

# Obama and Ryan Budget Index

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## **Preface**

This ebook was borne out of frustration. I'm frustrated because I know from my tenure in state government that when people cared to call their state representatives about their concerns, politicians listened. They really listened and started to sweat when a lot of us called them about the same issue. When the silent majority *does* speak up, our politicians are forced to balance “contributor whispers” against the shouts coming from Main Street.

If you look at Gallup polls on the most pressing concerns of Americans, the federal deficit is at the top of the list. We rely on news bites fed to us by politicians and political pundits for our understanding of issues on the deficit. We're all so busy managing our everyday lives and though we may care deeply about government spending and the deficit, most of us don't have the time to search for information on the federal budget. Well Voila! Allow us to present you with “crib notes” on the federal budget.

We're at a crossroads of a great opportunity to press for reforms in our tax code, environmental policies and healthcare just to name a few. However, we need to make informed choices with our eyes wide open. If we want smaller government without significant cuts in federal programs like Social Security and Medicaid, we've got to be better informed so that we can email, call, tweet and facebook our constructive and informed feedback to our Washington representatives. In principle, we all know that we must reduce federal spending, but none of us wants Congress to cut programs indiscriminately, which is what will happen in January 2013 via the “sequester” process (meaning an across-the-board cut in government spending) if Congress and the President don't come to terms on a budget. It was against this backdrop that I created this budget index which highlights important provisions being proposed by President Obama and Paul Ryan.

My goal was to take these voluminous documents and break them down into bite-sized pieces so that readers can easily gain a sense of the President's plan and the budgetary proposals being put forth by Mr. Ryan. Mr. Obama's budget proposal was 256 pages and Mr. Ryan's was 99 pages. This budget index cuts that information by over half its size and is infinitely more readable. The beauty is that you can easily pick sections that you're interested in or quickly get a high level view of other sections in the budget. It is highly informative and some of the information may surprise you. It was my pleasure to compile this information and I hope that it will help you make up your own mind about who will best represent the nation for the next four years.

Val Butler, *Editor* - [Midwest Almanac](#)

## **Introduction**

There are many websites that provide a comparison of President Obama's and Mr. Ryan's budgets. I originally intended to add my take on the differences between the two budgets, but decided instead on creating an index. This way, readers can review detailed information on where Mr. Obama wants to take the country and get an untarnished view of the Republicans' take on how they'd tackle budgetary issues, through Paul Ryan's proposal.

### **Mr. Obama's Budget Proposal**

The information in [Mr. Obama's budget](#) proposal is organized by federal agency. In this index you'll see the overall budget allocations Mr. Obama would like for each federal agency. Within each agency listing, individual budget requests are presented reflecting important policy objectives and those which reflect savings opportunities. For example, we're all interested in what's going to happen with defense spending in light of our leaving Iraq and Afghanistan. Both Mr. Obama and Mr. Ryan discuss the need to reduce waste, eliminate duplication in federal programs and to reform the tax code – of course they don't agree on how to achieve these changes. In addition to the budget index, a brief listing of Mr. Obama's tax incentives and proposed reforms are presented. You'll get an abbreviated, yet interesting view of which tax deductions and credits the President proposes be maintained or discontinued and which loopholes the President would like to close. Any loopholes he'd like to close and deductions he's proposing to eliminate are reflected as negative numbers to show potential sources of revenue to support new programs like healthcare.

The Budget Index Overview presents the bottom line number for an agency budget. Detailed budget figures for each federal agency are not included. If you want to view that detail, a link to the original document is provided so that you can review an agency's budget line by line. If you'd like to read the original documents, the page numbers in the index refer back to the original documents, not the index itself. Budget amounts indicating potential savings are expressed as negative numbers. Though some provisions didn't have any budget amounts attached to them in the original text, we thought it was still important to include them.

Obama tax cuts and reform information was taken from [Summary Table S-9](#) in the President's budget. For the sake of brevity, all of the information in the table was not included in the index. Table S-9 is interesting because it lists the costs of

the President's initiatives and whether they increase or decrease the existing budget deficit. Negative numbers in Table S-9 indicate that if discontinued or modified, the initiative would not increase the deficit.

