U.S. House of Representatives
Committee on the Budget
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Summary of the 2013 Democratic Budget

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 come up with 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 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. 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 estimates that slow growth and under-employment account for over one-third of the projected deficit for 2012.

The Democratic Budget Helps Create More Jobs Now:

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.

- **Transportation Jobs** — The budget includes $50 billion to fund jobs that address immediate surface transportation priorities and $10 billion to establish an infrastructure bank. In contrast, the Republican budget makes deep cuts in transportation spending.
- **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. The Republican budget would just expand tax breaks for large multinational companies to ship investment capital and jobs overseas.
- **Education Jobs** — Our budget includes the President's request for $80 billion for initiatives to promote jobs now while creating an infrastructure that will help students learn and create a better future workforce. The Republican budget slashes our investments in education.
- **First Responder Jobs** — This budget includes $5 billion to help states and localities hire police officers and firefighters. This funding would provide immediate help to states and localities to reverse layoffs. The Republican budget ignores this important part of the President's plan.
- **Jobs for Veterans** – Our budget includes $1 billion for the President's proposal to establish a Veterans Job Corps and employ at least 20,000 veterans. The Republican budget excludes it.

The Democratic Budget Builds a Stronger America through Long-term Growth:

- **Education Investments** – Our budget matches 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. Our investment in education contrasts sharply with the Republican budget, which explicitly cuts education funding 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. In addition, the Republican budget slashes student loans and Pell grants for higher education by $166 billion over 10 years.

- **Innovation and Research Investments** — The Democratic budget funds science and engineering workforce development. It ensures funding for innovative manufacturing processes that will reduce costs by using less energy, improving product quality, and accelerating product development. The Republican budget cuts funding for environmental and commercial research and development, ignoring the benefits of these investments.

- **Small Business Investments** – Our budget provides additional resources for the Small Business Administration (SBA) to ensure that the lending volume for loan 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 Investments** – In addition to short-term jobs initiatives for transportation, this budget includes the President's six-year surface transportation proposal. These investments will create construction jobs and fuel long-term economic growth by modernizing our transportation systems. The budget also includes additional funding to maintain America's harbors, seaports, and waterways. It rejects Republican cuts that reduce spending by one-quarter over 10 years, including a cut next year that could force cuts to current projects.

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 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.

- **Protects Medicare Beneficiaries** – This budget firmly rejects the Republican budget's proposal to end the Medicare guarantee. The Republican budget gives seniors a voucher with an artificial price cap to purchase insurance and tells them to figure out how to keep their costs down. Instead, our budget supports the comprehensive reforms in the Affordable Care Act (ACA), which contains virtually every cost containment provision recommended by health care experts.

- **Prevents Reopening the "Donut Hole" and Increasing Costs of Preventive Care Services** – Our budget supports reforms in the ACA to close the prescription drug 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.

- **Protects Medicaid for Low-Income Families** – Our budget maintains Medicaid to ensure that low-income seniors, children, and people with disabilities continue to get needed services. In contrast, the Republican budget slashes Medicaid by $810 billion and block-grants it to states.

- **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 and leaves millions of Americans without coverage.

- **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. Nevertheless, many Republicans have continued to advocate privatization, which would put retirees' financial security at risk and worsen the deficit for decades. The Democratic budget affirmatively rules out privatization.

- **Preserves Supplemental Nutrition Assistance (SNAP)** – The Democratic budget fully funds SNAP and supports the President's proposal to continue certain benefits added because of the economic downturn. Nearly three-quarters of people served by SNAP are in families with children, and one-quarter are in households with someone who is elderly or disabled. In contrast, the Republican budget slashes SNAP funding relative to anticipated levels.

- **Extends Tax Cuts for Working Families** – The budget permanently extends the 2001-2003 tax cuts for the middle class and so does not allow taxes to be raised on the middle class. In contrast, the Republican budget increases tax breaks for the wealthy and special interests while raising the burden on working Americans.

Reduces the Deficit through Shared Responsibility — The Democratic budget reduces the deficit responsibly with policies that balance spending cuts with increased revenue. 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.

- **Gets Deficits Under Control** – Congress has already reduced projected deficits by $1.7 trillion by cutting discretionary spending 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. 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 decade.

- **Cancels Sequestration and Replaces it with Balanced Deficit Reduction** – The budget replaces the $1.2 trillion in deficit reduction under the scheduled January 2013 Budget Control Act (BCA) sequestration with greater deficit reduction from targeted spending cuts and revenue increases.

- **Makes Tough Spending Choices** – Our budget adheres to the tight total annual discretionary caps in the BCA. The budget assumes no funding for Overseas Contingency Operations after 2014, reflecting the President's plan to shift full lead of security operations to Afghan forces. The budget also includes mandatory budget savings from such things as reductions in agriculture direct payments, improvements to the solvency of the Pension Benefit Guaranty Corporation, and reducing duplication identified by the Government Accountability Office. The Republican budget violates the BCA agreement by cutting tight discretionary funds for 2013 by an additional $19 billion below the agreed levels.

- **Provides Tax Relief for Working Families and Ends Tax Breaks for the Wealthy** – Our budget 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 ends nearly $1 trillion in unwarranted and fiscally irresponsible Bush-era tax cuts for millionaires, closes a variety of corporate tax loopholes, and establishes a "Buffett Rule" to ensure that working families do not face a higher tax rate than the wealthiest Americans. The Republican budget, by contrast, will finance a windfall tax break for the very wealthy by increasing the tax burden on middle-income Americans. Combined with locking in the portion of the Bush tax cuts that disproportionately benefit the wealthy, the Republican budget will provide millionaires an average tax break of over $150,000.