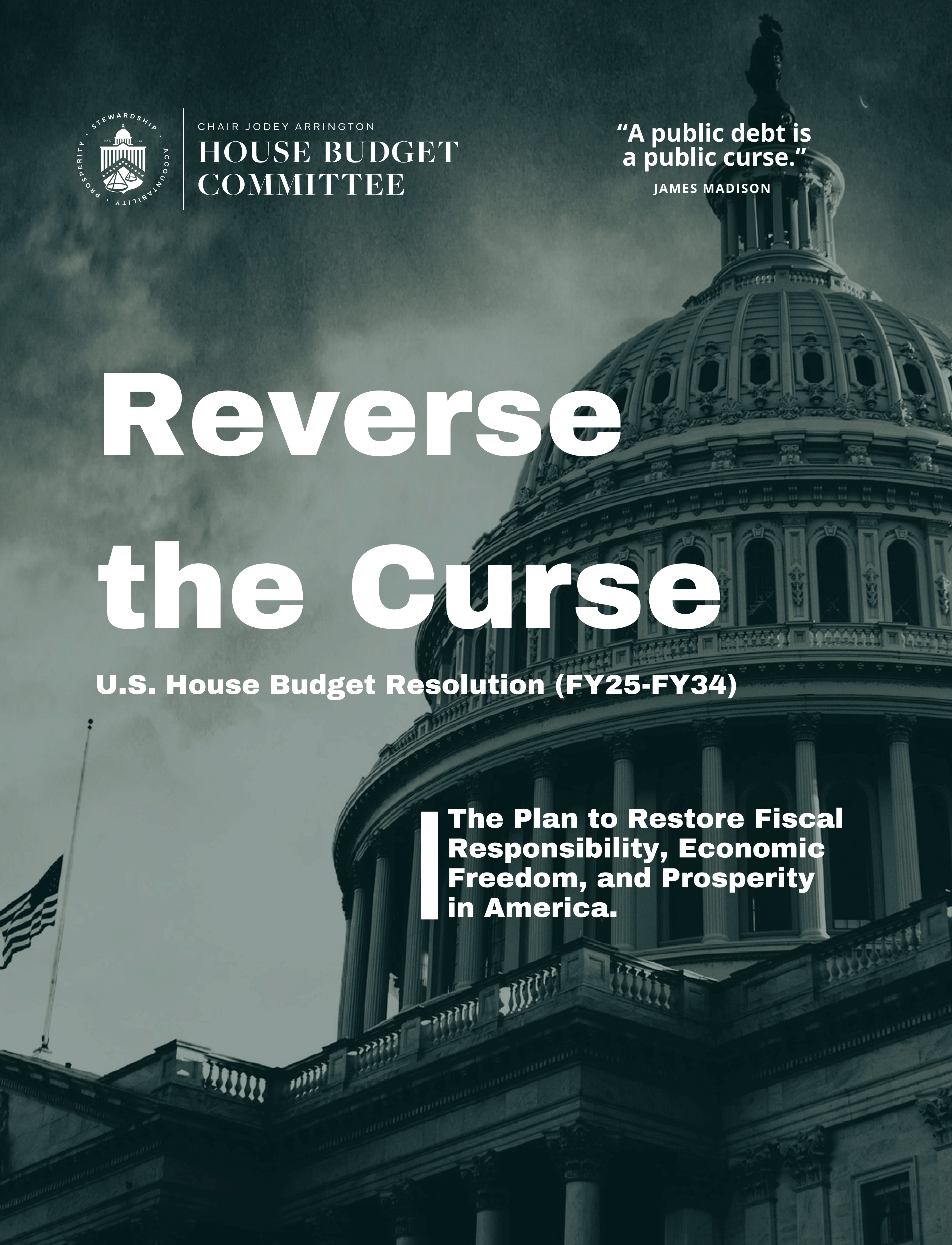


CHAIR JODEY ARRINGTON
HOUSE BUDGET COMMITTEE

> "A public debt is a public curse."
>
> JAMES MADISON

Reverse the Curse

U.S. House Budget Resolution (FY25-FY34)

The Plan to Restore Fiscal Responsibility, Economic Freedom, and Prosperity in America.

Table of Contents

Part I

Sounding the Alarm: America's Unsustainable National Debt

"A public debt is a public curse."

So said James Madison in a letter to Henry Lee in 1790. At the time, the new American government was struggling to pay off its $75 million debt to France, a country which had its own problems dealing with an increasingly violent revolution.

Today, our massive $35 trillion national debt has eclipsed the size of our economy—the largest in the world. We have the highest debt-to-Gross Domestic Product (GDP) ratio since World War II—and it's a time of relative peace and prosperity!

According to the nonpartisan Congressional Budget Office (CBO), over the next decade annual deficits will increase by roughly $1 trillion, adding another $20 trillion to the national debt-more than all discretionary spending. Net interest has more than doubled in the past three years and will nearly double in the coming decade, growing to the third largest expenditure item in the federal government. For every dollar we borrow, over 60 cents will go just to paying interest on the national debt. Today, net interest on the debt now exceeds what we spend on our entire national defense.

To make matters worse, Social Security and Medicare face looming insolvency. According to the most recent Trustees report, the Medicare's Hospital Insurance (HI) Trust Fund will be insolvent by 2036 and the primary Social Security trust fund will be insolvent by 2033.

The 30-year outlook goes from bad to unimaginably worse.

CBO predicts we will face a whopping $127 trillion in unfunded liabilities and an indebtedness nearly twice the size of our economy.

No one can look at CBO's projections and the federal government's balance sheet and not shudder at the rapid deterioration of America's fiscal health.

This unsustainable debt is being driven by the explosion of automatic spending from entitlements and other mandatory programs, which will account for almost 80 percent of our overall spending and 90 percent of our overall growth in spending over the next decade.

Runaway mandatory spending is fueled by three major factors:

- Unprecedented generational retirement—10,000 seniors per day
- Rising health care costs—185 percent increase over the past 20 years
- Soaring interest on our debt—35 percent of federal taxes within three decades
- Means-tested social welfare spending totaled $1.6 trillion in 2023 and absorbs 72.6 percent of unobligated revenues

This tidal wave of mandatory spending has fueled our deficits and crippled our ability to fund national priorities like infrastructure, our food supply, and even the military, undermining our economic vitality as well as our national security. In the 1960s, defense spending relative to GDP was 9 percent. Over the years, this has shrunk by nearly 70 percent, with defense spending today accounting for just 3 percent of GDP and declining.

Here's the bottom line: our out-of-control deficit spending and unsustainable debt is the greatest long-term threat to our country and our children's future.

And, no responsible leader can witness this precipitous fiscal decline and stand idly by defending the status quo.

The American people gave us a divided government not to sit in our respective corners with folded arms, but to responsibly govern by confronting the most significant challenges facing our country.

Let's be clear: both parties have contributed to this alarming financial predicament. This isn't a Republican problem or a Democrat problem – it's an American problem, and it's a mathematical reality that will require real leadership from both sides of the aisle before it's too late.

Two scenarios will emerge if we fail to confront this challenge:

- A slow and painful economic demise from sustained stagnation, OR
- A swift and catastrophic sovereign debt crisis whereby our creditors lose confidence in our ability to service and repay our debt, jeopardizing the dollar's dominance as the world's reserve currency and resulting in massive tax hikes and austere spending cuts

With dwindling resources and dire choices, both scenarios would imperil our Republic and our nation's future.

The only other time in American history that our debt-to-GDP ratio has been this high was in the aftermath of World War II. We were not only able to recover from that, but the United States emerged as the world's only superpower.

The greatest generation inherently understood their moral obligation to not leave the next generation of Americans, as George Washington described in his farewell address, with "a burden which we ourselves ought to bear."

Their strategy was simple, but certainly not easy—persisting in the difficult task of reducing government spending and unleashing economic growth.

We must grow our economy faster than our rate of deficit spending and inflation.

If we demonstrate that same sense of urgency, persistence, and political courage, we will preserve America's leadership in the world and secure the blessings of liberty for our children. If we don't, we will be the first of our nation's leaders to leave the next generation not with a better and brighter future, but with a worse and weaker country than we inherited.

We must "Reverse the Curse."

Part II

Making Matters Worse: Biden-Harris's Reckless Spending and Failed Economic Policies

During the Biden-Harris Administration's first two years, Democrats financed their socialist agenda and vast expansion of the federal government with an unprecedented $11 trillion in spending—$6 trillion of which has been added to the national debt. Under the guise of COVID relief and "Inflation Reduction," Democrats' unbridled spending and the Biden-Harris failed economic policies have lit the fuse on a cost of living crisis resulting in soaring prices, a fragile economy, and a nation barreling towards the precipice of an irreparable debt crisis.

President Biden's and Vice President Harris's "Inflation Reduction Act" (IRA) tax-and-spend monstrosity imposed massive tax hikes on job creators, strangled domestic oil and gas production, unleashed an army of Internal Revenue Service (IRS) agents on working families and small businesses, expanded Obamacare subsidies for wealthy Americans, and handed out hundreds of billions of dollars in green energy tax breaks.

The President and Vice President exacerbated inflation and weakened America's competitiveness with higher taxes.

They enacted policies that pay people more to stay home than to return to their jobs and waived work requirements for able-bodied adults—creating a labor shortage and trapping a whole new generation of Americans in poverty and government dependence.

They have unleashed an unprecedented barrage of regulations and executive actions, adding a record $1.7 trillion in new regulatory costs on the economy. To put this into perspective, this is over 5 times the regulatory costs added under President Obama ($327 billion) over the same period in his administration.[1]

In addition, the President and Vice President have launched a whole-of-government attack on American energy—the lifeblood of our economy, a cornerstone of our national security, and the blessing of affordable electricity and gas for families across the country.

Americans are suffering from a cost-of-living crisis as prices have skyrocketed by 19.7 percent while real wages remain 3.4 percent less per week than they were just three years ago, the equivalent of more than $7,500 in lost income per worker.

In the President's budget last year, the Biden-Harris Administration had the opportunity to recognize this somber economic reality, reverse course, and do what the American people have had to do—tighten their belts and change their spending habits. Instead, the President and Vice President doubled down on their socialist spending and failed economic policies, their woke and weaponized bureaucracy, and the big government that is bankrupting our country.

111 Million Taxpayers Would See Tax Increases Under the Biden-Harris Budget Proposal

	Includes People Earning Between	Percent of Tax Units Seeing a Tax Increase	Number of Tax Units Seeing an Increase	Average Tax Increase
Lowest Quintile	Less than $30,800	34.6	16,611,460	120
Second Quintile	$30,801-60,400	67.3	27,330,530	280
Middle Quintile	$60,401-107,300	76.6	28,702,020	570
Fourth Quintile	$107,301-194,800	72.4	21,937,200	1,220
80-90th	$194,801-284,400	84.6	10,888,020	2,080
90-95th	$284,401-410,200	97.6	6,129,280	3,210
Total				111,598,510

Source: Tax Policy Center

[1] Goldbeck, D. (2024, September 16). *Organ Transplant Proposal Leads Otherwise Quiet Week*. American Action Forum. https://www.americanactionforum.org/week-in-regulation/organ-transplant-proposal-leads-otherwise-quiet-week/

The Biden-Harris Administration's vast expansion of the federal bureaucracy and radical reimagination of the government's role in the lives of our citizens not only jeopardizes economic prosperity and security for future generations, but threatens to unravel the very fabric of our great nation.

We must rein-in Washington's wasteful spending, restore economic freedom, and unleash prosperity in America once again.

We must "Reverse the Curse."

Part III

Lighting the Way: Principles for Restoring Fiscal Responsibility

Ours is a country founded on the principles of personal freedom, self-determination, and hard work. That's been our history. The story of American prosperity offers an inspirational message ingrained in our national DNA. These values have led to the largest and most dynamic economy in the history of humanity and served as the foundation for the greatest opportunities, best quality of life, and highest standard of living for generations of Americans and untold people around the world.

These are the 10 guiding principles to restore freedom and fiscal accountability that inspired our budget resolution:

- The federal government and the resources that fund it belong to "We the People," not Washington politicians or unelected bureaucrats
- Congress has the power of the purse, and as such, congressional leaders are fiduciaries of taxpayer monies with the sacred trust of fiscal stewardship
- The Constitution limits the role and power of the federal government and affirms the broader role and powers of the states and our citizens

- The states are closer to the problem, more accountable to the people, and best equipped to provide the most innovative and cost-effective solutions
- The chief responsibility of the federal government is "to provide for the common defense" and "secure the blessings of liberty"
- Government spending, taxes, and debt have a direct impact on our freedoms, opportunities, and quality of life
- Economic freedom is essential to prosperity and prosperity is the foundation of a strong nation
- The American character of thrift, hard work, enterprise, and independence has been shaped by the freedom and opportunity provided by our economic system
- A free enterprise system is the best way to maximize quality of life and standard of living for the American people
- Work is a blessing and central to self-fulfillment, self-reliance, and America's unparallelled success and quality of life

Guided by these principles, our budget offers a blueprint for balancing our budget and restoring fiscal responsibility by reining in spending and unleashing economic growth.