### Mr. Ryan's Budget Proposal

As you might imagine, Mr. Ryan's budget proposal is quite different from the President's. For inclusion in our index, Mr. Ryan's proposal, "[Path to Prosperity – A Blue Print for American Renewal – Fiscal Year 2013 Budget Resolution](#)" was organized according to the topics in the Table of Contents in his plan. As was done for Mr. Obama's proposal, information was excerpted from the Ryan document and organized under each topic reflecting approaches to significant policy issues, including the size of government, cutting wasteful federal programs and concerns about healthcare and Social Security amongst others. Again, the page numbers in the index refer to pages in the original document, not the index itself. We're counting on your e-reader to take care of pagination for our index.

You'll be able to gain a good idea of where Mr. Obama and Mr. Ryan are going from a policy perspective by just reviewing the index headings – though of course, we urge you to click on the topic headings to read their budgeting proposals in detail. There are tables and graphics that Mr. Ryan uses in his original presentation which were not included for economy's sake. Click on the link above to view the original Ryan document containing graphics not included in this report.

## Department of Agriculture Budget Highlights

\$23 billion

<a href="#">ag.1</a>	<a href="#">Funding Overview</a>
<a href="#">ag.2</a>	<a href="#">Foster Innovation, Job Creation &amp; Growth</a>
<a href="#">ag.3</a>	<a href="#">Prevents Hunger and Supports Healthy Eating</a>
<a href="#">ag.4</a>	<a href="#">Makes Tough Choices with Targeted Reductions</a>
<a href="#">ag.5</a>	<a href="#">Improves the Way Federal Dollars are Spent</a>
<a href="#">ag.6</a>	<a href="#">Proposed Agency Budget Detail</a>

Index No.	Funding Overview	Page	Budget Amt.
ag.1	The U.S. Department of Agriculture (USDA) provides leadership on issues related to food, agriculture, and natural resources, including energy, based on sound public policy, the best available science, and efficient management. The Budget proposes \$23 billion in discretionary funding, a decrease of nearly 3 percent or almost \$700 million, below the 2012 enacted level.	65	\$23 billion

Index No.	Foster Innovation, Job Creation & Growth	Page	Budget Amt.
ag.2	<b>Promotes Development of Rural Renewable Energy and Homegrown Biofuels.</b> The Administration proposes \$6.1 billion in loans to rural electric cooperatives and utilities that will support the transition to a clean-energy generation and the creation of high-value jobs in rural America. Specifically, this funding will be targeted to decrease America's reliance on fossil fuels and promote renewable and clean energy at electric generation, transmission, and distribution sites in rural communities.	66	\$6.1 billion
ag.2b	Through the Rural Energy for America Program, this Budget provides \$19 million in assistance to agricultural producers and rural small businesses to complete a variety of projects, including renewable energy systems, energy efficiency improvements, and renewable energy development.	66	\$19 million
ag.2c	Over \$200 million to continue support for the development of homegrown, advanced biofuels that have the potential to reduce America's dependence on foreign oil and to bolster our rural economies.	67	\$200 million
ag.2d	<b>Spurs American Innovation by Advancing Priority Research.</b> USDA research has played a key role in spurring innovation and advancing technology that has allowed American agriculture to increase in both efficiency and	67	\$325 million

profitability. At the same time, the Administration recognizes that continued fiscal constraint requires trade-offs to focus resources on only the most important priorities. Therefore, the President's Budget proposes \$325 million—a \$60 million increase above the 2012 enacted level—for competitive research grants made through the Agriculture and Food Research Initiative.

