

**RSC**

**BLUEPRINT  
TO SAVE AMERICA**



**FISCAL YEAR 2023 BUDGET**



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Fellow Americans,

Since taking office, President Biden and his liberal allies in Congress have brought our country closer than ever to a full-scale debt crisis. The so-called American Rescue Plan amounted to little more than a \$2 trillion pay-off to liberal special interests, fueling inflation and crushing working-class Americans. Even though our national debt now stands at \$30.4 trillion, the radical liberals running the White House and in Congress continue to push their far-left Build Back Broke agenda, which would spend another \$5 trillion. As is always the case, working-class Americans will foot the bill.

Even before passage of the American Rescue Plan, balancing the federal budget was set to be a herculean task. Nonetheless, President Biden decided to propose the most expensive budget request in history. His budget, which calls for perpetual trillion-dollar deficits, shows that Democrats have no plan to prevent the world's largest economy from collapsing under the weight of its unsustainable and accelerating debt.

Fortunately for America, producing an alternative budget is the Republican Study Committee's (RSC) signature issue. Each year, the RSC's Budget & Spending Task Force produces a conservative federal budget to provide a roadmap for Congress to balance the budget while reducing the tax burden on American families and businesses.

This year is no different. Once again, the RSC's Budget & Spending Task Force has produced a balanced budget that will slash federal debt, rein in inflation, promote economic growth, and raise wages. Most importantly, it would avert a debt crisis that would devastate working-class Americans and condemn future generations to a less prosperous and less free America.

While conservatives and the RSC continue to fight for freedom and economic security, Speaker Pelosi is carrying water for far-left special interests while ignoring our looming debt crisis. That's why Congressional Democrats refuse to pass a budget this year.

It has never been clearer that we need to reverse our current course. That's why we appropriately named the RSC's FY 2023 budget "Blueprint to Save America." The RSC Budget & Spending Task Force is once again standing up for everyday Americans and providing the leadership desperately needed to put our country on a sustainable fiscal path.

Now, we urge Speaker Pelosi to take up our budget and put it on the floor for a vote.

Handwritten signature of Jim Banks in blue ink.

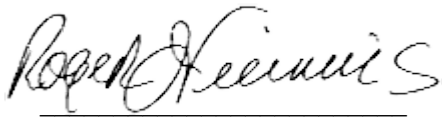
Rep. Jim Banks (IN-03)

*Chairman, Republican Study Committee*

Handwritten signature of Kevin Hern in blue ink.

Rep. Kevin Hern (OK-01)

*Chair, RSC Budget and Spending Task Force*



Rep. Roger Williams (TX-25)



Rep. Trent Kelly (MS-01)



Rep. Ralph Norman (SC-05)



Rep. Ron Estes (KS-04)



Rep. Michael Cloud (TX-27)



Rep. Ben Cline (VA-06)



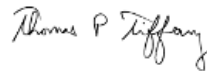
Rep. Byron Donalds (FL-19)



Rep. Bob Good (VA05)



Rep. Fred Keller (PA-12)



Rep. Tom Tiffany (WI-07)



Rep. Ronny Jackson (TX-13)



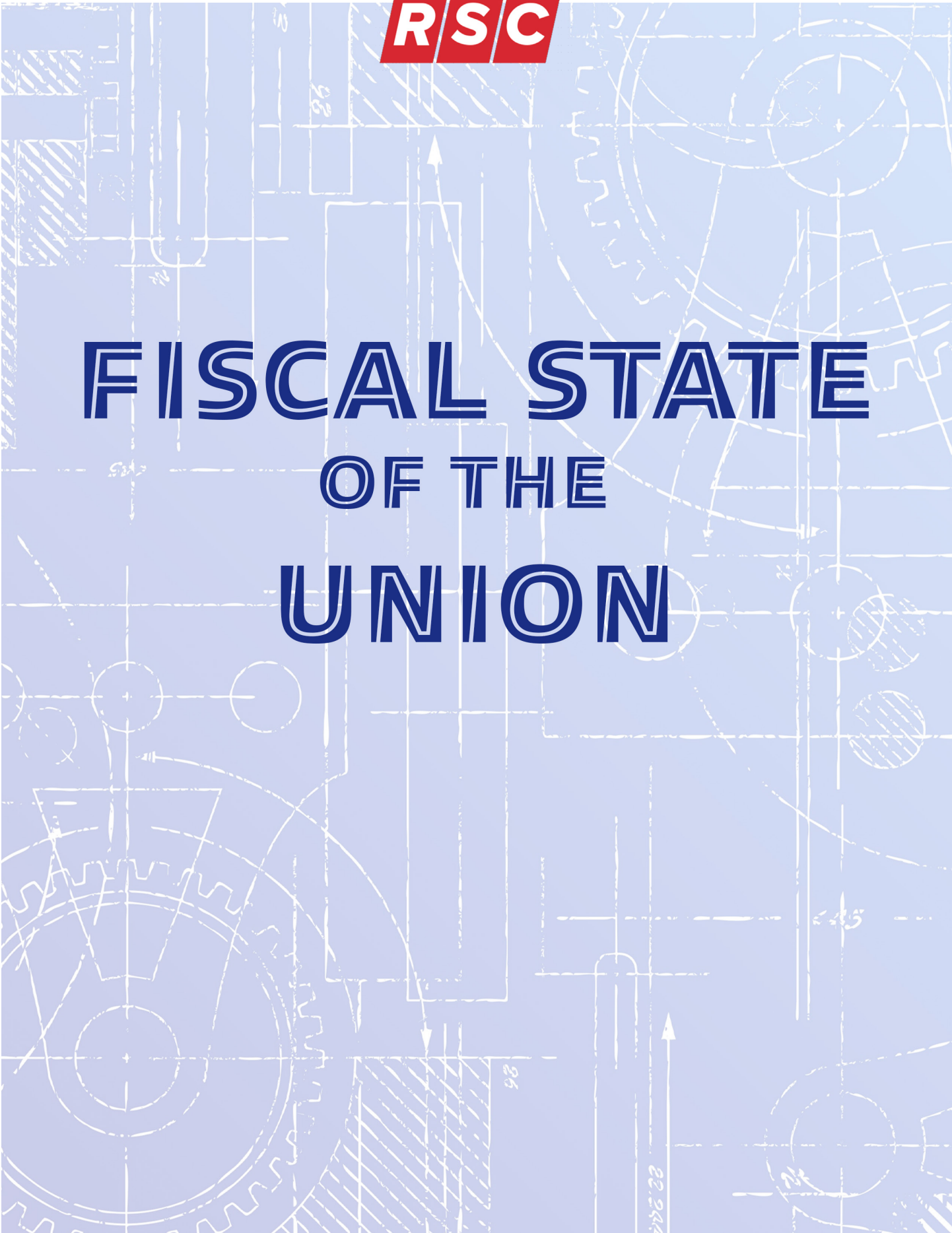
Rep. Troy E. Nehls (TX-22)



Rep. August Pfluger (TX-11)



Rep. Beth Van Duyne (TX-24)

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# FISCAL STATE OF THE UNION

Our nation’s total federal debt now stands at \$30.4 trillion.<sup>1</sup> This staggering amount represents decades of fiscal mismanagement and unsustainable spending. Contrary to the claims of the left, the federal spending that drives our national debt does not serve the American people. They will ultimately pay for this debt through burdensome inflation, higher taxes, and lower economic growth. Inflation presently sits at over 8 percent, the highest our nation has experienced in 40 years, and our economy is on the precipice of a recession driven by the left’s radical spending agenda. As our federal government spends more and more simply to pay the interest on our national debt, the United States is driving toward a sudden debt crisis.

The following table shows the dire nature of our long-term federal fiscal situation:

**Table A**

<b>Federal Revenues, Outlays, Deficits, and Debt Held by the Public as a Percentage of GDP</b>				
<b>Year</b>	<b>2023<sup>2</sup></b>	<b>2032<sup>3</sup></b>	<b>2052<sup>4</sup></b>	<b>Percentage Change 2023 – 2051</b>
<b>Revenues</b>	18.6	18.2	19.1	+2.7%
<b>Outlays</b>	22.4	24.3	30.2	+34.8%
<b>Surplus/Deficits</b>	-3.8	-6.1	-11.1	+192%
<b>Debt Held by the Public</b>	96.0	109.6	185	+92.7%

Table A shows that over the next generation, our federal government will increase its annual outlays by 34.8 percent to nearly one-third of GDP. In 2052, nearly a full fifth of the value of annual production by the people of our nation will be taken up by the federal government in revenues and used at its discretion. The federal government will acquire 63.2 percent of revenues through tax collection and the remaining 36.8 percent through new borrowing. This massive level of borrowing will drive the federal deficit to 11.1 percent of GDP and the federal debt held by the public to an unthinkable 185 percent of GDP by 2052. As can plainly be seen in Table A, these issues grow exponentially every year, and will continue to do so well past 2052.

Our nation’s debt includes over \$6.592 trillion in intragovernmental obligations.<sup>5</sup> Most of these funds were paid by hard-working Americans to federal trust funds for their future retirements. Instead of allowing workers to invest these funds efficiently, they are required to be “invested” in federal debt by law, creating a hidden tax on working families. The debt also includes \$5.770 trillion in Federal Reserve held assets.<sup>6</sup> This represents a dangerous process known as monetization, where the government prints at inflationary and distortionary levels to cover its deficits. Modern Monetary Theory (MMT) promotes monetizing the debt as a “solution” to our current fiscal situation.<sup>7</sup> Unsurprisingly, this monetization, driven by excessive government spending, has fueled the recent spikes in inflation.

1 Fiscal Data, “Debt to the Penny,” Accessed on May 31, 2022, <https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/debt-to-the-penny>

2 Congressional Budget Office, “The Budget and Economic Outlook: 2032-2032.” May 25, 2022, <https://www.cbo.gov/publication/57950>

3 Ibid.

4 Ibid.

5 Fiscal Data, “Debt to the Penny,” Accessed on May 31, 2022, <https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/debt-to-the-penny>

6 The Federal Reserve System, “Factors Affecting Reserve Balances,” June 2,, 2022, <https://www.federalreserve.gov/releases/h41/current/h41.htm#h41tab1>.

7 Jim Edwards and Theron Mohamed, “MMT: Here’s a plain-English guide to ‘Modern Monetary Theory’ and why it’s interesting,” *Business Insider*, March 2, 2020, <https://www.businessinsider.com/modern-monetary-theory-mmt-explained-aoc-2019-3>.

Table B provides a breakdown of the drivers of federal spending levels. The principal drivers of our bleak fiscal outlook are entitlements and interest on the federal debt. Table C further demonstrates that this is not a new trend.

**Table B**

<b>Federal Outlays by Category as a Percentage of GDP<sup>8</sup></b>				
<b>Year</b>	<b>2023</b>	<b>2052</b>	<b>2023 – 2052 Change</b>	<b>Percentage Change 2022 – 2051</b>
<b>Social Security</b>	5.0	6.4	+1.4	+28%
<b>Medicare</b>	3.2	5.9	+2.6	+84.4%
<b>Other Health Care</b>	2.6	2.9	+0.3	+11.5%
<b>Net interest</b>	1.7	7.2	+4.5	+324.5%
<b>All Other Outlays<sup>9</sup></b>	9.8	7.9	-1.9	-19.4%

**Table C (Historical Spending Prior to the Start of the Pandemic)**

<b>Other Mandatory and Discretionary Outlays as a Percentage of GDP<sup>10</sup></b>			
<b>Year</b>	<b>1962</b>	<b>2019</b>	<b>Percentage Change 1962-2019</b>
<b>Defense Discretionary</b>	9	3.2	-64%
<b>Non-Defense Discretionary</b>	3.3	3.1	-6%
<b>Other Mandatory</b>	2.3	2.4	+4%
<b>Net Interest</b>	1.2	1.8	+50%
<b>Social Security</b>	2.4	4.9	+104%
<b>Health Care Programs</b>	0.8 (1968)	5.6	+600% (1968-2019)

One of the most frightening aspects of our present situation is that the single greatest source of increased federal outlays will be interest on the debt.<sup>11</sup> This indicates that we are crossing a dangerous threshold where the burden of the debt itself will continue to pull our nation underwater<sup>12</sup> and lead to what is known as a debt spiral. Put simply, our debt is so large that the compounding interest on it alone could push the debt to a size where interest payments are more than our economy can sustain.<sup>13</sup> At this point, every dollar we intend to spend through the federal government also adds growing interest costs to the debt and quickens the march towards an inevitable debt crisis.<sup>14</sup>

8 Congressional Budget Office, “The Budget and Economic Outlook: 2032-2032.” May 25, 2022, <https://www.cbo.gov/publication/57950>

9 The “All Other Outlays” category contains Defense and Non-Defense Discretionary outlays as well as outlays from non-entitlement mandatory programs.

10 CBO, “Budget and Economic Data: Historical Budget Data,” Accessed on May 28, 2022, <https://www.cbo.gov/data/budget-economic-data>;

11 Committee for a Responsible Federal Budget, “How High are Federal Interest Payments?” March 10, 2021, <https://www.crfb.org/papers/how-high-are-federal-interest-payments#:~:text=This%20year%2C%20the%20federal%20government,and%20over%20%24%2C400%20per%20household>.

12 The Heritage Foundation, by David Ditch, “5 Charts Show Why Congress Must Stop Adding to National Debt.” March 12, 2021. <https://www.heritage.org/debt/commentary/5-charts-show-why-congress-must-stop-adding-national-debt>

13 Manhattan Institute, by Brian Riedl, “Why Interest Rates Could Drive a Debt Crisis.” February 4, 2022. <https://www.manhattan-institute.org/why-interest-rates-could-drive-a-debt-crisis>

14 The Default Clock Committee, “Three Minutes to Midnight: The Updated ‘Federal Government Debt Default Clock,’” Debt Default Clock, Accessed April 11, 2021, <https://debtdefaultclock.us/debt-default-clock/>.



The left's calls to increase taxes to close the deficit would be equally as catastrophic for our nation. To close the federal deficit in this way, taxes would need to be increased by 20.4 percent today and 58.1 percent in 2052 and more each year thereafter in perpetuity.<sup>15</sup> These tax increases would kill jobs, reduce wages, and undermine the economic growth needed to ensure stable levels of tax revenue.<sup>16</sup> These high levels of taxing and borrowing are symptoms of the increased government spending levels that demand it.

Despite this grave situation, President Joe Biden and the left continue their march toward socialism. Their ironically named American Rescue Plan Act, contained \$2 trillion of inflation-fueling spending<sup>17</sup> and numerous policies designed to gut our nation's labor force and decimate its long-term economic viability. Still, they have continued to push an even more dangerous initiative, the Build Back Better plan, which is essentially the Green New Deal in disguise.

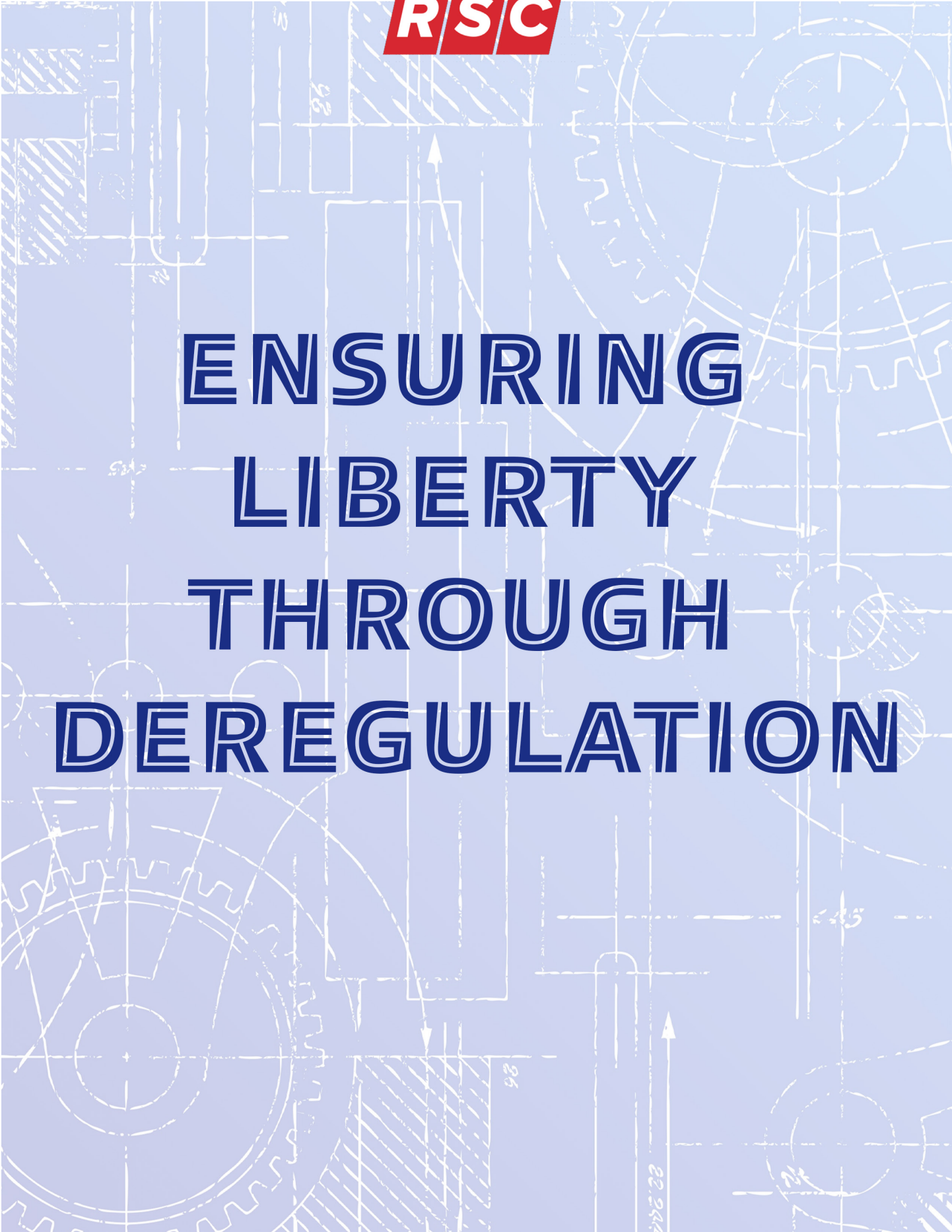
The RSC Budget recognizes that the path to prosperity does not come from the Democrats' approach of expanding government. Over the past year and a half, the American people have seen that experiment fail firsthand. Individuals, free from the burdens of a burdensome government, hold the key to growth, innovation, and flourishing communities. In resolute opposition to the path laid before us by the Left, the policy proposals contained in the RSC Budget demonstrate a path back to a prosperous and free future for all Americans.

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15 CBO, "Budget and Economic Data: Historical Budget Data," Accessed on May 28, 2022, <https://www.cbo.gov/data/budget-economic-data>;

16 Americans for Tax Reform, by Alex Hendrie, "Biden Admin Policies Will Harm, Not Help Inflation." May 31, 2022. <https://www.atr.org/biden-admin-policies-will-harm-not-help-inflation/>

17 House Budget Committee Republicans, "American Rescue Plan 1-year Review." Accessed June 6, 2022. <https://republicans-budget.house.gov/wp-content/uploads/2022/03/American-Rescue-Plan-1-Year-Review.pdf>

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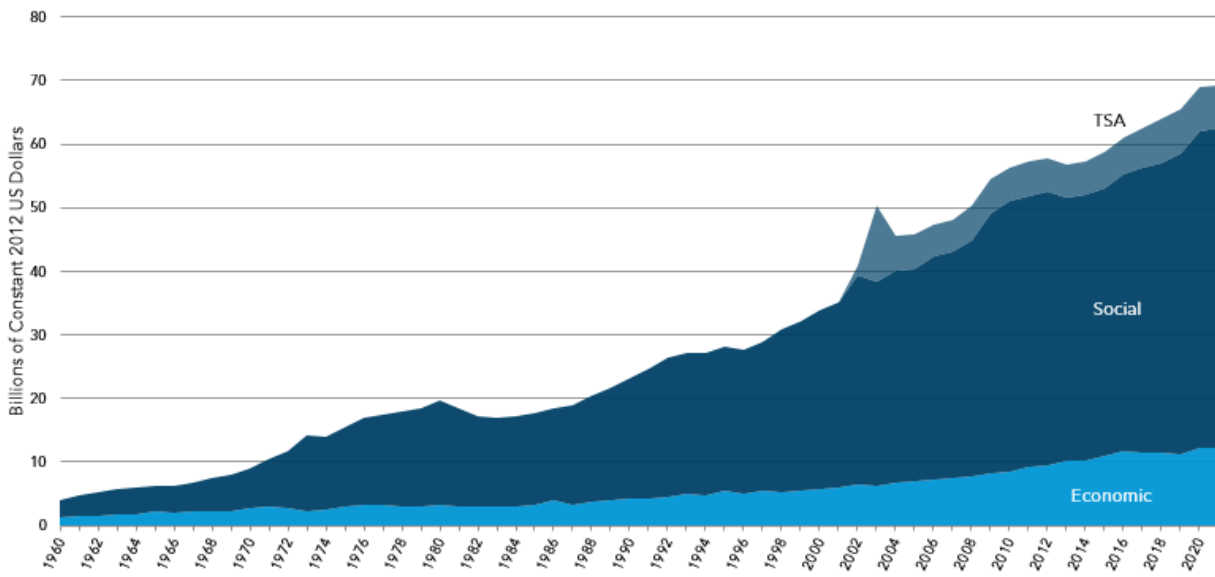
# **ENSURING LIBERTY THROUGH DEREGULATION**

Overregulation suppresses economic growth and needlessly increases bureaucratic control over the everyday lives of citizens.<sup>18</sup> These burdens cripple American families through inflation, reduced wages, fewer jobs, scarcity of goods, and less access to capital to go to school, buy a home, or start a small business.<sup>19</sup> In short, overregulation is an assault on the American Dream.<sup>20</sup>

It was once said that the Obama administration had “perhaps the most aggressive regulatory record in history.”<sup>21</sup> It’s clear that President Biden is overtaking Obama in this regard. Biden’s regulatory agenda is built upon the goal of returning to and surpassing Obama’s legacy. According to the American Action Forum, “The Biden Administration capped off its first full year in office with more than \$201 billion in regulatory costs and 131 million hours in new annual paperwork, putting it far ahead of the two immediately preceding administrations’ respective first years by a wide margin.”<sup>22</sup>

New rules added to the federal regulatory code, along with the federal funds spent on administering the regulatory state, have grown exponentially in the last several decades. This can be seen in the following charts:<sup>23</sup>

Regulatory Agency Budget Outlays by Fiscal Year



Note: The Transportation Security Administration (TSA) is displayed separately from social regulation because it has features that differ from other regulatory agencies.