Part IV

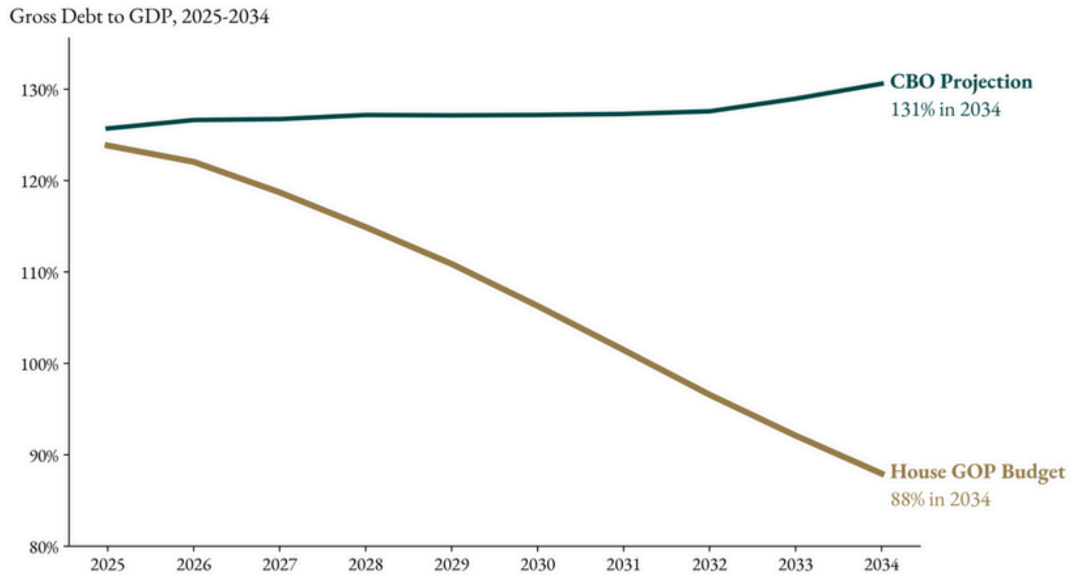
Reversing the Curse: The Path to Balance and Beyond

The fiscal state of our nation is unsustainable, but not unfixable.

Our budget focuses on two main objectives: reducing spending and promoting economic growth. That combination over the next 10 years can and will put our nation on a path to balancing our budget and bringing down our national debt.

Our resolution proposes to cut deficit spending by $14 trillion between fiscal year (FY) 2025 and FY 2034 compared to the February 2024 baseline budget—resulting in a balanced budget and a surplus of $44 billion.

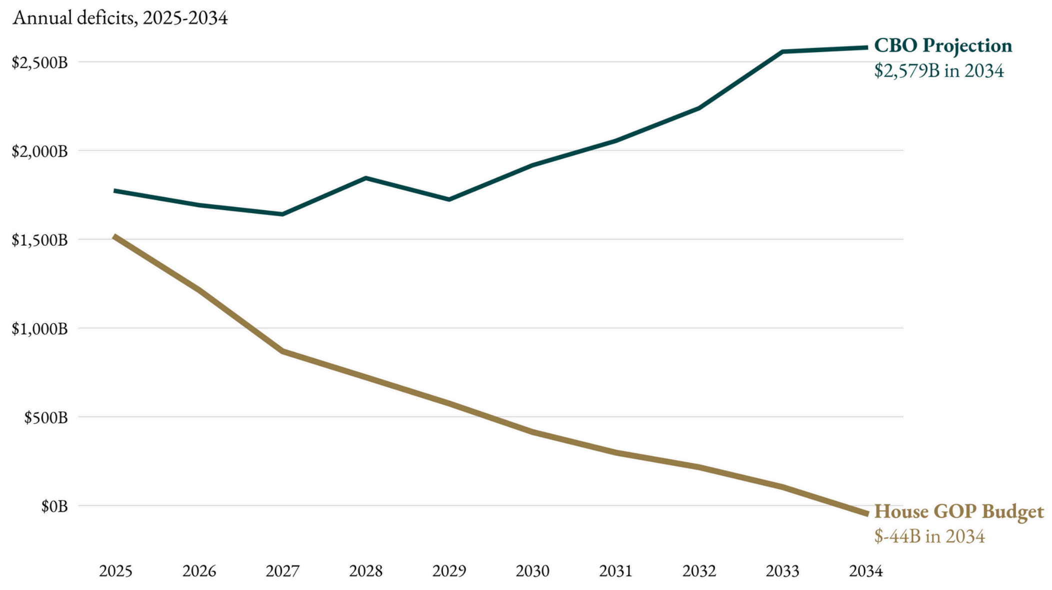
House GOP Budget Reduces Debt to GDP



When we rein-in spending and return to pro-growth policies, over time, we will reduce our debt-to-GDP ratio by over 40 points, restore fiscal responsibility, and put our nation on a path to prosperity.

Our budget will lower projected gross debt-to-GDP in 2034 from 131 percent to 88 percent.

House Budget Committee and CBO Budget Deficits (FY25-FY34)



A Stronger Fiscal Future:

Our budget makes it an urgent priority to enact policy reforms in the first year. In FY 2025, spending would be $241 billion lower than projected in the CBO baseline. This is important for several reasons.

Too often, Congress pledges to be fiscally responsible in the long-term, but continues deficit spending in the short-term. The promised responsibility never materializes with lawmakers caring more about their immediate political futures than the long-term health of our nation.

Reducing government spending is also a necessary part of reducing inflationary pressures and reversing the cost-of-living crisis caused by irresponsible fiscal and monetary policy.

It's impossible to balance the budget and rein-in spending if government spending is growing faster than the economy. Our budget would strengthen the economy and control spending in order to rightsize the government and put our country on a sustainable fiscal trajectory.

Another proven principle of fiscal responsibility is to keep the growth of overall spending lower than inflation and population growth.[2] This budget does that as well.

Leading by Laying out an Optimistic Vision:

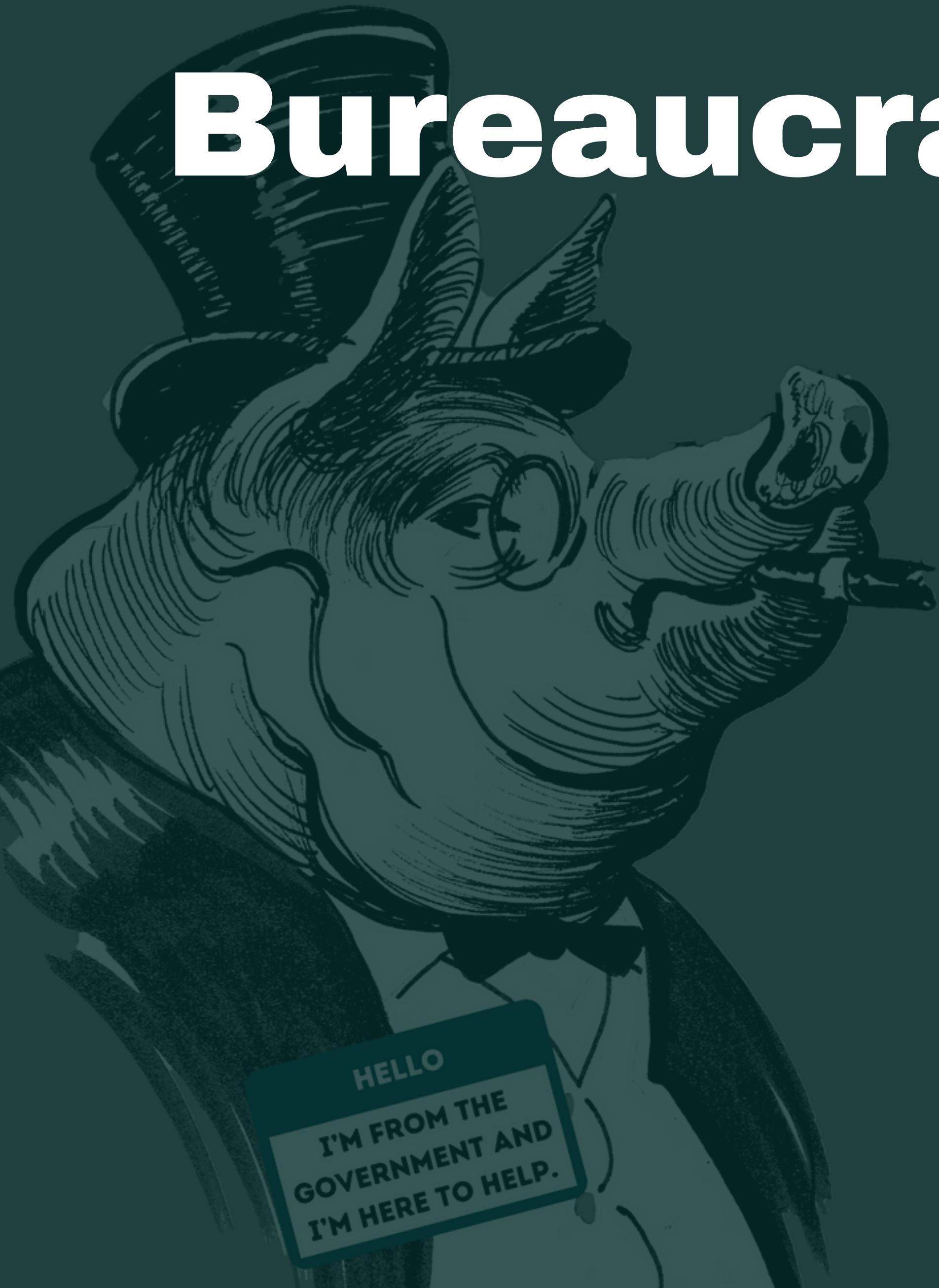
Our budget represents a bold and optimistic vision for America's fiscal future. With uncommon courage and common-sense policies, we can strengthen America's balance sheet, stave off a recession, and save our nation from a sovereign debt crisis.

To do that, our budget focuses on these five important strategies:

- **Right-sizing the bloated bureaucracy**
- **Reversing Biden-Harris' spending spree**
- **Reining-in runaway mandatory spending**
- **Rooting out waste and fraud in entitlement programs**
- **Reigniting growth and prosperity**

[2]Winfree, P. "Causes of the Federal Government's Unsustainable Spending," Heritage Foundation Backgrounder No. 3133, July 7, 2016, https://www.heritage.org/budget-and-spending/report/causes-the-federal-governments-unsustainable-spending.

Right-sizing the Bloated Bureaucracy

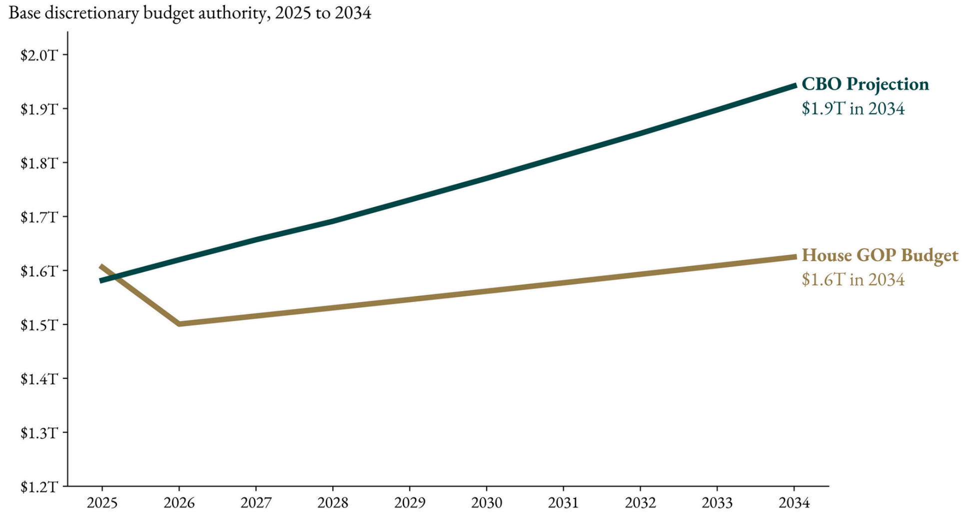


Resetting and Restraining Discretionary Spending

Our budget right sizes the bureaucracy and reins in wasteful Washington spending by setting FY 2025 discretionary spending at $1.606 trillion in accordance with the Fiscal Responsibility Act (FRA) for FY 2025 and the Limit, Save, Grow Act for FY 2026- FY 2034.

Additionally, our budget strategically resets the discretionary levels for FY 2026 through FY 2034 aligning them with the spending limits in the House-passed Limit, Save, Grow Act (H.R. 2811). By maintaining a disciplined growth rate of one percent for the subsequent years, we are on track to realize additional savings of $2.5 trillion over the budget window.

