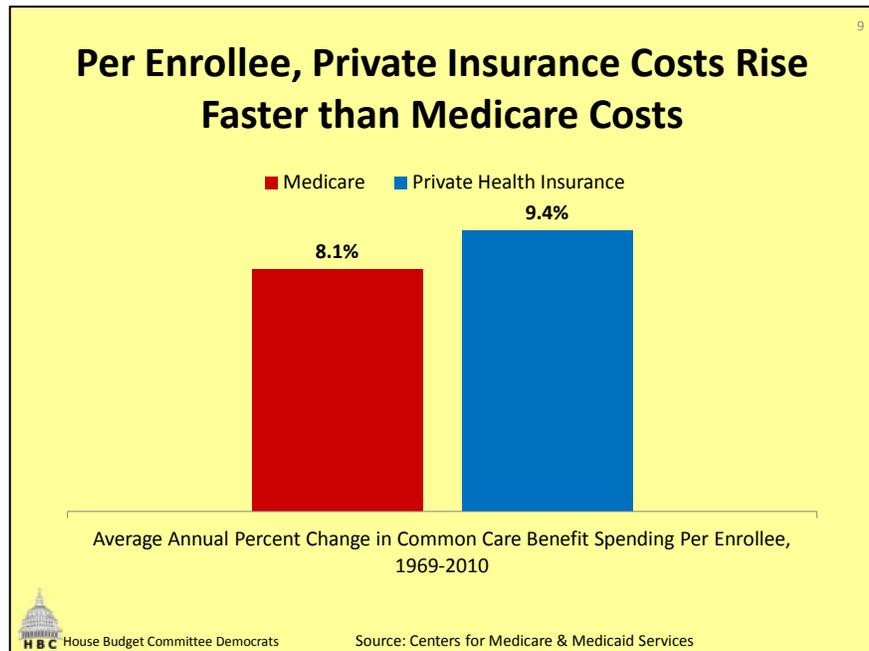
- **Overseas Contingency Operations** — The Democratic budget resolution matches the President's budget for overseas contingency operations (OCO) through 2014, but not beyond. The resolution does not assume OCO funding for 2015 through 2022 to more accurately reflect the Administration's policy, which plans for Afghan forces to take the full lead for security in their country by the end of 2014. The resolution applies the resulting \$322 billion in additional outlay savings to deficit reduction. Moreover, this budget makes clear that there should not be a permanent general “contingency fund” for overseas military operations. The Republican budget could allow the Pentagon to utilize these funds to circumvent the caps even after operations in Afghanistan have ended. This Democratic plan more accurately reflects the cost of planned operations and doesn't budget funds that could be used as a slush fund so the Pentagon can avoid prioritizing and making the hard trades.
- **Veterans' Health Care** – This budget includes the President's full request for veterans' health care and other appropriated services and programs for veterans for 2013 and 2014. The budget for 2013 is \$61.3 billion in appropriations, which is \$2.5 billion (4.3 percent) more than

the 2012 level. The budget also includes the request of \$54.5 billion in advance appropriations for health care for 2014.

- **Veterans' and Servicemembers' Benefits** – Our budget includes a deficit-neutral reserve fund for legislation to improve disability compensation and other benefits for veterans and military retirees, as well as their survivors and dependents.

## Preserves the Medicare Guarantee and the Social Safety Net

Medicare, Medicaid, and Social Security are essential to the health and retirement security of millions of Americans. Our budget preserves the Medicare guarantee instead of ending it. The challenge before us is to make these vital programs sustainable over the long run, and preserve the social safety net that helps millions of Americans who have fallen on difficult times.



Rising health care costs

represent a challenge for the federal budget, but those rising costs are not unique to Medicare or Medicaid – they are endemic to the entire health care system. In fact, over the last 40 years, the per-beneficiary spending in Medicare has grown at a slightly slower rate than in the private insurance system. And over the last decade, the per-beneficiary costs in Medicaid grew much more slowly than the rest of the health care system. Indeed, in the private market for individual coverage, premiums more than doubled between the years 2000 and 2008, as insurance industry profits quadrupled.

Those facts make one thing clear – if we are going to slow the rising costs in Medicare and Medicaid without rationing care, we must slow the rising costs of health care throughout the health care system. That is exactly what the Affordable Care Act (ACA) signed by President Obama two years ago will do when fully implemented. Unfortunately, the Republican budget repeals that reform legislation without a plan to replace it. Instead, it proposes to end the Medicare guarantee, shifting rising costs onto seniors and disabled individuals and rationing health care and choice of doctor by income.