18 The Competitive Enterprise Institute, by Clyde Wayne Crews Jr. “Ten-thousand Commandments – An Annual Snapshot of the Federal Regulatory State.” 2021, [https://cei.org/wp-content/uploads/2021/06/Ten\\_Thousand\\_Commandments\\_2021.pdf](https://cei.org/wp-content/uploads/2021/06/Ten_Thousand_Commandments_2021.pdf)

19 American Action Forum, by Sam Batkins and Meghan Milloy, “The Most Expensive Dodd-Frank Rule Adds to Law’s Burden,” November 10, 2015. <http://americanactionforum.org/research/the-most-expensive-dodd-frank-rule-adds-to-laws-burden>.

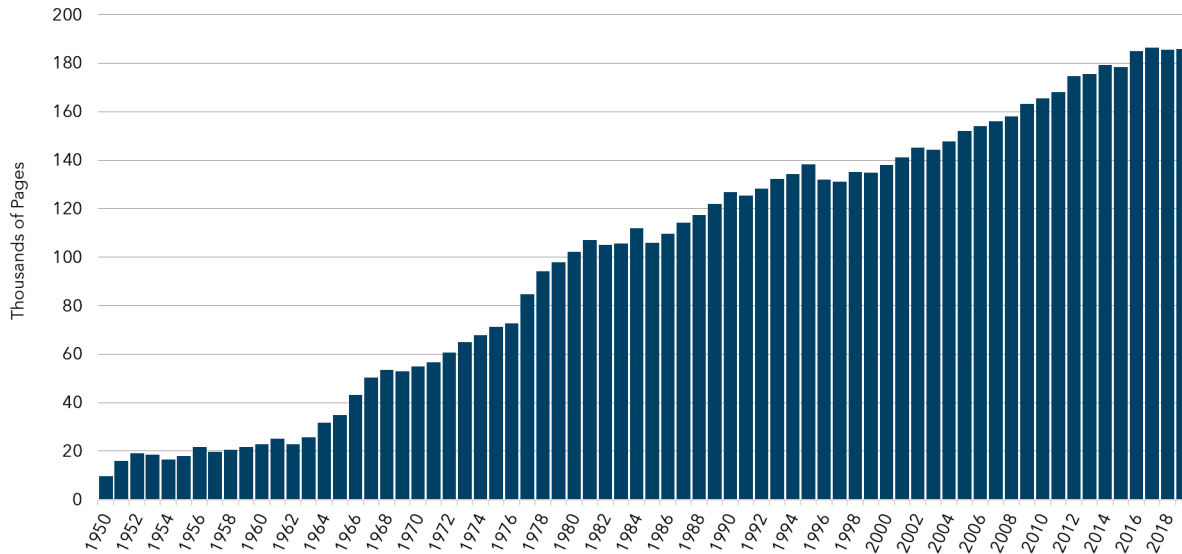
20 The Mercatus Center, by Dustin Chambers, Dian Thomas, Patrick McLaughlin and Kathryn Waldron. “The Effect of Regulation on Low-Income Households.” January 8, 2019. <https://www.mercatus.org/publications/regulation/effect-regulation-low-income-households>

21 American Action Forum, by Sam Batkins, “Midnight Regulations Push Obama Administration’s Regulatory Tally Past \$890 Billion,” February 2, 2017, <https://www.americanactionforum.org/insight/midnight-regulations-push-obama-administrations-regulatory-tally-past-890-billion/>.

22 American Action Forum, by Dan Goldbeck, Dan Bosch, “‘Year One’: Assessing the Biden Regulatory Record Against Recent Administrations.” January 20, 2022. <https://www.americanactionforum.org/research/year-one-assessing-the-biden-regulatory-record-against-recent-administrations/>

23 George Washington University Regulatory Studies Center, “Reg Stats,” Accessed on June 2, 2022, <https://regulatorystudies.columbian.gwu.edu/reg-stats>.

## Total Pages Published in the Code of Federal Regulations (1950-2019)



Conservatives know that an aggressive deregulatory agenda is needed now more than ever, particularly to tame Biden’s inflation crisis. The RSC Budget would rein in the Biden administration’s dangerous regulatory regime and return to the example set by former President Donald Trump and former OMB Director Russ Vought, who previously served as the Executive Director for the RSC, and whose deregulatory successes helped drive the most economically prosperous period in American history. In addition to rolling back Obama-era regulations, they implemented policies that were designed to place guardrails on the institution of new regulations. For instance, the administration took the following actions:

- On President Trump’s first day in office, the White House issued a memorandum freezing all of the Obama administration’s pending regulations, halting \$181 billion in pending rules.<sup>24</sup>
- On January 30, 2017, President Trump issued an executive order on Reducing Regulation and Controlling Regulatory Costs requiring all agencies to identify two existing regulations to repeal for each new regulation it proposes.<sup>25</sup>
- On February 24, 2017, President Trump issued a follow-up executive order also designed to rein in overregulation.<sup>26</sup> This order required heads of agencies to establish a Regulatory Reform Office (RRO) to oversee regulatory reform initiatives and form a task force within each agency to develop a regulatory reform plan.
- On June 14, 2019, President Trump issued Executive Order 13875, which was designed to reduce the number of federal advisory committees.
- On October 9, 2019, President Trump issued Executive Order 13891, which was designed to make agency guidance documents transparent and required agencies to solicit input from the public and conduct analysis before issuing certain guidance documents.
- On October 9, 2019, President Trump issued Executive Order 13892, which strengthened public reporting and transparency requirements on major federal regulatory action.
- On October 10, 2019, President Trump issued Executive Order 13893, which ensured that federal agencies offered cost-cutting proposals along with any proposed action that would result in increased federal spending.

<sup>24</sup> American Action Forum, by Sam Batkins, “Administration’s Regulatory Freeze Halts \$181 Billion in Pending Rules”, , January 31, 2017, <https://www.americanactionforum.org/insight/administrations-regulatory-freeze-halts-181-billion-pending-rules/>.

<sup>25</sup> Federal Register, Executive Order No. 13771, “Reducing Regulation and Controlling Regulatory Costs,” January 30, 2017, <https://www.federalregister.gov/documents/2017/02/03/2017-02451/reducing-regulation-and-controlling-regulatory-costs>.

<sup>26</sup> Executive Order 13777, “Enforcing the Regulatory Reform Agenda,” February 24, 2017, <https://www.federalregister.gov/documents/2017/03/01/2017-04107/enforcing-the-regulatory-reform-agenda>.

## **Congressional Deregulation Proposals**

This portion of the RSC Budget includes common sense proposals Congress could undertake to reduce regulation by federal agencies and return power back to individuals, families, and communities. In large part, this section builds off proposals that were included in the RSC Government Efficiency Accountability and Reform (GEAR) Task Force's report: "Power, Practices, Personnel: 100+ Commonsense Solutions to A Better Government." That task force was led by former Rep. Greg Gianforte (R-MT), who is now the Governor of the State of Montana. The RSC Budget supports the following legislation to restore the appropriate balance of power:

### *Transparency*

- Rep. Blaine Luetkemeyer's (R-MO) Providing Accountability Through Transparency Act, which would require each agency to include a 100-word, plain-language summary of a proposed rule in a notice of rulemaking.
- Rep. James Comer's (R-KY) Guidance Out of Darkness (GOOD) Act, which would set transparency requirements on regulatory dark matter, a term that refers to the countless agency actions, such as guidance, memoranda, and bulletins, that receive little to no public scrutiny in their development yet often hold the weight of law.<sup>27</sup>
- Rep. Bob Good's (R-VA) Alert Act, which would require monthly disclosures from agencies about the rules they expect to finalize or propose in a given year.
- Similar to Rep. Victoria Spartz' (R-IN) Sunshine for Regulatory Decrees and Settlements Act, Congress should increase transparency of sue-and-settle proceedings and prevent the creation of de facto regulations emerging through this process. These settlements are often negotiated behind closed doors. The results of these proceedings often have the same effect as creating a new regulation but without public participation.<sup>28</sup>
- Rep. Bob Good's (R-VA) Health Agency Checkup Act, which would examine reporting and regulatory practices at the Centers for Disease Control (CDC), National Institutes of Health (NIH) and the Food and Drug Administration (FDA). The bill would call for recommendations to eliminate administrative burdens and reduce politically driven decision making at these agencies, which unfortunately has become a very common practice during the COVID-19 era.
- Rep. Claudia Tenney's (R-NY) Transparency in COVID-19 Expenditures Act, which would require the Government Accountability Office (GAO) to audit and report spending authorized by pandemic related legislation.

### *Containing and Measuring Regulatory Costs*

- Rep. Ashley Hinson's (R-IA) Red Tape Reduction Act, which would reinstitute President Trump's deregulatory executive orders.<sup>29</sup>
- Rep. Ted Budd's (R-NC) Lessening Regulatory Costs and Establishing a Federal Regulatory Budget Act, which would also build off President Trump deregulatory legacy to require the elimination of two regulations for every new regulation. It would ensure that the total cost of regulations do not increase by requiring agencies to appoint a Regulatory Reform Officer to oversee regulatory reform initiatives and establish a Regulatory Reform Task Force to review the agency's regulations.
- Rep. Bob Good's (R-VA) Article I Regulatory Budget Act, which would create a regulatory budget, similar to a fiscal budget. Congress would establish annual caps on the costs executive branch agencies could impose on the economy through new regulations.
- Former Rep. Bob Goodlatte's (R-VA) Regulatory Accountability Act, which would require agencies to choose the least costly method of regulation available to them.

<sup>27</sup> Competitive Enterprise Institute, by Clyde W. Crews Jr. "A Partial Eclipse of the Administrative State." October 3, 2018. <https://cei.org/sites/default/files/WayneCrewsAPartialEclipseoftheAdministrativeState.pdf>

<sup>28</sup> CATO Institute, by Andrew M. Grossman, "Oversight of Litigation at EPA and FWS: Impacts on the U.S. Economy, States, Local Communities and the Environment," August 3, 2015, <https://www.cato.org/publications/testimony/oversight-litigation-epa-fws-impacts-us-economy-states-local-communities>.

<sup>29</sup> The White House, "Executive Order on Revocation of Certain Executive Orders Concerning Federal Regulation," January 20, 2021, <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-revocation-of-certain-executive-orders-concerning-federal-regulation/>.

- Rep. Byron Donalds’ (R-FL) Unnecessary Agency Reductions Act, which would empower Congress to review outdated and duplicative regulations for consolidation or repeal.
- Rep. Steve Chabot’s (R-OH) Small Business Regulatory Flexibility Improvements Act, which would expand the Regulatory Flexibility Act (RFA) to strengthen requirements that agencies account for the impact on small businesses in their rulemaking.
- Rep. Ted Budd’s (R-NC) Fair and Open Competition Act (FOCA) Act, which prohibits federal construction contracts from requiring union favoritism through Project Labor Agreements (PLAs).

#### *Checking Executive Authority*

- Rep. Kat Cammack’s (R-FL) Regulations from the Executive in Need of Scrutiny Act (REINS Act), which would require Congress to approve any regulations that have an annual economic impact of \$100 million or more.
- Rep. Kelly Armstrong’s (R-ND) Separation of Powers Restoration Act, which would scale back “Chevron deference” to federal agencies by requiring de novo review of agency actions for all relevant questions of law, including constitutional and statutory interpretation.
- Rep. Bill Posey’s (R-FL) Article I Restoration Act, which would sunset all regulations after 3 years.
- Rep. Michael Cloud’s (R-TX) Federal Agency Sunset Commission Act, which would create a commission to review the role and operations of every federal agency and report to Congress on recommendations for merging, reorganizing, or abolishing such agencies. Congress would then have the responsibility to act on these recommendations.

#### *Regulatory Process Reforms*

- Rep. Kelly Armstrong’s (R-ND) Federal Permitting Reform and Jobs Act, which would reduce the burdens of NEPA and would produce firm timelines for agency action on permit applications;
- Rep. Tom McClintock’s (R-CA) Endangered Species Transparency and Reasonableness Act, which would require regular use of best science to delist and list animals under the Endangered Species Act (ESA).
- Rep. Mike Johnson’s (R-LA) Critical Habitat Improvement Act, which would require scientific grounding for the listing of a habitat under ESA.
- Senator Dan Sullivan’s (R-AK) Require Evaluation before Implementing Executive Wishlists Act (REVIEW) Act, which would require a federal agency to postpone the effective start date of any high-impact rule for either 60 days or the period delineated by the authorizing statute pending judicial review.
- Rep. Virginia Foxx’s (R-VA) Unfunded Mandates Information and Transparency Act, which would require CBO to score unfunded mandates in proposed legislation. It would also create a point of order against legislation that includes such unfunded mandates.

The RSC Budget also supports several other common-sense, conservative reforms needed to restore the appropriate balance of power, including the following:

- Ensure that the creation of all federal rules utilize empirical evidence-based and scientific-based data to draw conclusions in a transparent process instead of leaning on the ideological bias of regulators.
- Rep. Paul Gosar’s (R-AZ) bill, Regulatory Report Card Act, which would create regulatory report cards for agencies to assess how well they follow laws governing regulatory action, how transparent and accessible the agency is to stakeholders, and how much service they provide to help navigate their regulations.
- Require agencies to disclose the data they use to make rules and regulations, similar to Rep. Tim Burchett’s (R-TN) bill, the Protecting Jobs and Wages from Regulations Act of 2021.
- Require all regulatory submissions to be made through OMB’s Office of Information on Regulatory Affairs.
- Clarify, standardize, and synchronize the definitions of different types of rules (i.e., significant, major, economically significant across all regulatory regimes).
- Require judicial review of regulatory impact analysis data.

- Place limitations on federal injunctive authority, ensuring that a regional federal court could not arbitrarily implement a nation-wide injunction.
- Reform the Congressional Review Act (CRA) to ensure that it can be used to nullify regulatory dark matter and rules that were improperly produced.<sup>30</sup>
- Continue to implement federal efficiency proposals from OMB’s “Delivering Government Solutions in the 21<sup>st</sup> Century: Reform Plan and Reorganization Recommendations,” issued June 21, 2018.<sup>31</sup>
- Require the federal government to have a “yellow pages test.” If a good or service can be found in the “yellow pages,” government should not be doing it.<sup>32</sup>

### **Oppose Socialistic Overregulation Related to the COVID-19 Pandemic**

While COVID-19 has brought pain and suffering to millions around the globe, the consequences of the pandemic could have been much worse if not for President Trump’s leadership. His administration, with the backing of Congressional Republicans, successfully spearheaded the historic creation and distribution of three vaccines that have saved countless lives. The historic accomplishment of producing and distributing these vaccines in such a short period was made possible through free market principles and President Trump’s collaboration with private producers to tackle this crisis in a thoughtful and efficient manner.<sup>33 34</sup>

In contrast, Democrats saw this global crisis as a moment to enforce brutally oppressive mandates. These restrictions, lacking any sound basis in science, have led to the permanent closure of countless small businesses and irreparable harm to a generation of students.<sup>35</sup> Despite the clear evidence, liberals remain resolute in their push for total power to satisfy their desire to exercise control over their fellow citizens.

The RSC Budget condemns officials who have continued to push lockdowns and forced school children to wear masks despite zero scientific justification. The evidence proves that lockdown measures have no effect on COVID mortality.<sup>36</sup> Still, far too many leaders used the pandemic as an excuse to exert absolute control over the lives of Americans through draconian lockdowns, mask mandates and vaccine passport regimes reminiscent of a third-world dictatorship. This includes President Biden, who has gone far beyond the scope of his constitutional authority in his attempts to force American workers to get vaccinated or risk losing their livelihoods. Simply put, these policies have no place in a free country.

The RSC Budget supports efforts to facilitate school reopening’s, undo reckless and unscientific regulations, and bring back the stolen livelihoods of millions of Americans.<sup>37</sup> Accordingly, the RSC Budget supports the following sampling of bills and policies to reject the left’s approach:

- Rep. Chip Roy’s (R-TX) ARTICLE ONE Act, which would terminate any national emergency made by the executive branch after 30 days. The emergency declaration could only continue through an affirmative vote of Congress.

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30 The Brookings Institutions, by Philip A. Wallach and Nicholas W. Zeppos, “How Powerful is the Congressional Review Act?” April 4, 2017, <https://www.brookings.edu/research/how-powerful-is-the-congressional-review-act/>.

31 Office of the President of the United States, “Delivering Government Solutions in the 21<sup>st</sup> Century: Reform Plan and Reorganization Recommendations,” *Politico*, <https://www.politico.com/f/?id=00000164-2324-dbd-c-a96d-373e4e2a0000>.

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33 Americans for Tax Reform, by Isabelle Morales, “List: 846 Regulations Waived to Help Fight COVID-19.” August 4, 2020, <https://www.atr.org/rules>.

34 “#NEVERNEEDED: Many Regulations Being Scrapped to Help Fight COVID-19 Were Never Needed in the First Place,” Competitive Enterprise Institute, Accessed April 11, 2021, <https://neverneeded.cei.org/>.

35 American Enterprise Institute, by James Pethokouskis, “Keeping Kids Home from School Is Even More Harmful Than We First Thought.” January 25, 2022. <https://www.aei.org/economics/keeping-kids-home-from-school-is-even-more-harmful-that-we-first-thought/>

36 Jonas Herby, Lars Jonung, and Steve H. Hanke, “A Literature Review and Meta-Analysis of the Effects of Lockdowns on COVID-19 Mortality.” Johns Hopkins Institute for Applied Economics, Global Health, and the Study of Business Enterprise. January 2022. <https://sites.krieger.jhu.edu/iae/files/2022/01/A-Literature-Review-and-Meta-Analysis-of-the-Effects-of-Lockdowns-on-COVID-19-Mortality.pdf>

37 Congressman Jim Banks, H.Res.293, <https://www.congress.gov/bill/117th-congress/house-resolution/293?s=3&r=17>

- Rep. Brad Wenstrup’s (R-OH) Stop Vaccine Mandates Act, which would permanently block President Biden’s unlawful COVID-19 vaccine mandate for federal workers.
- Rep. James Comer’s (R-KY) Fairness for Federal Contractors Act, which would prevent employees of federal contractors from being forced to receive a COVID-19 vaccine.
- Rep. Ben Cline’s (R-VA) Stop Arduous Vaccine Enforcement (SAVE Act), which would prohibit organ transplant centers from engaging in the cruel practice of denying unvaccinated Americans access to life-saving organ transplants.
- Rep. Andy Biggs (R-AZ) No Vaccine Passports Act, which would prohibit federal agencies from issuing vaccine passports to their employees.
- Rep. Doug LaMalfa’s (R-CA) Keep Vaccines Voluntary Act, which would require entities receiving COVID-19 relief funds to certify that they will not discriminate or deny access to services to unvaccinated Americans.
- Rep. Andy Biggs (R-AZ) legislation to prohibit entities receiving COVID-19 relief funds from mandating COVID vaccines for their employees.
- Rep. Diana Harshbarger’s (R-TN) Natural Immunity is Real Act, which would require federal agencies to include natural immunity acquired from prior COVID-19 infections when issuing rules and regulations surrounding COVID-19.
- Rep. Ronny Jackson’s (R-TX) FREEDOM Act, which would require federal agencies to document the consequences of requiring their employees to be vaccinated.
- Rep. Michael Cloud’s (R-TX) resolution disapproving of requiring children as young as 11 residing in Washington D.C. to be vaccinated.
- Rep. Ralph Norman’s (R-SC) Protecting Religious Students from Vaccine Mandates Act, which would require U.S. colleges and universities receiving federal funds to allow students to apply for religious exemptions from COVID-19 vaccine mandates on campus.
- Rep. Dan Bishop’s (R-NC) Let States Cut Taxes Act. After Congress passed the American Rescue Plan, the Biden Administration tried to prohibit states that received any funding under the Act from cutting taxes. Rep. Bishop’s legislation would ensure that states retain the ability to set their own tax policy.
- Rep. Bob Good’s (R-VA) Right to Earn a Living Act, which would make states that implemented restrictions on business activity ineligible to receive Coronavirus Relief Fund grants.
- Rep. Kevin Hern’s (R-OK) Equal Opportunity First Amendment Act, which would require that stay at home orders and restrictions on gatherings must be evenly applied and not discriminate against certain individuals or groups. It would create an associated private right of action.
- Rep. Bob Good’s (R-VA) Protecting Religion from Government Act, which would ensure that houses of worship could sue political jurisdictions that seek to illegally restrict their operations.
- Rep. Michael Cloud’s (R-TX) legislation to prohibit a major disaster, or public health emergency, declaration from being able to be used to impose gun or ammunition controls. It would prohibit such an emergency or disaster from being able to be used to restrict the sale or transfer of firearms or ammunition.
- Rep. Bob Good’s (R-VA) Students before Unions Act, which would require school districts to disclose their correspondence with teachers’ unions concerning when they can reopen schools to be eligible for certain coronavirus related education funding.
- Rep. Chip Roy’s (R-TX) Coronavirus Regulatory Repeal Act, which would permanently rescind the federal regulations suspended during the pandemic.
- Rep. Claudia Tenney’s (R-NY) Transparency in COVID-19 Expenditures Act, which would require the Government Accountability Office (GAO) to audit and report on spending authorized by pandemic related legislation.