House GOP Budget Caps Discretionary Spending



Our budget resets discretionary spending levels without negatively impacting our national priorities: a strong defense, our commitment to veterans, and other critical services important to hardworking American families.

While our budget sets discretionary spending to the FRA level for FY 2025 and then to Limit, Save, Grow levels for FY 2026 through FY 2034, growing at 1 percent, it does so with the flexibility to prioritize mission essential areas such as national security, homeland security, and veterans' services.

Remove One-Time Spending from the Baseline:

This is a longstanding political ploy that transforms spending that should be temporary into a permanent part of the discretionary baseline.

Under current CBO rules, emergency spending that responds to a specific event in time is assumed to be repeated year after year.

This emergency spending is exempt from the normal budgetary controls and should be reserved only to respond to unanticipated national emergencies.

Unfortunately, this "off balance sheet gimmick" is too often abused to disguise increases in non-emergency spending. For instance, the FY 2023 omnibus spending bill included things like $3.6 billion for Housing and Urban Development Rental Assistance, $2.5 billion for the Low-Income Home Energy Assistance Program, and other non-emergency programs.

Of course, removing the “emergency spending” gimmick from the baseline does nothing to infringe on the ability of the federal government to respond to the natural disasters we know will occur each year and budget for them accordingly.

Our budget would also remove the assumption that the one-time spending from the "Infrastructure Investment and Jobs Act"—which was too broad, too expensive, and too extreme—continues beyond its authorization. This “Green Infrastructure Bill” spent tens of billions of taxpayer funds on wasteful and unnecessary projects, such as subsidized EV charging stations and other Green New Deal projects.

The funds provided by this law should have been targeted towards traditional roads and bridges, not wasteful initiative such as:

- $6.4 billion for the new Carbon Reduction Program
- $7.5 bilion for 500,000 electric vehicle charging stations and nation-wide electric infrastructure
- $10 million for career skills training to install energy efficient building technologies
- $5 billion for electric and low emitting buses and ferries
- $5.6 billion for low or no emissions bus projects

Rooting Out Woke and Wasteful Spending

Democrats, President Biden, and Vice President Harris have financed their socialist policies and radical agenda at the expense of our children's future. With an unprecedented $11 trillion in spending—$6 trillion of which was added to the national debt—a cost-of-living crisis has emerged for working families.

In fact, the average family of four is paying $17,000 a year more to purchase the same goods and services as they did in January 2021—over $1,400 more per month! This is completely unsustainable for the six out of 10 Americans who are living paycheck to paycheck.

While the American people have been forced to tighten their belts and change their spending habits as a result of Biden-Harris's spending-induced inflation, Democrats have been fighting tooth-and-nail for the status quo in government spending.

What has the status quo done for the American people? It created skyrocketing prices, shrinking paychecks, soaring interest rates, a culture of dependency, an overall weaker economy, and a more vulnerable nation.

Many in Washington will justify this spending as "COVID relief" but when you look closely, it's clear that Washington is spending a lot of money on a lot of things that the federal government should not be funding—bailouts and handouts, growing the bureaucracy, and injecting wokeness into every aspect of government and as a result, divisiveness into every corner of our country.

These are just some examples of wasteful and unnecessary Democrat spending:

- Over $1 billion to the Department of Homeland Security to police "political extremism"
- $286 million in taxpayer funds for organizations that provide abortions
- $25 million for the Global Equity Fund
- $385 million for green energy subsidies at the State Department
- $225 million to programs supporting Palestinians in the West Bank and Gaza

And billions more waste for all kinds of woke pet projects, including:

- LGBTQ+ museum in New York City and pride centers throughout the country
- 'Anti-racism virtual labs' set up by the Institute in Rhode Island
- Co-working and community spaces for women and gender expansive people of color
- 'Gender and non-conforming housing in New York'
- Workforce development programs for 'transgender, intersex, and gender non-conforming' immigrant women in Los Angeles

Refocusing on National Priorities

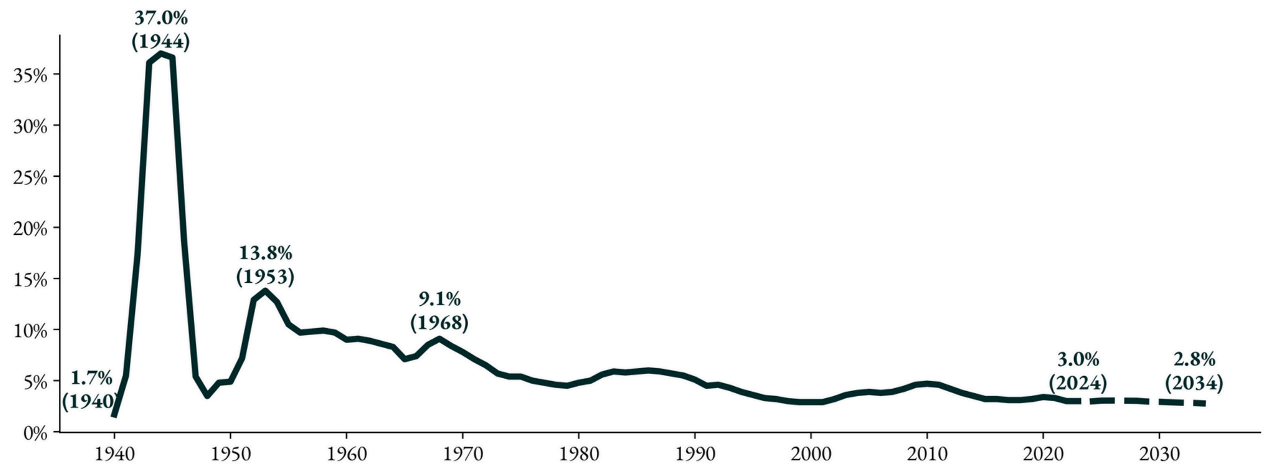
President Biden has repeatedly said, "Show me your budget and I'll show you your priorities." Judging from his past budgets, the President has very different priorities than the American people.

Our budget preserves critical defense spending to protect vital national interests today and modernize the military of tomorrow. Without urgent spending reforms, we will continue to squeeze our federal priorities like defense, which is already at pre-World War II spending levels, under the pressure of rising debt and soaring interest payments.

While we must also eliminate widespread waste at the Pentagon, it is critical we make the necessary investment to protect our nation and the American people—the first and most important responsibility. Our budget allows us to refocus on our troops and their security mission while canceling irrelevant programs and cutting unnecessary spending.

Defense Spending is Set to Fall to its Lowest Share of GDP Since Before WWII

Defense discretionary spending (percent of GDP), 1940-2034



Source: OMB; CBO June 2024 Budget Outlook

Securing Our Southern Border:

Our budget recognizes that border security is national security and provides the necessary resources to the Department of Homeland Security to deter and prevent illegal immigration, secure the border, stop the deadly flow of drugs, and effectively control the entry and exit of permanent and temporary workers and other valid visa holders. To achieve this, our budget supports H.R. 2, the *Secure the Border Act*.

In the Preamble of the Constitution, our Founding Fathers outlined the chief responsibility of the federal government—"provide for the common defense."

It is clear to any objective and serious person living in this country that the Biden-Harris Administration has abdicated its constitutional duty to provide for a common defense and has continually and intentionally failed in his sacred oath to protect the American people. As a result of President Biden's and Vice President Harris's failure to secure the border and enforce the laws of the land, our nation has experienced an unprecedented and unmitigated humanitarian and national security crisis.

Our budget prioritizes the safety of the American people, equips our Customs and Border Protection agents with the resources they need to regain control of the southern border, and stops the flow of drugs, crime, and criminals that the Biden-Harris Administration's policies have allowed to pour into our communities.

[3] Southwest Land Border Encounters, U.S. Customs and Border Protection.

Reversing the Biden-Harris Spending Spree

Reversing Biden-Harris Administration's Spending Spree

Inflation Reduction Act (IRA):

- **Dismantle The Biden-Harris Army of IRS Agents**: The IRA allocates $80 billion in new funding for the IRS—more than six times the agency's current annual budget. Included in the $80 billion is funding that Democrats originally planned to use to hire 87,000 new IRS agents. The IRS already targets lower- and middle-income earners, yet Democrats want to hire new IRS agents to expand audits of individuals and small businesses. Unfortunately, the IRS has a history of corruption and politicization, including admitting to targeting conservative groups for political harassment. The best way to ensure tax compliance is to simplify the tax code, not supercharge the bureaucracy—which is why our budget eliminates every last penny of the IRS expansion. Furthermore, the Economic Policy Innovation Center's recent study indicates that the IRS's increased enforcement funding has significantly underperformed expectations. Instead of the anticipated $2.9 billion to be collected in 2023, only $160 million was collected, and projections of $7.8 billion for 2024 have yielded just $360 million in the first quarter.

- **Repeal Green Corporate Welfare**: The IRA included hundreds of billions in taxpayer dollars for grants, loan guarantees, and tax breaks to push unreliable, unproven, and expensive green technologies onto the American people. These green energy tax giveaways and the Biden-Harris Administration's new emissions rule are expected to cost at least $870 billion through 2031—more than double the original projection of $400 billion.[4] While the Biden-Harris Administration's assault on domestic energy and spending-induced inflation is already causing consumers pain at the pump, 90 percent of the IRA's green corporate welfare benefits companies making over $1 billion—the very same Wall Street companies Democrats constantly demonize on the campaign trail. These giveaways also expand China's dominance over America's energy and critical mineral supply chains, enriching our greatest adversary at the expense of hardworking taxpayers.

- **Rolling Back Obamacare Subsidies for the Highest Earners**: The IRA spent over $64 billion expanding Washington-controlled health care, including so our nation's highest earners could qualify for taxpayer-funded subsidized health insurance. In fact, in certain areas of the country, families with a household income above $500,000 a year now qualify for Obamacare premium tax credits. Unfortunately, analysis by the Galen Institute has shown that "nearly 75 percent of the new spending goes to people who have coverage and largely replaces private spending with government spending." To that end, our budget supports saving taxpayers billions of dollars by reinstating the income eligibility limit to ensure government assistance is tailored to those most in need.

[4] Committee for a Responsible Federal Budget. (2024, February 13). IRA Energy Provisions Cost Could Double With New Emissions Rule-2024-02-13. Retrieved March 5, 2024, from https://www.crfb.org/blogs/ira-energy-provisions-cost-could-double-new-emissions-rule

Eliminating Expensive Government Overreach:

Excessive and overreaching regulations kill jobs, suppress growth, reduce wages, and increase costs to consumers. We need reasonable and limited rules for fair competition and consumer protection, basic safeguards for health and safety—BUT, by ceding our constitutional legislative powers, Congress has created a fourth branch of government and a massive “regulatory state” that is compromising our freedom, quenching our entrepreneurial spirit, and choking the life out of our economy.

In just three years, President Biden and Vice President Harris have unleashed an unprecedented barrage of regulations and executive actions at a record clip. All told, their administration has added $1.7 trillion in new regulatory costs to the economy, over five times the costs of the Obama White House’s regulations through three and a half years.[5]

- **Stop the Student Loan Bailout**: After having their original bailout plan struck down by the Supreme Court last summer, the Biden-Harris Administration has nonetheless continued to cancel billions of dollars’ worth of student loan debt through backdoor executive actions. Student loan debt cannot be canceled – President Biden’s and Vice President Harris’s actions shift the financial burden of loans from those who freely incurred them, onto the backs of the working class, many of whom do not even have a college degree. In response, our budget resolution stops all forms of these unconstitutional, inflationary, and regressive student loan debt cancellations.
- **Rescind the Unlawful Expansion of the Thrifty Food Plan**: In August 2021, the Biden-Harris Administration’s Department of Agriculture (USDA) defied congressional intent and conducted a reevaluation of the Thrifty Food Plan (TFP) without cost constraints, leading to a 23 percent increase in food stamps at the cost of $300 billion over ten years. At the request of Congress, the Government Accountability Office conducted a legal review of Biden and Harris’s reevaluated TFP and found that USDA’s actions violated the 1996 Congressional Review Act, which requires government agencies to submit significant policy updates to Congress. Additionally, USDA completely side-stepped the recommended peer review process and neglected to provide adequate reasoning for various decisions or sufficient analysis surrounding the “effects of decisions and comparison of alternatives” in their reevaluation. By not doing their due diligence on the project, exploring other options, or consulting lawmakers and other professionals, the Biden-Harris Administration circumvented Congress and continued down a path of fiscal irresponsibility, costing the taxpayers billions of dollars along the way. Our budget restores fiscal responsibility by rolling back these misguided, unilateral changes.
- **Reinforce Work Requirements:** Under the Biden-Harris Administration, the Fiscal Responsibility Act of 2023 (FRA) expanded welfare while weakening work requirements. Not only did this put taxpayers on the roll for $2.1 billion in projected Supplemental Nutrition Assistance Program (SNAP) spending but it undermined the dignity of work by trapping millions more able-bodied adults on the welfare rolls to the tune of, on average, 78,000 additional people per month between 2025 and 2030, according to CBO. Our budget empowers Americans by strengthening work requirements so they can lift themselves out of poverty.