Our budget recognizes that addressing these challenges must be part of a larger debate over fundamental questions for our society: Which mix of revenue and spending policies will best fulfill our

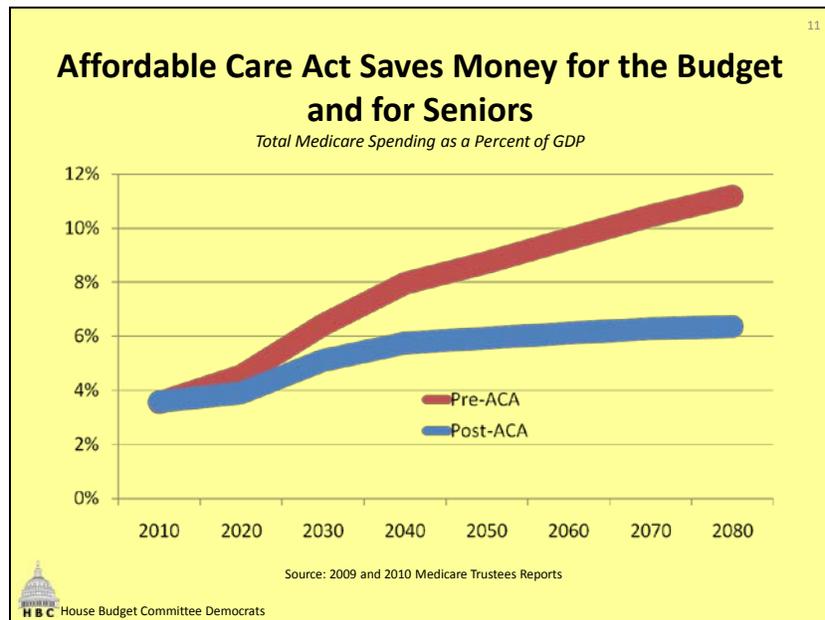
twin goals of economic vitality and meeting the health and retirement security needs of an aging population? The Democratic budget refuses to end the Medicare guarantee and slash the programs that help families that fall on hard times in an effort to give even more tax cuts to the very wealthy.

- **Protects Medicare Beneficiaries** — This budget firmly rejects the Republican budget’s proposal to end the Medicare guarantee. We should not address rising health care costs by giving seniors a voucher with an artificial price cap to purchase insurance. We can strengthen and modernize Medicare – and tackle the root causes of health care’s high rate of cost growth – without dismantling it.

Instead, our budget builds on the comprehensive health care reforms in the ACA. This historic reform legislation includes virtually every cost containment provision recommended by health care experts, but there is one theme that ties them together: giving physicians and other health-care providers incentives to provide high-quality,

coordinated, efficient care. Our budget supports reforms in the ACA to close the prescription drug coverage gap, or “donut hole,” and ensure free preventive care. Under the ACA, seniors with high prescription drug costs will get a lot more help with those costs, which will close the donut hole that meant a financial crisis for too many seniors. In addition, seniors can receive certain preventive care services without having to pay anything out of pocket for them. As a result of these measures, as well as provisions in the ACA to make Medicare spending more efficient, a person in Medicare will save an average of about \$4,200 on premiums and coinsurance from 2011 through 2021. Medicare beneficiaries with high prescription drug costs will save even more – an average of nearly \$16,000 over the same period. In contrast, the Republican budget repeals the ACA, reopening the donut hole and increasing the costs of preventive care for millions of seniors. Reopening the donut hole alone will increase costs for Medicare beneficiaries with high prescription drug costs by an average of \$10,000 over the next ten years.

There is no question we can and must do more to strengthen Medicare. But the Republican plan to fix this problem by forcing seniors to purchase care with vouchers that don’t keep pace with rising costs will solve nothing. Prior to the creation of Medicare in 1965, almost half



of all American senior citizens had no health insurance. Health costs were rising steadily back then, but the market did not respond to the cost constraints faced by seniors and develop affordable, adequate protection for them. Insurers did not rush to cover individuals over 65 years old. That's why we had to create Medicare in the first place, to leverage the combined negotiating power of millions of seniors. But Republicans do not even trust the market to drive down costs – that is why their budget creates an artificial cap on the value of the voucher support.

Interestingly, the Republican budget does preserve many of the specific Medicare reforms made in the ACA, including some of the mechanisms to slow the growth of system costs and eliminate excessive taxpayer subsidies to managed care insurance companies. In fact, the Republican budget's 10-year numbers rely on about half a trillion dollars in Medicare savings that come from the reasonable reforms made in the ACA. This is especially startling because Republicans had charged that these responsible savings were an assault on Medicare.

- **Defends Other Health Care Protections** – Our budget supports other important protections provided by the ACA. The ACA prohibits insurance companies from denying coverage due to pre-existing health conditions, bans lifetime and annual limits on coverage, and allows young adults to get insurance on their parents' plan. In addition, the ACA increases the number of Americans with insurance by 30 million, partly through Medicaid. In contrast, the Republican budget repeals these important reforms, leaves millions of Americans without coverage, and eliminates more than \$700 billion in tax credits for premium subsidies by repealing the Affordable Care Act.

The key insurance market reforms that will be fully implemented by 2014 will change the very inefficient system that contributes to rising premiums. As of today, everyone who has health insurance coverage picks up the tab for those who don't. Insured individuals pay higher premiums because of those who pay none, but get their primary care in the emergency room. That broken system results in less preventive care and higher premiums. Those premiums will come down in 2014 once everyone takes personal responsibility for purchasing their own coverage and the risks are pooled throughout the population. The nonpartisan, independent CBO has indicated that individuals and families will pay less for their health coverage. In a letter to Speaker Boehner written on February 18th, 2011, CBO projects that premiums for employer based coverage will rise if the ACA is repealed. And CBO indicates that repealing the law would mean that the majority of people in the individual market will get fewer benefits and pay more for coverage because of the elimination of the tax credits.

