



U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON THE BUDGET

B-71 Cannon House Office Building, Washington, DC 20515 (202) 226-7200 ★ democrats.budget.house.gov

Chris Van Hollen,
Ranking Democrat

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Highlights of the 2015 Democratic Budget

While the economy is recovering from the worst recession since the Great Depression, too many people still remain out of work, unable to take advantage of the nation's promise of opportunity for all. What is needed are investments in job creation and education, tax reform that promotes the growth of American businesses and tax fairness, and policies that support access to health care, retirement security, and a safe and secure nation. Those are the goals and policies behind the fiscal year 2015 Democratic budget resolution.

The Democratic budget maintains the nation's commitment to seniors, reinforcing the Affordable Care Act reforms that strengthen Medicare and improve benefits. It protects Medicaid, preserves Social Security, and strengthens the safety net. To adequately serve the nation's needs, it eliminates the sequester on mandatory spending entirely (including the cut to Medicare), eliminates the non-defense discretionary sequester starting in 2016, and keeps the nation secure with defense funding at the President's requested levels. All told, the Democratic budget is committed to fiscal responsibility, with debt declining as a share of the economy at the end of the budget window.

In contrast, the Republican budget is a direct attack on job creation and condemns America to economic decline by protecting perverse tax incentives to ship American jobs overseas while shortchanging investments in jobs here at home. It violates our commitments to seniors, punishes Americans struggling to stay afloat economically, and steepens inequality by protecting wealthy special interests as it takes resources away from everyone else. From 2016 through 2024, the Republican budget cuts non-defense discretionary appropriations by \$1.3 trillion, or 24 percent, below the amount needed just to stay at 2014 funding levels adjusted for inflation. As a share of the economy, it takes these investments to a level almost 40 percent lower than at any time in the last 50 years. These cuts will not just affect vital services – the Congressional Budget Office has estimated that these misguided austerity policies will mean fewer jobs in the short term.

Jobs and Investments that Strengthen the Economy

The Democratic budget's top priority is helping people to make it in America: creating more jobs now and making investments that will lead to long-term economic growth.

- **Infrastructure** – The budget provides funding to support the President's four-year, \$302 billion surface transportation reauthorization proposal that will create jobs while

helping to repair and modernize the nation's roads, bridges, railways and transit systems. Funding for many transportation projects is due to expire later this year and, according to the Administration, more than 700,000 jobs would be at risk. In contrast, the Republican budget slashes transportation investment for 2015 by approximately \$52 billion, stopping new projects and throwing construction workers off their jobs.

- **Education** – Funding education is one of the best investments we can make, both for the students themselves and for the economy. The Democratic budget provides \$76 billion over ten years for an early childhood education initiative and maintains funding for current education programs. In contrast, starting in 2016 and continuing throughout the budget window, the Republican budget's average 24 percent cut in non-defense appropriations translates into a cut of \$219 billion for education and job training; this would mean \$19 billion cut from early childhood education, \$89 billion cut from all of elementary and secondary education (including special education), and gutting current policy support for higher education by more than \$260 billion, including cuts to mandatory student loan programs and Pell grants.
- **Scientific R&D and innovation** – The Democratic budget provides robust funding to promote scientific jobs and biomedical research, innovation in U.S. manufacturing, information technology, energy, aeronautics and space exploration, and climate change science.

Growth and Opportunity for All

The Democratic budget supports an economy where there is opportunity for all. It assumes enactment of H.R. 1010, which increases the minimum wage to \$10.10 per hour. It supports economic equality and women's health and safety. It supports our veterans with new job opportunities and by pre-funding all discretionary programs at the Department of Veterans Affairs.

- **Enhances tax relief and tax fairness** – The Democratic budget extends the tax credits from the American Taxpayer Relief Act due to expire at the end of 2017, which include an increase in refundability of the child tax credit, relief for married earned income tax credit filers, the American Opportunity Tax Credit, and a larger earned income tax credit for larger families. It provides for enactment of legislation to expand the Earned Income Tax Credit for childless workers. It also supports additional deficit-neutral tax relief for individuals and families, and opposes the Republican budget's plan to lower the top individual income tax rate for millionaires to 25 percent while raising taxes on middle-class families. Overall, the Republican budget stands in stark contrast to ours by raising taxes on middle-class families with children by an average of at least \$2,000 in order to cut tax rates by one-third for households with incomes over \$1 million.