[5] Goldbeck, D. (2024, September 16). *Organ Transplant Proposal Leads Otherwise Quiet Week. American Action Forum.* *https://www.americanactionforum.org/week-in-regulation/organ-transplant-proposal-leads-otherwise-quiet-week/*

Reining-in Runaway Mandatory Spending

Putting Patients in Charge of Health Care

Cutting wasteful spending and rightsizing the bureaucracy are important, but to truly Reverse the Curse and put America back on track, we must address the biggest drivers of our debt.

Hard working Americans demand it, beneficiaries need it, and our children and grandchildren deserve it. Our focus should be on protecting their futures, not our political fortunes.

Since taking office, President Biden and Vice President Harris have doubled down on the failed health care policies of the past. Democrats' one-size-fits-all, 'Washington knows best' approach has made health care less efficient for taxpayers, more complicated for patients, and increasingly onerous for providers.

Our budget focuses on a patient-centered health care system where patients are empowered to make informed decisions that best fit the needs of their families, doctors are unencumbered to treat their patients, and barriers to lifesaving technologies are replaced with competition and innovation.

The American people deserve affordable, accessible, and personalized health care from a competitive market that delivers low-cost, high-value options.

Our budget relies on the following four pillars to put health care decisions back in the hands of individuals, families, and their doctors—not unelected Washington bureaucrats or health care monopolies:

Enhancing the Doctor-Patient Relationship and Empowering Effective Consumers:

Our budget supports policies to improve care for Americans and bolster the physician workforce by reining in excessive administrative burdens and restoring the doctor-patient relationship. We must implement greater transparency in the health care delivery system so patients can make well-informed decisions and taxpayers know that their money is being well-spent.

Combating Waste, Fraud, and Abuse:

An unfortunate, yet foreseeable byproduct of Democrats' significant expansion of federal health programs and related mandatory spending is improper payments. To ensure the long-term viability of necessary health care programs, our budget supports policies to combat waste, fraud, and abuse, including by incentivizing states to protect taxpayer dollars from improper payments and taking action to maintain the integrity of programs such as the 340B drug pricing program to ensure tax dollars are safeguarded for those of greatest need.

Unleashing the Power of American Innovation:

The United States leads the world in medical innovation, providing Americans with access to cutting-edge delivery systems, treatments, and cures. The damaging effects of Democrats' government price controls are already apparent, presenting dire consequences to future research and development and killing patients' hope for new therapies, particularly for cancer and rare diseases. Our budget supports market-based solutions to unleash the power of innovation and preventive care, increasing patient access to new cures and therapies while lowering costs through competition and early intervention. More important than reforming health care programs, we must make the necessary changes to improve the overall health care system itself. We must remove all barriers to innovation, which have the greatest potential to drastically improve access to quality and affordable health care.

Fostering Healthy and Competitive Markets:

The health care sector in the United States lacks many of the characteristics of a healthy and competitive market. Our budget supports policies that lower costs and increase quality by eliminating Big Government intervention and private sector monopoly forces to restore market-based incentives that increase quality of care and reduce costs. Furthermore, the budget supports moving towards a health care system that rewards value and outcomes–instead of the current reimbursement system based on quantity of care delivered–through the use of value-based payment models.

These things include equalizing payments at identical settings of care, combatting hospital consolidation, increasing oversight of pharmacy benefit managers (PBMs), and enhancing price transparency.

Strengthening Medicare for Seniors

Saving Social Security and Medicare Requires Bipartisan Leadership:

Reversing the curse and restoring fiscal sanity in Washington requires real leadership—the political will to make tough decisions—and a responsible plan. It also requires telling the American people the truth: Social Security and Medicare are earned benefits that must be strengthened and saved, but they are also the two biggest drivers of debt, accounting for 99 percent of the projected deficits over the next 30 years. There is no escaping this fact.[6]

Last year, President Biden said, "I guarantee you I will protect Social Security and Medicare without any change. Guaranteed."[7] Except by ruling out any change, he has left these programs to become insolvent. The President's own actuaries confirm that if lawmakers and the President do nothing, the trust funds for Social Security and Medicare will be depleted within this ten-year budget window, meaning current retirees will be facing significant automatic cuts to their benefits.

The lack of urgency to address the insolvency of Social Security and Medicare is an unconscionable abdication of leadership.

Solving these problems isn't easy. Real leadership isn't either.

We need courageous leaders who are willing to overcome the forces of Washington that focus on short-term and immediate political gratification rather than the needs of the American people we were elected to serve.

It's why the looming crisis of Social Security and Medicare insolvency has persisted, regardless of who is in the White House or who holds the majority in Congress.

The only realistic way to address the insolvency of Social Security and Medicare is for Republicans and Democrats to come together, earnestly hash out our differences, and take decisive action.

Our budget calls for the creation of a bipartisan fiscal commission to get all sides together to fix the insolvency of Social Security and Medicare and focus on the U.S. government's long-term unfunded liabilities, in a depoliticized and responsible way.

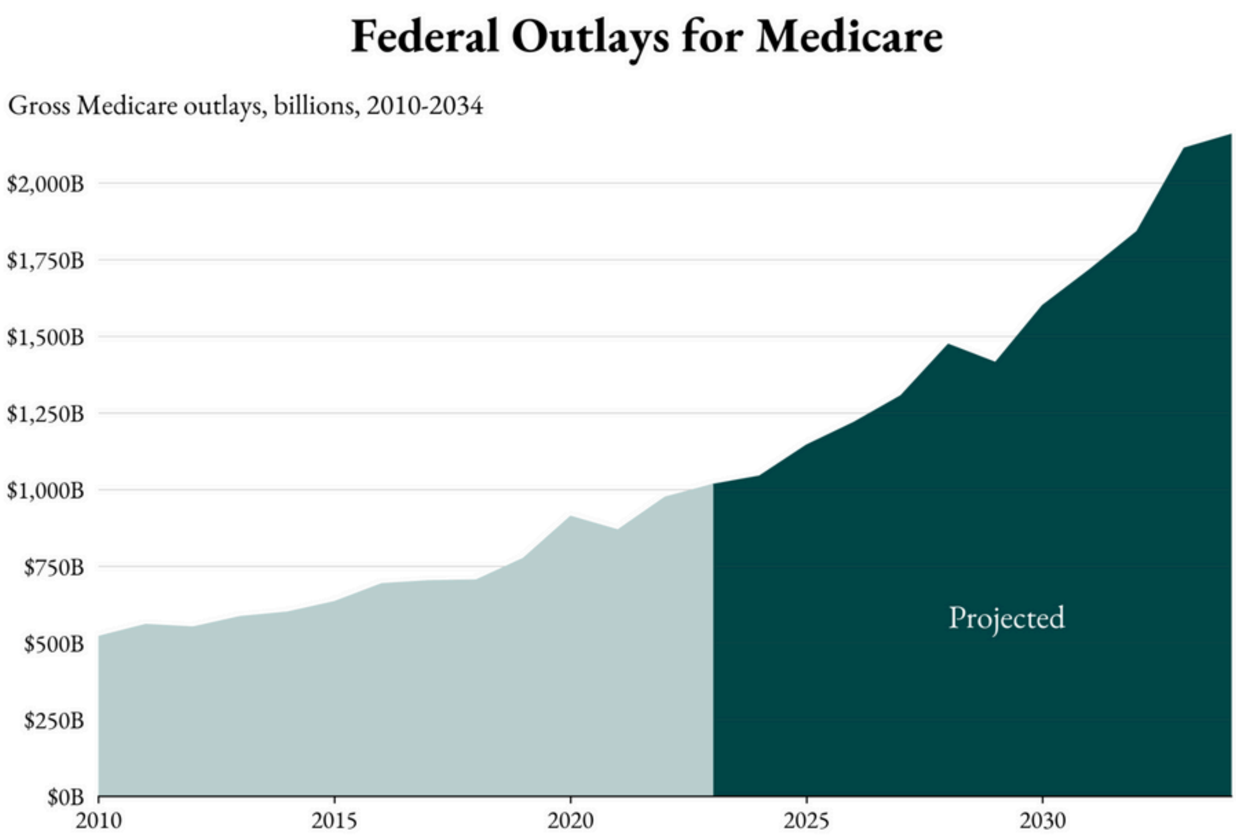
Our budget resolution does not make any changes to Social Security or Medicare benefits. Rather, it provides a mechanism to force Congress and the President, as well as Democrats and Republicans, to find consensus and fix Medicare and Social Security.

A bipartisan commission will devise reforms guided by three fundamental principles:

- First, we must be responsible stewards of taxpayer dollars by taking urgent action to address the unsustainability of these programs—the longer we wait to fix them, the more they will cost
- Second, we must give seniors peace of mind by protecting our current beneficiaries and those near retirement who have already planned on the current construct of Social Security and Medicare
- Third, we must modernize these decades-old programs by making them cost-effective and sustainable for future generations

[6] Riedl, B. (2018, October 10). A Comprehensive Federal Budget Plan to Avert a Debt Crisis. Manhattan Institute. Retrieved March 5, 2024, from https://manhattan.institute/article/a-comprehensive-federal-budget-plan-to-avert-a-debt-crisis
[7] Hutzler, A. (2023, March 10). Biden's 2024 budget doesn't include plan to shore up Social Security's finances. ABC News. Retrieved March 5, 2024, from https://abcnews.go.com/Politics/bidens-2024-budget-include-plan-shore-social-securitys/story?id=97773441

Strengthening Medicare for Seniors:



Source: CBO, Historical Budget Data, June 2024 Baseline

Medicare is the largest federal health program by spending and the second largest by enrollment. Last year, gross costs from the Medicare program totaled $1.02 trillion, and CBO projects spending to more than double by 2034, exceeding $2.1 trillion.[8]

An aging population will increase the number of beneficiaries relying on Medicare, projected to be over 80 million in 2033, up from 67 million in 2023.[9]

As Medicare continues to consume an increasingly larger portion of the federal budget, the program also faces significant long-term fiscal challenges. The Medicare Trustees project that Medicare's Hospital Insurance (HI) Trust Fund will be insolvent by 2036 and estimates that there will be $52.8 trillion in long-term unfunded promised benefits in the Medicare program.[10] This does not include the tens of trillions that will accrue in additional interest costs.

Our budget protects Medicare beneficiaries and strengthens the Medicare program through policies that drive down out-of-pocket costs for seniors, stop overpayments, and enhance our health care workforce.

[8] Congressional Budget Office, The Budget and Economic Outlook: 2024 to 2034, June 18, 2024, https://www.cbo.gov/publication/60039
[9] 2024 Annual Report of The Boards of Trustees of The Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, https://www.cms.gov/oact/tr/2024.
[10] Ibid.

Creating Payment Parity for the Same Services:

Unnecessary costs in health care are not only breaking the budgets of working families, but they are bankrupting our country. Patients, providers, and taxpayers should pay the same amount for the same service, regardless of the setting. Currently, a hospital outpatient department is paid substantially more by Medicare compared to other delivery settings such as a physician office or ambulatory surgery center. This difference in reimbursement rates for the same services has created a financial incentive for hospital systems to acquire freestanding physician offices, fueling consolidation that reduces competition, drives up costs for patients and limits health care provider choices for patients. This includes payment for lower-complexity services such as office visits, imaging, and drug administration, which the Medicare Payment Advisory Commission (MedPAC) has noted are safe and effective to be delivered in a physician's office.

Because Medicare pays more, seniors also pay more in out-of-pocket cost sharing requirements, as well as Part B premiums and deductibles, which are indexed annually to a percentage of program costs. Accordingly, equalizing payments for certain outpatient services will decrease spending in Medicare and reduce costs for millions of seniors. Our budget supports equalizing Medicare payments for health care services that can be safely delivered in a physician's office. [11]

Improving Uncompensated Care:

Medicare currently provides additional financial support to hospitals that serve a disproportionate share of low-income patients related to uncompensated care. These payments are limited to hospitals, which fails to acknowledge the amount of uncompensated care delivered in non-hospital settings. Furthermore, the Government Accountability Office (GAO) has found that Medicare overpays hospitals for uncompensated care. Our budget supports reforming uncompensated care payments by removing the payment from the Medicare Trust Fund and establishing a new uncompensated care fund that will equitably distribute payments to providers based on their true share of charity care and non-Medicare bad debt.

Aligning Medicare with the Private Sector:

Medicare currently reimburses hospitals for uncollected beneficiary cost sharing, or bad debt, while private payers do not typically reimburse providers for bad debt. While the intent of this policy may have been to prevent hospitals from shifting costs to other payers, limited evidence of cost shifting calls into question the need for bad debt Medicare payments. [12]Our budget supports aligning Medicare with the private sector by gradually decreasing the amount that Medicare reimburses providers for bad debt, which reduces overall Medicare Trust Fund expenditures.