- **Protects Medicaid for Seniors, Individuals with Disabilities, and Low-Income Children** — The Democratic budget maintains Medicaid, which funds health coverage for 57 million American senior citizens, children, people with disabilities, and other vulnerable adults who would otherwise be unable to afford health insurance. Senior citizens and people with disabilities account for two-thirds of current Medicaid spending. Consequently, they would be at particular risk of losing access to health care under any policy to sever the link between Medicaid funding and the actual costs of providing services.

The Republican claim that their budget “repairs” the social safety net is truly Orwellian. There is nothing courageous about targeting the most vulnerable in our society, yet that is one of the biggest areas of Republican cuts. “Block granting” Medicaid is simply code for deep, arbitrary cuts in support to the most vulnerable seniors, individuals with disabilities, and low-income kids. Medicaid is already underfunded, yet the Republican budget cuts it by \$810 billion, about a third of the Medicaid budget by 2022 and by 75 percent by 2050. This is not repairing our social safety net – it is like saving a drowning person by throwing them an anchor.

- **Protects Social Security from Privatization** – Social Security is not responsible for our current deficits and should not be cut to reduce the deficit. Reforms should only be made to strengthen the system and preserve it for future generations. Nevertheless, many Republicans have continued to advocate Social Security privatization, even in the aftermath of the public rejection of former President Bush’s privatization plan and the dramatic loss of wealth in the stock market during the financial crisis. In fact, Democrats on the Budget Committee offered an amendment to this year’s budget to expressly prohibit the privatization of Social Security, and Republicans on the Committee rejected it. Privatization would not only put retirees’ financial security at risk, it would also dramatically worsen the budget deficit for decades while the government continues to pay current beneficiaries and make up for the Social Security funds that would be diverted into private accounts. The Democratic budget affirmatively rules out Social Security privatization, while the Republican plan does not.
- **Preserves Supplemental Nutrition Assistance (SNAP)** — The Democratic budget fully funds current law SNAP (formerly called food stamps) and provides for the President’s proposal to continue certain benefits added because of the economic downturn. SNAP’s ability to respond as needs grow makes it an essential element of the nation’s safety net. With unemployment rates remaining high, the SNAP program is expected to serve over 47 million people in 2013, providing adequate nutrition for a vulnerable population. Nearly three-quarters of those served are in families with children, and nearly one-quarter are in households with someone who is elderly or disabled.

The Republican budget slashes SNAP funding relative to projected levels, which already assume that the program’s scope and costs decline as the economy improves. Regardless of the mechanism used to achieve these savings, the only ways to significantly reduce costs in SNAP are to throw people off the rolls or reduce the allotment per person, making it virtually impossible for people to afford a nutritionally sound diet.

- **Extends Tax Cuts for Working Families** — In contrast to the Republican budget, which increases tax breaks for the wealthy and special interests while raising the burden on working Americans, the Democratic resolution permanently extends the 2001-03 tax cuts for the middle class and so does not allow taxes to be raised on the middle class. Our resolution would not extend the Bush tax cuts for millionaires and would apply a “Buffett Rule” to ensure that the wealthiest Americans do not pay lower effective tax rates than middle class working families. Raising taxes on working families while slashing spending on the services that

benefit them will have serious economic consequences.

While the rich get richer under the Republican resolution, middle-class and poor Americans are worse off. Republicans are incapable of showing how they plan to pay for cutting taxes for the wealthiest Americans by another \$4.6 trillion – on top of the Bush tax cuts – in a revenue neutral way, without raising taxes on working Americans by eliminating the home mortgage deduction and other deductions that help middle-income Americans. The Joint Committee on Taxation recently estimated that a Republican proposal that would have cut tax rates across the board, lowering the top rate to 27 percent, could be achieved by repealing all itemized deductions, personal exemptions, most above-the-line deductions, and all personal credits (except the Earned Income Tax Credit, or EITC).

Weakening or eliminating refundable tax credits that support work and child-raising will make it that much harder for families to make ends meet or continue spending to bolster the economy. Additionally, eliminating the home mortgage interest deduction will undermine home buying and home ownership and kick the housing industry when it is down. Seventy percent of the tax benefits associated with the mortgage interest deduction accrues to households with under \$200,000 in income.

- **Low Income Home Energy Assistance (LIHEAP)** — The Democratic budget includes an increase above the President’s budget in the income security function that could be used to restore LIHEAP funding, which helps struggling families to manage their heating and cooling needs, to the 2012 enacted level.

## **Reduces the Deficit through Shared Responsibility in a Balanced Approach**

Every single bipartisan group that has looked at the deficit reduction – from the Debt Reduction Task Force (Rivlin-Domenici) to the President’s National Commission on Fiscal Responsibility and Reform (Simpson-Bowles) to the Senate Gang of Six – has found that any credible, responsible effort to reduce the deficit requires a balanced approach that addresses both spending and revenue. The Republican plan fails that simple test. That’s probably not a surprise, since nearly all House Republicans have taken the position that they will refuse to close a single special interest tax loophole or eliminate a single subsidy to big oil companies for the purposes of deficit reduction.

The Democratic budget, by contrast, asks Americans to share in the responsibility for deficit reduction. It provides important tax relief for middle-income families, but refuses to continue special tax breaks for millionaires, billionaires, and special interests.