ag.2e	<p><b>Promotes Infrastructure and Community Development.</b> The Budget supports economic growth in rural areas by funding loan programs that effectively promote infrastructure investment and access to capital throughout rural America. For instance, in order to provide support for projects in low income rural areas, the President's Budget includes a \$700 million increase in the community facility program's direct loan level, a program that funds a wide array of rural projects, including schools, hospitals, day care facilities, and fire and police stations. In addition, the Budget also provides \$24 billion in guaranteed single-family housing loans, which will support mortgage lending institutions in rural areas and boost home ownership among moderate-to low-income rural residents</p>	67	\$700 million
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Index No.	Prevents Hunger & Supports Healthy Eating	Page	Budget Amt.
ag.3	<p><b>Prevents Hunger.</b> At a time of continued need, the President's Budget provides \$7.5 billion for discretionary nutrition program support. Funding supports the 9.1 million individuals expected to participate in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), which is critical to the health of pregnant women, new mothers, and their infants.</p>	67	\$7.5 billion
ag.3a	<p><b>Supports Healthy Eating.</b> The Administration supports continued implementation of the Healthy, Hunger-Free Kids Act of 2010, strengthening the child nutrition programs and increasing children's access to healthy meals and snacks.</p>	67	

Index No.	Makes Tough Choices with Targeted Reductions	Page	Budget Amt.
ag.4	<p><b>Responsibly Reduces Farm Spending.</b> Government payments to farmers are expected to total \$10.6 billion in 2011. Roughly \$4.7 billion—or 44 percent—of these payments are in the form of a “direct payment”—payments that do not vary with current prices or crop yields and for which a crop is not necessarily produced. As part of the strategy to confront our fiscal challenges in a thoughtful and responsible manner the Budget includes \$32 billion in savings over 10 years by eliminating direct farm payments, providing disaster assistance, reducing subsidies to crop insurance companies, and better targeting conservation funding, consistent with the Administration's deficit reduction proposal. These proposals are sound policy and prudent steps that the Administration believes are necessary to put the country on a fiscally sustainable path.</p>	67	-\$10.6 billion
ag.4a	<p><b>Targets the Direct Single Family Housing Loan Program.</b> The Budget proposes \$653 million for the direct single family housing loan program, a significant reduction from an enacted amount of \$900 million, and proposes to provide single family housing assistance primarily through loan guarantees. The reduced level represents a minimum level to allow targeted</p>	68	\$653 million

support for teachers in rural areas and beneficiaries of the mutual self-help housing program, along with other very-low and low income individuals in rural areas still needing mortgage credit assistance despite historically low interest rates.

Index No.	Improves the Way Federal Dollars Are Spent	Page	Budget Amt.
ag.5	Modernizes Service. Consistent with Administration-wide efforts, USDA agencies are reshaping the way that they do business, without sacrificing services to the public. In 2012, the Department began an effort to streamline operations and reduce cost, including closing about 260 offices. In some cases, staff will be redirected to areas of greatest need; in others, advances in technology have reduced the need for brick and mortar facilities. The Department is further streamlining its staff through both Department-wide early retirement and targeted buyouts offered by more than 15 agencies and offices. As a result of these and other efficiencies the Budget proposes about 900 fewer staff positions for USDA than in 2012.	68	

Index No.	Improves the Way Federal Dollars Are Spent	Page	Budget Amt.
ag.5a	Protects Communities and Ecosystems from Wildfire Damage. The Budget continues the long-standing practice of fully funding the 10-year average cost of wildland fire suppression operations. The Budget also continues the practice of targeting hazardous fuels reduction funding for activities near communities (known as the "wildland-urban interface") where they are most effective. Priority is given to projects in communities that have met "Firewise" standards (or the equivalent), identified acres to be treated, and invested in local solutions to protect against wildland fire.	68	
ag.5b	Enhances Interagency Efforts to Improve Water Quality. The United States has made great strides in improving water quality; however, "nonpoint" source pollution remains a significant economic, environmental and public health challenge that requires policy attention and thoughtful new approaches. Key Federal partners, along with agricultural producer organizations, conservation districts, States, Tribes, non-governmental organizations and other local leaders will work together to identify areas where a focused and coordinated approach can achieve substantial improvements in water quality. The President's Budget builds upon the collaborative process already underway among Federal partners to demonstrate substantial improvements in water quality from conservation programs by ensuring that USDA's key investments through Farm Bill conservation programs and related efforts are appropriately leveraged by other Federal programs.	68	

Note: 'Non-point pollution' - Nonpoint source (NPS) pollution, unlike pollution from industrial and sewage treatment plants, comes from many diffuse sources. NPS pollution is caused by rainfall or snowmelt moving over and through the ground. As the runoff moves, it picks up and carries away natural and human-made pollutants, finally depositing them into lakes, rivers, wetlands, coastal waters and ground waters.