[11] Medicare Payment Advisory Commission. June 2022 Report to the Congress: Medicare and the Health Care Delivery System. Washington, DC: MedPAC, 2022. https://www.medpac.gov/document/june-2022-report-to-thecongress-medicare-and-the-health-care-delivery-system/.
[12] Congressional Budget Office, Options for Reducing the Deficit 2019 to 2028, December 2018 https://www.cbo.gov/system/files/2019-06/54667-budgetoptions-2.pdf

Streamlining Graduate Medical Education (GME):

All Americans benefit from a strong physician workforce. However, the current system is not meeting the nation's needs either in terms of specialty or geography, particularly for Americans in rural areas. The complexity of Medicare GME payment formulas linked to a hospital's Medicare inpatient volume is inefficient with MedPAC acknowledging overpayments to teaching hospitals. Additionally, current formulas make accountability and oversight next to impossible.[13] Lastly, the current system fails to recognize the rapidly changing delivery model by discouraging resident training in lower cost outpatient settings. Our budget supports streamlining GME payments, providing greater flexibility for teaching institutions and states to develop innovative and cost-effective approaches to medical education. This will allow us to train more physicians to better meet our nation's needs.

Making Medicaid Work for the Most Vulnerable

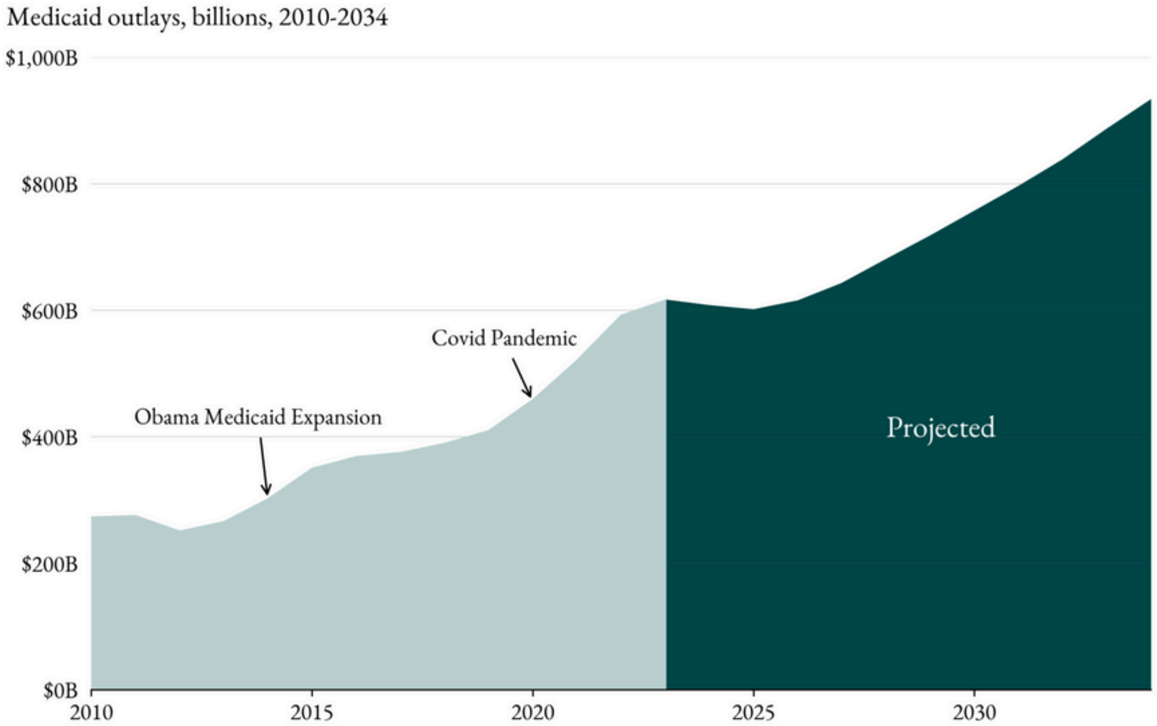
Rising government health care spending continues to be a key driver of deficits and the debt. Medicaid, the largest health care program in the United States by enrollment, has grown significantly from Obamacare's Medicaid expansion to the recent changes during the COVID pandemic.

Medicaid has grown so large that the program covered 1 in 4 Americans in 2022. In 2023, federal spending on Medicaid was $616 billion, a 51 percent increase from 2019, prior to COVID, and a 132 percent increase from 2013, before Obamacare's radical expansion of Medicaid to able-bodied adults went into effect. A disappointing consequence of this spending growth is rampant fraud: the Office of Management and Budget (OMB) reported over $50 billion in taxpayer monies were spent on Medicaid improper payments in 2023.[14]

By 2034, CBO projects federal spending on Medicaid will grow to $932 billion. Combined with state spending, total Medicaid costs are projected to exceed $1 trillion annually.[15] This unrestrained growth in Medicaid spending is unsustainable, piling billions more on to existing federal deficits. This is putting tremendous pressure on state budgets, crowding out their ability to fund priorities such as education and infrastructure as well as to ensure access to health care for Medicaid enrollees.

[13] Medicare Payment Advisory Commission. June 2021 Report to the Congress: Medicare and the Health Care Delivery System. Washington, DC: MedPAC, 2021. https://www.medpac.gov/wp-content/uploads/import_data/scrape_files/docs/default-source/default-document-library/jun21_ch6 _med pac_report_to_congress_sec.pdf
[14] Office of Management and Budget, "Annual Improper Payments Datasets" 2023 Dataset, January 2024, https://www.paymentaccuracy.gov/payment-accuracy-the-numbers/
[15] Congressional Budget Office, The Budget and Economic Outlook: 2024 to 2034, June 18, 2024, https://www.cbo.gov/publication/60039

Federal Outlays for Medicaid



Source: CBO, Historical Budget Data, June 2024 Outlook

To make matters worse, the Medicaid program is not producing quality results. Research suggests that in some cases, Medicaid recipients have worse health outcomes compared to uninsured individuals.[16]Equally concerning is the Obamacare expansion for able-bodied adults squeezing services for the most vulnerable Medicaid population. Medicaid expansion has shifted resources away from low-income children and at-risk Americans to healthy, work-capable adults.[17]

Our budget makes health care more cost-effective by refocusing Medicaid resources on the most vulnerable Americans. It puts the Medicaid program on a sustainable path through common sense and compassionate reforms that protect this critical safety net for those that need it the most: children, pregnant women, individuals with disabilities, and seniors. These reforms include:

Putting Medicaid on a Budget:

The current federal match financing model in Medicaid incentivizes states to shift costs to the federal government and discourages them from participating in program oversight to drive down costs. Our budget proposes shifting to a per capita cap financing model where the federal government reimburses states for Medicaid costs up to a defined amount for each of the various beneficiary categories.

[16] Blase, B. and Balat, D. "Is Medicaid Expansion Worth it?," Texas Public Policy Foundation, April 2020, https://www.texaspolicy.com/wp-content/uploads/2020/04/Blase-Balat-Medicaid-Expansion.pdf.
[17] Blahous, C. and Sigaud, L. "The Affordable Care Act's Medicaid Expansion Is Shifting Resources Away from Low-Income Children," Mercatus Center at George Mason University, December 2022,https://www.mercatus.org/research/research-papers/affordable-care-acts-medicaid-expansion-shifting-resources-away-lowincome.

Establishing Work Requirements:

Our budget seeks to restore the dignity of work by proposing work requirements for able-bodied adults without dependents to qualify for Medicaid coverage, as included in the House Republican-passed *Limit, Save, Grow Act* (H.R. 2811). Certain populations would be exempted, such as pregnant women, primary caregivers of dependents, individuals with disabilities or health-related barriers to employment, and full-time students.

Ending Preferential Status for Adults:

Obamacare Medicaid expansion provides preferential treatment of able-bodied adults over children or individuals with disabilities with a set 90 percent FMAP federal reimbursement for the Obamacare adult expansion population. The budget supports ending Obamacare's preferential treatment for adults over children by equalizing federal reimbursement of expansion adults to the normal FMAP formula.

Enhancing Medicaid Program Integrity:

The GAO has listed Medicaid as a high-risk program since 2003 and nearly $81 billion in improper payments were estimated to have come from the Medicaid program in fiscal year 2022 alone. The budget supports policies to enhance Medicaid program integrity, reduce improper payments, and bolster enrollee eligibility verification to ensure Medicaid provides quality health care coverage to those most in need.

Stopping D.C.'s Special Treatment:

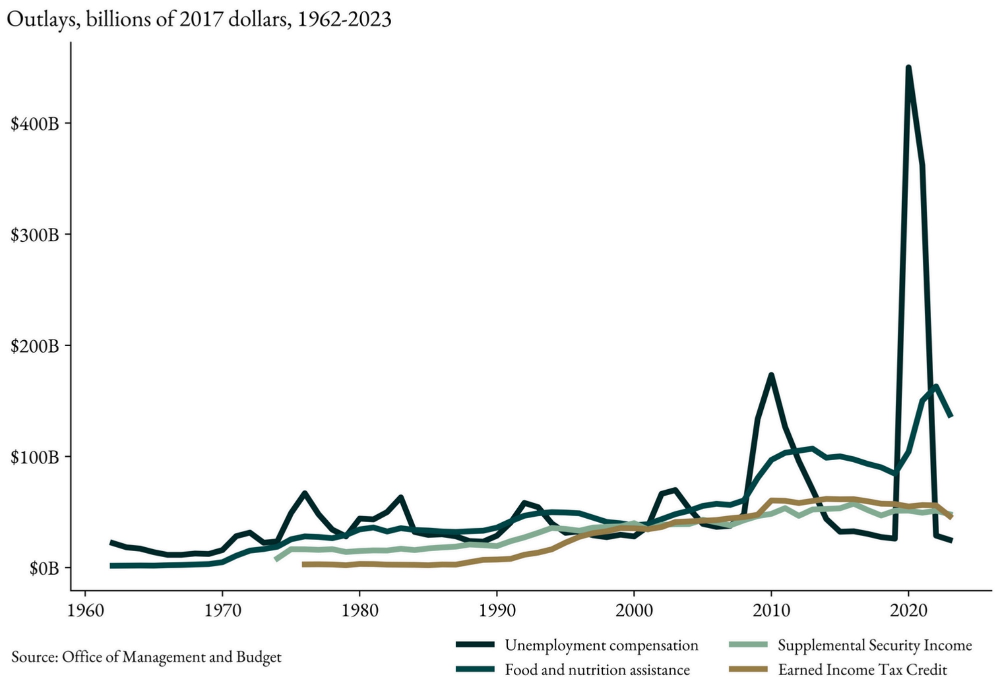
The nation's capital unfairly benefits from special treatment in federal Medicaid reimbursement with the federal government paying a larger share of the District of Columbia's Medicaid costs compared to every other state. Our budget supports equalizing the federal reimbursement for Washington, D.C. to that of the 50 states.

Ending Cradle to Grave Dependence

Welfare enrollment in 2023 was even higher in many programs than at the height of the pandemic and government lockdowns throughout 2020. As welfare enrollment has grown, welfare spending has skyrocketed. Outlays for welfare programs have grown significantly even in inflation-adjusted terms.[18]

In 2023 alone, means-tested social welfare spending totaled $1.6 trillion—up from $900 billion in 2019—absorbing 72.6 percent of unobligated general revenue. This translates to welfare payments received by the average work-age household in the bottom quintile of income recipients of $64,700 in 2022.

Real Spending on Welfare Programs



Despite this massive government investment, as of 2022, 37.9 million people were living in poverty.[19] Unfortunately, welfare programs often result in long-term dependency for a significant number of enrollees, which limits economic mobility for millions of Americans.[20][21]

Thankfully, there are more effective paths forward for families in need.

Welfare reforms in the 1990s led to substantial declines in poverty, increases in work, and decreases in government dependency.[22] The Temporary Assistance for Needy Families (TANF) program was a central feature of these reforms.