Our budget eliminates Big Oil subsidies and special interest tax breaks and asks for shared sacrifice from millionaires. While our men and women in uniform are putting their lives on the line in Afghanistan and other places around the world, it is unconscionable that the Republican budget would provide another windfall tax break to the wealthiest Americans rather than share the sacrifice in some small way to meet our common national challenges.

The Republican budget claim that modest changes in the individual income tax rates are the primary drivers of economic decision making and growth is totally detached from the empirical facts. Real GDP grew at the fast clip of 3.9 percent during the Clinton Administration and 21 million new jobs were created. By contrast, 653,000 private sector jobs had been lost by the end of the Bush Administration when the lower income tax rates were in place. And, again, median family incomes fell by 3 percent in real terms – clearly the antithesis of “trickledown.” The facts are clear: the major factors driving economic growth have little to do with modest changes in income tax rates. The trickle-down theory of economics, if not already discredited, crashed into the brick wall of reality given the economic performance during the eight years of the Bush Administration. That wrongheaded theory did, however, help explode the deficit.

#### **Deficit Reduction through a Balanced Approach —**

- **Gets Debt under Control as a Percentage of the Economy —** Under the Democratic budget, the deficit falls from 8.7 percent of GDP in 2011 to under 3 percent of GDP by 2015, and it remains there through the remainder of the 10-year budget window. After climbing because of large deficits through 2014, debt held by the public slowly declines as a percent of GDP through the rest of the budget window.
- **Cancels Sequestration and Replaces it with a Balanced Deficit Reduction Approach —** Instead of reducing the deficit only through the across-the-board spending cuts under the Budget Control Act’s sequestration procedures scheduled to begin in January 2013, the Democratic budget reduces the deficit through a balanced approach involving specific policy choices. The budget replaces the \$1.2 trillion in deficit reduction scheduled under sequestration with deficit reduction from a combination of cutting spending and raising revenues by simplifying and reforming the tax code to eliminate special interest preferences and tax breaks for the wealthy. A balanced approach is more conducive to boosting economic growth and job creation than a cuts-only approach that guts health and retirement security and shrinks investment in order to finance far deeper tax cuts for the wealthy than they now enjoy.
- **Provides Tax Relief for Middle-Income Families —** The Democratic budget provides continued tax relief to millions of middle class families and protects progressivity. In particular, our resolution would end the unwarranted and fiscally irresponsible Bush-era tax breaks for millionaires, close a variety of corporate tax loopholes, and apply a “Buffett Rule” to ensure that middle class working families do not face higher effective tax rates than the wealthiest Americans.

Our resolution would also accommodate an expansion of incentives for lower- and middle-income families to earn income, save for retirement, and attend college – activities that will strengthen the middle class and help ensure that the United States remains a land of opportunity for all, not just for the most well off.

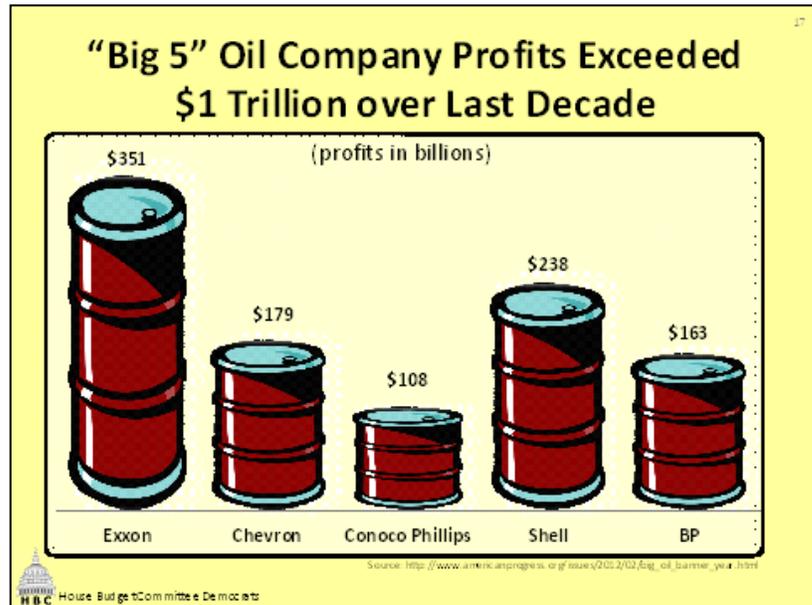
- **Ends Special Tax Breaks for the Super-Wealthy —** The Republican budget would extend all of the Bush-era tax cuts, including tax cuts for millionaires – costly provisions that did next to

nothing to spur economic growth for the past decade but did help to transform trillions of dollars in forecasted budget surpluses into a sea of deficits. The Republican budget then doubles down on these tax giveaways by showering trillions of dollars in additional tax cuts for the wealthy through dropping the top individual and corporate tax rate from 35 percent to 25 percent – financed by raising taxes on the middle class. Finally, Republicans’ proposed changes to the corporate tax system would actually expand tax incentives to ship jobs and capital overseas.

Ten years of Republican tax policies produced anemic economic growth, increased income inequality, and dramatically increased deficits. Cutting tax rates for millionaires has proven to be a very ineffective, very costly way to generate new investment and jobs creation. Rather, ending these tax giveaways and using the savings to lower deficits and make investments in job creation, education, scientific research, and infrastructure will put our nation on the path to long-term economic growth.