**Nonpoint source pollution can include:**

- Excess fertilizers, herbicides and insecticides from agricultural lands and residential areas
- Oil, grease and toxic chemicals from urban runoff and energy production

- Sediment from improperly managed construction sites, crop and forest lands, and eroding streambanks
- Salt from irrigation practices and acid drainage from abandoned mines
- Bacteria and nutrients from livestock, pet wastes and faulty septic systems
- Atmospheric deposition and hydromodification

**Obama Tax Proposals ([based on Summary Table S-9](#))**

<b>Tax Initiatives</b>	<b>Effective 2013</b>	<b>Savings</b>
<b>Temporary Tax Relief and Investments to Create Jobs and Jumpstart Growth</b>		
Extend temporary reduction in the Social Security payroll tax rate for employees and self-employed individuals	\$31 billion	
Extend 100-percent first-year depreciation deduction for certain property	\$15 billion	
Provide a temporary 10-percent tax credit for new jobs and wage increases	\$13 billion	
Provide additional tax credits for investment in qualified property used in a qualified advanced energy manufacturing project	\$779 million	
Provide tax credit for energy-efficient commercial building property expenditures in place of existing tax deduction	\$400 million	
Reform and extend Build America bonds	\$55 million	
<b>Upper Income Tax Provisions (Sunset the Bush tax cuts for those with income in excess of \$250,000 (\$200,000 if single))</b>		
	<b>Effective 2013</b>	<b>Savings</b>
Reinstate the limitation on itemized deductions for upper-income taxpayers	-\$4.3 billion	x
Reinstate the personal exemption phaseout for upper-income taxpayers	-\$1.5 billion	x
Reinstate the 36% and 39.6% rates for upper-income taxpayers	-\$32 billion	x
Tax qualified dividends as ordinary income for upper-income taxpayers	-\$22 billion	x
Tax net long-term capital gains at a 20% rate for upper-income taxpayers Subtotal, sunset the Bush tax cuts for those with income in excess of \$250,000 (\$200,000 if single)	-\$5.8 billion	x
Reduce the value of certain tax expenditures	-\$27 billion	x



# The Ryan Budget Index

## A Blueprint For American Renewal

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Section No.	Introduction - A Blueprint For American Renewal	Page
1	<b>A Nation Challenged.</b> In 2008,excessive leverage in the financial sector overwhelmed many banks, businesses and families. Irresponsible decisions in Washington and on Wall Street fueled a housing--price bubble that collapsed and turned mortgage--backed securities into “toxic assets.” It soon became clear that	11

these assets, which were spread throughout the financial sector, posed a systemic risk to the economy. The resulting wave of panics, bankruptcies and foreclosures brought the global financial system to the brink of collapse.

1a **The Economic Drag of Sovereign Debt Here and Abroad.** 11  
Policymakers sought to address the symptoms of the crisis by transferring private-sector debt to the public balance sheet. Since Election Day 2008, debt held by the public has increased by roughly \$4.5 trillion - an increase in excess of 70 percent in four years.

The world "new toxic" is the sovereign debt of irresponsible European governments, infecting the balance sheets of major banks and threatening the stability of the global economy. And in the United States, government debt continues to rise at a frightening pace, raising fears that a similar crisis may happen here.

The growing possibility of such a crisis is creating debilitating uncertainty about the future, hurting job creation and economic growth today. The economy has picked up in recent quarters, but overall growth and job creation remain sub-par, and unprecedented numbers of Americans have simply given up trying to find work. Real GDP grew by just 1.7 percent in 2011, and private-sector forecasters are calling for growth of 2.3 percent in 2012 - well below the 3.0 percent historical trend rate of U.S. growth and just a fraction of the growth pace observed in a typical recovery from recession. Noted economists, including Federal Reserve Chairman Ben Bernanke, have argued that enacting a credible plan to deal with America's long-term debt build-up would have a positive effect on growth and jobs immediately.