- **Assumes immigration reform** – The Democratic resolution includes spending and revenue levels that accommodate adoption of H.R. 15 – the Border Security, Economic Opportunity, and Immigration Modernization Act – and emphasizes the need for a vote on comprehensive immigration reform. Adopting H.R. 15 will provide an immediate boost to our economy and will lower our deficits by \$900 billion over the next two decades.
- **Extends Emergency Unemployment Compensation** – The resolution provides funding to extend Emergency Unemployment Compensation for one year. More than two million workers and their families have lost benefits since they were allowed to expire at the end of 2013, and thousands more are losing benefits each week. The Republican budget reflects the GOP’s continued refusal to consider an extension.
- **Preserves the social safety net** – The Democratic budget supports vital programs that serve low-income families, such as maintaining funding for the Low Income Home Energy Assistance Program, and increasing funding for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to support the 8.7 million individuals expected to participate. The budget endorses development of a national strategy to eliminate poverty, highlighting the important role that government plays in reducing poverty and noting that more than 40 million people are not living in poverty today because of these efforts. In contrast, the Republican budget increases the risk of hunger by cutting the Supplemental Nutrition Assistance Program (SNAP) by \$137 billion, or 18 percent, over ten years.

Commitment to Health Care

- **Reinforces the Affordable Care Act** – The Democratic budget supports ongoing implementation of the Affordable Care Act. The Republican budget repeals the Affordable Care Act, kicking millions of Americans off their health insurance plans. Nonetheless, their budget includes all of the approximately \$2 trillion worth of the law’s Medicare savings and revenues.
- **Preserves Medicare** – The budget rejects the Republican attempt to end Medicare as we know it, and reinforces the Affordable Care Act reforms that strengthen Medicare and improve benefits. It eliminates the mandatory sequester, preventing Medicare from facing sequester cuts.
- **Protects Medicaid** – The Democratic budget maintains the Medicaid program and supports its expansion under the Affordable Care Act. In contrast, the Republican budget converts Medicaid into a fixed block grant, slashing \$732 billion from the base Medicaid program, amounting to a cut of ten percent in 2015 that rises to more than one-quarter in 2024.

The Democratic Budget by the Numbers

Deficits – Provides for significant reduction in the deficit. At the end of the budget window, the deficit – at 2.3% of GDP – is growing more slowly than the economy and debt is shrinking as a share of the economy.

Revenues – Has a total revenue increase equivalent to that in the President's budget, but does not assume the President's policy changes. Expands the EITC for childless workers and extends the tax credits from the American Taxpayer Relief Act due to expire at the end of 2017. Accommodates additional deficit-neutral tax relief for individuals and families and encourages tax reform that does not increase the tax burden for the middle-class or low-income Americans, and that closes tax breaks for special interests.

Discretionary spending – Abides by the 2015 spending cap, and includes a deficit-neutral reserve fund to accommodate additional spending, split evenly between defense and non-defense. From 2016 through 2024, lifts the sequester on non-defense funding. Defense funding matches the levels in the President's budget. Overseas Contingency Operations funding matches the President's request for 2015, and then stops.

Mandatory spending – Maintains commitment to Medicare, Medicaid, and Social Security. Eliminates the mandatory sequester. Includes funding to extend Emergency Unemployment Compensation for one year, President Obama's four-year \$302 billion surface transportation reauthorization, and a \$76 billion early childhood education initiative.

HOUSE DEMOCRATIC ALTERNATIVE AGGREGATES

(in billions of dollars)

	<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>2023</u>	<u>2024</u>	<u>'15-'19</u>	<u>'15-'24</u>
Receipts.....	3,365	3,570	3,740	3,900	4,066	4,244	4,440	4,718	5,052	5,295	18,640	42,389
Outlays.....	<u>3,816</u>	<u>4,043</u>	<u>4,227</u>	<u>4,432</u>	<u>4,704</u>	<u>4,946</u>	<u>5,194</u>	<u>5,501</u>	<u>5,714</u>	<u>5,932</u>	<u>21,221</u>	<u>48,507</u>
Surplus/Deficit.....	-451	-473	-487	-532	-637	-702	-753	-783	-662	-637	-2,581	-6,118
Debt held by the public.....	13,259	13,792	14,344	14,932	15,628	16,390	17,206	18,060	18,789	19,498		
As a percent of GDP:												
Receipts.....	18.5%	18.6%	18.5%	18.4%	18.3%	18.3%	18.3%	18.6%	19.0%	19.1%		
Outlays.....	<u>21.0%</u>	<u>21.1%</u>	<u>20.9%</u>	<u>20.9%</u>	<u>21.2%</u>	<u>21.3%</u>	<u>21.4%</u>	<u>21.7%</u>	<u>21.5%</u>	<u>21.4%</u>		
Surplus/Deficit...	-2.5%	-2.5%	-2.4%	-2.5%	-2.9%	-3.0%	-3.1%	-3.1%	-2.5%	-2.3%		
Debt held by the public.....	73.1%	72.0%	71.1%	70.5%	70.5%	70.7%	70.9%	71.2%	70.8%	70.3%		