- **Supports the “Buffett Rule”** — Our tax code allows the wealthiest Americans – who receive a substantial portion of their income through capital gains and dividends and who take advantage of a wide array of tax exclusions and deductions – to face much lower effective tax rates than middle class working families. To address this issue, the Democratic budget supports a “Buffett Rule” – named for the billionaire investor Warren Buffett, who observed that he pays a lower effective tax rate than his secretary – to better equalize the tax treatment of income received by the wealthy with that of the middle class and help keep tax rates down for households with incomes under one million dollars.

- **Closes Tax Loopholes for Special Interests** — The tax code is riddled with tax breaks for special interests that distort firms’ economic decisions, encourage inefficient investments and outsourcing of U.S. jobs and operations for tax purposes, and allow many of the biggest corporations to avoid paying taxes. According to a comprehensive study by Citizens for Tax Justice, 30 corporations whose pretax profits totaled \$160 billion over the 2008-2010 period not only did not pay any income tax but actually received tax refunds in those years.



The Democratic resolution ends tax subsidies for the major integrated oil and gas companies – the five largest oil companies together earned more than \$1 trillion in profits during the last

decade and don't need these tax breaks. It also closes loopholes that allow corporations to reap substantial tax benefits by shifting operations, capital, intellectual property, and jobs overseas for tax purposes. It supports enhanced incentives for U.S. domestic manufacturing through a "Make It In America" agenda. Initiatives include making the R&D credit permanent; repealing tax deductions for companies that move jobs and operations overseas while increasing tax incentives for companies that bring jobs and operations back to the U.S.; and providing key inducements for greater renewable energy production and advanced manufacturing.

- **Supports Corporate Tax Reform that Protects American Jobs** — The Democratic budget backs a corporate tax reform that significantly lowers top tax rates while eliminating many narrow, inefficient tax preferences – particularly those that enable firms to ship jobs and intangible property overseas for tax purposes. Our budget would also close loopholes that allow businesses to avoid taxes, subjecting more of their foreign earnings sheltered in tax havens to U.S. taxation. Finally, any corporate reform must be at least revenue-neutral and not increase deficits and debt. Corporate reform that lowers rates and strips away inefficient tax preferences without increasing deficits will boost U.S. competitiveness.

The Republican budget would move the U.S. corporate tax system to a purely territorial system that only taxes firms on their U.S. domestic profits while sheltering their foreign profits from U.S. tax liability, thereby costing the American economy thousands of jobs and billions of investment dollars. The Republican budget also provides no detail on addressing the prevalence of offshore tax havens – and the multinational corporations who seek to exploit them.

#### **Discretionary Spending under the Budget Control Act Caps —**

The bipartisan, bicameral leadership of Congress, together with the President, reached an agreement last August that established discretionary spending levels for 2013. Those levels were incorporated into the Budget Control Act (BCA). The Democratic budget is fully consistent with the requirements of the BCA. In contrast, the Republican budget violates the BCA agreement by cutting tight discretionary funds for 2013 by an additional \$19 billion below the agreed levels. The Republican plan acts as if these cuts are painless by hiding them in the allowances function, which amounts to an unallocated plug. Because the Democratic budget repeals the scheduled sequester and replaces it with greater, targeted deficit reduction, the Democratic budget is also consistent with the pre-sequestration caps in the years beyond 2013. The only way that the Republican budget meets the post-sequestration levels is through almost \$1 trillion in unspecified spending cuts hidden in a "plug" in a budget function that has no programs; this hardly suggests they have a plan in mind. And in fact, there is no feasible plan, because cuts of this magnitude would make it impossible for the federal government to meet the needs of its citizens.

- **Meets the BCA Levels for Both Defense and Non-Defense Funding** — The Democratic budget includes \$1,047 billion in discretionary budget authority subject to the initial BCA caps for 2013. The budget uses several of the adjustments available under the Act as discussed below.

Within this total, the budget includes \$546 billion for programs in the defense function and \$501 billion for non-defense programs.

- **Has Flexibility to Meet the President's Security Cap** — Our budget provides Congress with the flexibility to meet the President's security category total. This category includes spending for international affairs, veterans programs, and programs funded in the Department of Homeland Security. The reductions in defense function programs within the security category could be shifted to other priorities that the President was unable to fund within the security category or could be restored to the defense function if the Congress and the President reach agreement to make such a change.
- **Closely Follows the President's Lead on Non-Defense Functional Distribution** — This budget matches the President's budget in most functional areas. However, the Democratic budget does not endorse the President's specific assumptions by program.
- **Provides Increased Funding for Transportation Programs** — The Democratic budget fully funds the President's proposed increase for surface transportation programs. As the President did, the budget uses savings from reduced war costs to rebuild this important aspect of the Nation's infrastructure.
- **Assumes No War Funding After 2014** — The President requested \$96.7 billion in funding for overseas contingency operations in 2013, \$30 billion below the level enacted for 2012, and included a placeholder of \$44.2 billion per year thereafter. The Democratic budget matches the President's request for 2013 and 2014. This budget assumes that no additional funds will be required beyond that time, which more accurately reflects the Administration's Afghanistan policy.
- **Funds the President's Disaster Request** — The President requested \$5.6 billion for disaster relief efforts of the Federal Emergency Management Agency and the Small Business Administration. The Democratic budget incorporates that request. The BCA allows the discretionary caps to be increased for disaster funding with certain limits. The full request here is eligible for an adjustment to the discretionary caps.
- **Supports Program Integrity Efforts** — The BCA allows for discretionary cap adjustments for funding that helps to ensure that only those eligible for certain programs receive benefits. In particular, the caps allow for additional funding for Social Security Administration efforts to conduct eligibility redeterminations and continuing disability reviews and for health care fraud and abuse reduction efforts. The Democratic budget fully funds the allowed program integrity efforts. In addition, the budget funds two program integrity efforts proposed by the President but not included in the BCA: reemployment and eligibility assessments for the unemployment insurance program and additional enforcement for the Internal Revenue Service (IRS). Like the efforts allowed under the BCA, the unemployment provisions are designed to ensure that only those eligible for benefits receive them. The funding for the IRS helps to ensure that those who owe taxes pay them as required. Unlike the initiatives listed by the BCA, these additional initiatives must be funded within the BCA cap level. The resolution would hold this