## **Unleashing North American Energy Production**

On his first day in office, President Biden started his war on American energy. Since then, gas prices in the United States have skyrocketed to the highest levels in history.<sup>38</sup> Meanwhile, he has blamed Vladimir Putin's war in Ukraine for the steady increase in gas prices that started well before the invasion. The RSC released a memo<sup>39</sup> listing more than 80 anti-energy actions from the Biden administration that started on day-one and coincided with the increase gas prices. Democrats' answer to this problem is to double down on their Green New Deal agenda which spurred gas prices to rise to their current staggering levels.

The RSC knows that hard working Americans deserve better than out of control inflation and unaffordable gasoline. We should be exploring and unleashing our vast reserves of energy and mineral resources. Tapping our domestic energy resources will reduce inflation, promote job creation, and decrease dependence on foreign oil, both at home and for our allies around the world. The RSC Budget vehemently stands opposed to the so-called "Build Back Better" agenda, which includes \$80 billion in new taxes on domestic energy producers and more than \$555 billion in climate giveaways to liberal special interests that would raise utility costs, kill jobs, and force working-class Americans to foot the bill. Additionally, the RSC Budget supports the following policies:

- Reverse President Biden's executive actions to halt drilling activity in Arctic National Wildlife Refuge (ANWR).
- Reverse President Biden's executive action to halt new oil and gas leasing on federal lands, including the Outer Continental Shelf (OCS). Rep. Jerry Carl's (R-AL) Unleashing American Energy Act would require a minimum of two oil and gas lease sales to be held annually in available federal waters in the Central and Western Gulf of Mexico Planning Area and in the Alaska Region of the Outer Continental Shelf.
- Rep. Matt Rosendale's (R-MT) Restore Onshore Energy Production Act would immediately resume oil and gas lease sales on eligible federal lands and require a minimum of four lease sales per year in each state with an oil and gas program.
- Rep. Beth Van Duyne's (R-TX) Strategy to Secure Offshore Energy Act would require the publication of the 2022-2027 plan for offshore oil and gas lease sales by the time the current plan expires on June 30, 2022.
- Rep. Garret Graves' (R-LA) Securing American Energy and Investing in Resiliency Act would require DOI to conduct all remaining offshore oil and gas lease sales in the current leasing plan and issue leases won as a result of Lease Sale 257.
- Rep. Yvette Herrell's (R-NM) Energy Permitting Certainty Act would require DOI to process Applications for Permits to Drill (APDs) under a valid existing lease regardless of any unrelated civil action.
- Rep. Blake Moore's (R-UT) Promoting Energy Independence and Transparency Act would require any pending permits for which required views have been completed be issued within 30 days of enactment.
- Rep. Steve Scalise's (R-LA) American Energy First Act would reform the onshore and offshore energy leasing and permitting processes for conventional and renewable energy development to reduce uncertainty, avoid unnecessary delays, and prevent large unilateral land grabs by the Biden administration.
- Rep. Yvette Herrell's (R-NM) POWER Act would require the President and federal agencies to get approval from Congress before prohibiting or delaying oil, gas, coal, hard rock, or critical mineral development on federal lands.
- Rep. Lauren Boebert's (R-CO) Protecting American Energy Jobs Act would expand on Rep. Herrell's bill by requiring limits on geothermal leases to receive congressional approval.
- Rep. Lauren Boebert's (R-CO) 30 x 30 Termination Act would nullify Section 216 of Executive Order 14008. That Executive Order seeks to remove 30 percent of federal lands from potential energy development by 2030.
- Allow states to develop resources on federal land within their borders and prohibit any federal hydraulic fracturing regulations in a state that has already issued its own regulations.

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38 Fox Business, by Tyler O'Neil. "Gas prices reach new record high." May 17, 2022. <https://www.foxbusiness.com/economy/gas-prices-reach-new-record-high>

39 The Republican Study Committee, "A Promise Kept: Biden's War on American Energy." March 25, 2022. [https://banks.house.gov/uploadedfiles/a\\_promise\\_kept.pdf](https://banks.house.gov/uploadedfiles/a_promise_kept.pdf)

- Rep. Bill Johnson’s (R-OH) Unlocking Our Domestic LNG Potential Act would expedite and increase American natural gas exports by removing duplicative approval requirements.
- Rep. Richard Hudson’s (R-NC) Advanced Nuclear Deployment Act would remove regulatory barriers for the deployment of Small Modular Nuclear Reactors and Microreactors.
- Rep. Kelly Armstrong’s (R-ND) Keystone XL Pipeline Construction and Jobs Prevention Act, which would authorize construction of the pipeline and maintenance of needed facilities.
- The budget supports deregulatory efforts intended to onshore critical mineral production, which are essential to many of the goods and services Americans use every day. Rep. Pete Stauber’s (R-MN) Accessing America’s Critical Minerals Act would reform onerous and duplicative steps in the critical mineral permitting process by requiring federal agencies to adhere to timelines and improve coordination.
- This budget supports the continued operation of the Enbridge Line 5 Pipeline and opposes the efforts of Governor Gretchen Whitmer (D-MI) and her radical environmentalists allies to shut down the pipeline. This budget commends Rep. Tom Tiffany’s (R-WI) leadership on this issue.
- This budget opposes President Biden’s decision to reenter the Paris climate agreement. This misguided decision will reduce economic growth, destroy jobs and reduce wages. This budget supports Rep. Chip Roy’s (R-TX) No Taxpayer Funding for Paris Climate Accord Act, which would ensure that no federal dollars are used to comply with the accords.
- Prohibit the use of an emergency disaster or public health emergency declaration from being used to address purported climate change.
- Block President Biden from introducing a rule similar to Obama’s Clean Power Plan that would burden our energy sector to promote green socialism.<sup>40</sup>
- Oppose the creation of a carbon tax, which would annually cost more than one million jobs and over \$1 trillion dollars of lost income by 2030.<sup>41</sup> The burden of these taxes would fall squarely on low-income families and would stifle the innovation that is key to a more efficient future.<sup>42</sup>
- Eliminate the Renewable Fuel Standard (RFS), which is a program that requires fuel sold in the U.S. to contain a minimum volume of renewable fuels. The RFS has caused a dramatic increase in the price of corn, food, and gasoline.<sup>43</sup>
- Oppose President Biden’s plan to increase Corporate Average Fuel Economy (CAFE) Standards for passenger cars and light trucks in a way that will go beyond the traditional role of CAFE standards. His plan would mandate a level of efficiency that would incur tremendous price increases per vehicle and would have detrimental effects on the economy.<sup>44</sup>
- Rep. Randy Feenstra’s (R-IA) Comparison of Sustainable Transportation Act, which would require the GAO to report on the increased cost to taxpayers from converting light-duty vehicles in the federal fleet to electric vehicles and deploying related EV infrastructure.

<sup>40</sup> George Lobsenz and Amena Saiyid, “Biden Moves Past Clean Power Plan, With an Eye to a Clean Electricity Standard,” IHS Markit, February 18, 2021, <https://ihsmarkit.com/research-analysis/biden-moves-past-clean-power-plan-with-an-eye-to-a-clean-elect.html>.

<sup>41</sup> Nicolas Loris and Laura Williamson, “Why the Carbon Tax Would Backfire on America,” The Heritage Foundation, July 30, 2019, <https://www.heritage.org/energy-economics/commentary/why-the-carbon-tax-would-backfire-america>.

<sup>42</sup> Mike Palicz, “ATR Releases Coalition Letter Opposing Any Carbon Tax,” Americans for Tax Reform, March 16, 2021, <https://www.ATR.org/atr-releases-coalition-letter-opposing-any-carbon-tax>.

<sup>43</sup> Institute for Energy Research, “CBO Analyzes RFS: Expect Higher Gasoline and Diesel Prices,” July 2, 2014, <http://instituteforenergyresearch.org/analysis/cbo-analyzes-rfs-expect-higher-gasoline-diesel-prices/>.

<sup>44</sup> Competitive Enterprise Institute, “Free to Prosper, A Pro-Growth Agenda for the 116<sup>th</sup> Congress: Energy and Environment,” March 17, 2021, <https://cei.org/publication/free-to-prosper-energy-and-environment-2/>

## **Occupational Licensing Laws**

All levels of U.S. governments should find ways to reduce the burden of occupational licensing requirements, which often are more about imposing barriers to entry than increasing safety.<sup>45</sup> There is simply no justification for barbers and interior designers to face stricter licensing requirements than emergency medical technicians.<sup>46</sup> Thirty percent of jobs now face government-imposed licensing requirements, up from just five percent from the 1950s.<sup>47</sup> There are as many as 1.9 million fewer jobs today, and nearly \$200 billion of annually misallocated resources, due to these needless and corrupt regulations.<sup>48</sup>

These licensing requirements are especially burdensome to families of military servicemen and women, who are 10 times more likely to move between states. Most of the military spouses that work in these fields need to be relicensed following reassignment.<sup>49</sup> While the problem of onerous occupational licensing laws is mostly caused at the state level, the RSC Budget urges federal lawmakers to examine ways in which the federal government could respect states' rights and still facilitate the state-level adoption of policies that use less restrictive alternatives to occupational licensing. Accordingly, the RSC Budget supports Rep. Darrell Issa's (R-CA) Restoring Board Immunity Act, Rep. Diana Harshbarger's (R-TN) Freedom to Work Act, and Chairman Jim Banks' (R-IN) Portable Certification for Spouses Act.

## **Strengthening Financial Markets**

Access to credit is the lifeblood of market economies. Credit allows unused resources from productive industries to provide the seed capital of the next. Financial markets are what enable the economic growth, innovation, and economic mobility that allow working-class families to enjoy standards of living unknown previous generations. A free and dynamic financial sector is how low- and middle-income families gain access to capital to go to school, buy a home, start a small business, and fulfill their version of the American Dream.

Unfortunately, Democrats are working to abuse the U.S. financial system to steer capital to their cronies, punish their political enemies and distort the flow of credit in ways that would doom the U.S. to economic stagnation. They are working to restrict credit to "politically-incorrect" industries such as fossil-fuels or firearm manufacturers.<sup>50</sup> The Federal Reserve is now working to subject fossil fuel producers to harsher and unjustified "stress tests" to direct liquidity away from affordable and abundant sources of energy and force investment into green energy sources that are more expensive and notoriously unreliable.<sup>51</sup>

Not to be outdone by the abuses seen during the Obama years, the Biden administration and Congressional Democrats are working to bring back the left-wing tradition of using the IRS to spy on Americans. The American Rescue Plan included a provision lowering the reporting threshold of business transactions conducted on third-party payment platforms from \$20,000 to \$600. This will allow the IRS to track most business transactions on these platforms and is ripe for abuse. Also, the Biden Administration has considered allowing the IRS to track every transaction above \$600 that flows in and out of bank accounts—in other words, nearly every bank transaction by every American. This budget stands firmly against this blatant overreach.

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45 Frances Floresca and Thomas Schatz, "Reducing Licensing Barriers Will Get Millions Back to Work," Citizens Against Government Waste, 2020, [https://www.cagw.org/sites/default/files/pdf/Issue\\_Brief\\_Regulatory\\_Reform.pdf](https://www.cagw.org/sites/default/files/pdf/Issue_Brief_Regulatory_Reform.pdf).

46 Chris Edwards, "Entrepreneurs and Regulations: Removing State and Local Barriers to New Businesses," Cato Institute May 5, 2021. <https://www.cato.org/policy-analysis/entrepreneurs-regulations-removing-state-local-barriers-new-businesses#legal-obstacles>.

47 Melissa S. Kearney, Brad Hershbein and David Boddy, "Nearly 30 Percent of Workers in the U.S. Need a License to Perform Their Job: It Is Time to Examine Occupational Licensing Practices," Brookings Institution, January 27, 2015, <http://www.brookings.edu/blogs/up-front/posts/2015/01/26-time-to-examine-occupational-licensing-practices-kearney-hershbein-boddy>.

48 Morris M. Kleiner and Evgeny S. Vorotnikov, "At What CoSt," Institute for Justice, November 2018, [https://ij.org/wp-content/uploads/2018/11/Licensure\\_Report\\_WEB.pdf#page=7](https://ij.org/wp-content/uploads/2018/11/Licensure_Report_WEB.pdf#page=7).

49 Shoshana Weissmann and C. Jarrett Dieterle, "Why Do You Need a College Degree to Give Diet Advice?" *Wall Street Journal*, January 31, 2018, <https://www.wsj.com/articles/why-do-you-need-a-college-degree-to-give-diet-advice-1517439964>.

50 Kishan, Saijel, "Wall Street Banks Face New Pressure to Cut Fossil-Fuel Financing" Bloomberg News, December 16, 2021. <https://www.bloomberg.com/news/articles/2021-12-16/wall-street-banks-face-new-pressure-to-cut-fossil-fuel-financing#:~:text=Banks%20have%20organized%20about%20%24555,to%20data%20compiled%20by%20Bloomberg>.

51 Jeb Hensarling, "A Politicized Fed Endangers the Economy." *Wall Street Journal*, January 17, 2022, <https://www.wsj.com/articles/a-politicized-fed-endangers-economy-monetary-federal-reserve-powell-balance-sheet-climate-stress-test-social-justice-11642448983>

The RSC Budget supports the following additional measures to push back against the efforts of the left to use the financial markets to implement their progressive agenda:

- Rep. Andy Barr’s (R-KY) Fair Access to Banking Act, which would combat corporate cancel culture by prohibiting banks with assets above \$10 billion from discrimination in their lending services.
- Rep. Byron Donald’s (R-FL) Repeal CFPB Act, which would eliminate the duplicative Bureau of Consumer Financial Protection (BCFP). The legal structure of the BCFP (commonly referred to as the Consumer Financial Protection Bureau) “is designed precisely to insulate it from political accountability. It is a design better suited for a government of unlimited powers conducive to tyranny rather than to a government of limited powers conducive to freedom.”<sup>52</sup>
- Rep. Drew Ferguson’s (R-GA) Prohibiting IRS Financial Surveillance Act, which would prohibit the Treasury Department from forcing financial institutions to report inflows or out-flows (or any similar amount, whether on a transaction or aggregate basis of any account.
- Rep. French Hill’s (R-AR) Price Stability Act of 2022, which would prohibit the Federal Reserve from acting beyond stabilizing prices to ensure that liberal special interests cannot use exotic tools such as “climate stress tests” to restrict access to credit.
- Rep. Ben Cline’s (R-VA) Federal Insurance Office Elimination Act, which would eliminate the Federal Insurance Office, a relic of Dodd-Frank that is duplicative of state and local efforts that the Biden administration has co-opted to promote its radical climate agenda.<sup>53</sup>

### **Promoting Trade**

Trade is critical to the health of the American economy. It is how our nation grew from a small colony to the wealthiest and most advanced nation on Earth. The regulation of trade is a legitimate exercise when used to defend the natural rights of our citizens, including our national security. Trade restrictions must be carefully targeted to address nefarious actions, particularly from the Chinese Communist Party, that amount to theft from Americans and people all over the globe. The RSC Budget calls on our allies and partners to promote free trade while working to counter these attacks.

### **Export-Import Bank**

The RSC Budget would eliminate another form of corporate cronyism, the Export-Import Bank (Ex-Im). The Ex-Im Bank is charged with subsidizing certain American exports. In reality, those subsidies come from U.S. taxpayers—including taxes paid by companies in direct competition with the beneficiaries of the subsidies.<sup>54</sup> These subsidies go to foreign countries and companies to purchase goods from specific corporations approved by Ex-Im bureaucrats. Many of those favored firms are the biggest and most politically connected in the country, all with well-paid lobbyists.<sup>55</sup> Additionally, Ex-Im boasts a disturbing culture of corruption and misconduct that has led to numerous criminal indictments in recent years. Their lending standards often lack transparency and consistency. The bank is the “Enron” of the federal government, a poster child for the worst of Washington’s corruption and mismanagement.<sup>56 57</sup>

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52 Scott Johnson, “CRISIS OF THE ADMINISTRATIVE STATE.” Powerline, January 13, 2014, <https://www.powerlineblog.com/archives/2014/01/crisis-of-the-administrative-state.php>

53 Executive Order 14030, 86 FR 27967, <https://www.federalregister.gov/documents/2021/05/25/2021-11168/climate-related-financial-risk>

54 Veronique de Rugy, “The Export-Import Bank: Winners and Losers of Government-Granted Privilege,” Mercatus Center, June 2, 2015, <https://www.mercatus.org/publications/export-import-bank/export-import-bank-winners-and-losers-government-granted-privilege;>

55 Ryan Young, “Ten Reasons to Abolish the Export-Import Bank,” CEI, July 15, 2014, <http://cei.org/sites/default/files/Ryan%20Young%20-%20Top%2010%20Reasons%20to%20Abolish%20Ex-Im%20%282%29.pdf>

56 Rep. Bill Flores and Sen. Mike Lee, “End Ex-Im Bank, the government’s Enron,” *Washington Examiner*, May 21, 2015, <http://www.washingtonexaminer.com/end-ex-im-bank-the-governments-enron/article/2564796>.

57 Veronique De Rugy and Justin Leventhal, “Export-Import Bank Makes an Unwelcome Return,” *Morning Consult*, January 8, 2020, <https://morningconsult.com/opinions/export-import-bank-makes-an-unwelcome-return/>.

The background is a light blue technical drawing or blueprint. It features various mechanical components such as gears, shafts, and bolts, along with construction lines, dashed lines, and arrows. The drawing is rendered in a light, sketchy style.

# CREATING OPPORTUNITY THROUGH TAX REFORM

**Republicans believe every day is the Fourth of July, but Democrats believe every day is April 15.**

**-President Ronald Reagan**

By the end of 2022, the federal government will have pulled over \$88.6 trillion in wealth out of the hands of Americans since 1789 through taxes and other revenue.<sup>58</sup> Taxation beyond what is necessary to fulfill the core constitutional purposes of our government lacks moral justification. This has not stopped liberals from ransacking the hard-earned dollars of American taxpayers to fund a bloated federal government that rewards the liberal special interests who put them in office. The reckless tax policies of the left rob Americans of their hard-earned wages, reduce savings, and undermine the investment needed to grow the economy, create jobs, and increase individual wealth.

While keeping taxes low must be a top priority, keeping the tax code fair and simple is also critical. Unfortunately, our tax code is riddled with special interest carveouts and high rates of taxation on investments and savings. All these distortions cause the misallocation of capital, creating a less robust economy, and leading to slower wage growth and job creation.

Carveouts for special interests embody corporate cronyism and redistribute wealth from hard-working Americans to well-connected groups that seek to manipulate the tax code in their favor.<sup>59</sup> They create a more inefficient economy where certain industries and activities exist solely because of tax subsidies, while more productive pursuits fold.

Our tax code also hinders productivity and real wage growth through multiple layers of taxation. Contrary to the rhetoric of the Left, this approach hurts workers most of all. Taxing personal and business income reduces investment and new business formation, leaving workers with lower wages and fewer opportunities.

A truly pro-growth, pro-worker tax system does not penalize saving and investment in America; it promotes it.<sup>60</sup> The Tax Cuts and Jobs Act (TCJA) took strides toward this goal by repealing numerous corporate cronyism-inspired carveouts. It led to record-low unemployment and record-high wage levels in the years after its enactment.<sup>61</sup> For these reasons, the RSC Budget builds upon the foundation laid by the TCJA to help restore the United States' economy.

### **The Democrat's Tax Plan to Kill Jobs and Steal Savings**

**Driving Businesses Overseas** – President Biden has proposed increasing the top corporate tax rate from 21 percent to 28 percent. This would make our corporate tax rate one of the most burdensome in the world and drive investment and jobs overseas.<sup>62</sup> In fact, it would be higher and more punitive than that of Communist China (25 percent).<sup>63</sup> President Biden and House Democrats have advocated for the creation of a minimum book-tax that would nearly double business taxes.<sup>64</sup> So-called “book” taxes prevent any deductions for capital investments and amount to a direct tax hike on wage growth and industries that employ blue-collar workers. Additionally, Democrats' proposed book-tax would disproportionately hit American-produced energy, automobile manufacturing, and utilities.<sup>65</sup>

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58 The White House, “Historical Tables, Table 1.1.” <https://www.whitehouse.gov/omb/budget/historical-tables/>

59 Spencer Wood “Cronyism and the Tax Code,” NTU, November 21, 2016, <https://www.ntu.org/foundation/detail/cronyism-and-the-tax-code>.