[18] Tanner, M. D. (2022). *Poverty and Welfare*. Cato Institute. Retrieved March 5, 2024, from https://www.cato.org/cato-handbook-policymakers/cato-handbook-policymakers-9th-edition-2022/poverty-welfare
[19] Shrider, E. A., & Creamer, J. (2023, September 12). *Poverty in the United States: 2022*. U.S. Census Bureau. Retrieved March 5, 2024, from https://www.census.gov/content/dam/Census/library/publications/2023/demo/p60-280.pdf.
[20] *Welfare Indicator and Risk Factors 21st Report to Congress*. (2022, March). U.S. Department of Health and Human Services. Retrieved March 5, 2024, from https://aspe.hhs.gov/sites/default/files/documents/08b81f08f8a96ec7ad7e76554a28efd1/welfare-indicators-rtc.pdf.
[21] Irving, S. K. (2015, May 28). *How Long Do People Receive Assistance?* Census Bureau. Retrieved March 5, 2024, from https://www.census.gov/newsroom/blogs/random-samplings/2015/05/how-long-do-people-receive-assistance.html
[22] Hall, J. (2022, March 14). *Child Poverty Has Been Cut in Half Since 1996 Welfare Reform*. The Heritage Foundation. Retrieved March 5, 2024, from https://www.heritage.org/welfare/report/child-poverty-has-been-cut-half-1996-welfare-reform

Our budget promotes opportunity and temporary assistance, rather than perpetual cradle-to-grave dependance. We build on the successes of the Fiscal Responsibility Act by strengthening TANF work requirements so states will engage more recipients in activities leading to self-sufficiency. We strengthen the work requirements for able-bodied adults in other welfare programs, such as the Supplemental Nutrition Assistance Program (SNAP or food stamps) and public housing programs.

Closing loopholes in federal law that allow many states to waive work requirements will prevent states from gaming the system and promote self-sufficiency.

The American economy faces a major challenge: too many people are neither employed nor actively seeking employment. Specifically, there are now about 8.1 million unfilled jobs, indicating a surplus of opportunities for unemployed adults. [23]

To help people get back into the workforce, our budget also reforms and strengthens job search requirements.

Improve Program Integrity and Modernization:

Many welfare programs are decades old and have never been seriously reevaluated or modernized. The budget would implement a range of reforms to modernize and improve programs, including requiring Social Security numbers for all Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) payments and requiring accountability from states and reporting on their use of federal funds. SNAP eligibility enforcement would be strengthened by ending the broad-based categorical eligibility loophole and ending the heat and eat loophole.

Reinstate the Public Charge Rule:

Longstanding immigration law states that an alien is “inadmissible” if he or she is “likely at any time to become a public charge.” But the term “public charge” is not clearly defined. The Trump Administration implemented a rule in 2019 to ensure that determinations took into consideration whether an immigrant was likely to rely on government assistance programs, such as Medicaid, SNAP, and public housing programs, and our budget would support that rule becoming the law of the land.

[23] Job Openings and Labor Turnover Summary - 2023 M12 Results. (2024, January 30). Bureau of Labor Statistics. Retrieved March 5, 2024, from https://www.bls.gov/news.release/jolts.nr0.htm

Reining-In Wasteful Interest Costs

According to the CBO, interest payments on the national debt will nearly double under current law from $892 billion (3.3 percent of GDP) in 2024 to $1.7 trillion (4.1 percent of GDP) in 2034—the highest level in American history. Over the next decade, net interest spending will total the staggering sum of $12.9 trillion.

Beginning this year, net interest will exceed our entire defense budget. By next year, it will be the third largest line item in our budget behind Social Security and Medicare, and greater than all combined non-defense discretionary spending. By 2034, interest costs will consume over 20 percent of revenue.

As the debt continues to grow, hard-working American families will see more and more of their money going towards government interest payments for which they get nothing in return—their dollars don't go towards fixing our crumbling infrastructure, providing services to seniors or veterans, or fulfilling the core functions of government. We are throwing money into the wind simply by continuing our unsustainable spending spree.

The President's and Vice President's inflationary policies have forced the Federal Reserve to raise interest rates, exacerbating these trends. The interest rate on 10-year Treasury notes for 2024 has increased from a projected 1.8 percent when President Biden and Vice President Harris took office to 4.6 percent. According to CBO, the Biden-Harris Administration's economic policies have caused interest payments to increase by $3.6 trillion over the next decade due to higher interest rates and inflation.

Our budget reins in the threat of higher interest payments on the debt to our economy in two ways:

- First, our budget will reduce interest payments on the debt by $1.2 trillion over 10 years from lower debt principal
- Second, according to CBO, each 10-percentage point change in the federal government's debt-to-GDP ratio causes a quarter point change in interest rates on the debt. Our budget lowers debt-to-GDP by more than 40 percentage points, sufficient to lower interest rates on the debt by more than a percentage point, reducing interest costs by $1.5 trillion over 10 years

In total, our budget reduces interest payments on the debt by $2.7 trillion—over 20 percent—compared to current CBO projections.

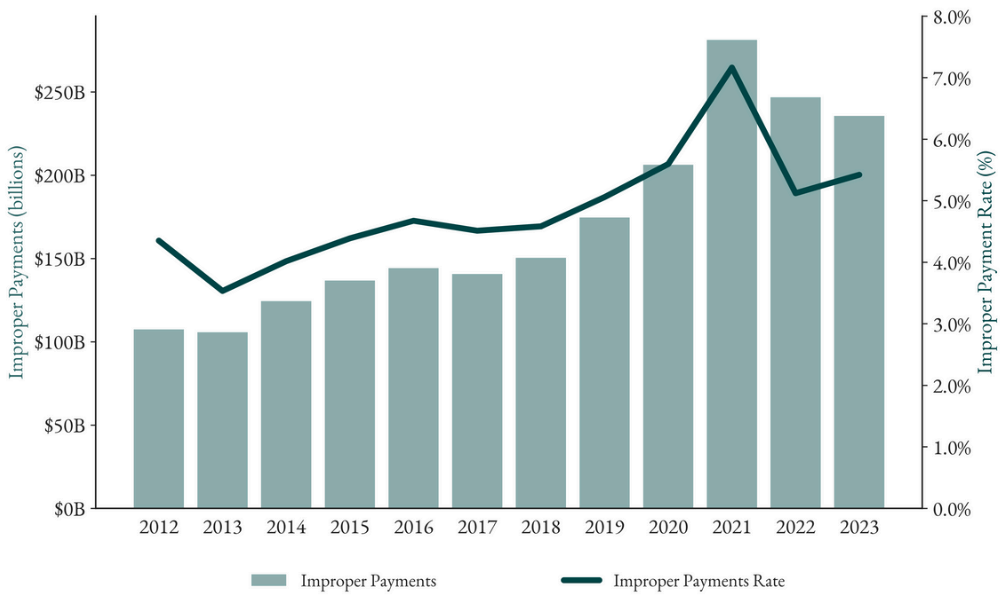
Rooting Out Waste and Fraud in Entitlement Programs

Rooting Out Waste and Fraud in Entitlement Programs

Gross financial mismanagement plagues the federal government.

The federal government is estimated to have made $2.7 trillion in improper payments since 2003.[24] Under the Biden-Harris Administration, however, the problem of improper payments has dramatically worsened. According to the OMB, since the President took office, over $750 billion in federal funds have gone out the door improperly. Almost a third of cumulative improper payments have occurred under President Biden and Vice President Harris—a clear indicator of his administration's financial mismanagement.

Improper Payments Have Increased Significantly

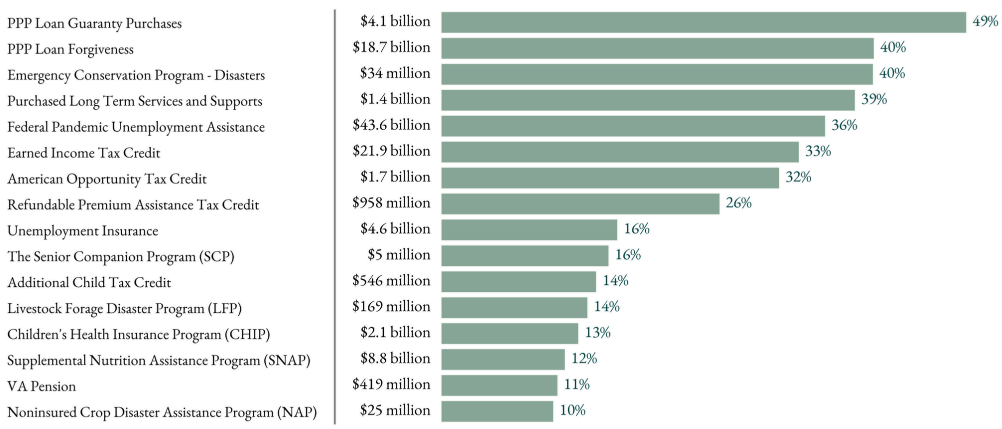


The error rates in some of these programs are astounding[25]:

- 33.5 percent for the Earned Income Tax Credit
- 32.3 percent for the Unemployment Insurance system
- 8.6 percent for Medicaid
- 6.5 percent for Medicare

[24] Annual Improper Payments Datasets – 2023 Dataset. (2024). Office of Management and Budget. Retrieved March 5, 2024 from https://www.paymentaccuracy.gov/payment-accuracy-the-numbers/.
[25] Ibid.

Federal Programs with Annual Estimated Improper Payment Rates Greater Than 10 Percent for Fiscal Year 2023



Source: GAO, Payment Accuracy data

These figures are not mere rounding errors but stark evidence of gross incompetence. Rather than fixing these problems and protecting taxpayer dollars, the President and Vice President proposes expanding these floundering programs even further—without any sufficient oversight or accountability.

According to testimony received by the House Budget Committee, "over the past 10 years, the federal government has spent $1.96 trillion (in 2022, inflation-adjusted dollars) on improper payments."[26] If current trends continue, improper payments made by the federal government could exceed $2 trillion and be as high as $3.5 trillion in the upcoming budget window.[27]

Republicans on the House Committees on the Budget and Oversight and Accountability are spearheading efforts to aggressively curtail this government-wide waste, fraud, and abuse, with a goal of saving $1 trillion over 10 years.

GAO believes one key to curbing improper payments is to prevent them from being made in the first place. In GAO's words,"[S]trong preventive controls can serve as the frontline defense against improper payments."[28]

[26] Greszler, R. (2023, May 11). Congressional Testimony: Exposing the Woke, Wasteful, and Bloated Bureaucracy. House Budget Committee. Retrieved March 5, 2024, from https://docs.house.gov/meetings/BU/BU00/20230511/115896/HHRG-118-BU00-Wstate-GreszlerR-20230511.pdf
[27] Ibid.
[28] Improper Payments: Fiscal Year 2022 Estimates and Opportunities for Improvement. GAO-23-106285. (2023, March 29). Government Accountability Office. Retrieved March 5, 2024 from https://www.gao.gov/products/gao-23-106285.

Solutions worth consideration include:

- Improving data sharing among agencies and require agencies to leverage data at their disposal to protect taxpayers. For example, while agencies are required to use the Do Not Pay database before spending taxpayer funds, "agencies generally receive the results after payments have been made," according to testimony heard by the House Oversight and Government Accountability Committee
- Enhancing identity and eligibility verification, such as requiring applicants for the EITC and CTC to have a valid Social Security Number
- Incentivizing states to play an active role in reducing fraud by allowing them to keep a percentage of recovered funds resulting from investment in more effective systems
- Conditioning funding for states on compliance with anti-fraud rules
- Holding underperforming agencies directly accountable for their mismanagement of taxpayer resources

Reigniting Growth and Prosperity

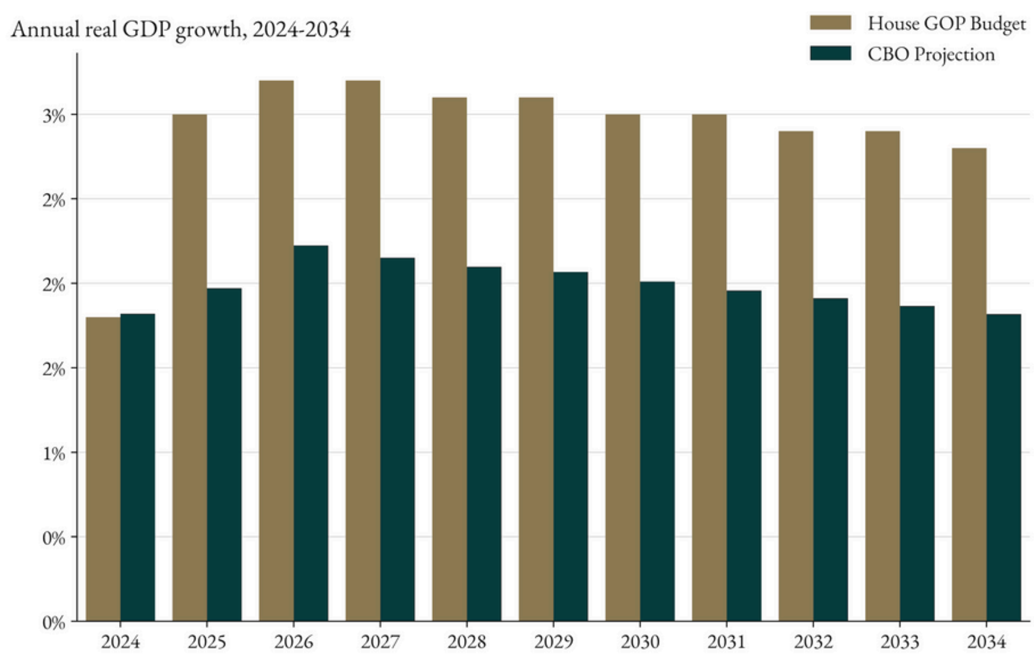
Reigniting Growth and Prosperity

Economic growth is essential to reining in our deficits and reducing our nation's indebtedness. Growth generates more revenue for our country, reduces spending by lifting American families out of poverty and off of government dependence, and allows people to keep more of their hard-earned money. These lower deficits will strengthen America's credit-worthiness, bring down our interest costs, and fund our nation's priorities.