funding back from the Appropriations Committee so that it could only be used for these purposes. As a result, the initial 2013 allocation of budget authority to the Appropriations Committee would total \$1,046.3 billion.

# Appendix 1: The Democratic Budget by the Numbers

## Deficits

- Reduces the deficit by \$384 billion more than the President's budget, stabilizing the deficit at less than 3 percent of the economy.
- Reduces debt as a percentage of the economy beginning in 2015.
- Replaces the Budget Control Act's across-the-board spending sequester with greater deficit reduction from targeted policy choices, including both revenues and spending.

## Revenues

- Makes middle-class tax relief permanent and assumes savings from not extending the Bush tax cuts for millionaires, closing tax loopholes that provide incentives to ship jobs overseas, and reducing special tax breaks for the super-wealthy.
- Supports the "Buffett Rule" that ensures that the wealthy do not face a lower effective tax rate than working families.

## Mandatory spending

- Preserves the Medicare guarantee for seniors; in contrast to the Republican budget, which shifts rising costs onto seniors and individuals with disabilities by turning the promise of Medicare into a voucher of declining purchasing power.
- Protects Medicaid, unlike the Republican budget, which dismantles Medicaid, cuts it by \$810 billion, and repeals the Medicaid expansions under the Affordable Care Act.
- Retains retirement security for seniors, opposing the privatization of Social Security.
- Creates jobs now through the President's proposed jobs investments in infrastructure, education, and veterans.
- Assumes mandatory spending cuts that could come from reductions in agricultural direct payments, reducing duplication of services identified by the Government Accountability Office, and improving the solvency of the Pension Benefit Guaranty Corporation, among other changes.

## Discretionary spending

- Abides by the Budget Control Act's discretionary levels instead of walking away from a bipartisan, bicameral compromise.
- Closely follows the President's levels of regular discretionary spending for 2013, but does not assume the President's specific programmatic cuts.
- Does not assume funding for overseas contingency operations after 2014, saving \$322 billion compared with the President's budget.
- Funds program integrity measures that will tighten implementation in mandatory spending programs and help ensure taxpayers pay what they owe.

## Appendix 2:

### DEMOCRATIC BUDGET AGGREGATES

(in billions of dollars)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>'13-'17</u>	<u>'13-'22</u>
<b>Levels:</b>													
Receipts.....	2,393	2,739	3,068	3,377	3,622	3,834	4,012	4,199	4,422	4,642	4,869	16,641	38,785
Outlays.....	<u>3,641</u>	<u>3,704</u>	<u>3,757</u>	<u>3,885</u>	<u>4,109</u>	<u>4,286</u>	<u>4,481</u>	<u>4,753</u>	<u>5,008</u>	<u>5,264</u>	<u>5,544</u>	<u>19,741</u>	<u>44,791</u>
Surplus/Deficit.....	-1,249	-965	-689	-508	-487	-451	-469	-554	-586	-622	-675	-3,100	-6,006
<b>As a percent of GDP:</b>													
Receipts.....	15.4%	17.2%	18.5%	19.2%	19.4%	19.5%	19.4%	19.4%	19.6%	19.7%	19.7%		
Outlays.....	<u>23.5%</u>	<u>23.3%</u>	<u>22.7%</u>	<u>22.1%</u>	<u>22.0%</u>	<u>21.7%</u>	<u>21.7%</u>	<u>22.0%</u>	<u>22.2%</u>	<u>22.3%</u>	<u>22.5%</u>		
Surplus/Deficit.....	-8.1%	-6.1%	-4.2%	-2.9%	-2.6%	-2.3%	-2.3%	-2.6%	-2.6%	-2.6%	-2.7%		