60 William L. Watts, “Friedman: Consumption tax best, but unlikely,” *Market Watch*, March 31, 2015, <https://www.marketwatch.com/story/friedman-consumption-tax-best-but-unlikely>; Curtis Dubay “A Flat Consumption Tax Would Be Fair and Efficient,” The Heritage Foundation, November 16, 2015, <https://www.heritage.org/taxes/report/flat-consumption-tax-would-be-fair-and-efficient>; David A. Weisbach and Joseph Bankman, “The Superiority of an Ideal Consumption Tax over an Ideal Income Tax,” University of Chicago Law School, 2006, [https://chicagounbound.uchicago.edu/cgi/viewcontent.cgi?article=3035&context=journal\\_articles](https://chicagounbound.uchicago.edu/cgi/viewcontent.cgi?article=3035&context=journal_articles).

61 Catherine Thorbecke, “Unemployment rate falls to its lowest level in 50 years,” ABC News, October 4, 2019, <https://abcnews.go.com/Business/unemployment-rate-falls-lowest-level-50-years/story?id=66058946>; Jeffery Bartash, “At a 10-year High, Wage Growth for American Workers Likely to Keep Accelerating,” *Market Watch*, March 8, 2019, <https://www.marketwatch.com/story/at-a-10-year-high-wage-growth-for-american-workers-likely-to-keep-accelerating-2019-03-08>.

62 Elke Asen, “Corporate Tax Rates around the World, 2020,” Tax Foundation, December 9, 2020, <https://taxfoundation.org/publications/corporate-tax-rates-around-the-world/>; Chris Edwards, “Corporate Taxes: Rates Down, Revenues Up,” CATO Institute, April 15, 2021, <https://www.cato.org/blog/corporate-taxes-rates-down-revenues>.

63 Erica York, Alex Durante, and Alex Muresianu, “Comparing the Corporate Tax Systems in the United States and China.” Tax Foundation, May 3, 2022. <https://taxfoundation.org/us-china-competition-corporate-tax/>

64 Garrett Watson, “Biden’s Minimum Book Income Tax Proposal Would Create Needless Complexity,” Tax Foundation, December 13, 2020, <https://taxfoundation.org/joe-biden-minimum-tax-proposal/>.

65 Cody Kallen, “Who Gets Hit by the Book Minimum Tax?” Tax Foundation, November 18, 2021, <https://taxfoundation.org/book-minimum-tax-analysis/>

The Biden administration also wants to raise income taxes to the highest rate in the developed world.<sup>66</sup> In its FY 2023 budget, President Biden proposed a wealth tax that would significantly impede capital flows and stifle investments, sap retirement savings, starve start-ups and small businesses of funding, and allow the expansion of large monopolies.<sup>67</sup> To help guard against these dangerous proposals, the RSC Budget supports Rep. Byron Donalds' (R-FL) Prohibiting Unrealized Capital Gains Taxation Act, which would block any attempt by the Treasury Department to tax unrealized gains on assets.

**Paying for a Radical Climate Agenda** – Democrats have made it clear that they view their massive tax hikes to pay for their radical spending and Green New Deal policies that would destroy our economy and throw millions into poverty. For instance, President Biden and Congressional Democrats used their Build Back Better Act to push more than \$550 billion in subsidies to inefficient energy sources with industry leaders that donate almost exclusively to Democrats. Stealing the wages of hard-working Americans to subsidize industries that will force them to pay higher utility bills and exacerbate inflation is both foolish and immoral. President Biden has also voiced his support for a regressive carbon tax that would cost more than one million jobs and over \$1 trillion dollars of lost income each year by 2030,<sup>68</sup> and his FY2023 budget included more than \$80 billion in new taxes on energy producers at a time of record gas prices.<sup>69</sup>

**Biden Bolstering the Chinese Economy** – President Biden's plan to triple taxes<sup>70</sup> on foreign earnings of American companies would lead more U.S. companies to move all their operations overseas, taking their investments, jobs, wage payouts, and intellectual property (IP) with them. This would likely result in increased manufacturing in China and aid their efforts to steal American IP. These policies would also penalize U.S. companies that want to bring raw and intermediate inputs to the U.S. to bolster U.S. heavy manufacturing. The RSC Budget opposes President Biden's plan to reward foreign companies for dumping products into U.S. markets while taxing American competitors out of our own market.

### Pro-Growth Tax Reforms

The following pro-growth and pro-worker tax reforms will produce more investment in America along with more jobs and higher wages. These proposals serve as a down payment on our commitment to a pro-growth, pro-worker tax policy. The RSC Budget would cut taxes by \$3.9 trillion over the next 10 years.

**Permanence for the Individual Tax Provisions of the Tax Cuts and Jobs Act** – The RSC Budget would make the individual tax code provisions of the TCJA permanent. This includes important pro-growth features such as lower income tax rates for working families, a broader base that eliminates corrupt special interest carve-outs, and tax cuts for small businesses.<sup>71</sup> Allowing the individual cuts and reforms to expire would undo much of the hard-won victories of the TCJA.

**Full and Immediate Expensing for Investments in Economic Growth** – The RSC Budget would enact Rep. Jodey Arrington's (R-TX) ALIGN Act, which would make the TCJA provision allowing businesses to immediately expense investments in equipment permanent. The RSC budget would also enact other pro-growth tax reforms allowing businesses to fully and immediately expense their investments in research and development, worker education and training expenses. These expenditures are necessary investments in workers and productivity that should not be taxed as though they are profits.<sup>72</sup> This policy would promote higher wages for Americans by permanently ending destructive taxes on investments to increase worker productivity and wages.<sup>73</sup> The RSC Budget also supports equalizing the tax treatment of different types

66 William McBride and Alex Durante, "Biden Budget Would Raise Income Tax Rates to Highest in Developed World." March 31, 2022. <https://taxfoundation.org/biden-budget-tax/>

67 Garrett Watson and Erica York, "Proposed Minimum Tax on Billionaire Capital Gains Takes Tax Code in Wrong Direction," Tax Foundation, March 30, 2022, <https://taxfoundation.org/biden-billionaire-tax-unrealized-capital-gains/>

68 David Kreutzer, "Impacts of Carbon Taxes on the US Economy," The Heritage Foundation, November 17, 2014, <https://www.heritage.org/testimony/impacts-carbon-taxes-the-us-economy>.

69 Alex Hendrie and Isabelle Morales, "Biden Budget Calls for 36 Tax Hikes Totaling \$2.5 Trillion." March 28, 2022, <https://www.atr.org/biden-budget-calls-for-36-tax-hikes-totaling-2-5-trillion/>

70 Cody Kallen, "Effects of Proposed International Tax Changes on U.S. Multinationals." Tax Foundation, April 28, 2021. <https://taxfoundation.org/biden-international-tax-proposals/>

71 Joint Committee on Taxation, "Economic Growth and Tax Policy (JCX-47-15)," February 20, 2015, <https://www.jct.gov/publications.html?func=start-down&id=4736>.

72 Scott A. Hodge, "An Open Letter to Chairman Peter Roskam on Full Expensing," Tax Foundation, July 18, 2017, <https://taxfoundation.org/open-letter-chairman-peter-roskam-full-expensing/>.

73 Jason J. Fichtner and Adam N. Michel, "Options for Corporate Capital Cost Recovery: Tax Rates and Depreciation," Mercatus Center, January 2015, <https://www.mercatus.org/system/files/Fichtner-Corporate-Capital-Cost.pdf>.

of investments, ensuring that all worker education and training investments receive the same tax treatment given to other investments.<sup>74</sup> For instance, Rep. Jason Smith’s (R-MO) Upward Mobility Enhancement Act, would more than double the tax benefit attributable to investments made in upskilling employees.

**Promoting American Manufacturing and Resilient Supply Chains through Accelerated Depreciation** – The RSC Budget would adopt Rep. Jackie Walorski’s (R-IN) and RSC Chairman Jim Banks’ (R-IN) Renewing Investment in American Workers and Supply Chains Act. This pro-growth legislation would accelerate the current 39-year depreciation schedule for nonresidential construction, and 27.5-year depreciation schedule for residential construction, to 20 years each. Additionally, the RSC Budget would index annual write-off levels to maintain the present value of the deduction, known as neutral cost recovery.<sup>75</sup> Indexing to maintain present valuation would counter lost value due to inflation and opportunity costs.<sup>76</sup> This would significantly reduce the cost of new investments in America and bolster American manufacturing and supply chains. This change would create 230,000 new jobs, increase American capital investment by 2.3 percent, and raise wages by 1.0 percent.<sup>77</sup>

The RSC Budget supports exempting the sale of overseas manufacturing facilities from taxation if the manufacturing moves production back to America, a policy included in Rep. Chip Roy’s (R-TX) BEAT China Act.

**Universal Savings Accounts** – The RSC Budget would create Universal Savings Accounts (USAs) to allow all Americans to flexibly invest in their future free of extra taxation. These accounts would allow some of the savings of American families, already taxed twice through income taxes, to avoid a third round of taxation through capital gains.<sup>78</sup>

**Shielding the Middle Class from Capital Gains Taxes** – The RSC Budget would reduce taxes on working-class Americans by adjusting the second long-term capital gains bracket to start at \$75,000 for single filers (1.5 times for Head of Household filers and twice as much for Widow and Joint filers). This will protect low- and middle-income families from the specter of capital gains taxes and remove a needless barrier to economic mobility.

**Index Capital Gains Taxes to Inflation** – The destructive policies implemented by President Biden and Congressional Democrats have created the highest inflation in more than 40 years.<sup>79</sup> This inflation is a crushing burden on middle-class families and creates a hidden tax on capital investment. While assets are currently taxed partially on price changes caused by inflation, the RSC Budget would ensure taxpayers are not forced to pay for phantom gains caused by inflation by applying capital gains taxes only to the real growth in the value of investments.<sup>80</sup>

**Eliminate Death Taxes** – Death taxes impose yet another layer of taxation on the work of prior generations to build businesses and create thriving communities.<sup>81</sup> Death taxes are particularly insidious since families grieving the loss of a loved one are often forced to liquidate the life’s work of their parents or grandparents in order to comply with the death tax. All productive capital across an economy has the possibility of facing this layer of taxation in the future. This prospect hangs over, and devalues, all investment in new production and innovation and ultimately hurts working Americans through fewer jobs, lower wages, and lost opportunity.<sup>82</sup> This budget would adopt Rep. Jason Smith’s (R-MO) Death Tax Repeal Act.

74 Erica York, “Expensing Provisions Should Not Favor Physical Over Human Capital,” Tax Foundation, December 17, 2019, <https://taxfoundation.org/expensing-provisions-not-favor-physical-human-capital/>.

75 Erica York, “Improved Cost Recovery Is A Wide-Ranging Policy Solution,” Tax Foundation, July 10, 2020, <https://taxfoundation.org/cost-recovery-wide-ranging-solution/>.

76 Stephen J. Entin, “Tax Treatment of Structures Under Expensing,” Tax Foundation, March 24, 2017, <https://taxfoundation.org/tax-treatment-structures-expensing/>.

77 Erica York, “Improving Tax Treatment of Structures Offers Commonsense Way to Boost Competitiveness,” Tax Foundation, March 24, 2022. <https://taxfoundation.org/american-workers-supply-chains-us-competitiveness/>

78 Adam Michel, “Universal Savings Accounts Can Help All Americans Build Savings,” The Heritage Foundation, December 4, 2018, <https://www.heritage.org/taxes/report/universal-savings-accounts-can-help-all-americans-build-savings>.

79 Matt Phillips, “Inflation surges to 8.5%, highest in over 40 years.” Axios, April 12, 2022. <https://www.axios.com/2022/04/12/inflation-surges-march>

80 A. Hendrie, “Senator Cruz Leads Letter Urging Trump Admin to Index Capital Gains Taxes to Inflation,” Americans for Tax Reform, July 29, 2019, <https://www.ATR.org/senator-cruz-leads-letter-urging-trump-admin-index-capital-gains-taxes-inflation?amp>.

81 “151 Organizations Sign Coalition Letter Supporting Death Tax Repeal Act,” Family Business Coalition, February 19, 2019, <http://www.familybusinesscoalition.org/2019/02/19/151-organizations-sign-coalition-letter-supporting-death-tax-repeal-act/>.

82 Scott Eastman, “New IRS Data Reiterates Shortcomings of the Estate Tax,” Tax Foundation, October 18, 2018, <https://taxfoundation.org/new-irs-data-reiterates-shortcomings-estate-tax/>.



**Expand Net Interest Deduction** – Congress should permanently apply the EBITDA (earnings before interest, tax, depreciation, and amortization) definition of income for determining the net interest deduction.<sup>83</sup> This year, the tax code began using EBIT (earnings before interest and tax) to define income. This switch penalizes businesses for spending to expand their operations and disproportionately hurts manufacturers who use debt to finance productive investments. An EBIT standard taxes the borrowed amounts twice, first when funds are borrowed and a second time once the funds are invested. The RSC Budget would reverse this change.

**Net Operating Loss (NOL) Reforms** – Firms receive a Net Operating Loss (NOL) deduction when losses for a given tax year exceed revenue. However, delayed use of this deduction allows inflation and opportunity costs to chip away at its value. Further, limitations on the use of these deductions can mean forfeiting them altogether. These effects increase the overall tax burden on investments, reintroducing the multiple layers of taxation that the deduction sought to avoid.<sup>84</sup> Lawmakers should index the remaining deduction annually to maintain its present value and allow unlimited carryforwards and carrybacks of NOL deductions.

### **Repeal Distorting and Monopoly-forming Carveouts**

As described by the Mercatus Center, “Various deductions, exemptions, and credits create an uneven tax environment... which distort consumption and investment.”<sup>85</sup> The RSC Budget seeks to eliminate these corrupt carveouts and would use these savings to reduce taxes for American workers and job makers.

The RSC Budget fully repeals the state and local tax (SALT) deduction. The SALT deduction allows liberal members of Congress to subsidize tax-and-spend policies in their own states by imposing taxes on hard-working Americans in low-tax jurisdictions. The ability to deduct SALT liability exclusively benefits wealthy taxpayers. In fact, the Tax Policy Center found that, “...two-thirds of households in the top 1 percent – making over \$885,000 per year – would receive an average tax cut of \$16,090 in 2022.”<sup>86</sup> Still, Democrats made the elimination of the TCJA’s limits on the SALT deduction one of their top priorities this Congress.

The RSC Budget also seeks to eliminate tax breaks for the inefficient and unreliable producers of so-called “green energy,” many of which are extended periodically through “tax extender” packages. Despite exorbitant – and unjustified – support from taxpayers, President Biden and Congressional Democrats continue to push for an additional \$550 billion in new taxpayer subsidies for these energy sources.

The RSC Budget generally opposes the use of temporary tax extender packages. In addition to green energy tax breaks, they have historically been used to extend other special interest benefits, and more recently been used to extend tax benefits stemming from the pandemic emergency.<sup>87</sup> The last round of extenders was included in the FY 2021 omnibus.<sup>88</sup>

The RSC Budget would also adopt the mortgage interest deduction reforms contained in the House-passed version of the TCJA, applying a \$500,000 cap for newly purchased homes and applying the deduction to principal residences. The RSC Budget would also remove several other miscellaneous tax carveouts from the tax code.<sup>89</sup>

### **Other Conservative Tax Reforms**

The following represents a set of ideal reforms that lawmakers should pursue in the future.

83 Scott Greenberg, “Tax Reform Isn’t Done,” Tax Foundation, March 8, 2018, <https://taxfoundation.org/tax-reform-isnt-done/>.

84 Nicole Kaeding, “Net Operating Losses Aren’t Handouts,” National Taxpayers Union Foundation, April 14, 2020, <https://www.ntu.org/foundation/detail/net-operating-losses-arent-handouts>.

85 Veronique de Rugy and Adam N. Michel, “A Review of Selected Corporate Tax Privileges,” Mercatus Center, October 2016, <https://www.mercatus.org/system/files/mercatus-de-rugy-corporate-tax-privileges-v1.pdf>.

86 “Two-Thirds of the ‘One Percent’ Get a Tax Cut Under Build Back Better, Due to SALT Relief.” Committee for a Responsible Federal Budget, December 10, 2021, <https://www.crfb.org/blogs/two-thirds-one-percent-get-tax-cut-under-build-back-better-due-salt-relief>

87 Alex Muresianu, Erica York and William McBride, “A Holiday Tradition: Tax Extenders Slated to Expire at End of 2021.” Tax Foundation, December 22, 2021. <https://taxfoundation.org/tax-extendors-expiring-tax-provisions-2021/>

88 Erica York, “Tax Extenders Hitch a Ride on Omnibus and COVID-19 Relief Deal,” Tax Foundation, December 21, 2020, <https://taxfoundation.org/tax-extendors-omnibus-covid-19-relief-deal/>.

89 Clean coal Credit, Private activity bond interest exclusion, Exclusion from interest income from state and local government bonds, Lifetime Learning Credit, American Opportunity Credit, Student loan interest payments deduction (phase-out), Income exclusions for employee meals exclusion, lodging, and transportation benefits, Income exclusion for employee achievements awards, Income exclusion for employer-provided gym benefits deduction, Orphan Drug Credit

**End Marriage Penalties** – Congress should continue efforts to eliminate tax code provisions that disincentivize family formation. While the TCJA eliminated several marriage penalties, many remain.<sup>90</sup> Marriage penalties represent another instance where the tax code applies disparate treatment to similarly situated individuals to extract more revenue from the American people.

The RSC Budget supports Rep. Vicky Hartzler’s (R-MO) Student Loan Marriage Penalty Elimination Act, which would remove the marriage penalty contained in the student loan interest deduction.

**End Incentives to Hire Illegal Labor** – Congress should also reevaluate tax policies that perpetuate illegal immigration. The RSC Budget would prohibit businesses from deducting wage and benefit compensation paid to illegal immigrants.

**Integration of Corporate Taxes** – The RSC Budget would encourage the integration of corporate profits into individual income taxes to avoid double taxation. This could be achieved by allowing corporations to deduct dividends paid from their taxable income, but subjecting income received through dividends to ordinary individual income taxes and not long-term capital gains taxes.

**Creation of Unified Tax Treated Accounts** – The RSC Budget would encourage creating unified tax treated accounts (or tax-free rollovers across accounts) where individuals could move money between retirement and education savings accounts and use those funds to purchase their residence, or vice versa while having such funds excluded from taxable income. This would give individuals and families access to the kind of ideal tax treatment of investments and savings to which only certain businesses have access under current law.


**Protect Donor Advised Funds** – The RSC Budget would oppose Democrats’ attempts to effectively eliminate Protect Donor Advised Funds (DAF), which facilitate mid-sized charitable contributions.<sup>91</sup> Democrats have proposed delaying the tax benefit from DAFs in a manner that would negate the reason for creating them in the first place. This would give more power to large organizations and would crowd out many mid-size donors and organizations.

**Reform Reporting on Tax Expenditures** – Every year the Joint Committee on Taxation (JCT) produces a list of tax expenditures. The RSC Budget would direct JCT to identify tax expenditures that are either true carveouts or simply remove or reduce multiple layers of taxation on saving and investing.

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90 Amir El-Sibaie, “Marriage Penalties and Bonuses under the Tax Cuts and Jobs Act,” Tax Foundation, February 14, 2018, <https://taxfoundation.org/tax-cuts-and-jobs-act-marriage-penalty-marriage-bonus/>.

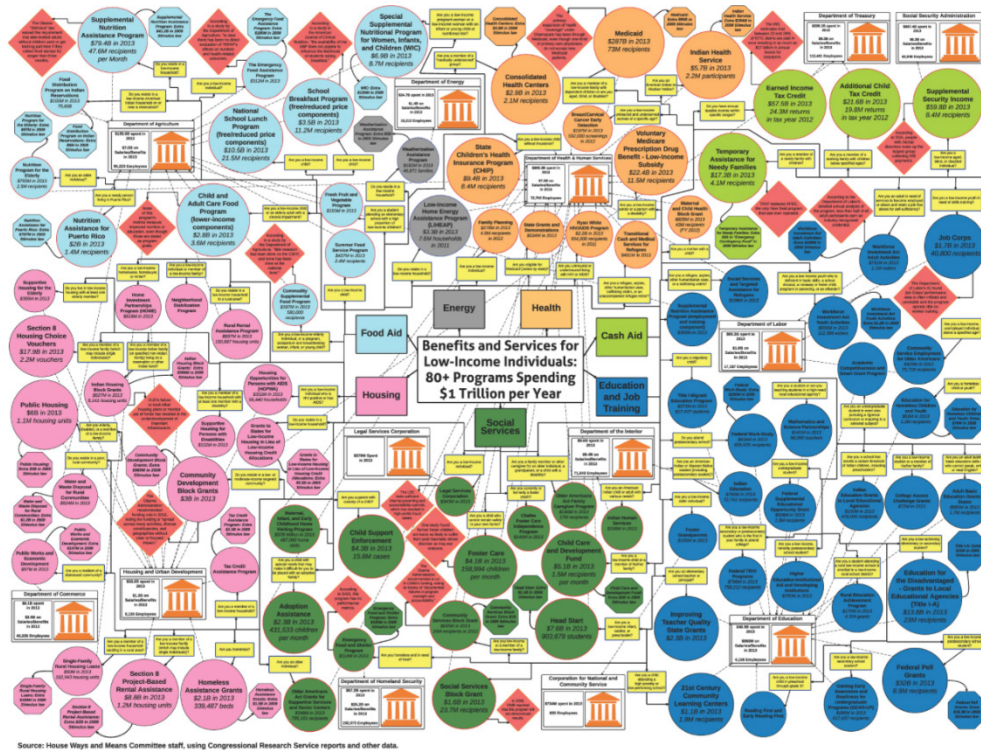
91 Will Kenton, “Donor-Advised Fund,” Investopedia, Accessed on April 20, 2022, <https://www.investopedia.com/terms/d/donoradvisedfund.asp>.