In order to achieve $14 trillion in deficit reduction and a balanced budget, we combine spending restraint with pro-growth policies including:

- Eliminating the regulatory state
- Locking in tax cuts, unlocking opportunities for all
- Expanding America first trade
- Restoring the dignity of work
- Unleashing American energy dominance

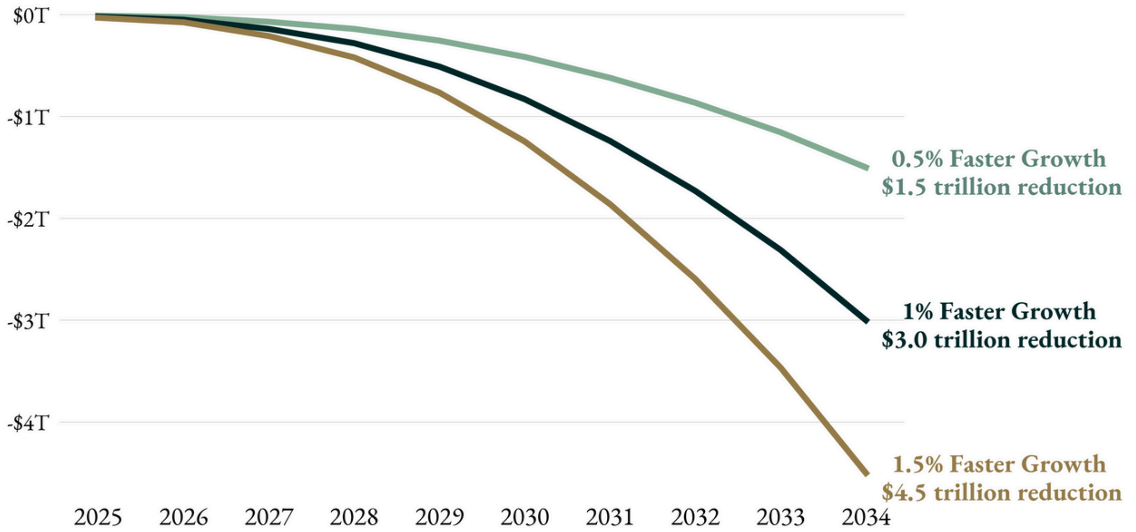
Annual Economic Growth Under CBO Baseline and House GOP Budget



As a result of these policies, the House Budget Committee estimates that economic growth will average three percent over 10 years—one percentage point faster than CBO's projected growth rate—generating a substantial $3 trillion in deficit reduction. The House Budget Committee's growth rate is comparable to the long-term U.S. average growth rate of 3.1 percent and the growth experienced during the 1970s, 1980s, and 1990s.

By 2034, Cumulative Deficits Would Be Up To $4.5 Trillion Lower With Faster Economic Growth

Cumulative deficit reduction relative to CBO projection, 2025-2034



Source: calculations using CBO June 2024 Baseline

Eliminating the Regulatory State

President Biden and Vice President Harris's regulatory agenda has harmed American families and job creators. Since taking office, the Biden-Harris Administration has added $1.7 trillion in new regulatory costs on the economy. This is over five times the regulatory costs added under President Obama ($327 billion). By comparison, President Trump's deregulations lowered regulatory costs by $96 billion by the same time in his administration. [29]

Our budget unleashes growth by eliminating the Biden-Harris Administration's regulatory burden and rolling back big government interference that has plagued Americans for years. This will provide historic relief and permanently prevent unaccountable Washington bureaucrats from adding costly and unnecessary red tape to the economy.

[29] Goldbeck, D. (2024, September 16). *Organ Transplant Proposal Leads Otherwise Quiet Week.* American Action Forum. https://www.americanactionforum.org/week-in-regulation/organ-transplant-proposal-leads-otherwise-quiet-week/

Terminate President Biden-Harris's Regulatory Agenda:

Our budget assumes the elimination of excessive regulations added under President Biden and Vice President Harris, including their Waters of the United States (WOTUS) rule, the Bureau of Alcohol, Tobacco, Firearms, and Explosives pistol brace ban, green mandates on manufactured homes, and new reporting requirements on self-employed Americans.

Provide Historic Regulatory Relief:

Our budget also assumes the elimination of unnecessary and burdensome regulations that have been on the books for years including:

Permanently eliminating regulations that were waived during Covid Exempting small businesses from onerous union regulations Repealing radical mandates on auto manufacturers Repeal the Consumer Financial Protection Bureau (CFPB) by zeroing out mandatory appropriations.

Permanently Restricting the Power of Unelected Bureaucrats:

Regulatory reform would be incomplete without changes to the process itself. Our budget assumes enactment of legislation that empowers Congress to rein-in overregulation including:

- The Regulations from the Executive in Need of Scrutiny (REINS) Act, which requires congressional approval of new major regulations
- The Article I Regulatory Budget Act, which requires agencies to implement a regulatory budget
- The All Economic Regulations are Transparent (ALERT) Act, which requires federal agencies to submit a monthly regulatory report
- The Guidance Out of Darkness Act, which requires agencies to publicly post regulatory guidance
- The Regulatory Accountability Act, which requires a formal rulemaking process for all major regulations
- The Require Evaluation before Implementing Executive Wishlists (REVIEW) Act, which prohibits a regulation from being implemented until its economic impact has been determined
- The Separation of Powers Restoration Act, which removes the power of agencies to unilaterally interpret the law

Locking In Tax Cuts, Unlocking Opportunities for All

The Tax Cuts and Jobs Act (TCJA) overhauled America's tax code to revitalize our nation's economy and deliver historic tax relief to workers, families, and local job creators.[30] By lowering taxes across the board, eliminating costly special-interest tax breaks, and modernizing our international tax system, the TCJA helped create more jobs, increase paychecks, and made the tax code simpler and fairer for Americans of all walks of life.

TCJA's historic pro-worker, pro-growth tax reform led to the lowest unemployment rate in 50 years and record high consumer confidence. American workers enjoyed the fastest wage growth in more than a decade, with lower-wage workers' income rising 50 percent faster than high-income workers. Economic growth and prosperity—like we experienced under TCJA—is the tide that lifts all boats. It results in more jobs, higher wages, lower unemployment and poverty rates, and an overall improved standard of living for all Americans.[31]

Our budget rejects President Biden and Vice President Harris's tax-and-spend agenda and instead builds on past Republican accomplishments that reduced the tax burden on American families and job creators.

Builds on Tax Relief for Workers and Families:

We assume permanent extension of policies such as the nearly doubled standard deduction and lower individual income tax rates to allow individuals and families to keep more of their hard-earned money and encourage greater workforce participation. We assume Congress will lock in key provisions that have successfully boosted investment and job creation such as full expensing for capital, R&D, and interest costs.

Enacts Pro-Growth Tax Reforms:

Republican tax reform helped unleash an unprecedented economic renewal. We saw tremendous growth in GDP that surpassed all economic expectations, including from the CBO. Within three years of enactment, unemployment hit a 50-year low, business investment hit an all-time high, companies moved their headquarters from overseas, and wage growth for working families hit the highest percentage increase in decades. Notably, 6 million people were lifted out of poverty.[32]Despite false alarms of tax cuts blowing a hole in the coffers of the U.S. Treasury, tax revenues, even before the pandemic stimulus, hit an all-time high. This year, total tax revenues are projected to be almost $5 trillion.[33] This is more than $1 trillion above pre-pandemic levels, adjusted for inflation. These numbers are staggering and may seem counterintuitive following massive tax cuts. But they are the result of pro-growth policies and market incentives unleashing free enterprise.

[30] McBride, W., & Durante, A. (2023, October 31). *New Study Finds TCJA Strongly Boosted Corporate Investment. Retrieved March 5, 2024, from https://taxfoundation.org/blog/tcja-corporate-tax-economic-effects/.*
[31] The Results Are In: Tax Reform Delivered on Promises - House Committee on Ways and Means. (2022, May 9). House Ways and Means Committee. Retrieved March 5, 2024, from https://waysandmeans.house.gov/the-results-are-in-tax-reform-delivered-on-promises/.
[32] REMINDER: TCJA Improved Tax Filing Day for All Americans. (2022, April 11). Ways and Means Committee. Retrieved March 5, 2024, from https://waysandmeans.house.gov/reminder-tcja-improved-tax-filing-day-for-all-americans/
[33] McBride, W. (2021, October 12). Corporate Tax Revenue Hit an All-Time High in 2021. Tax Foundation. Retrieved March 5, 2024, from https://taxfoundation.org/blog/corporate-tax-collections-2021/

Expanding America First Trade

Our budget recognizes the tremendous value that free and fair trade has on the growth of our economy and the quality of life of our citizens. Effective trade policy promotes American jobs, workers, and productivity through access to new markets and level competition. Too often, barriers are imposed that unduly limit opportunities for American products and increase prices for American consumers.

Both American workers and consumers benefit when foreign and domestic markets are opened to trade in a fair and reciprocal manner. However, the growing prevalence of unfair trade practices around the world, especially in China, reinforces the need for policies that ensure a level playing field and the enforcement to hold nations accountable.

Our budget supports trade policies that promote our nation's security and economic growth by:

- Bolstering our national security and economic independence by expanding trade with U.S. allies and moving supply chains out of adversarial nations
- Enacting policies that ensure fair and reciprocal trade for our farmers, workers and manufacturers while reducing barriers to new markets

Restoring the Dignity of Work

Since our nation's inception, the foundation of America's promise has been based on the dignity of work. Our work ethic and the entrepreneurial spirit are defining principles that have made this country the most powerful, dynamic, and compassionate in the world.

We want people to have the blessing and dignity of work. We want people to reach their God-given potential. We want them to contriute to, and have ownership in, our society. It's who we've always been, it's why America's great.

In 1996, then-Senator Joe Biden justified his own vote for bipartisan welfare reform, which included work requirements to incentivize employment and reduce welfare caseloads. Biden said, "the culture of welfare must be replaced with the culture of work. The culture of dependence must be replaced with the culture of self-sufficiency and personal responsibility." [34]

Unfortunately, President Biden has now abandoned that view, and the value of work along with it.

Not only did President Biden, Vice President Harris, and congressional Democrats' $2 trillion Covid legislation light the fuse on inflation, it trapped a whole new generation of Americans in a cycle of poverty and dependence by paying them not to work. This administration has enacted policies to further undermine the dignity of work by expanding welfare programs including turning the CTC into a universal basic income, stripping Medicaid eligibility verification, and unilaterally increasing SNAP benefits.[35][36]

Our budget returns to pro-growth policies by restoring the dignity of work and encouraging participation in the workforce by:

Expanding Work Requirements:

Our budget assumes legislation that puts Americans back to work and empowers them to become independent, such as:

- Closing gaps in SNAP that allow for states to waive work requirements for able-bodied adults without dependents
- Strengthening work requirements in the TANF program and across the nearly 100 programs that comprise the federal welfare system
- Creating Medicaid work requirements for able-bodied recipients

[34] Joe Biden wants to Europeanise the American welfare state. (2021, May 20). The Economist. Retrieved March 5, 2024, from https://www.economist.com/united-states/2021/05/20/joe-biden-wants-to-europeanise-the-american-welfare-state.
[35] Two-Year Anniversary of $300B Thrifty Food Plan (TFP) Expansion, Biden Continues to Circumvent Congress | The U.S. House Committee on the Budget. (2023, October 4). House Budget Committee. Retrieved March 5, 2024, from https://budget.house.gov/press-release/two-year-anniversary-of-300b-thrifty-food-plan-tfp-expansion-biden-continues-to-circumvent-congress.
[36] Ford, L., Rector, R., & Hall, J. (2022, November 27). Revival of Biden's Child Tax Credit Would Hurt Economy and People It's Supposed to Help. The Heritage Foundation. Retrieved March 5, 2024, from https://www.heritage.org/taxes/commentary/revival-bidens-child-tax-credit-would-hurt-economy-and-people-its-supposed-help.

Unlocking America’s Workforce:

A comprehensive approach should be taken to ensure federal policy promotes the dignity of work. This includes:

- Ensuring the tax code empowers workers and job creators
- Protecting the self-employed and independent workers
- Removing barriers to work flexibility

The dignity of work is an essential part of the American story, one that is weaved together by a common thread of economic opportunity that has lifted millions of people out of poverty. For centuries, the promise of the American dream—the fundamental idea that if we work hard and play by the rules, we can do better for ourselves and our families than previous generations—is what has kept this country moving forward. Unfortunately, that dream has been continually diminished by a creeping and systematic dependence on the government.