DISCRETIONARY CAPS FOR 2015 AND THE DEMOCRATIC BUDGET

(in billions of dollars)

	<u>Defense</u>	<u>Non-defense</u>	<u>Total</u>
Caps as included in the Bipartisan Budget Act of 2013.....	521.3	492.4	1,013.6
Budget Authority in Democratic Budget.....	521.3	492.4	1,013.6
Dem alternative compared to caps.....	---	---	---
Adjustments allowed under the Budget Control Act:			
War funding.....			85.4
Disaster and wildfire fighting 1/.....			7.8
Program integrity.....			1.5

Memorandum:

Initial Allocation to the Appropriations Committee for 2015:

Caps as included in the Bipartisan Budget Act of 2013.....	521.3	492.4	1,013.6
Back out new program integrity initiatives for which no adjustment is made in the Budget Control Act.....	---	-0.5	-0.5
Initial allocation to Appropriations.....	521.3	491.9	1,013.1

1/ The resolution assumes enactment of the President's wildfire fighting proposal.

FY15 Democratic Budget

Function Totals

in billions of dollars

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-2019	2015-2024
Budget Authority	3,826.9	4,027.4	4,250.1	4,469.1	4,727.6	4,986.1	5,225.4	5,529.3	5,756.8	5,989.3	21,301.1	48,788.0
Outlays	3,815.9	4,042.8	4,226.7	4,431.9	4,703.5	4,945.7	5,193.5	5,500.9	5,714.1	5,931.7	21,220.8	48,506.7
Revenue	3,364.5	3,569.5	3,739.6	3,899.9	4,066.0	4,244.0	4,440.1	4,717.6	5,052.5	5,294.9	18,639.6	42,388.7
Surplus (+)/Deficit (-)	-451.4	-473.3	-487.1	-532.0	-637.5	-701.7	-753.4	-783.2	-661.7	-636.8	-2,581.2	-6,118.0
Debt Held by the Public	13,259	13,792	14,344	14,932	15,628	16,390	17,206	18,060	18,789	19,498		
Debt Subject to Limit	18,350	19,001	19,716	20,484	21,322	22,191	23,076	23,943	24,691	25,411		
050 National Defense												
Budget Authority	529.7	569.5	577.6	586.9	595.2	604.4	613.8	624.1	639.3	656.7	2,858.8	5,997.1
Outlays	567.2	570.7	570.9	573.9	586.5	595.5	604.7	619.4	627.6	637.8	2,869.3	5,954.3
150 International Affairs												
Budget Authority	43.7	46.7	47.7	48.8	49.9	51.1	51.7	53.2	54.4	55.6	236.9	502.8
Outlays	43.6	43.6	44.7	45.6	46.6	47.3	48.1	49.3	50.4	51.5	224.1	470.7
250 General Science, Space, and Technology												
Budget Authority	29.3	30.5	31.1	31.8	32.5	33.3	34.0	34.8	35.6	36.4	155.3	329.3
Outlays	29.2	29.9	30.6	31.3	31.9	32.7	33.3	34.1	34.8	35.6	153.0	323.4
270 Energy												
Budget Authority	7.2	6.6	5.0	4.8	4.9	5.0	5.1	5.2	5.4	6.0	28.5	55.3
Outlays	7.6	5.6	3.9	3.8	4.2	4.4	4.7	4.9	5.1	5.3	25.0	49.4
300 Natural Resources and Environment												
Budget Authority	36.0	39.5	40.8	42.5	43.7	45.3	45.7	47.0	48.2	49.6	202.5	438.3
Outlays	40.3	41.2	41.3	42.5	43.3	44.7	45.4	46.5	47.8	48.5	208.5	441.5
350 Agriculture												
Budget Authority	16.5	22.2	21.8	21.7	21.2	21.4	21.9	22.1	22.6	23.0	103.4	214.3
Outlays	16.4	21.6	21.0	20.9	20.6	20.9	21.3	21.6	22.0	22.4	100.5	208.7
370 Commerce and Housing Credit												
Budget Authority	9.7	13.7	11.6	12.1	11.8	14.1	13.4	14.6	14.8	15.3	58.8	130.9
Outlays	-0.9	-1.3	-4.4	-4.9	-10.2	-8.3	-3.8	-4.1	-5.0	-5.7	-21.7	-48.6
400 Transportation												
Budget Authority	103.3	105.6	106.7	107.9	90.7	91.8	92.9	94.0	95.2	96.4	514.3	984.6
Outlays	96.3	103.1	106.8	109.0	108.0	104.4	103.3	104.0	105.0	106.0	523.1	1,045.8
450 Community and Regional Development												
Budget Authority	18.3	13.4	13.3	13.5	13.4	13.3	13.5	13.5	13.8	14.1	71.9	140.0
Outlays	25.1	22.7	22.2	19.0	18.6	18.0	15.8	13.8	13.6	13.7	107.6	182.5
500 Education, Training, Employment, and Social Services												
Budget Authority	95.8	101.4	111.3	116.4	119.8	122.1	124.4	125.7	126.7	126.9	544.6	1,170.4
Outlays	101.1	104.0	105.8	113.1	117.5	120.5	123.2	125.4	127.0	128.0	541.5	1,165.6
550 Health												
Budget Authority	490.9	554.7	611.9	635.4	669.5	714.6	743.2	782.4	823.4	866.3	2,962.5	6,892.4
Outlays	492.9	557.4	609.4	635.6	668.9	703.7	741.8	780.6	821.6	864.9	2,964.2	6,876.8