The background is a light blue technical drawing or blueprint. It features various mechanical components such as gears, shafts, and pulleys, along with dashed lines representing hidden edges and solid lines for visible parts. There are also some handwritten-style numbers and annotations scattered throughout the drawing.

**OPPORTUNITY  
THROUGH  
EMPOWERMENT  
AND  
SELF-SUFFICIENCY**

The notion that every person has a God-given right to the pursuit of happiness is embodied in our Declaration of Independence. Instead of trapping individuals in a cycle of poverty, government should remove obstacles and allow all citizens to flourish. The RSC’s vision of welfare reform is about providing that opportunity to all Americans, instead of prolonging their economic hardship. While the Left believes in perpetual poverty, conservatives envision a United States without poverty, one that is lifted by the strength of families and communities.

The unrivaled failure of our modern welfare system has also spawned an enormous bureaucracy with a staggering price tag. Between 1965, when the War on Poverty was declared, and 2016, “total means-tested welfare spending by federal and state governments cost taxpayers roughly \$27.8 trillion in constant FY 2016 dollars.”<sup>92</sup> Welfare spending in real terms has increased 12-fold since the mid-1960s.<sup>93</sup> Overall, the Congressional Research Service (CRS) has identified 92 different federal programs meant to assist low-income people for which the federal government spent \$918 billion in FY 2018.<sup>94</sup> From 2008-2018, federal means-tested spending on these programs skyrocketed by 64 percent.<sup>95</sup> When spending by the states is added in, governments spend more than \$1.16 trillion each year on welfare programs.<sup>96</sup>



House Ways and Means Committee, “Chairman Boustany: Better Coordinating Welfare Programs to Serve Families in Need”, November 3, 2015. <https://gop-waysandmeans.house.gov/chairman-boustany-better-coordinating-welfare-programs-to-serve-families-in-need/>

In a brazenly cynical act, Congressional Democrats pounced on the misery created by the COVID-19 pandemic in an attempt “to restructure things to fit our vision.”<sup>97</sup> The core of this vision is to expand the permanent welfare state. Conservatives must continue to fight the left’s insidious anti-work policies and encourage workers to reenter the workforce.

For years, the RSC has led the way in advancing welfare reform. The policies recommended by this budget build upon this work done by the RSC, including the RSC’s American Worker Task Force of the 116th Congress, which was chaired by Rep. Andy Barr (R-KY). The American Worker Task Force’s report, Reclaiming the American Dream, explores ave-

92 Robert Rector and Vijay Menon, “Understanding the Hidden \$1.1 Trillion Welfare System and How to Reform It.,” Heritage Foundation, April 5, 2018, [https://www.heritage.org/sites/default/files/2018-04/BG3294\\_4.pdf](https://www.heritage.org/sites/default/files/2018-04/BG3294_4.pdf).

93 Ibid.

94 Karen E. Lynch, Gene Falk, Karen Lynch, Jessica Tollestrup, Conor F. Boyle, and Patrick A. Landers “Federal Spending on Benefits and Services for People with Low Income: FY2008-FY2018 Update.” Congressional Research Service, February 5, 2020. <https://sgp.fas.org/crs/misc/R46214.pdf>.

95 Ibid.

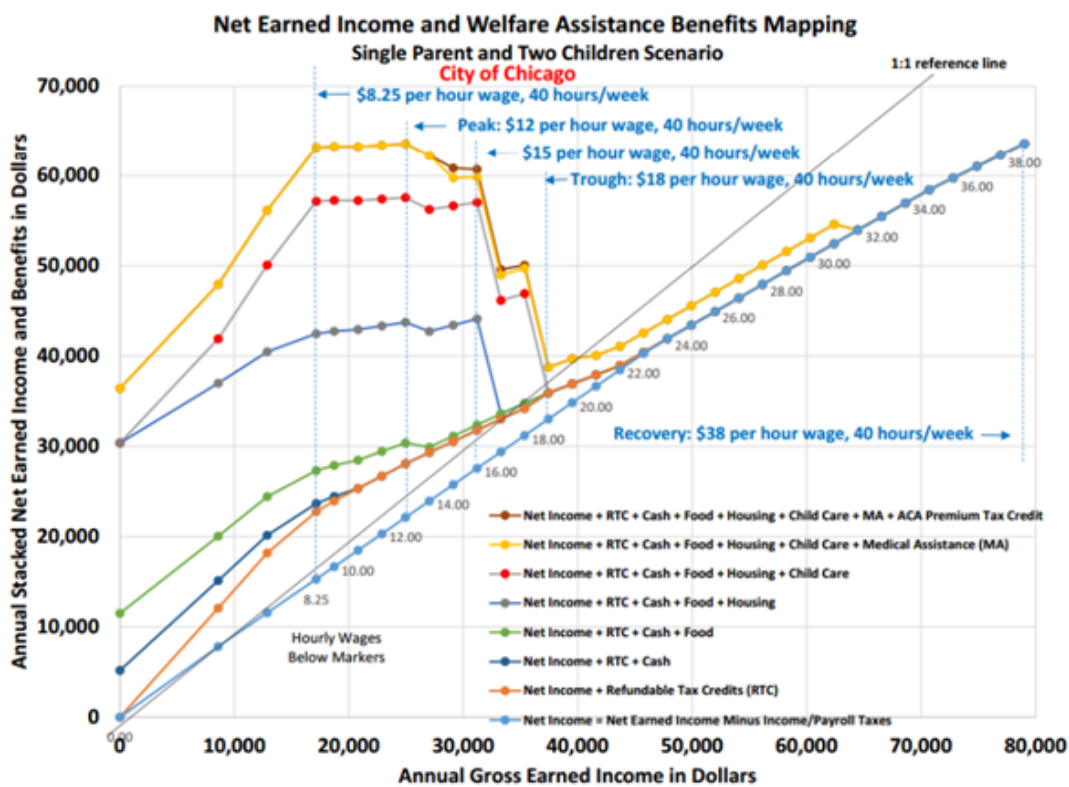
96 Robert Rector and Jamie Hall, “Largest Welfare Increase in U.S. History Will Boost Government Support to \$76,400 per Poor Family.” Heritage Foundation, November 8, 2021, <https://www.heritage.org/welfare/report/largest-welfare-increase-us-history-will-boost-government-support-76400-poor-family>

97 Andrew Mark Miller, “Top Democrat says coronavirus relief package a ‘tremendous opportunity to restructure things to fit our vision’: Report.” The Washington Examiner, March 24, 2020. <https://www.washingtonexaminer.com/news/report-clyburn-says-coronavirus-relief-package-a-tremendous-opportunity-to-restructure-things-to-fit-our-vision>

nues for modernizing our labor market and promoting work.<sup>98</sup> The report proposes bold and innovative ideas to broaden alternative education paths, address nationwide addiction problems, improve our tax code to remove barriers to worker improvement, and break down regulatory obstacles, among others. This section of the RSC Budget aims to undo the tragic federal policies that have led to the current cycle of dependency and poverty that threatens the American Dream.

### Welfare Cliffs

The high marginal costs imposed on beneficiaries when they take steps to become financially independent—sometimes described as the welfare cliff—trap recipients in poverty and needlessly force them to become dependent on the federal government. A report from the Illinois Policy Institute<sup>99</sup> demonstrates the trap the welfare cliff poses to those attempting to become self-sufficient. For example, a single mother with two children in Cook County, Illinois would actually be better off making \$12 per hour (about \$25,000 annually) and on welfare than she would be with a job that paid \$77,000 a year. In fact, for each additional dollar per hour this mother earns between \$15 and \$17 per hour (about \$2,000 annually per dollar per hour), she would lose about \$10,000 in annual welfare benefits. The “choice” for a single mother to work harder for additional income in this situation is a farce.



Foundation for Economic Education “If You Accept this Raise, You Fall Off the Welfare Cliff” August 29, 2016 <https://fee.org/articles/if-you-accept-this-raise-you-fall-off-the-welfare-cliff/>

### The Importance of Community Institutions

No amount of government intervention can replace the most important drivers of American life: our families, friends, neighbors, religious institutions, and charities. These institutions, which operate between the isolated individual and government, make up our communities and enable people to thrive and grow.

There are nearly 350,000 congregations in the U.S. spanning hundreds of religions.<sup>100</sup> The vast majority serve in some capacity as a community safety net, providing services ranging from food and shelter, to counseling and daycare. In 2019,

98 Republican Study Committee, “Reclaiming the American Dream,” <https://rsc-banks.house.gov/policy-solutions/american-worker-task-force-report>

99 Erik Randolph, “Modelling Potential Income and Welfare Assistance Benefits in Illinois: Single Parent with Two Children Household and Two Parents with Two Children Household Scenarios in Cook County, City of Chicago, Lake County and St. Clair County.” Illinois Policy Institute, December 2014. [https://files.illinois-policy.org/wp-content/uploads/2015/06/Welfare\\_Report\\_finalfinal.pdf](https://files.illinois-policy.org/wp-content/uploads/2015/06/Welfare_Report_finalfinal.pdf)

100 U.S. Religion Census, “U.S. Religion Census 2010: Summary Findings,” May 1, 2012, <http://www.usreligioncensus.org/>.

Americans gave \$449.6 billion, more than federal spending on SNAP, TANF, and SSI combined, and more than \$13,000 per person in poverty to charitable causes. Nearly a third of these funds went to religious organizations, which provide more effective and holistic services than a government check in the mail or an EBT card.<sup>101 102</sup>

Each community must decide what sort of behaviors and social norms it will encourage and accept. It takes the support of friends, family and communities to nurture and support individuals in their time of need. If those vital social bonds break down, that essential and irreplaceable safety net disappears. Deepening the ties that hold our families and local communities together is the most effective way to fight poverty, and this cannot be done from Washington.

### **Eliminate Marriage Penalties in Welfare Programs**

One of the most important predictors of whether a family lives in poverty is whether the mother and father remain married. In 2020, 19.7 percent of families with a single adult lived in poverty. In contrast, only 4 percent of married-couple families lived in poverty.<sup>103</sup> In 2020, the 26.7 percent of families with one adult made up 60.7 percent of all U.S. families in poverty.<sup>104</sup> Unfortunately, more and more children are facing a higher likelihood they will grow up in poverty as marriage rates continue to plummet. In 2020, 40.5 percent of all babies born in the United States were born out of marriage, 1.464 million in total.<sup>105</sup> When the War on Poverty began in 1965, only 7.7 percent of children were born outside of marriage.<sup>106</sup>

Unfortunately, the current system of means-tested welfare programs punishes those who marry and therefore undermines their stated purpose of reducing poverty. Some of the largest welfare programs, like Medicaid, TANF, and SNAP contain marriage penalties.<sup>107</sup> If a low-income person receiving government assistance marries an employed person, their welfare benefits will often be reduced or eliminated—sometimes by an amount larger than the income of the employed spouse. It has been said that “for most couples on welfare, getting married is among the more expensive decisions. Saying ‘I do’ will reduce welfare benefits, on average, by 10 percent of their total income.”<sup>108</sup>

These policies encourage broken families, exacerbating the cycle of poverty and rewarding only the bureaucrats who get to manage bigger programs and earn larger paychecks.<sup>109</sup> The RSC Budget supports welfare reforms that would mitigate and remove these penalties.

### **Work Requirements for Earned Success**

The virtues of personal responsibility and initiative are central to shaping strong citizens, families, and communities. Arthur Brooks, the former president of the American Enterprise Institute, wrote that “[w]ork gives people something welfare never can.”<sup>110</sup> Work instills a sense of purpose, self-worth, self-sufficiency, and dignity that cannot be achieved with a government check. The happiness that work provides is not due to money earned, but instead from the “value created in our lives and the lives of others – value that is acknowledged and rewarded.”<sup>111</sup> It has an obvious material utility, enabling us to support ourselves and our families financially. In 2020, of the 26.8 million Americans over 16 in poverty, 70.4 per-

101 National Philanthropic Trust, “Charitable Giving Statistics,” Accessed on April 18, 2022, [https://www.nptrust.org/philanthropic-resources/charitable-giving-statistics/#:~:text=Americans%20gave%20\\$244.6%20billion%20in%20a%201.1%25%20increase%20from%202018.&text=Corporate%20giving%20in%202019%20increased,a%2013.4%25%20increase%20from%202018.&text=Foundation%20giving%20in%202019%20increased,a%202.5%25%20increase%20from%202018](https://www.nptrust.org/philanthropic-resources/charitable-giving-statistics/#:~:text=Americans%20gave%20$244.6%20billion%20in%20a%201.1%25%20increase%20from%202018.&text=Corporate%20giving%20in%202019%20increased,a%2013.4%25%20increase%20from%202018.&text=Foundation%20giving%20in%202019%20increased,a%202.5%25%20increase%20from%202018).

102 Census Bureau, “Income and Poverty in the United States: 2019,” September 15, 2021, <https://www.census.gov/library/publications/2020/demo/p60270>.

103 Census Bureau, “Historical Poverty Tables: People and Families - 1959 to 2020” and “Table 4. Poverty Status of Families by Type of Family, Presence of Related Children, Race, and Hispanic Origin: 1959 to 2020,” Accessed February 18, 2022, <https://www.census.gov/data/tables/time-series/demo/income-poverty/histor>

104 Ibid.

105 Centers for Disease Control, “Unmarried Childbearing” Accessed February 18, 2022, <https://www.cdc.gov/nchs/fastats/unmarried-childbearing.htm>

106 Carmen Solomon-Fears, “Teen Pregnancy Prevention: Statistics and Programs.” Congressional Research Service, January 15, 2016. <https://fas.org/sgp/crs/misc/RS20301.pdf>.

107 W. Bradford Wilcox, Joseph Price, and Angela Rachidi, “Marriage Penalized: Does Social-Welfare Policy Affect Family Formation?” American Enterprise Institute, 2016, <https://ifsstudies.org/ifs-admin/resources/marriage-penalty-hep-2016.pdf#page=3>.

108 Edwin J. Feulner, Ph.D. “Purging the Marriage Penalty,” The Heritage Foundation, February 14, 2017, <https://www.heritage.org/marriage-and-family/commentary/purging-the-marriage-penalty>.

109 Angela Rachidi, “New CRS report sheds light on need-tested government programs,” American Enterprise Institute, January 21, 2016, <https://www.aei.org/publication/new-crs-report-sheds-light-on-need-tested-government-programs/>.

110 Arthur Brooks, *The Conservative Heart* (New York, NY: Harper Collins), 2015, p. 96.

111 Arthur Brooks, *The Conservative Heart*, pg. 32.

cent had not worked that year, whereas only 1.6 percent of those with full-time jobs were in poverty.<sup>112</sup>

We know work requirements have been successful. In 2013, Kansas instituted work requirements and time limits for able-bodied adults without dependents on food stamps and created a tracking system to monitor the results. These reforms reduced the number of able-bodied adults on food stamps by 75 percent, most of whom are now employed and earning more than the benefits they once received.<sup>113</sup> Similarly, Maine required able-bodied adults receiving food stamps to take a job, participate in job training or perform six hours of community service per week. Within three months, the “caseload of able-bodied adults without dependents plummeted by 80 percent.”<sup>114</sup> After work requirements were put in place, “[e]nrollees [went] back to work and their incomes more than double[d]; their increased incomes more than offset lost benefits; their time on welfare [was] cut in half.”<sup>115</sup> Building on the success of the 1996 welfare reforms and reforms in the states, the RSC Budget would require all federal benefit programs be reformed to include work promotion requirements that would help people move away from dependence and toward self-sufficiency.

The RSC Budget also opposes any efforts to implement anti-work proposals such as universal basic income (UBI). The American Rescue Plan, while sold as a necessary step toward economic recovery, included numerous anti-work provisions that encouraged people to remain unemployed. For instance, it included an expanded version of the Child Tax Credit (CTC) that was converted from a year-end tax benefit to a monthly stipend. The requirement that CTC recipients earn \$2,500 before receiving the credit and the phased-in benefit structure were both removed. This created a significant disincentive for recipients of the CTC to work. If this policy were made permanent, it would result in 1.5 million fewer workers in the labor force.<sup>116</sup> Thankfully, this destructive policy was allowed to expire despite the efforts of many Democrats. To further guard against anti-work UBI schemes, the RSC Budget supports adoption of Rep. Pete Stauber’s (R-MN) Stop Disincentivizing Work Act, which would prohibit federal funding from any of the enacted COVID relief packages from being used for anti-work UBI programs.

### **Unemployment Insurance During the Pandemic**

The Unemployment Insurance (UI) program was designed to temporarily aid those that require assistance during rough periods of time. Unfortunately, whenever there is an economic downturn, Democrats, looking to add more people in the cycle of dependency, call for new duplicative aid systems and packages. This is precisely what Democrats did with UI during the COVID-19 pandemic. Congressional Democrats kept UI benefit levels elevated above the equivalent of what one would earn from a \$15 per hour job for much of the pandemic. These expanded benefits needlessly kept Americans out of the labor force and severely stunted the economic recovery. In fact, one study determined “...the national unemployment rate in each of July and August would have been around 0.3 percentage point lower than they were, and the employment-population ratio would have been around 0.1-0.2 percentage point higher than it was, had all states ended FPUC and PUA in June.”<sup>117</sup> This budget rejects any attempt to turn the UI system into a permanent form of welfare and would ensure that total UI payments may never exceed the former wage level of an individual (minus the taxes they paid out of those wages since UI benefits are not taxed as high as wage income is taxed).

### **Improving the Temporary Assistance for Needy Families Program**

In 1996, conservatives in Congress worked to reform the old Aid to Families with Dependent Children program. These reforms were embodied in the Temporary Assistance for Needy Families (TANF) program, which replaced the failing, dependence-driven status quo and instead focused on promoting work. Thanks to these commonsense reforms, child poverty fell dramatically and employment for single mothers increased.

There remains room to strengthen TANF. Current work participation rate standards require 50 percent of all families and

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112 U.S. Census Bureau, “Historical Poverty Tables: People and Families - 1959 to 2020” and “Table 25. Work Experience and Poverty Status for People 16 Years Old and Over: 1987 to 2020.” Accessed February 18, 2022. <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-people.html>

113 Jonathan Ingram, “Report: The Power of Work – How Kansas’ Welfare Reform is Lifting Americans Out of Poverty”, Foundation for Government Accountability, February 16, 2016. <http://thefga.org/research/report-the-power-of-work-how-kansas-welfare-reform-is-lifting-americans-out-of-poverty/>.

114 Robert Rector, Rachel Sheffield, and Kevin D. Dayaratna, “Maine Food Stamp Work Requirement Cuts Non-Parent Caseload by 80 Percent,” The Heritage Foundation, February 8, 2016, <https://www.heritage.org/welfare/report/maine-food-stamp-work-requirement-cuts-non-parent-caseload-80-percent>.

115 Foundation for Government Accountability, “Food Stamp Work Requirements,” Accessed April 11, 2022, <https://thefga.org/wp-content/uploads/2016/12/Food-Stamp-Work-Requirements-One-Pager.pdf>.

116 Kevin Corinth, Bruce Meyer, Matthew Stadnicki, Derek Wu, “The Anti-Poverty, Targeting, and Labor Supply Effects of the Proposed Child Tax Credit Expansion.” Becker Friedman Institute for Economics at the University of Chicago, October 7, 2021, [https://bfi.uchicago.edu/wp-content/uploads/2021/10/BFI\\_WP\\_2021-115-1.pdf](https://bfi.uchicago.edu/wp-content/uploads/2021/10/BFI_WP_2021-115-1.pdf)

117 Harry J. Holzer, R. Glenn Hubbard & Michael R. Strain, “Did Pandemic Unemployment Benefits Reduce Employment? Evidence from Early State-Level

90 percent of two-parent families be engaged in work.<sup>118</sup> To be considered engaged in work, individuals must participate in specified activities during a month.<sup>119</sup> However, states can manipulate their required work participation rate by spending more than the state's Maintenance of Effort (MOE) requirement.<sup>120</sup> Also, states have used more than half of the program's funding on purposes other than supporting work, such as using TANF funds to balance their own budgets.

To fix these problems, the RSC Budget adopts Ways & Means Ranking Member Kevin Brady's (R-TX) JOBS for Success Act with minor adjustments. This legislation makes several important reforms to the TANF program to strengthen the program's focus on work and increase state accountability. It strengthens work requirements by mandating all work-eligible individuals receiving assistance meet their work requirements in exchange for monthly benefits. The bill shifts its state compliance standards from the easily manipulated work participation rates to an outcome-based performance system that focuses on the rate of work-eligible individuals who are employed six months of exiting the program. The bill includes language that would prohibit states from diverting federal TANF funding to supplant state spending on social services and would limit state use of TANF funds to families below 200 percent of the federal poverty level.<sup>121</sup>

The RSC Budget suggests several minor conservative modifications designed to further enhance the bill. States should not be allowed to provide pro-rata benefits to TANF beneficiaries that do not fully comply with their work requirements. The current 12-month limit imposed on counting vocational educational training as a work activity should be maintained. The RSC Budget supports including language barring state MOE funds from being spent on beneficiaries beyond the 60-month limit placed on use of federal funding and on non-citizens. The RSC Budget recommends using those savings from elimination of the TANF Contingency Fund for deficit reduction. The bill could also be modified to reduce the size of the TANF block grant by the amount of funding available for transfer to the Social Services Block Grant (SSBG) under current law; but, given that the bill would prohibit such transfers, thereby swelling the amount of funding effectively available for TANF, the TANF block grant should be reduced commensurately.