Our budget breaks this trend and begins restoring America's work ethic. We believe that the best social program is a good and stable job, one that puts the American dream within reach of every American, no matter who they are or where they come from.

Unleashing American Energy Dominance

Since taking office, President Biden and Vice President Harris have launched a unilateral assault on American oil and gas, choking the lifeblood of our economy, crushing consumers with high energy costs, and sending energy production overseas. Between canceling the Keystone XL Pipeline, sitting on over 5,000 applications for permits to drill, depleting the Strategic Petroleum Reserve by nearly 50 percent, and proposing endless anti-energy regulations on domestic producers, the Biden-Harris Administration’s hostility to American energy knows no bounds.

These policies have increased energy bills for hardworking Americans and weakened national security by making the U.S. more reliant on our foreign adversaries.

Our budget returns to pro-growth policies by returning to American energy dominance. It will provide the American people with more affordable energy by assuming repeal of Green New Deal policies and regulations that hamstring energy production. We assume repeal of all federal methane and greenhouse gas regulations as well as restrictions on fracking on private land. Regulation and permitting of energy projects, including on federal lands, would be divested to the states.

Unleashing American energy production starts with enacting H.R. 1, the Lower Energy Costs Act, that the House of Representatives passed with bipartisan support on March 30, 2023. This legislation focuses on two priorities: increasing the production and export of American energy and reducing the regulatory burdens that make it harder to build American infrastructure and grow our economy.

H.R. 1 achieves five key goals:

- Accelerates American energy production
- Increases the mining and processing of critical minerals
- Streamlines energy infrastructure and exports
- Implements broad permitting reform
- Reverses Biden-Harris's anti-energy policies

Our budget supports reducing emissions by investing in common sense solutions like carbon capture, renewable hydropower, safe nuclear power, natural gas, and energy storage. Modernizing infrastructure and ensuring that America continues to lead the world in reducing emissions can be done without crushing hardworking Americans and their energy bills.

Part V

Fixing the Broken Budget Process: Transparency, Accountability, and Responsibility

America's long-term future—the strength of our economy, the reliability of our security, our standing in the world itself—rests on our ability to tackle our fiscal challenges. This looming task is made more difficult by the fact that Congress has become incapable of exercising even the most basic budgetary disciplines.

Under the Congressional Budget Act of 1974, a unified House-Senate budget resolution is supposed to set a spending framework by April 15, distilled into individual appropriations bills that are sent to the president by the start of the new fiscal year on October 1.

Up until the late 1990s, Congress never failed to pass a budget while routinely delivering appropriations bills. Since then, it has become increasingly rare to pass, or even prepare, a budget resolution. In fact, Congress has failed to pass a budget on time for over 20 years.

Unfortunately, there are few – if any – consequences to missing deadlines to produce a budget framework.

Our budget blueprint recognizes that the congressional budget process is fundamentally broken and will continue to reward dysfunction and result in irresponsible outcomes until we address the root causes.

House Budget Committee members are already working on ways to fix this process.

In the summer of 2023, Chairman Arrington and Ranking Member Boyle announced a new bipartisan initiative to address the failed budget process. In December 2023, the Committee held a Member Day hearing to receive testimony from Congress on Members' ideas and legislative proposals for reform.

The Budget Committee has passed several bills to fix the budget process and foster greater transparency and fiscal responsibility, including:

- H.R. 5779, the *Fiscal Commission Act of 2024*, which establishes a bipartisan fiscal commission tasked with identifying policies to improve the Nation's fiscal trajectory by addressing our massive unfunded liabilities, the solvency of Social Security and Medicare, and attaining a sustainable debt-to-GDP ratio
- H.R. 766, the *Dr. Michael C. Burgess Preventive Health Savings Act*, which requires CBO to create supplemental budgetary savings estimates for preventive health care legislation over a 30-year budget window
- H.R. 5301, the *Eliminate Useless Reports Act of 2023*, which requires federal agencies to identify outdated, duplicative, or non-essential reports in budget justifications
- H.R. 6952, the *Fiscal State of the Nation Act*, which requires an annual joint meeting of Congress to hear from the Comptroller General of the United States about the fiscal state of the Nation and requires the congressional budget resolution to include information on the fiscal state of the Nation
- H.R. 6957, the *Debt-to-GDP Transparency and Stabilization Act*, which requires both the President's budget and the congressional budget resolution to include the current ratio of debt-to-GDP
- H.R. 7032, the *Congressional Budget Office Data Sharing Act*, which clarifies and expands CBO's authority under current law to obtain data from executive branch agencies

Creating a Framework for a Bipartisan Fiscal Commission:

A sovereign debt crisis would jeopardize not only our economy, but our national security, America's leadership in the world, and our very way of life.

No leader worth their salt could look at our balance sheet and our fiscal outlook and not feel an overwhelming sense of urgency to reverse course.

Both political parties have contributed to the fiscal mess in which we find ourselves. No one gets a pass. Members on both sides of the aisle know that our deficit spending is unsustainable.

While a commission is not a panacea, it can offer a productive, depoliticized forum for educating the public and identifying solutions regarding our deficit spending and long-term unfunded liabilities.

To succeed, the Commission has to be informed by facts, insulated from political posturing, and invested in genuine consensus that leads to real accomplishments.

In addition, an important part of a fiscal commission should be educating the American people and Sounding the Alarm about the danger posed by a sovereign debt crisis. If we bring the American people along with us, they will demand more than just talk — they will expect politicians to be leaders and take the necessary actions to avoid a debt crisis.

If we don't have a sense of urgency, if we don't have a plan, and if we don't recognize the need to work together to execute that plan – we will be the first generation of leaders to fail to leave this country better than we found it for our children.

Our budget recommends the creation of a bipartisan fiscal commission, consistent with H.R. 5779, as amended, to identify policies to improve our fiscal health, address the solvency of our trust funds, propose recommendations to close the widening gap of deficits, and bring down our debt-to-GDP.

Appendix

S-1	FY2025 House Budget (Nominal dollars in billions)										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025-2034
House Budget											
Outlays	6,526	6,594	6,641	6,733	6,951	7,148	7,364	7,595	7,852	8,121	71,525
Revenue	4,996	5,351	5,683	5,870	6,147	6,414	6,656	6,890	7,168	7,474	62,649
Macroeconomic Impact on the Deficit	-20	-30	-90	-140	-230	-320	-410	-490	-580	-690	-3,000
Deficit(+)/Surplus(-)	1,510	1,213	869	722	575	414	298	216	104	-44	+5,877
Debt Held by Public	29,475	30,762	31,708	32,494	33,121	33,570	33,891	34,125	34,210	34,148	
As a Share of GDP											**10-Year Average**
Outlays	22.1%	21.2%	20.3%	19.6%	19.3%	18.9%	18.5%	18.2%	18.0%	17.7%	19.4%
Revenue	16.9%	17.2%	17.4%	17.1%	17.0%	16.9%	16.8%	16.5%	16.4%	16.3%	16.9%
Macroeconomic Fiscal Impact	-0.1%	-0.1%	-0.3%	-0.4%	-0.6%	-0.8%	-1.0%	-1.2%	-1.3%	-1.5%	-0.7%
Deficit(+)/Surplus(-)	5.1%	3.9%	2.7%	2.1%	1.6%	1.1%	0.8%	0.5%	0.2%	-0.1%	+1.8%
Debt Held by Public	99.8%	98.9%	97.0%	94.6%	91.9%	88.7%	85.3%	81.9%	78.3%	74.5%	n.a.

S-2	FY2025 House Budget vs. CBO Baseline (Nominal dollars in billions)										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025-2034
Outlays	-242	-449	-682	-982	-919	-1,183	-1,346	-1,533	-1,872	-1,933	-11,139
Revenue	0	0	0	0	0	0	0	0	0	0	0

Macroeconomic Impact on Deficit	-20	-30	-90	-140	-230	-320	-410	-490	-580	-690	-3,000
Deficit	-262	-479	-772	-1,122	-1,149	-1,503	-1,756	-2,023	-2,452	-2,623	-14,139
Debt Held by Public	-274	-753	-1,524	-2,646	-3,795	-5,298	-7,054	-9,076	-11,529	-14,152	

S-3 FY2025 House Budget by Major Category

(Outlays in billions)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025-2034
Social Security (OASI)	1,381	1,466	1,550	1,642	1,734	1,829	1,927	2,026	2,127	2,230	17,911
Medicare (Net)	935	968	1,036	1,182	1,102	1,259	1,343	1,435	1,652	1,678	12,590
Medicaid & Other Health	677	659	611	615	635	650	666	685	711	741	6,651
Other Mandatory	850	839	805	659	855	782	789	790	690	794	7,853
Discretionary	1,752	1,706	1,682	1,676	1,658	1,657	1,655	1,655	1,667	1,672	16,781
Net Interest	931	955	958	959	968	972	984	1,003	1,005	1,006	9,740
Total Outlays	**6,526**	**6,594**	**6,641**	**6,733**	**6,951**	**7,148**	**7,364**	**7,595**	**7,852**	**8,121**	**71,525**

S-4 FY2025 House Budget vs. CBO Baseline by Major Category

(Outlays in billions)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025-2034
Social Security (OASI)	0	0	0	0	0	0	0	0	0	0	0
Medicare (Net)	-5	-33	-38	-44	-44	-51	-57	-63	-74	-78	-487
Medicaid & Other Health	-49	-76	-162	-199	-221	-248	-275	-306	-331	-355	-2,223
Other Mandatory	-163	-205	-247	-403	-217	-334	-350	-376	-546	-444	-3,284
Discretionary	-4	-85	-143	-190	-235	-280	-320	-361	-399	-434	-2,450
Net Interest	-20	-50	-92	-146	-202	-269	-344	-427	-523	-622	-2,695
Total Outlays	**-242**	**-449**	**-682**	**-982**	**-919**	**-1,183**	**-1,346**	**-1,533**	**-1,872**	**-1,933**	**-11,139**

S-5 FY2025 House Budget Discretionary Budget Authority vs. CBO Baseline

Macroeconomic Impact on Deficit	-20	-30	-90	-140	-230	-320	-410	-490	-580	-690	-3,000
Deficit	-262	-479	-772	-1,122	-1,149	-1,503	-1,756	-2,023	-2,452	-2,623	-14,139
Debt Held by Public	-274	-753	-1,524	-2,646	-3,795	-5,298	-7,054	-9,076	-11,529	-14,152	

S-3 FY2025 House Budget by Major Category (Outlays in billions)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025-2034
Social Security (OASI)	1,381	1,466	1,550	1,642	1,734	1,829	1,927	2,026	2,127	2,230	17,911
Medicare (Net)	935	968	1,036	1,182	1,102	1,259	1,343	1,435	1,652	1,678	12,590
Medicaid & Other Health	677	659	611	615	635	650	666	685	711	741	6,651
Other Mandatory	850	839	805	659	855	782	789	790	690	794	7,853
Discretionary	1,752	1,706	1,682	1,676	1,658	1,657	1,655	1,655	1,667	1,672	16,781
Net Interest	931	955	958	959	968	972	984	1,003	1,005	1,006	9,740
Total Outlays	**6,526**	**6,594**	**6,641**	**6,733**	**6,951**	**7,148**	**7,364**	**7,595**	**7,852**	**8,121**	**71,525**

S-4 FY2025 House Budget vs. CBO Baseline by Major Category (Outlays in billions)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025-2034
Social Security (OASI)	0	0	0	0	0	0	0	0	0	0	0
Medicare (Net)	-5	-33	-38	-44	-44	-51	-57	-63	-74	-78	-487
Medicaid & Other Health	-49	-76	-162	-199	-221	-248	-275	-306	-331	-355	-2,223
Other Mandatory	-163	-205	-247	-403	-217	-334	-350	-376	-546	-444	-3,284
Discretionary	-4	-85	-143	-190	-235	-280	-320	-361	-399	-434	-2,450
Net Interest	-20	-50	-92	-146	-202	-269	-344	-427	-523	-622	-2,695
Total Outlays	**-242**	**-449**	**-682**	**-982**	**-919**	**-1,183**	**-1,346**	**-1,533**	**-1,872**	**-1,933**	**-11,139**

S-5 FY2025 House Budget Discretionary Budget Authority vs. CBO Baseline

(Nominal dollars in billions)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025-2034
Total in Budget Resolution	1,700	1,593	1,545	1,560	1,572	1,588	1,602	1,617	1,632	1,649	16,058
Total in CBO Baseline	1,709	1,746	1,786	1,823	1,865	1,908	1,952	1,996	2,043	2,090	18,917
Difference	-9	-153	-241	-262	-293	-320	-350	-379	-410	-442	-2,860