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# SUMMARY OF THE FISCAL YEAR 2012 BUDGET RESOLUTION

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***Where the President has failed, House Republicans will lead. This budget helps spur job creation today, stops spending money the government doesn't have, and lifts the crushing burden of debt. This plan puts the budget on the path to balance and the economy on the path to prosperity.***

## KEY FACTS

### SPENDING

- Cuts \$6.2 trillion in government spending over the next decade compared to the President's budget, and \$5.8 trillion relative to the current-policy baseline.
- Eliminates hundreds of duplicative programs, reflects the ban on earmarks, and curbs corporate welfare bringing non-security discretionary spending to below 2008 levels.
- Brings government spending to below 20 percent of the economy, a sharp contrast to the President's budget, in which spending never falls below 23 percent of GDP over the next decade.

### DEBT AND DEFICITS

- Reduces deficits by \$4.4 trillion compared to the President's budget over the next decade.
- Surpasses the President's low benchmark of sustainability – which his own budget fails to meet – by reaching primary balance in 2015.
- Puts the budget on the path to balance and *pays off* the debt.

### TAXES

- Keeps taxes low so the economy can grow. Eliminates roughly \$800 billion in tax increases imposed by the President's health care law. Prevents the \$1.5 trillion tax increase called for in the President's budget.
- Calls for a simpler, less burdensome tax code for households and small businesses. Lowers tax rates for individuals, businesses and families. Sets top rates for individuals and businesses at 25 percent. Improves incentives for growth, savings, and investment.

### GROWTH AND JOBS

- Creates nearly 1 million new private-sector jobs next year and results in 2.5 million additional private sector jobs in the last year of the decade.
- Spurs economic growth, increasing real GDP by \$1.5 trillion over the decade.
- Unleashes prosperity and economic security, yielding \$1.1 trillion in higher wages and an average \$1,000 per year in higher income for each family.

## KEY OBJECTIVES

- **ECONOMIC GROWTH AND JOB CREATION:** Fosters a better environment for private-sector job creation by lifting debt-fueled uncertainty and advancing pro-growth tax reforms.
- **SPENDING CUTS AND CONTROLS:** Stops Washington from spending money it does not have on government programs that do not work. Locks in spending cuts with spending controls.
- **REAL SECURITY:** Fulfills the mission of health and retirement security for all Americans by making the tough decisions necessary to save critical health and retirement programs.
- **PATIENT-CENTERED HEALTH CARE:** Repeals and defunds the President's health care law, advancing instead common-sense solutions focused on lowering costs, expanding access and protecting the doctor-patient relationship.
- **RESTORING AMERICA'S EXCEPTIONAL PROMISE:** Tackles the existential threat posed by rapidly growing government and debt, applying the nation's timeless principles to this generation's greatest challenge. Ensures that the next generation inherits a stronger, more prosperous America.

## KEY COMPONENTS

### *Efficient, Effective and Responsible Government*

- Prioritizing National Security: Reflects \$178 billion in savings identified by Defense Secretary Robert Gates, reinvesting \$100 billion in higher military priorities and dedicating the rest to deficit reduction.
- Streamlining Other Government Agencies:
  - Returns non-security discretionary spending to below 2008 levels.
  - Repeals the new health care law and moves toward patient-centered reform.
  - Reduces the bureaucracy's reach by applying private-sector realities to the federal government's civilian workforce.
  - Targets hundreds of government programs that have outlived their usefulness.
- Ending Corporate Welfare: Ends the taxpayer bailouts of failed financial institutions, reforms Fannie Mae and Freddie Mac, and stops Washington from picking the winners and losers across sectors of the economy.
- Boosting American Energy Resources: Removes barriers to safe, responsible energy exploration in the United States; unlocks American energy production to help lower costs, create jobs, and reduce dependence on foreign fossil fuels.
- Changing Washington's Culture of Spending: Locks in savings with enforceable spending caps and budget-process reforms, addressing not only what Washington spends, but also how tax dollars are spent.

### *Strengthening the Social Safety Net*

- Repairing a Broken Medicaid System: Ends an onerous, one-size-fits-all approach by converting the federal share of Medicaid spending into a block grant that gives states the flexibility to tailor their Medicaid programs to the specific needs of their residents.
- Preparing the Workforce for a 21st Century Economy: Consolidates the complex maze of dozens of overlapping job-training programs into more accessible, accountable career scholarships aimed at empowering American workers to compete in the global economy.

### *Fulfilling the Mission of Health and Retirement Security*

- Saving Medicare: Protects those in and near retirement from any disruptions and offers future beneficiaries the same kind of health-care options now enjoyed by members of Congress.
- Advancing Social Security Solutions: Forces action by the President and both chambers of Congress to ensure the solvency of this critical program.

### *Promoting Economic Growth and Job Creation*

- Individual Tax Reform: Simplifies the broken tax code, lowering rates and clearing out the burdensome tangle of loopholes that distort economic activity; brings the top rate from 35 to 25 percent to promote growth and job creation.
- Corporate Tax Reform: Improves incentives for job creators to work, invest, and innovate in the United States by lowering the corporate tax rate from 35 percent, which is the highest in the industrialized world, to a more competitive 25 percent.