The RSC Budget supports the eventual consolidation of the SNAP program into TANF, which would ensure that a large portion of federal welfare funding is delivered through a program that tries to promote stable families, work, and upward mobility. Under this proposal, no more than 5 percent of TANF funding would be available for use toward Able-Bodied Adults Without Dependents (ABAWDS), matching the current funding dedicated to that group through SNAP today. SSI beneficiaries would not be subject to time limits or work requirements. Further, states would be required to remove marriage penalties from their TANF cash assistance payments. The income limits on cash assistance payments would match the current income limits for SNAP. Additionally, TANF's cash assistance phase-out structure, which is based on income of the beneficiary, would be reformed to limit its punitive effect, and instead promote work by reducing welfare cliffs. Finally, state MOE requirements would be adjusted based on the outcomes of state TANF programs to lift people and families out of poverty. The better the level of outcomes, the lower the MOE.

This budget supports the work of former HUD Secretary Ben Carson with respect to HUD's EnVision Centers.<sup>122</sup> These centers serve as a one-stop-shop to help housing welfare beneficiaries access holistic services that facilitate long-term gainful employment and self-sufficiency. This budget would expand these centers to help all recipients of any federal welfare program and would allow states to use TANF funding to supplement this work.<sup>123</sup>

Similarly, this budget supports states using block grant funding to implement innovative and empowering policies to promote work, ensure self-sufficiency, and reduce dependence through Empowerment Accounts (EA).<sup>124</sup> EAs would provide current safety-net funding from existing block grants to certain eligible recipients on a debit card. To qualify, recipients would need to be working, training, or following an education program while meeting with a community case manager and attaining financial literacy and savings opportunities along the way to pay for specified items.

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118 Congressional Research Service, "The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Question." Updated March 31, 2022. <https://sgp.fas.org/crs/misc/RL32760.pdf>

119 Gene Falk, "The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements," Congressional Research Service, December 14, 2017, <https://fas.org/sgp/crs/misc/RL32748.pdf#page=20>.

120 The MOE "requires states to contribute in the aggregate from their own funds at least \$10.3 billion for benefits and services to needy families with children." See: Gene Falk, "The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements."

121 House Committee on Ways and Means, "Rep. Brady, Sen. Daines Introduce Welfare Reform Legislation" March 14, 2019, <https://gop-waysandmeans.house.gov/rep-brady-sen-daines-introduce-welfare-reform-legislation/>.

122 Robert Abare "Ben Carson's plan for "EnVision Centers" looks familiar and needs realistic expectations" Urban Institute, March 19, 2018, <https://www.urban.org/urban-wire/ben-carsons-plan-envision-centers-looks-familiar-and-needs-realistic-expectations>.

123 U.S. Department of Housing and Urban Development, "EnVision Centers," Accessed on May 11, 2021, <https://www.hud.gov/envisioncenters>

124 Alliance for Opportunity, "KEEPING VULNERABLE AMERICANS ON TRACK." Accessed April 19, 2022. <https://allianceforopportunity.com/focus/safety-nets/#promote-financial-independence>.



## Other Potential Reforms to SNAP

Though this budget supports consolidating SNAP into TANF, this section presents several SNAP reforms supported by the RSC Budget that conservatives could offer to improve SNAP as a stand-alone program.

First, conservatives could push for adoption of the sensible reforms contained in the 2018 House-passed Farm Bill. These reforms were designed to broaden the applicability of work requirements for able-bodied adults, restrict the ability of states to waive work requirements, and close the Broad-Based Categorical Eligibility and Heat and Eat Loopholes. Unfortunately, these provisions were left out of the final version of the Farm Bill that became law.

Further, for many years, conservatives have pushed for SNAP to be converted into a discretionary block grant to the states based on rates of unemployment, poverty, and the length of time beneficiaries receive aid. Under this model, States would have flexibility to administer their own programs subject to several commonsense requirements to ensure program effectiveness and viability. An enhanced state cost share could also be integrated into this block grant approach. Presently, states pay about half of administrative costs, but these costs comprise only about 10 percent of overall SNAP spending. Calling on states to share benefit expenses would ensure careful consideration of the federal funding requested and promote targeting aid to the most vulnerable. A block grant system should require states to establish and maintain a robust work activation program for able-bodied adults that strictly enforces time limits for how long an individual can receive benefits without meeting certain work requirements.<sup>125</sup> The SNAP law is supposed to limit benefits for able-bodied adults without children who are unwilling to work, search for work, or enroll in job training to three months in any three-year period. However, even before the COVID-19 pandemic, this requirement has been decimated by blanket waivers.<sup>126</sup>

The RSC Budget supports repealing the geographic waivers that allow people from a certain area to avoid meeting the work requirement and reduce the percentage of people a state can waive from the work requirement from 12 percent to 5 percent.<sup>127</sup> These reforms are based on aspects of Rep. Garret Graves' (R-LA) bill, the Supplemental Nutrition Assistance Program Reform Act. The RSC Budget would also raise the maximum age for the work-able population to match the Social Security normal retirement age.<sup>128</sup>

In recognition of the lack of pro-work reforms in the 2018 Farm Bill, the Trump administration promulgated a Department of Agriculture rule to strengthen the work requirements in SNAP for ABAWDs.<sup>129</sup> The rule set strict, metrics-based, nation-wide standards for how states can apply for geographic waivers. RSC Budget & Spending Task Force Chairman Kevin Hern wrote to Secretary Perdue in support of the rule.<sup>130</sup> The rule was designed to use Bureau of Labor Statistics defined commuter areas with shared labor and economic activity pools to serve as the standard for determining what qualifies as an area for the program. The rule would effectively eliminate the availability of state-wide waivers. Additionally, the rule sought to add a 6 percent minimum unemployment rate for a state to be eligible for a waiver. Unfortunately, the rule was enjoined in federal court and the Biden administration will not fight for its implementation.

Current law requires states to limit SNAP benefits to only those households with assets of \$2,250 without an elderly household member (\$3,500 with an elderly household member) or less to focus the program on those who are truly needy.<sup>131</sup> This asset test includes cash and liquid assets like stocks but excludes assets such as primary residences, vehicles, and education and retirement savings. Data shows that widespread use of broad-based categorical eligibility has rendered this asset test meaningless. Nationwide, more than 5 million individuals are on welfare despite having assets above the statutory limit. More than half of these households have assets of \$20,000 or more, and more than 20 percent of them have assets of \$100,000 or more.<sup>132</sup> As the Foundation for Government Accountability has shown, SNAP enrollment loopholes are so broad that millionaires can receive benefits.<sup>133</sup> The RSC Budget supports elimination of broad-based cate-

125 See: 7 USC 2015(o)(2) (as amended by the Agriculture Improvement Act of 2018, PL 115-334, December 20, 2018, 132 Stat. 4490).

126 Ibid.

127 Jamie Hall, "Geographic-Area Waivers Undermine Food Stamp Work Requirements," The Heritage Foundation, July 19, 2018 <https://www.heritage.org/welfare/report/geographic-area-waivers-undermine-food-stamp-work-requirements>.

128 Robert Rector and Jamie Hall, "Food Stamp Reform Bill Requires Work for Only 20 Percent of Work-Capable Adults," The Heritage Foundation, May 10, 2018, <https://www.heritage.org/hunger-and-food-programs/report/food-stamp-reform-bill-requires-work-only-20-percent-work-capable>.

129 U.S. Department of Agriculture, "Final Rule: SNAP Requirements for Able-Bodied Adults Without Dependents," December 5, 2019, <https://www.fns.usda.gov/snap/fr-120419>.

130 Office of Rep. Kevin Hern (R-OK), "Rep. Hern sends letter of support to Sec. Perdue regarding proposed SNAP Rule," February 19, 2019, <https://hern.house.gov/news/documentsingle.aspx?DocumentID=38>.

131 Center on Budget and Policy Priorities, "A Quick Guide to SNAP Eligibility and Benefits," Accessed on April 18, 2021, <https://www.cbpp.org/research/food-assistance/a-quick-guide-to-snap-eligibility-and-benefits>.

132 Foundation for Government Accountability, "About Asset Tests," Accessed April 18, 2022, <https://thefga.org/wp-content/uploads/2016/12/Asset-Testing-FAQ.pdf>.

133 Jonathan Ingram and Nic Horton, "Closing the Door to Food Stamp Fraud: How ending broad-based categorical eligibility can protect the truly needy." Foundation for Government Accountability, December 4, 2018. <https://thefga.org/wp-content/uploads/2018/12/BBCE-Its-Time-To-Close-Food-Stamp-Loopholes.pdf>

gorical eligibility in SNAP. It also supports closing the Heat and Eat loophole.<sup>134</sup>

The RSC Budget supports reforms to help crack down on the estimated \$960 million to \$4.7 billion in SNAP card trafficking fraud that takes place each year.<sup>135</sup> According to the Department of Agriculture, “About 11.8 percent of all authorized SNAP stores engaged in trafficking” over the 2012 – 2014 period.<sup>136</sup> As a means of recouping administrative expenses associated with retailer applications, the RSC Budget supports the creation of an application fee.

The RSC Budget supports instituting a requirement that nutrition assistance beneficiaries present a photo ID when using an electronic benefit card to make a purchase. Further, the number of EBT cards issued to a single beneficiary each year should be limited, the use of food stamps outside the beneficiary’s state of residence should be barred, voluntary return of unused amounts should be allowed, and cash withdrawals of EBT benefits should be prohibited. Also, as a condition of SNAP eligibility, consent to home visits as a means of deterring welfare fraud should be required in all states.

## **Housing**

The federal government spends over \$50 billion per year on housing assistance and development programs.<sup>137 138</sup> The two largest programs, Section 8 Housing Choice Vouchers and Project-Based Rental Assistance, provide subsidies for tenants to pay rent and for housing units to be subsidized. In their current form, these programs encourage broken homes, fragmented communities, and dependence among recipients. Regardless of the scale of the federal role, housing assistance should promote upward mobility rather than condemn the most vulnerable to permanent dependency.

The RSC Budget would streamline rental housing assistance programs within HUD that duplicate efforts of Section 8 tenant-based and project-based programs. The list of programs that overlap is lengthy and includes the Housing Opportunities for Persons with AIDS Program, HOME Investment Partnerships Program (HOME), McKinney-Vento Homeless Assistance Grants, Section 101 Rent Supplement Program, and the Section 236 Rental Assistance Payments Program.

The RSC Budget would also combine current subsidies for house building and availability programs, such as the Low-Income Housing Tax Credit, project-based Section 8 rental assistance, Neighborhood Reinvestment Corporation, and public housing, into Section 8 housing vouchers. This would ensure that recipients can use assistance to acquire housing in an efficient way that is subject to market price signals while reducing bureaucracy. Given the inherently local nature of housing assistance, the RSC Budget proposes instituting a state share requirement for these programs.

The current structure of public housing benefits discourages marriage. According to one study, “A single mother receiving benefits from Section 8 or public housing would receive a subsidy worth on average around \$11,000 per year if she was not employed, but if she marries a man earning \$20,000 per year, these benefits would be cut nearly in half.”<sup>139</sup> This marriage penalty should be eliminated.

Under the RSC Budget, a portion of federal housing funding would be allocated to programs that are designed to help recovering drug and alcohol abusers become productive members of society. These programs should be open to faith-based, charity, and non-profit organizations.

The RSC Budget would significantly reduce the reliance on the destructive Housing First policy. Rep. Andy Barr (R-KY), chair of the RSC’s American Worker Task Force of the 116<sup>th</sup> Congress, has worked tirelessly to ensure that this damaging policy is repealed. This policy requires entities that receive federal housing aid to focus on putting beneficiaries into housing before addressing any other issues and concerns. This design prevents community-based housing entities from addressing the root causes of homelessness creates unproductive and unsafe situations. The RSC Budget supports former Secretary Carson’s Continuum of Care to mitigate the damaging effects of Housing First.<sup>140</sup>

This budget supports expanding eligibility to provide housing assistance to private organizations, traditional housing facilities and faith-based organizations. All housing grants should be subjected to competitive bidding based on the ability of

134 Heritage Foundation 2022 Budget Blueprint, “Eliminate the “Heat and Eat” Loophole in Food Stamps.” The Heritage Foundation, Accessed June 6, 2022. <https://www.heritage.org/budget/pages/recommendations/2.600.177.html>

135 Government Accountability Office, “Supplemental Nutrition Assistance Program: Actions Needed to Better Measure and Address Retailer Trafficking” December 14, 2018 <https://www.gao.gov/products/GAO-19-167>.

136 U.S. Department of Agriculture, Food and Nutrition Service, “The Extent of Trafficking in the Supplemental Nutrition Assistance Program: 2012-2014”, September, 2017. <https://fns-prod.azureedge.net/sites/default/files/ops/Trafficking2012-2014.pdf>.

137 Congressional Budget Office, “Federal Housing Assistance for Low-Income Households”, September 9, 2015. <https://www.cbo.gov/publication/50782>.

138 Peter G. Peterson Foundation, July 29, 2020, “HOW DOES THE FEDERAL GOVERNMENT SUPPORT HOUSING FOR LOW-INCOME HOUSEHOLDS?”, <https://www.pgpf.org/blog/2020/07/how-does-the-federal-government-support-housing-for-low-income-households#:~:text=The%20federal%20government%20spent%20%2451,assistance%20to%20low%2Dincome%20households>.

139 Robert Rector, Heritage Foundation, “How Welfare Undermines Marriage and What to Do About It”, November 17, 2014. <http://www.heritage.org/research/reports/2014/11/how-welfare-undermines-marriage-and-what-to-do-about-it>

140 Republican Study Committee, “Reclaiming the American Dream”, Accessed April 30, 2022. <https://rsc-banks.house.gov/sites/republicanstudycommittee.house.gov/files/%5bFINAL%5d%20Reclaiming%20the%20American%20Dream%20.pdf#page=43>

local grant recipients to move beneficiaries out of subsidized housing and into permanent, non-subsidized, safe, and secure housing. This reform would pay for success and not simply accept the status-quo.

To encourage private investment in public housing, housing authorities should be permitted to use profits to build units without government assistance and to reduce the need for federal funding. For example, Congress should expand the Rental Assistance Demonstration (RAD) Program and remove its statutory cap. This would allow housing authorities to leverage public and private debt and equity to reinvest in public housing stock and ensure federal funding follows the people it is intended to serve—not the bureaucracy.

Furthermore, the waitlist system should be fixed. Currently, the public housing waitlists will not place recipients into a roommate situation, leaving some people without housing and needlessly increasing costs for both the federal taxpayer and the beneficiaries.

According to the CBO, about half of housing assistance beneficiaries are able-bodied adults, but only half of that group “receive[s] the largest portion of their income from work.”<sup>141</sup> Reform of federal public housing programs should include a minimum work activation requirement for able-bodied adults. Modest increases in income should not immediately result in a proportional decrease in subsidies, because that discourages work and self-improvement. The RSC Budget also supports a minor increase in the rent paid by able-bodied tenants to 35 percent of income with a \$150 minimum rent, giving states greater flexibility in modifying their programs.

According to the HUD inspector general, over 25,000 families are receiving public housing benefits despite not meeting the income guidelines. To reduce fraud, periodic reviews of beneficiaries’ income should be conducted, as recommended by the Public Housing Accountability Act, introduced by former Rep. Bradley Byrne.<sup>142</sup>

### **State Flexibility for Supplemental Security Income**

SSI provides cash payments to aged, blind, or disabled persons. SSI has also been expanded beyond its original purpose to include payments to the parents of disabled children. Under the current program, states have incentives to push families to enroll on SSI.<sup>143</sup> Tragically, children who received SSI payments often become dependent on the program as adults.

This budget gives more control of the program and its spending to states through block grants. This would allow all 50 states to experiment and better serve their citizens, such as through empowering those individuals to enjoy the dignity of work and service if they are able.

### **Eliminate “Performance Bonuses” that Jeopardize Program Integrity**

Some welfare programs include “bonus payments” to states that may be well intentioned but often have negative consequences for recipients. For instance, a bonus payment aimed at rewarding efficient administration could inadvertently incentivize state agencies to not actively investigate and reduce instances of improper payments. The SNAP program has paid performance bonuses for expanding enrollment.<sup>144</sup> Performance bonuses should be thoroughly reviewed and eliminated if they if they jeopardize the integrity of programs.

### **Focus School Lunch Subsidies on Those Who Actually Need Them**

The RSC Budget would streamline funding for child nutrition programs into a single block grant. This would include funding for the National School Lunch Program, School Breakfast Program, Child and Adult Care Food Program, Summer Food Service Program and Special Milk Program. The block grant would give states needed flexibility and would incentivize efficient administration and allocation of funds to those who need it most.

The RSC Budget would also institute reforms to school lunch subsidies to ensure that they go to needy families by eliminating the Community Eligibility Provision (CEP) from the School Lunch Program. CEP allows schools in very low-income areas to provide free school lunches to all its students, regardless of the individual eligibility of each student.

Further, the “school lunch and breakfast programs are subject to widespread fraud and abuse.”<sup>145</sup> The estimated improper

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141 Congressional Budget Office, “Federal Housing Assistance for Low-Income Households”, September 9, 2015. <https://www.cbo.gov/publication/50782>.

142 CNS News, By Zachary Leshin, December 1, 2015, “Rep. Byrne Wants to End Abuse of Public Housing by Tenants Above Poverty Line”, <https://www.cnsnews.com/news/article/zachary-leshin/rep-byrne-bill-would-combat-abuse-public-housing-tenants-above-poverty>

143 Scott Winship, e21 at the Manhattan Institute, “A Response to Michael Hiltzik on Reforming SSI”, May 30, 2014. <http://www.economics21.org/commentary/response-michael-hiltzik-reforming-ssi>.

144 Lars Larson, “Oregon Gets \$5 Million In ‘Bonuses’ For Expanding And Servicing The Welfare State”, CNSnews, September 29, 2011. <http://cnsnews.com/blog/lars-larson/oregon-gets-5-million-bonuses-expanding-and-servicing-welfare-state>.

145 Chris Edwards, Downsizing the Federal Government, “Food Subsidies”, CATO Institute, May 26, 2016. <https://www.downsizinggovernment.org/agricul->

payment rates for the lunch and breakfast programs in FY 2020 totaled 8.02 and 8.4 percent, respectively.<sup>146</sup> States, in conjunction with the Department of Agriculture, must take steps to address this problem.

## **Fighting Fraud**

A disappointing consequence of the federal government spending so much on assistance programs is the inevitable fraud. This is an issue that has only been made worse by the pandemic and the plethora of newly created aid programs related to it. Our income security programs are rife with fraud. The improper payment rates for the EITC, ACTC and Medicaid are 27.76 percent, 13.23 percent and 21.79 percent, respectively. This amounts to total improper payments of \$18.971 billion for the EITC, \$5.128 billion for the ACTC and 98.724 billion for Medicaid.<sup>147</sup> Medicaid's improper payments alone are larger than most federal programs—four times the size of NASA's entire annual budget and more than total federal annual spending on SNAP.

Recently, the Inspector General (IG) of the Department of Labor found massive levels of improper payments in the Pandemic Unemployment Assistance (PUA), Pandemic Emergency Unemployment Compensation (PEUC) and Federal Pandemic Unemployment Compensation (FPUC) programs which provided expanded unemployment benefits during the pandemic.<sup>148</sup> According to the IG's report, "In December 2021, consistent with our recommendation, ETA reported an improper payment rate of 18.71 percent. The OIG notes this estimate is based on the regular UI program and has been applied to two of three key pandemic UI programs, PEUC and FPUC. ETA states it will report the third program, PUA, in 2022. Applying the 18.71 percent to the estimated \$872.5 billion in pandemic UI payments, at least \$163 billion in pandemic UI benefits could have been paid improperly, with a significant portion attributable to fraud."<sup>149</sup> Private sector estimates put the total level of fraud at \$250 billion, with as much as \$140 billion going to China, Russia and other state-sponsored entities.<sup>150</sup> This is unacceptable, and the RSC Budget calls on the House of Representatives to conduct rigorous oversight of how this was allowed to happen and to hold those responsible for it accountable.

These errors, waste, and fraud do not just cost taxpayers money; they divert resources away from those who need it most. With our entitlement programs facing dire financial futures and more Americans receiving welfare than ever before, wasting money through fraud to appease liberal bureaucrats is unsustainable and – more importantly – immoral.

The RSC Budget supports utilizing the Social Security Administration (SSA) as a centralized database to determine the family status of welfare recipients. This would allow the IRS and the Department of Health and Human Services to cross-check the Social Security Number (SSN) of a welfare recipient against their claimed marital status and claimed dependents. The RSC Budget would make state eligibility for certain welfare block grant funding contingent on state welfare programs providing such data to SSA.