1b **Unwarranted Expansions of Government Power.** Unfortunately, in 11  
the years following the meltdown, the President and his party's leaders failed to use their full control of Washington to offer any plan to lift the debt and foster sustainable economic growth. Instead, the crisis was used as an excuse to enact unprecedented and counterproductive expansions of government power. A massive stimulus package failed to deliver promised reductions in unemployment. An unpopular health care takeover was jammed through Congress on a party-line vote. A short-sighted financial-regulatory overhaul failed to fix what was broken on Wall Street and made future bailouts more likely. And federal policymakers in thrall to a misguided form of environmental activism pushed through regulations and other policies that are making energy more expensive in the midst of a weak economy.

Through it all, the government's fiscal position sharply deteriorated. Total federal debt has now surpassed the size of the entire U.S. economy.

1c **A Choice of Two Futures.** Both parties share the blame for failing 12  
to take action over the years. But while Republicans offered a budget last year that would lift the crushing burden of debt and restore economic growth, the President and his party's leaders are still refusing to take seriously the urgent need to advance credible solutions to the looming fiscal crisis. Instead, they are still offering little more than false attacks and failed leadership.

**This budget offers a better path.** The following report lays out the challenge and the choice; that America faces in each key area of the budget. The common thread connecting them all is that a sharp and sudden debt crisis would threaten the entire American project: It would weaken national security, shred the safety net that vulnerable Americans rely on, break promises to seniors,

impose massive tax increases on families, and leave all Americans with a diminished future. This looming crisis represents an enormous challenge, but it also represents a defining choice: whether to continue down the path of debt, doubt and decline, or put the nation back on the path to prosperity.

1d **Timeless Principles of the American Idea.** This budget sets forth a model of government guided by the timeless principles of the American Idea: free enterprise and economic liberty; limited government and spending restraint; traditional family and community values; and a strong national defense. This budget offers a set of fundamental reforms to put the nation back on the right track. The role of the federal government is both vital and limited. When government takes on too many tasks, it usually does not do any of them very well. Limited government also means effective government. 13

1e **Prioritize Defense Spending to Keep America Safe -** Providing for the common defense: This budget rejects proposals to make thoughtless, across-the-board cuts in funding for national defense. Instead, it provides \$554 billion for national defense spending, an amount that is consistent with America's military goals and strategies. This budget preserves necessary defense spending to protect vital national interests today and ensures future real growth in defense spending to modernize the armed forces for the challenges of tomorrow. 13

**Reprioritizing sequester savings to protect the nation's security.** The defense budget is slated to be cut by \$55 billion, or 10 percent, in January of 2013 through the sequester mechanism enacted as part of the Budget Control Act of 2011.<sup>3</sup> This reduction would be on top of the \$487 billion in cuts over ten years proposed in President Obama's budget. This budget eliminates these additional cuts in the defense budget by replacing them with other spending reductions.

But government should take care to ensure that spending is prioritized according to the nation's needs, not treated indiscriminately when it comes to making cuts.

1f **End Cronyism and Restore Free Enterprise.** A growing economy, increased employment and higher wages will come from traditional American ingenuity and enterprise, not from government. To achieve this end, small businesses need to be empowered, and the size and scope of Washington need to be reduced so that the hard work and enterprise of Americans can lead a strong, sustained recovery. 13

1g **Ending corporate welfare.** There is a growing and pernicious trend of government overreach into the private economy. It rolls back corporate subsidies in the energy sector. It ends the taxpayer bailouts of failed financial institutions, including 13

**Fannie Mae and Freddie Mac.** It repeals the government takeover of health care and begins to move toward patient-centered reform. And it reduces the bureaucracy's reach by applying private-sector realities to the federal government's civilian workforce.

**Boosting American energy resources.** Too great a percentage of America's vast natural resources remain locked behind bureaucratic barriers and red tape. This budget lifts moratoriums on safe, responsible energy exploration in the United States, ends Washington policies that drive up gas prices, and unlocks American energy production to help lower costs, create jobs and reduce dependence on foreign oil.

**Streamlining other government agencies.** Domestic government agencies have grown too much and too fast over the past decade, and much of their funding has gone to harmful programs and dead-end projects. This budget starts to restore spending discipline. It builds on efforts undertaken last year to contain the government's growth, and it targets hundreds of government programs that have outlived their usefulness.