**BUDGET BY FUNCTION**

(in billions of dollars)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2013-2017</u>	<u>2013-2022</u>
Budget Authority.....	3,746.5	3,609.3	3,696.7	3,857.7	4,113.6	4,325.3	4,543.1	4,784.5	5,056.6	5,302.7	5,580.4	19,602.7	44,870.0
Outlays.....	3,641.4	3,704.0	3,756.7	3,885.1	4,109.4	4,285.7	4,481.0	4,753.3	5,007.6	5,264.1	5,543.9	19,740.9	44,790.9
Revenue.....	2,392.9	2,739.5	3,067.9	3,377.4	3,622.0	3,834.4	4,012.1	4,199.2	4,421.8	4,641.7	4,868.8	16,641.0	38,784.7
Surplus (+)/Deficit (-).....	-1,248.5	-964.5	-688.8	-507.7	-487.5	-451.4	-468.9	-554.1	-585.7	-622.3	-675.1	-3,099.9	-6,006.1
Debt Held by the Public.....	11,423.9	12,497.8	13,289.8	13,893.7	14,476.7	15,023.5	15,577.5	16,210.3	16,871.4	17,565.0	18,311.4		
Debt Subject to Limit.....	16,140.3	17,309.3	18,198.8	18,910.6	19,632.5	20,365.9	21,128.5	21,961.4	22,811.7	23,681.5	24,575.1		
<b>050 National Defense</b>													
Budget Authority.....	560.8	553.9	564.1	574.3	585.6	598.8	612.1	625.4	639.7	654.0	671.0	2,876.8	6,078.9
Outlays.....	620.5	582.9	568.2	565.5	578.1	585.1	592.8	610.5	625.0	639.0	659.5	2,879.8	6,006.6
<b>150 International Affairs</b>													
Budget Authority.....	47.8	50.3	49.2	47.6	47.7	50.3	52.5	53.7	54.9	56.1	57.9	245.2	520.3
Outlays.....	47.5	49.0	49.7	50.0	51.1	51.9	52.4	51.5	51.7	52.8	54.2	251.7	514.2
<b>250 General Science, Space, and Technology</b>													
Budget Authority.....	29.1	29.6	30.1	30.7	31.2	31.9	32.6	33.4	34.1	34.8	35.7	153.5	324.0
Outlays.....	30.3	29.8	30.0	30.3	30.9	31.5	32.2	32.9	33.6	34.2	35.0	152.6	320.4
<b>270 Energy</b>													
Budget Authority.....	7.1	13.7	5.4	5.0	4.9	4.7	4.6	4.5	4.5	4.5	4.6	33.7	56.5
Outlays.....	16.6	10.7	8.1	7.3	6.2	5.3	4.2	4.3	4.2	4.1	4.2	37.6	58.6
<b>300 Natural Resources and Environment</b>													
Budget Authority.....	36.8	35.7	36.6	37.1	37.8	38.9	40.4	41.2	42.5	42.8	43.7	186.1	396.7
Outlays.....	41.7	40.6	38.7	38.5	38.3	39.1	39.2	40.2	41.4	42.0	42.6	195.1	400.5
<b>350 Agriculture</b>													
Budget Authority.....	22.0	21.8	22.2	22.2	22.3	22.3	22.7	22.9	23.3	23.6	23.8	110.8	227.1
Outlays.....	18.6	24.7	22.1	21.7	21.8	21.9	22.2	22.5	22.8	23.2	23.4	112.1	226.1
<b>370 Commerce and Housing Credit</b>													
Budget Authority.....	48.2	3.8	9.5	9.6	10.4	12.1	14.7	17.1	24.9	17.7	22.2	45.4	142.0
Outlays.....	56.0	6.6	-1.1	-2.6	-4.3	-4.2	-2.5	-6.0	0.0	2.6	4.4	-5.6	-7.0
<b>400 Transportation</b>													
Budget Authority.....	138.6	88.5	102.3	109.0	116.1	122.8	129.5	94.6	96.4	98.3	100.3	538.8	1,057.9
Outlays.....	93.2	102.5	106.6	106.2	109.4	113.9	118.0	115.7	109.9	107.7	107.0	538.7	1,096.9
<b>450 Community and Regional Development</b>													
Budget Authority.....	46.9	17.3	11.9	12.1	12.4	12.6	12.9	13.2	13.5	13.8	14.1	66.4	134.0
Outlays.....	27.0	24.5	26.2	25.8	19.7	16.3	14.1	13.6	13.8	14.4	14.8	112.4	183.2