Agencies can and should stringently verify and crosscheck the criteria for benefit eligibility, such as income, residency, identity, employment, citizenship status and whether the recipient is already receiving benefits, to ensure the applicant is actually eligible for the program. The agency should regularly conduct reviews of the beneficiary's eligible information, including by crosschecking other government datasets. If the agency determines a beneficiary is no longer eligible, the beneficiary should be removed from the rolls and the agency should refer those who knowingly break the law to authorities for prosecution.<sup>151</sup> The RSC Budget would promote these commonsense reforms by implementing Rep. Greg Stuebe's (R-FL) legislation to require federal agencies to confirm whether recipients of federal benefits aged 105 and older are actually eligible for that assistance. These basic steps will help prevent the rampant fraud in federal welfare programs, such as the more than 1 million stimulus checks that went to deceased people.<sup>152</sup>

Agencies need to remember their mission is to reduce welfare dependency and move people to a meaningful life of self-sufficiency. Under no circumstances should success at a welfare agency be measured by how many can be kept on the rolls. Government employees should be held accountable for doing their jobs with appropriate diligence. The RSC Budget would also create incentives to reduce waste by implementing Rep. Chuck Fleischmann's (R-TN) Bonuses for Cost-Cutters Act, which would expand the federal employee awards program for identifying fraud, waste, and mismanagement.

[ture/food-subsidies.](#)

146 Department of the Treasury, "PaymentAccuracy.gov." Accessed April 6, 2022. <https://paymentaccuracy.gov/program/earned-income-tax-credit/>.

147 Ibid.

148 U.S. Department of Labor Office of Inspector General, Testimony of Larry D. Turner before the U.S. Senate Committee on Homeland Security and Governmental Affairs, March 17, 2022, <https://www.hsgac.senate.gov/imo/media/doc/Testimony-Turner-2022-03-17-REVISED.pdf>

149 Ibid.

150 Stephen Dinan, "House GOP to investigate COVID unemployment cash going to China, Russia." The Washington Times, December 6, 2021. <https://www.washingtontimes.com/news/2021/dec/6/house-gop-investigate-covid-unemployment-cash-goin/>

151 Jonathan Ingram, "Stop the Scam How to Prevent Welfare Fraud in Your State", Foundation for Government Accountability, April 2, 2015. <https://thefga.org/research/stop-the-scam-how-to-prevent-welfare-fraud-in-your-state/>.

152 Erica Werner, July 25, 2020, "Treasury sent more than 1 million coronavirus stimulus payments to dead people, congressional watchdog finds", Washington Post, June 25, 2020. <https://www.washingtonpost.com/us-policy/2020/06/25/irs-stimulus-checks-dead-people-gao/>

The federal government should also reduce fraud in state-administered programs by incentivizing state agencies and attorneys general to investigate and prosecute welfare fraud. If states are allowed to retain a portion of the dollars recovered due to fraud and abuse, they will be more likely to crack down on it.

States should also be encouraged to withhold benefits from individuals who test positive for illegal drugs, as provided by Rep. David Rouzer’s Drug Testing for Welfare Recipients Act.

Finally, Congress must ensure that those in the country illegally do not collect welfare benefits reserved for American citizens who did not break the law. According to the Center for Immigration Studies, “. . .66 percent of households headed by non-citizens who do not have a green card, and who are mostly illegal immigrants, have very high welfare use rates — excluding the EITC.”<sup>153</sup> This budget supports Rep. Glenn Grothman’s bill H.R. H.R.756, which would restrict access to Medicare, Medicaid, and SNAP to U.S. Citizens and enforce this requirement by mandating enrollees to provide verification of their U.S. citizenship or nationality. Further common-sense reforms to the U.S. immigration system can be found in the Protecting Conservative Values Section of the budget.

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153 Steven A. Camarota and Karen Zeigler, “63% of Non-Citizen Households Access Welfare Programs.” Center for Immigration Studies. November 18, 2018, <https://cis.org/Report/63-NonCitizen-Households-Access-Welfare-Programs>

The background is a light blue technical drawing or blueprint. It features various mechanical components such as gears, shafts, and cross-sections, along with dimension lines and arrows. The drawing is rendered in white lines on the blue background.

# PROVIDING FOR THE COMMON DEFENSE

Only by maintaining the sovereignty of the United States can the federal government preserve the intrinsic rights of our citizens. America's sovereignty can only be guaranteed with a strong, ready, and capable military. Moreover, providing for the nation's defense is mandated by the constitution. The RSC Budget commends the steps taken by former President Trump to rebuild our military's strength, and execute the visions outlined in his National Defense Strategy<sup>154</sup> and National Security Strategy.<sup>155</sup> This section of the RSC Budget continues to build upon his policies, those of other conservative leaders, and the work done by the RSC National Security & Foreign Affairs Task Force in their report "Strengthening America & Countering Global Threats."<sup>156</sup>

Tragically, President Biden has already sought to undermine this work by returning to the inept and misguided foreign policy of the Obama administration. Under President Biden's weak leadership, the world has become more unstable than it has been in decades. Over little more than a year, Afghanistan fell to the Taliban, Vladimir Putin invaded Ukraine, Iran is now closer than ever to obtaining a nuclear weapon, and China is closer than ever before to invading Taiwan. Still, President Biden is proposing to cut our military budget. Further, his budget would decommission 24 Navy ships, which former National Security Adviser Robert C. O'Brien has described as a "self-inflicted Pearl Harbor" because it would cost the U.S. more ships than were lost at Pearl Harbor. These include the ships most feared by the China's People's Liberation Army, such as the Ticonderoga-class cruisers.<sup>157</sup> Biden's budget would also jeopardize our nuclear deterrent while spending billions on issues unrelated to defense such as climate change.

The RSC Budget would provide for a robust U.S. military, strong support for our allies, a foreign aid strategy that supports human rights and American values, and efficient allocation of national defense resources. The RSC Budget seeks to achieve all these aims while attaining fiscal discipline and preventing trillions of dollars from unnecessarily being added to the national debt, in part because defense experts have said our bloated debt is the greatest threat to our national security.<sup>158</sup> To provide for the nation's continued security, the RSC Budget would provide \$845 billion for FY 2023 national defense discretionary funding, which represents 5 percent real growth over current enacted levels. The RSC Budget also supports actions to bolster our security and that of our allies, to support human rights around the globe, to sanction human rights violators, to support the formation of free and peaceful societies, and to promote the adoption of trade agreements with free, human-rights-respecting allied nations.

## **A Dangerous World: Renewed Great Power Competition**

U.S. dominance is increasingly challenged by numerous threats to the U.S.-led global order. These threats have led to the reemergence of great power competition, the likes of which we have not seen since the Cold War. Freedom of navigation, the sovereignty and territorial integrity of nations, adherence to freedom and democracy, and respect for human rights are all now in jeopardy.

These threats have only grown in the past year. China is continuing to accelerate its rapid military modernization, including its nuclear buildup, and, according to the Pentagon, could have 1,000 nuclear warheads by 2030.<sup>159</sup><sup>160</sup> In the past year, China has developed three missile fields in hardened silos throughout the country.<sup>161</sup> Russia has invaded Ukraine, creating

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154 Department of Defense, "2018 National Defense Strategy for the United States of America." 2018 <https://www.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>.

155 The White House, "National Security Strategy of the United States of America, December 2017." <https://trumpwhitehouse.archives.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>

156 The Republican Study Committee "Strengthening America & Countering Global Threats" [https://rsc-banks.house.gov/sites/republicanstudycommittee.house.gov/files/%5BFINAL%5D%20NSTF%20Report.pdf?utm\\_source=yxnews&utm\\_medium=mobile](https://rsc-banks.house.gov/sites/republicanstudycommittee.house.gov/files/%5BFINAL%5D%20NSTF%20Report.pdf?utm_source=yxnews&utm_medium=mobile)

157 Richard Nixon Foundation "Nixon Seminar Co-Chair @robertcobrien Blasts Budget Proposal: "Self-Inflicted Pearl Harbor" April 5, 2022. <https://t.co/lwmOVN5pSq> / Twitter

158 The Washington Examiner, by Tim Mak, "Former top military officer sees national debt as biggest threat to country", January 21, 2014. <http://www.washingtonexaminer.com/former-top-military-officer-sees-national-debt-as-biggest-threat-to-country/article/2542594>.

159 The Wall Street Journal, by Alastair Galen, "China Is Accelerating Its Nuclear Buildup Over Rising Fears of U.S. Conflict." April 9, 2022. <https://www.wsj.com/articles/china-is-accelerating-its-nuclear-buildup-over-rising-fears-of-u-s-conflict-11649509201>

160 The New York Times, by Helene Cooper, "China Could Have 1,000 Nuclear Warheads by 2030, Pentagon Says" November 3, 2021. <https://www.nytimes.com/2021/11/03/us/politics/china-military-nuclear.html>

161 Senate Armed Services Committee, "Testimony on United States Strategic Command and United States Space Command in review of the Defense Authorization Request for Fiscal Year 2023 and the future years defense program." March 8, 2022. <https://www.spacecom.mil/Testimony/SASC-Hearing-Transcript/>

the largest security crisis on the European continent since World War II. At the same time, China and Russia have begun cooperating at an unprecedented scale. In February 2022, both countries announced a “no limits” partnership to undermine U.S. interests and spread their malign influence around the globe.<sup>162</sup>

The U.S. must recognize the historic and perilous nature of the combined threat from China and Russia. As Admiral Charles Richard, the head of Strategic Command (STRATCOM), has noted:

“Strategic Competition demands we be ready for any threat, in any domain, at any time. Potential adversaries are building advanced nuclear capabilities, fielding increasingly capable conventional forces, and exploiting seams below the level of armed conflict, in an attempt to gain strategic advantages in pursuit of their national objectives. China and Russia are challenging our strength through a wide array of activities that warrant a concerted and integrated whole of government response. For the first time in our history, the nation is on a trajectory to face two nuclear-capable, strategic peer adversaries at the same time, who must be deterred differently. We can no longer assume the risk of strategic deterrence failure in conflict will always remain low.”<sup>163</sup>

## **China**

China has become increasingly aggressive in the Indo-Pacific region, where approximately 32 percent of U.S. goods are exported and where 44 percent of U.S. imported goods originate.<sup>164</sup> As each year goes by, China mounts an increasingly aggressive expansionist policy toward nations in the region to enlarge its sphere of influence, control points of trade important to the globe, and destabilize the democratic world order.

China has also continued to modernize and enlarge its military, challenging the superiority of U.S. forces in the region. China’s military budget is more than three times what it was in 2009,<sup>165</sup> and in 2021 its spending on R&D climbed 14.2 percent to \$441.3 billion, which accounted for 2.44 percent of its GDP in 2021.<sup>166</sup> Its development of “carrier-killing” anti-ballistic missiles has caused many in the defense community to reevaluate U.S. naval strategy in Asia. These new weapons are key components of China’s anti-access/area denial (A2/AD) strategy, which seeks to prevent the U.S. and its allies from operating in the region if a crisis or conflict were to arise. This strategy also threatens the basic freedom of navigation on the high seas that has always been a bedrock principle of the U.S. and the goal of our naval operations since its founding. Moreover, China is rapidly modernizing its nuclear arsenal, presenting an unprecedented risk to our homeland. Last summer, China tested a missile carrying a hypersonic glide vehicle that went around the world and flew through low-orbit space before cruising downward and landing within just 24 miles of its target. The test illustrated that China had made astounding progress on hypersonic weapons, which are difficult for U.S. missile defense systems to defend against.<sup>167</sup> According to Admiral Charles Richard, “In the very near-term China will possess a credible nuclear triad, supported by its growing stockpile and weapon systems capable of multiple independently targetable reentry vehicles.”<sup>168</sup>

The Chinese Communist Party (CCP)’s threat to the world was made even more clear through their negligent handling of the COVID-19 pandemic. China allowed the virus to escape containment, leading to a shuttering of the global economy and killing more than 6.3 million people worldwide.<sup>169</sup> This is just a down payment on the full price of autocracy and socialism. It is vital that America and our allies stand together in opposition to the CCP.

The RSC budget would provide national security funding sufficient to support the Pacific Deterrence Initiative, which is critical for defending U.S. interests in the Indo-Pacific. In addition, as laid out in the Countering Communist China Act introduced by RSC Chairman Jim Banks, this budget would fund a number of the Pentagon’s important, unfunded prior-

162 Reuters, by Tony Monroe, Andrew Osborn, and Humeypa Pamuk, “China, Russia partner up against West at Olympics summit.” February 4, 2022. <https://www.reuters.com/world/europe/russia-china-tell-nato-stop-expansion-moscow-backs-beijing-taiwan-2022-02-04/>

163 Senate Armed Services Committee, “Statement of Charles A. Richard, Commander, United States Strategic Command, Before the Senate Committee on Armed Services.” April 20, 2021. <https://www.armed-services.senate.gov/imo/media/doc/Richard04.20.2021.pdf>

164 United States Census Bureau, Trade in Goods with Asia, Accessed on April 18, 2022, [Foreign Trade - U.S. Trade with Asia \(census.gov\)](https://www.census.gov/foreign-trade/balance/c0004.html) United States Census Bureau, Trade in Goods with the World, Accessed on April 18, 2022, <https://www.census.gov/foreign-trade/balance/c0004.html>

165 China Power, “What does China Spend on it’s Military?” Accessed June 6, 2022, <https://chinapower.csis.org/military-spending/>

166 The State Council, The People’s Republic of China, “China’s spending on R&D reaches new high in 2021.” January 26, 2022, [http://english.www.gov.cn/archive/statistics/202201/26/content\\_WS61f0de8cc6d09c94e48a44d1.html](http://english.www.gov.cn/archive/statistics/202201/26/content_WS61f0de8cc6d09c94e48a44d1.html)

167 CNN Politics, by Chandelis Duster, “Top military leader says China’s hypersonic missile test ‘went around the world’” November 18, 2021. <https://www.cnn.com/2021/11/17/politics/john-hyten-china-hypersonic-weapons-test/index.html>

168 Senate Armed Services Committee, “Testimony on United States Strategic Command and United States Space Command in review of the Defense Authorization Request for Fiscal Year 2023 and the future years defense program.” March 8, 2022. <https://www.spacecom.mil/Testimony/SASC-Hearing-Transcript/>

169 Johns Hopkins University and Medicine, “Coronavirus Resource Center” Accessed April 12, 2022 <https://coronavirus.jhu.edu/map.html>



ities for INDOPACOM, such as the Guam Defense System, which is a new integrated air and missile defense system for Guam.<sup>170</sup> The RSC Budget would support our allies and partners in the Indo-Pacific by allowing India to access military equipment and services from the U.S. in the same manner that Japan and Australia can under current law.

The RSC budget opposes sending any taxpayer dollars to the Chinese Communist Party. For this reason, this budget supports Rep. Bob Good's (R-VA) No Taxpayer Funding for the Chinese Communist Party Act.

### *Taiwan*

Last year, China flew 25 planes into Taiwanese airspace, the largest breach in history.<sup>171</sup> In addition, China has increased its intimidation of Taiwan through “gray zone” tactics, or provocations that fall below the threshold of armed aggression, such as coercive economic measures and disinformation campaigns.<sup>172</sup> According to the U.S. China Economic and Security Review Commission (USCC)’s report last year, China’s military is at or near the ability to invade Taiwan.<sup>173</sup> The Commission also noted that “it has become less certain that U.S. conventional military forces alone will continue to deter China’s leaders from initiating an attack on Taiwan.”<sup>174</sup>

The RSC Budget supports efforts to strengthen Taiwan’s defenses through a “porcupine strategy” as outlined by former National Security Adviser Robert C. O’Brien. Such a strategy would equip Taiwan with weapons such as anti-ship missiles, air-defense capabilities, and drones which would force China to mount a difficult amphibious landing and sustain a prolonged counterinsurgency.<sup>175</sup> In particular, the RSC Budget would provide Taipei with significant quantities of the Naval Strike Missile, an anti-ship weapon which have a range of about 100 nautical miles. It would also provide Taiwan with Quickstrike air-dropped sea mines or other advanced sea mine technology from the U.S., helping Taiwan create a denied-access zone in the Taiwan Strait. In addition, this budget would provide a robust number of Stinger missiles that would help Taiwan take down Chinese planes and helicopters. As recommended by USCC, the RSC Budget would also accelerate the process for their sale and delivery to Taiwan by amending the Foreign Assistance Act to make Taiwan eligible to receive priority delivery of U.S. excess defense articles.<sup>176</sup>

The RSC Budget also supports efforts such as Rep. Tom Tiffany’s (R-WI) resolution to abandon the “One China Policy,” strengthening our allies in the region and our coordination with them to ensure proper containment of CCP aggression. This budget would support normalizing diplomatic relations with Taiwan, pursuing a trade agreement to push back against China, and ensuring Taiwan is recognized in international organizations.

The RSC Budget condemns the CCP’s use of Confucius Institutes to infiltrate our higher education system and overt threats to manipulate U.S. companies into supporting the policies of the CCP. This budget supports activities to counter China’s IP theft, forced data and IP transfers, and other methods of industrial espionage, and would strengthen sanctions related to IP violations. In the strongest possible manner, the RSC Budget condemns the CCP’s brutal use of forced Uyghur labor, concentration camps, and genocide of Uyghurs. The RSC Budget supports action to sanction the perpetrators of this genocide and calls upon our allies to do the same.

### **Russia**

President Biden’s consistently weak posture towards Russia, largely meant to appease European nations whose green energy policies have left them completely dependent on Russian oil and gas imports, has created the worst security crisis in Europe since World War II. Rather than deter Putin, Biden’s weakness encouraged him to act more aggressively than ever before. President Biden began his administration by caving to Russian demands to renew the New START treaty for

170 War on the Rocks, by Bradley Bowman and Mark Montgomery, “Fully Fund the Guam Defense System.” July 29, 2021. <https://warontherocks.com/2021/07/fully-fund-the-guam-defense-system/>

171 Business Insider, by Sinéad Baker, “Taiwan says China flew 25 warplanes into its air-defense zone in the largest breach yet.” April 13, 2021. <https://www.businessinsider.com/taiwan-says-china-flew-25-warplanes-into-air-space-2021-4>

172 Nippon.com, “Taiwan Under Siege: Behind China’s Gray Zone Operations.” March 24, 2022. <https://www.nippon.com/en/in-depth/d00787/>

173 U.S. News and World Report, by Paul D. Shinkman, “Chinese Military at or Near Ability to Invade Taiwan, U.S. Agency Concludes.” November 17, 2021. <https://www.usnews.com/news/world-report/articles/2021-11-17/chinese-military-at-or-near-ability-to-invade-taiwan-us-agency-concludes>

174 U.S. China Economic and Security Review Commission, “2021 Report to Congress of the U.S. China Economic and Security Reform Commission.” November 2021, [https://www.uscc.gov/sites/default/files/2021-11/2021\\_Annual\\_Report\\_to\\_Congress.pdf](https://www.uscc.gov/sites/default/files/2021-11/2021_Annual_Report_to_Congress.pdf)

175 The Wall Street Journal, by Robert C. O’Brien and Alexander B. Gray, “How to Deter China From Invading Taiwan.” September 15, 2021. <https://www.wsj.com/articles/china-invade-taiwan-strait-pla-missile-mines-counterinsurgency-biden-xi-tsai-ing-wen-11631721031>

176 U.S. China Economic and Security Review Commission, “2021 Report to Congress of the U.S. China Economic and Security Reform Commission.” November 2021. [https://www.uscc.gov/sites/default/files/2021-11/2021\\_Comprehensive\\_List\\_of\\_Recommendations.pdf#page=10](https://www.uscc.gov/sites/default/files/2021-11/2021_Comprehensive_List_of_Recommendations.pdf#page=10)

5 years, giving up the leverage built by the Trump administration to limit Russia's *entire* nuclear force, and compel Russia to limit other weapons, including hypersonics.<sup>177</sup> As former Secretary of State Mike Pompeo stated, under New START "[o]nly 45 percent of Russia's nuclear arsenal is subject to numerical limits...[while] that agreement restricts 92 percent of America's arsenal."<sup>178</sup> Soon after, President Biden rescinded the Trump administration's reimposition of the United Nations arms embargo on Iran, thereby allowing Russia to sell arms to Iran.<sup>179</sup>

In May 2021, hackers sponsored by Russia shut down the Colonial Pipeline for six days in a cyberattack that shocked gas prices and created shortages throughout much of the United States.<sup>180</sup> Yet, rather than impose real costs on Russia, President Biden responded by inviting Putin to a summit where a working group was created to prevent further cyberattacks.<sup>181</sup> He also crafted intentionally weak sanctions designed to bypass congressional review procedures established by Congress in the Countering American Adversaries through Sanctions Act (CAATSA).<sup>182</sup> For over a year, until reversing course only after Russia's invasion of Ukraine, the Biden administration gave Putin the biggest gift an American President has ever given the Russian dictator by waiving sanctions required by Congress and enabling the finalization of the Nord Stream 2 pipeline.<sup>183</sup> Again, this was done to appease European nations—which appears to be a guiding foreign policy principle for the Biden Administration.

In response to Russia's invasion, the Biden administration has consistently moved at a "too little, too late" pace. President Biden only imposed sanctions on Russia after the invasion, and when doing so did not fully kick Russia out of the SWIFT code system nor impose secondary sanctions on Russian financial institutions that would apply to China and other countries. In addition, President Biden took energy sanctions off the table early on (thanks to pressure from Germany and other countries addicted to Russian gas), and only prohibited the import of Russian oil and gas into the U.S. after congressional pressure. Lethal aid to Ukraine was also held up before the invasion out of fear of provoking Russia,<sup>184</sup> until finally the Biden administration began sending large quantities of stinger missiles and other lethal aid to Ukraine. To top it off, the Biden administration scuttled a plan by Poland to send MiG airplanes to Ukraine.<sup>185</sup> Nevertheless, the lack of preparedness by Russian forces, combined with the bravery and competence of the Ukrainian Armed Forces, has so far slowed down the Russian advance.