- 1h

**Strengthen the Social Safety Net.** It strengthens Medicaid, food stamps and job-training programs by providing states with greater flexibility to help recipients build self-sufficient futures for themselves and their families.

14
- 1i

**Repairing a broken Medicaid system.** Medicaid's flawed financing structure has created rapidly rising costs that are nearly impossible to check. Mandate upon mandate has been foisted upon states under the flawed premise that the best ideas for repairing this important health care safety net can come only from Washington. This budget ends that misguided approach and instead converts the federal share of Medicaid spending into a block grant, thus freeing states to tailor their Medicaid programs to the unique needs of their own populations.

14
- 1j

**Prioritizing assistance for those in need.** The welfare reforms of the 1990s, despite their success, were never extended beyond cash welfare to other means-tested programs. This budget completes the successful work of transforming welfare by reforming other areas of America's safety net to ensure that welfare does not entrap able-bodied citizens into lives of complacency and dependency.

14
- 1k

**Ensuring educational and job-training opportunities for a 21st century economy.** Federal tuition subsidies are often captured by (and to a certain extent drive) rapidly rising tuition costs for those higher-education programs that should be the first rung on the ladder of opportunity. Meanwhile, dozens of job-training programs suffer from overlapping responsibilities and too often lack accountability. This budget begins to address the problem of tuition inflation and consolidates a complex maze of dozens of job-training programs into more accessible, accountable career scholarships aimed at empowering American workers with the resources they need to pursue their dreams.

14
- 1l

**Fulfill the Mission of Health and Retirement Security.** The framework established in this budget ensures no disruptions to existing health and retirement benefit programs for those beneficiaries who have organized their retirements around them, while at the same time building stronger programs that future beneficiaries can count on when they retire.

14

This budget saves Medicare by fixing flaws in its structure so it will be there for future generations. By putting these solutions in place now, this budget ensures that changes will not affect those in and near retirement in any way. When younger workers become eligible for Medicare a decade or more from today, they will be able to choose from a list of guaranteed coverage options, including a traditional Medicare fee-for-service plan. This flexibility will allow seniors to enjoy the same kind of choices in their plans that members of Congress enjoy. Medicare will provide a payment to subsidize the cost of the plan, and forcing plans to compete against each other to serve the patient will help ensure guaranteed affordability. In addition, Medicare will provide increased assistance for lower-income beneficiaries and those with greater health risks. Reform that empowers individuals with a strengthened safety net for the poor and the sick will guarantee that Medicare can fulfill the promise of health security for

America's seniors.

- 1m      **Advancing Social Security solutions.** The risk to Social Security, driven by demographic changes, is nearer at hand than most acknowledge. This budget heads off a crisis by calling on the President and both chambers of Congress to ensure the solvency of this critical program      14
- 1n      **Enact Pro-Growth Tax Reform.** Individual tax reform. The current code for individuals is too complicated, with high marginal rates that discourage hard work and entrepreneurship. This budget embraces the widely acknowledged principles of pro-growth tax reform by proposing to consolidate tax brackets and lower tax rates, with just two rates of 10 and 25 percent, while clearing out the burdensome tangle of loopholes that distort economic activity.      15
- 1o      **Corporate tax reform.** American businesses are overburdened by one of the highest corporate income tax rates in the developed world. This budget improves incentives for job creators to work, invest, and innovate in the United States by lowering the corporate rate from 35 percent to a much more competitive 25 percent and by shifting to a territorial system that will ensure a level playing field for American businesses.      15
- 1p      **Change Washington's Culture of Spending - Controlling spending.** The budget process in Washington contains numerous structural flaws that bias the federal government toward ever--higher levels of spending. This budget would lock in savings with enforceable spending caps and budget process reforms, limiting what Washington spends and how tax dollars are spent.      15
- Enhancing oversight.** This budget gives Congress greater tools to perform oversight over wasteful Washington spending.
- Increasing Transparency.** This budget promotes reforms that would give taxpayers more information over how Washington is spending their hard--earned dollars.
- 1q      **Lift the Crushing Burden of Debt.** This budget charts a sustainable path forward, ultimately erases the budget deficit completely, and begins paying down the national debt.      15