FY15 Democratic Budget

Function Totals

in billions of dollars

	<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>2023</u>	<u>2024</u>	<u>2015-2019</u>	<u>2015-2024</u>
570 Medicare												
Budget Authority	524.0	562.8	573.6	597.1	659.2	706.5	755.4	836.4	858.8	887.4	2,916.8	6,961.4
Outlays	524.0	562.7	573.5	597.0	659.1	706.4	755.3	836.3	858.7	887.3	2,916.3	6,960.5
600 Income Security												
Budget Authority	532.2	543.8	548.5	553.0	572.7	585.9	600.1	618.8	628.0	635.6	2,750.2	5,818.6
Outlays	529.6	544.7	544.5	544.2	568.0	581.3	595.0	618.1	622.3	624.7	2,731.0	5,772.4
650 Social Security												
Budget Authority	896.0	944.2	1,000.4	1,062.2	1,129.2	1,201.1	1,276.3	1,354.8	1,436.2	1,521.4	5,032.1	11,821.8
Outlays	892.2	939.4	995.4	1,056.5	1,123.2	1,194.8	1,269.7	1,348.0	1,429.1	1,513.9	5,006.7	11,762.3
700 Veterans Benefits and Services												
Budget Authority	154.0	166.6	164.9	162.8	174.3	179.3	183.6	195.7	192.5	189.3	822.6	1,762.9
Outlays	153.0	165.9	164.5	162.6	174.0	178.5	182.7	194.7	191.5	188.3	820.0	1,755.7
750 Administration of Justice												
Budget Authority	54.7	59.3	59.1	60.7	62.5	64.4	66.6	69.3	71.4	73.6	296.4	641.6
Outlays	48.4	56.7	62.7	65.3	63.2	64.0	66.0	68.7	70.8	72.9	296.2	638.6
800 General Government												
Budget Authority	25.4	25.3	26.2	27.4	28.6	29.5	30.4	31.4	32.3	33.2	132.9	289.6
Outlays	24.7	25.1	26.0	27.1	28.1	29.0	29.9	30.9	31.8	32.8	131.1	285.5
900 Net Interest												
Budget Authority	268.2	324.4	399.5	484.6	554.7	616.1	669.6	722.4	772.7	816.6	2,031.4	5,628.9
Outlays	268.2	324.4	399.5	484.6	554.7	616.1	669.6	722.4	772.7	816.6	2,031.4	5,628.9
920 Allowances												
Budget Authority	2.2	-2.0	0.8	2.4	3.8	-0.7	0.6	4.2	9.8	16.8	7.3	37.9
Outlays	3.1	0.9	3.7	5.4	6.6	3.3	4.2	6.5	11.6	17.7	19.7	62.9
950 Undistributed Offsetting Receipts												
Budget Authority	-95.5	-101.0	-101.9	-102.9	-110.1	-112.3	-116.8	-120.2	-124.1	-130.7	-511.3	-1,115.4
Outlays	-95.5	-101.0	-101.9	-102.9	-110.1	-112.3	-116.8	-120.2	-124.1	-130.7	-511.3	-1,115.4
970 Overseas Contingency Operations												
Budget Authority	85.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	85.4	85.4
Outlays	49.3	25.6	6.5	2.2	0.9	0.7	0.0	0.0	0.0	0.0	84.5	85.3