**BUDGET BY FUNCTION**

(in billions of dollars)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2013-2017</u>	<u>2013-2022</u>
500 Education, Training, Employment, and Social Services													
Budget Authority.....	160.5	85.0	77.2	81.1	89.2	99.3	103.8	107.7	108.5	109.6	111.2	431.7	972.6
Outlays.....	105.5	125.3	101.7	92.8	90.9	96.2	102.6	106.3	108.4	109.5	110.7	506.9	1,044.5
550 Health													
Budget Authority.....	355.2	370.7	470.9	543.0	593.0	638.2	676.0	719.2	773.1	813.3	869.2	2,615.7	6,466.6
Outlays.....	356.5	373.3	460.8	538.7	596.7	640.6	674.9	718.2	761.7	812.1	867.5	2,610.2	6,444.6
570 Medicare													
Budget Authority.....	492.3	515.1	543.1	567.8	616.7	633.9	655.5	716.8	768.0	819.3	898.9	2,876.6	6,735.0
Outlays.....	491.9	515.0	542.3	567.3	616.5	633.2	655.1	716.5	767.3	818.9	898.8	2,874.4	6,731.0
600 Income Security													
Budget Authority.....	556.4	538.0	502.6	501.0	507.5	505.2	507.4	522.5	534.1	547.2	564.8	2,554.3	5,230.2
Outlays.....	555.6	536.1	499.7	498.0	509.1	502.5	500.7	520.5	532.6	545.8	568.2	2,545.4	5,213.3
650 Social Security													
Budget Authority.....	778.6	822.2	865.7	910.7	959.2	1,013.7	1,072.8	1,137.3	1,206.5	1,278.2	1,353.7	4,571.5	10,620.1
Outlays.....	774.9	818.8	862.1	906.7	954.7	1,008.8	1,067.5	1,131.5	1,200.5	1,271.9	1,346.8	4,551.1	10,569.3
700 Veterans Benefits and Services													
Budget Authority.....	128.2	135.6	137.0	139.9	148.6	147.5	146.3	156.0	160.5	165.1	175.4	708.6	1,511.9
Outlays.....	128.5	135.3	137.5	140.0	148.3	147.1	145.6	155.3	159.8	164.3	174.6	708.1	1,507.7
750 Administration of Justice													
Budget Authority.....	58.8	53.5	55.0	55.8	58.5	57.9	59.0	60.2	61.4	62.8	68.0	280.8	592.1
Outlays.....	56.7	58.8	57.3	56.3	58.2	57.5	60.4	60.5	61.0	62.3	67.5	288.1	599.9
800 General Government													
Budget Authority.....	24.0	25.3	27.2	29.2	31.3	33.5	35.8	38.1	40.5	42.9	45.3	146.6	349.2
Outlays.....	29.6	26.8	27.6	29.4	31.6	33.4	35.5	37.7	40.0	42.4	44.8	148.8	349.2
900 Net Interest													
Budget Authority.....	224.0	235.8	254.8	299.5	367.5	438.4	507.1	572.5	630.6	678.1	726.4	1,596.0	4,710.8
Outlays.....	224.0	235.8	254.8	299.5	367.5	438.4	507.1	572.5	630.6	678.1	726.4	1,596.0	4,710.8
920 Allowances													
Budget Authority.....	-3.4	8.4	-18.4	-17.3	-23.7	-25.2	-26.7	-28.7	-37.5	-31.4	-74.7	-76.2	-275.2
Outlays.....	-3.4	6.9	-10.4	-14.6	-21.7	-24.0	-25.9	-27.9	-33.9	-33.1	-75.3	-63.9	-259.8
950 Undistributed Offsetting Receipts													
Budget Authority.....	-92.1	-91.6	-94.0	-100.4	-102.7	-111.6	-115.8	-123.3	-123.0	-128.0	-131.2	-500.3	-1,121.6
Outlays.....	-92.1	-91.6	-94.0	-100.4	-102.7	-111.6	-115.8	-123.3	-123.0	-128.0	-131.2	-500.3	-1,121.6
970 Overseas Contingency Operations													
Budget Authority.....	126.5	96.7	44.2	---	---	---	---	---	---	---	---	140.9	140.9
Outlays.....	62.2	92.2	68.8	28.8	9.2	2.7	0.7	0.2	0.1	0.0	0.0	201.7	202.7

**DISCRETIONARY CAPS AND THE DEMOCRATIC BUDGET**

(in billions of dollars)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Initial caps in BCA.....	1,047.0	1,066.0	1,086.0	1,107.0	1,131.0	1,156.0	1,182.0	1,208.0	1,234.0	1,266.1
Adjustments allowed under BCA:										
War funding.....	96.7	44.2	---	---	---	---	---	---	---	---
Program integrity.....	1.1	1.3	1.5	1.6	1.7	1.7	1.8	1.8	1.8	1.8
Disaster funding.....	<u>5.6</u>	---	---	---	---	---	---	---	---	---
Revised caps consistent with BCA.....	1,150.4	1,111.4	1,087.5	1,108.6	1,132.7	1,157.7	1,183.8	1,209.8	1,235.8	1,267.9
BA in Democratic Budget.....	1,150.4	1,111.4	1,087.5	1,108.6	1,132.7	1,157.7	1,183.8	1,209.8	1,235.8	1,267.9
Dem alternative compared to caps.....	---	---	---	---	---	---	---	---	---	---

**Memorandum:**

Breakout of Democratic Budget:

War funding.....	96.7	44.2	---	---	---	---	---	---	---	---
BCA program integrity initiatives....	1.1	1.3	1.5	1.6	1.7	1.7	1.8	1.8	1.8	1.8
Disaster funding.....	5.6	---	---	---	---	---	---	---	---	---
Defense function.....	546.0	556.0	566.0	577.0	590.0	603.0	616.0	630.0	644.0	660.7
Other.....	<u>501.0</u>	<u>510.0</u>	<u>520.0</u>	<u>530.0</u>	<u>541.0</u>	<u>553.0</u>	<u>566.0</u>	<u>578.0</u>	<u>590.0</u>	<u>605.4</u>
Total.....	1,150.4	1,111.4	1,087.5	1,108.6	1,132.7	1,157.7	1,183.8	1,209.8	1,235.8	1,267.9

Initial Allocation to the Appropriations Committee for 2013:

Initial caps in BCA.....	1,047.0
Backout program integrity initiatives not included in BCA.....	-0.7
Initial allocation to Appropriations....	1,046.3