To impose real costs on Putin, the RSC Budget supports the enactment of the RSC's Putin Accountability Act, a package of economic sanctions which would hold Putin and the oligarchs around him accountable and designate Russia as a State Sponsor of Terrorism. The budget would also impose secondary sanctions on Russian oil and gas, which would cut off Putin's regime from the billions of dollars per day that he is using to finance his aggression. The RSC Budget would also help Ukraine defend itself and win the war by providing Ukraine with heavy artillery, armored vehicles, air defense systems, helicopters, javelin anti-tank missiles, harpoon anti-ship missiles, stinger anti-air missiles, as well as intelligence support, ammunition, and expedited shipments of military equipment to Ukraine. This budget would also backfill our European NATO allies such as Slovakia, which has provided the S-300 anti-air defense system to Ukraine, with U.S. replacements such as the Patriot missiles. In addition, this budget would provide combat aircraft to NATO countries and other partners willing to provide their combat aircraft to Ukraine.

The RSC Budget recognizes that the crisis in Ukraine has been fueled by European reliance on Russian gas imports. This

177 Vox, by Alex Ward "The last US-Russia nuclear arms deal is about to expire. Biden wants to extend it." January 21, 2021. <https://www.vox.com/2021/1/21/22242638/start-nuclear-treaty-extension-biden-russia-putin>

178 RealClearDefense, by Mike Turner and Tim Morrison, "Disarming Amid an Arms Race." March 3, 2021 [https://www.realcleardefense.com/articles/2021/03/03/disarming\\_amid\\_an\\_arms\\_race\\_766515.html](https://www.realcleardefense.com/articles/2021/03/03/disarming_amid_an_arms_race_766515.html)

179 Reuters, by Michelle Nichols, "U.S. rescinds Trump White House claim that all U.N. sanctions had been reimposed on Iran." February 18, 2021. <https://www.reuters.com/article/us-iran-nuclear-un/u-s-rescinds-trump-white-house-claim-that-all-u-n-sanctions-had-been-reimposed-on-iran-idUSKBN2A12Y9>

180 The Verge, by Kim Lyons, "Colonial Pipeline says operations back to normal following ransomware attack." May 15, 2021. <https://www.theverge.com/2021/5/15/22437730/colonial-pipeline-normal-ransomware-attack-fuel>

181 U.S. Department of State, Office of the Spokesperson – Press Releases, "Joint Statement on the Outcomes of the U.S. – Russia Strategic Stability Dialogue in Geneva on September 30." September 30, 2021. <https://www.state.gov/joint-statement-on-the-outcomes-of-the-u-s-russia-strategic-stability-dialogue-in-geneva-on-september-30/>

182 The Foundation for Defense of Democracies, by Eric B. Lorber and Matthew Zweig, "Is Biden trying to avoid congressional review of Russia sanctions?." May 29, 2021. <https://www.fdd.org/analysis/2021/05/29/biden-congressional-review-russia-sanctions/>

183 Reuters, by [Andrea Shalal](#), [Timothy Gardner](#), and [Steve Holland](#), "U.S. waives sanctions on Nord Stream 2 as Biden seeks to mend Europe ties." May 19, 2021. <https://www.reuters.com/business/energy/us-waive-sanctions-firm-ceo-behind-russias-nord-stream-2-pipeline-source-2021-05-19/>

184 Foreign Policy, by Jack Detsch, "White House Delays Moving Military Assistance to Ukraine." December 16, 2021. <https://foreignpolicy.com/2021/12/16/us-ukraine-russia-military-support-congress-biden-delay-aid/>

185 Military.com, by Rebecca Kheel, "Scuttled Plan to Give Polish Jets to Ukraine Stirs Frustration on Capitol Hill." March 14, 2022. <https://www.military.com/daily-news/2022/03/14/scuttled-plan-give-polish-jets-ukraine-stirs-frustration-capitol-hill.html>

reliance was facilitated by failed policies propping up inefficient green sources of energy. To combat this problem, the RSC Budget would implement Rep. August Pfluger’s (R-TX) and Chairman Jim Banks’ Midland Over Moscow Act. This bill would impose sanctions on the Nord Stream 2 pipeline, require the executive branch to develop a comprehensive energy strategy related to counter Russian interest, and allow for expedited approval of U.S. Natural Gas exports to any nation—not just ones with free trade agreements with the U.S. (with exceptions for countries subject to U.S. sanctions or excluded for national security reasons). This bill would provide our European allies with an alternative source of much needed energy and reduce their reliance on Russian gas.

The RSC Budget also supports completion of the Eastern Mediterranean Pipeline. This project would connect 2.2 trillion cubic liters of gas awaiting discovery in the Mediterranean—including in Israel—to Europe.<sup>186</sup> Despite the fact that completion of this project would significantly reduce Europe’s reliance on Russian gas, the Biden Administration removed U.S. support for the project in order to appease the environmental left. This budget supports the efforts of Rep. Gus Bilirakis (R-FL) and Rep. Nicole Malliotakis (R-NY) to pressure the Biden administration to reverse its decision to rescind support for the pipeline.

Russia’s expansionist priorities are not limited to Ukraine. Russian forces are amassed on the borders of three key NATO allies in the Baltics, threatening the United States’ most enduring and vital military alliance. For the first time since the Cold War, Russia has established a military footprint in the Middle East and North Africa, with deployments in both Syria and Libya. It has increased military and economic ties with Gulf states, many of which are U.S. allies and partners. Russia has even provided air cover for Hezbollah and IRGC terrorists in Syria.

Russia has also rapidly invested in modernizing its nuclear arsenal and in hypersonic missiles to serve as long range, hard to intercept, nuclear delivery vehicles. Through its state-funded media outlets, Russia has also engaged in a potent propaganda war in Eastern Europe, further destabilizing the region and undermining the progress made by democratic and free-market forces since the end of the Cold War. Russia’s state-owned gas company, Gazprom, has periodically interrupted supplies to countries that have angered the Kremlin, leaving them without affordable natural gas in the dead of winter. The RSC Budget strongly supports strengthening the European Reassurance Initiative and the integration of Montenegro into NATO. The RSC Budget also supports continuing support for Georgia through both security assistance and expanding trade and economic partnerships. The United States still must press Georgia’s government to develop the rule of law in its institutions, which have been increasingly undermined by the ruling party led by oligarch Bdzina Ivanishvili.

The RSC Budget fully supports former President Trump’s decision to withdraw from Intermediate-Range Nuclear Forces Treaty (INF Treaty). Russia has continuously failed to comply with the intent of the treaty.<sup>187 188</sup> Further, the RSC Budget strongly opposes President Biden’s re-entry into the New START arms treaty with Russia that would not include China and would allow Russia to continue building tactical nuclear weapons while drastically limiting our own stockpiles.

## **Iran**

Iran is not a great power or strategic competitor, but it still presents a significant challenge. It is a rogue regime, backed by a military and intelligence apparatus, and is the world’s leading state sponsor of terrorism. Iran continues to seek a nuclear weapon and the destruction of the State of Israel, our closest regional ally. Iran has given aid and comfort to Hamas, Hezbollah, al-Qaeda, and the Taliban, as well as other Iranian-backed terrorist militias. The Iranian Revolutionary Guard Corps (IRGC) has created, sponsored, and commanded a worldwide legion of tens of thousands of militia fighters from as far as Afghanistan and Pakistan who, in part due to the cash provided by President Obama’s failed nuclear deal, have created a “land bridge” where such militias now control territory from Tehran through Syria, and Syria and Lebanon to the border of Israel. This is a geographic area far larger than ISIS at its peak. The RSC Budget supports President Trump’s designation of the IRGC in its entirety as a foreign terrorist organization (FTO). According to the State Department, the IRGC “is responsible for the deaths of at least 603 American service members in Iraq since 2003. This accounts for 17 percent of all deaths of U.S. personnel in Iraq from 2003 to 2011.”<sup>189</sup> Despite all of this, the Biden administration has

186 The Hill, by Nicholas Saidel and Godfrey Garner, “The US should link eastern Mediterranean gas to Europe to subvert Russia.” March 15, 2022. <https://>

187 Office of the Director of National Intelligence, “Director of National Intelligence Daniel Coats on Russia’s INF Treaty Violation.” November 30, 2018. <https://www.dni.gov/index.php/newsroom/speeches-interviews/item/1923-director-of-national-intelligence-daniel-coats-on-russia-s-inf-treaty-violation>

188 U.S. Department of State, Key Topics- Bureau of Arms Control, Verification and Compliance, “Intermediate-Range Nuclear Forces (INF) Treaty.” Accessed June 6, 2022. <https://2017-2021.state.gov/inf/index.html>

189 U.S. Department of State, Office of the Spokesperson, “Designation of the Islamic Revolutionary Guard Corps.” April 8, 2019. <https://2017-2021.state.gov/designation-of-the-islamic-revolutionary-guard-corps/index.html>

floated the idea of removing the IRGC from the FTO list, or only designating one of its subparts such as the Quds Force.<sup>190</sup>

To aid our allies in the region while deterring the Islamic Republic, the RSC Budget supports U.S. military assistance to Israel, including the Iron Dome air defense system. Israel continues to face threats to its existence from an emboldened Iran that continues to support Hezbollah and Hamas terrorists on its doorstep. We continue to support the goal of former President Trump to work toward lasting stability in the Middle East region, including his successful efforts to bring about the Abraham Accords and shore up our allies across these regions. We also support continued military assistance to U.S. allies and partners in the Middle East as they face aggression by Iran.

Iran also continues to support Houthi terrorists in Yemen and has provided them with ballistic missiles, including those that were used to attack Saudi Arabia. The RSC Budget opposes President Biden's removal of the Houthis from the terrorist list, as well as President Biden's withdrawal of support for Saudi Arabia in its operations against Houthi rebels in Yemen. This move has not led to peace and has only emboldened the Houthis, who have increased their attacks on Saudi Arabia. The RSC Budget also continues to provide support to Saudi Arabia in its military operations supporting the legitimate government in Yemen and combatting the Iran-backed Houthis.

In countering Iran, it is vital that we prohibit U.S. aid from going to Iranian puppet regimes in the Middle East. Lebanon's government has come fully under Hezbollah's control as the terrorist group has a monopoly on the use of force in the country. Accordingly, the RSC Budget supports cutting off aid for the Lebanese Armed Forces (LAF). This year, the Biden administration notified Congress that it was repurposing \$67 million in aid to the LAF, and \$16.5 million in aid to Lebanon's Internal Security Forces (ISF) in order to provide them with "livelihood support," essentially converting it into a slush fund in a country where Hezbollah's economic presence is endemic.<sup>191</sup> The RSC Budget also supports cutting assistance to Iraq's Ministry of Interior and Ministry of Defense until Iraq's security forces are no longer under the effective control of the Popular Mobilization Forces (PMF). The PMF is a group of militias and includes the Badr Corps, which is commanded by the IRGC and attacked the U.S. Embassy in Baghdad in December 2019. A Pentagon Inspector General report released in February 2022 found that "Iran and Iran-aligned militias continue to have strong ties to some elements of Iraq's traditional security forces" and noted that Iraq's Federal Police had some of the greatest Iranian influence.<sup>192</sup> Furthermore, the RSC Budget supports cutting off aid to United Nations programs in areas of Syria that are held by the Assad regime. Even former Obama administration Ambassador to Syria Robert Ford has admitted this aid has been diverted to directly fund the brutal Assad regime, Iran's main ally in the region.<sup>193</sup> The RSC Budget also supports the imposition of sanctions on individuals and entities that engage in actions to destabilize countries such as Iraq, Syria, and Libya.

Iran continues to develop nuclear weapons and the means to deliver them by illegally testing long-range ballistic missiles and by constructing covert research and testing facilities, violating most of its international agreements. The removal of sanctions on Iran by President Obama and his Iran nuclear deal only helped fuel its military expansionist policies and did not prevent Iran's eventual pathway to a nuclear weapon. The Trump administration wisely withdrew from the deeply flawed Iran nuclear agreement in 2018. The RSC Budget continues to support building upon President Trump and Secretary Pompeo's maximum pressure campaign against Iran. To this end, the RSC Budget supports codifying the campaign through the Maximum Pressure Act, sponsored by RSC Chairman Jim Banks, which would implement the toughest package of sanctions on Iran ever proposed by Congress. The Maximum Pressure Act was adopted as an official position of the RSC's Steering Committee, has 130 cosponsors, and has garnered the support of Secretary Pompeo and a long list of foreign policy organizations. The RSC Budget strongly opposes President Biden's ongoing efforts to renew the Iran nuclear agreement which would cement the power of the tyrannical regime that brutally rules Iran today. The RSC Budget also supports Rep. Bob Good's (R-VA) Iran China Accountability Act, which would block any taxpayer dollars from being used to advance a nuclear agreement with Iran until it has terminated its cash ties with China and terminated its ties to terrorist groups like Hamas.

Iran continues its material support for the murderous Assad regime in Syria. The IRGC directly assists Assad's forces that are inciting the worst human rights crisis of the 21st Century. This has allowed Syria to become a haven for terror groups

190 Reuters, by Arshad Mohammed and Parisa Hafezi, "Analysis: Politics, not substance, seen guiding U.S. and Iran on terror listing." April 11, 2022. <https://www.reuters.com/world/politics-not-substance-seen-guiding-us-iran-terror-listing-2022-04-11/>

191 Tablet Magazine, by Tony Bardan, "Biden Pays Army Salaries to Iranian Ally." February 9, 2022. <https://www.tabletmag.com/sections/israel-middle-east/articles/biden-pays-army-salaries-to-iranian-ally>

192 The Washington Free Beacon, by Adam Kredo, "Pentagon Report: Iraq's Security Forces Overrun by Iranian-Backed Militants." February 14, 2022. <https://freebeacon.com/national-security/pentagon-report-iraqs-security-forces-overrun-by-iranian-backed-militants/>

193 Atlantic Council, by Emily Burchfield, "The Dangers of U.S. Assistance to the U.N. Rewarding Assad." March 8, 2018. <https://www.atlanticcouncil.org/blogs/syriasource/the-danger-of-us-assistance-to-the-un-rewarding-assad/>

while flooding Europe with refugees. To counter these efforts, the RSC Budget would support further expanding sanctions on the Assad regime by updating the Caesar Syria Civilian Protect Act of 2019 with new sectoral-based sanctions and opposing efforts to normalize the regime by some Gulf states.

### **Salafi-jihadi terrorism and Afghanistan**

The focus on great power competition should not blind us to the continuing threats we face from Salafi-jihadi organizations. Due to former President Trump's leadership, ISIS was defeated territorially in Syria and Iraq, and its leader Abu Bakr al-Baghdadi met his just end. However, the threat from ISIS, al-Qaeda, and other Salafi-jihadi groups lingers. In August of last year, 13 U.S. troops were killed by a suicide bomb in Afghanistan by ISIS's Afghan branch ISIS-Khorasan (otherwise known as ISIS-K) in one of the deadliest attacks of the 20-year war in Afghanistan. ISIS still has an estimated 10,000 fighters left in Iraq and Syria.<sup>194</sup>

President Biden's disastrous withdrawal of U.S. forces from Afghanistan handed the country to the Taliban, including leaving behind billions of dollars in weapons in Afghanistan. Watchdog organization Open the Books estimated that 650,000 weapons, including 350,000 M4 and M16 rifles, 65,000 machine guns, 25,000 grenade launchers, and 2,500 mortars and howitzers are now in the Taliban's hands, and possibly including 600,000 assault rifles, some 2,000 armored vehicles, and 40 aircraft, including Black Hawks, according to other reports.<sup>195</sup> Despite the Biden administration's claims, the Taliban has not severed ties with al-Qaeda. Ayman al-Zawahiri, the leader of al-Qaeda, has sworn a pledge of allegiance to every single recent leader of the Taliban.<sup>196</sup> Siraj al-Din Haqqani, the Taliban's Deputy Leader, and current Interior Minister, is a senior leader of the Haqqani Network, which maintains close ties with al-Qaeda.<sup>197</sup> The U.N. Security Council's Analytical Support and Sanctions Monitoring Team stated as recently as June 2021 that Haqqani "is also assessed to be a member of the wider al-Qaeda leadership" and noted that the Taliban and al-Qaeda "remain closely aligned and show no indication of breaking ties."<sup>198</sup> General Michael Erik Kurilla, the nominee to head the US Central Command (CENTCOM) has stated that al-Qaeda is already reconstituting in Afghanistan.<sup>199</sup> Lt. Gen. Scott D. Berrier, the director of the Defense Intelligence Agency, has said the "current assessment probably conservatively is one to two years for Al Qaeda to build some capability to at least threaten the homeland."<sup>200</sup> In addition to Afghanistan, ISIS and al-Qaeda are now shifting their operations from the Middle East and South Asia to new theaters in Africa. ISIS and al-Qaeda have been rapidly reconstituting themselves in the Sahel and gaining control over large swaths of territory in Mali, Burkina Faso, and Niger by capitalizing on ethnic and tribal tensions.

The RSC Budget would provide support to our allies in the Middle East to combat these threats. Further, it supports efforts to root out bases of operations and training grounds for Salafi-jihadi groups. It would codify Executive Order 13224, solidifying the ability to impose sanctions on those that support terrorism, and designate the Taliban in its entirety as a foreign terrorist organization (currently only the Pakistani Taliban is designated as such). The RSC Budget would also prohibit any humanitarian assistance provided to Afghanistan from getting into the hands of the Taliban, by refusing to work with the United Nations or the Afghan-government, and instead, as recommended by the Vandenberg Coalition's Afghanistan Working groupwork with the existing network of U.S. partner organizations in Afghanistan which have a history of speaking up against the Taliban.<sup>201</sup> It would also require a report regarding military equipment left behind by the Biden administration in Afghanistan, including an assessment of how such weapons are being used by the Taliban to

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194 Wilson Center, by Cole Bunzel, "Explainer: The Islamic State in 2021." December 10, 2021. <https://www.wilsoncenter.org/article/explainer-islamic-state-2021>

195 The Hill, by Rebecas Kheel, "Billions in US weaponry seized by Taliban." August 19, 2021. <https://thehill.com/policy/defense/568493-billions-in-us-weaponry-seized-by-taliban/>

196 FDD's Long War Journal, by Thomas Jocelyn, "Ayman al Zawahiri swears allegiance to the Taliban's new leader." June 11, 2016. <https://www.longwarjournal.org/archives/2016/06/ayman-al-zawahiri-swears-allegiance-to-the-talibans-new-leader.php>

197 Fox News, by Michael Ruiz, "Who is Sirajuddin Haqqani, Taliban deputy leader and wanted terrorist?" August 27, 2021. <https://www.foxnews.com/world/who-is-sirajuddin-haqqani-taliban-deputy-leader-wanted-terrorist>

198 FDD's Long War Journal, by Thomas Jocelyn, "U.N. report cites new intelligence on Haqqanis' close ties to al Qaeda." June 7, 2021. <https://www.longwarjournal.org/archives/2021/06/u-n-report-cites-new-intelligence-on-haqqanis-close-ties-to-al-qaeda.php>

199 Business Standard, "Al Qaeda, Islamic State reconstituting in Afghanistan: US official." February 10, 2022. [https://www.business-standard.com/article/international/al-qaeda-islamic-state-reconstituting-in-afghanistan-us-official-122021000260\\_1.html](https://www.business-standard.com/article/international/al-qaeda-islamic-state-reconstituting-in-afghanistan-us-official-122021000260_1.html)

200 The New York Times, by Julian E. Barnes, "Al Qaeda could rebuild in Afghanistan in a year or two, U.S. officials say." September 14, 2021. <https://www.nytimes.com/2021/09/14/us/politics/al-qaeda-afghanistan.html>

201 Vandenberg Coalition, "Afghanistan Report." March 2022. <https://vandenbergoalition.org/wp-content/uploads/2022/03/Vandenberg-Coalition-Afghanistan-Report.pdf>



defending America’s vital national interests.”<sup>213</sup> “Marginally able” is not good enough. Yet despite the pressing needs of our Armed Forces, the Biden administration has purposed a budget that would barely keep up with projected inflation at just 3.96 percent nominal growth. The President’s budget would also undermine the traditional basis of American military might by directing over \$3 billion in funding towards climate change initiatives.<sup>214</sup> In addition, the President’s budget request fails to adequately fund procurement relative to Research, Development, Test, and Evaluation (RDT&E) funding. Consequently, funds spent on researching and developing new warfighting technology will not result in a congruent increase in warfighting capability. In fact, the ratio of procurement to RDT&E funding under Biden’s Budget represents a 40 percent reduction from the 1980’s modernization era.<sup>215</sup> The RSC Budget will continue to support former President Trump’s goal of rebuilding our military to counter the mounting threats of our adversaries. It would ensure that our men and women in uniform have the resources they need to keep America safe and counter the growing threat posed by China and Russia in this new era of great power competition. Below are some of the reasons the RSC Budget proposes a strong national security budget that maintains 5 percent real growth for FY 2023 resulting in total discretionary defense spending of \$845 billion.

## **The Navy**

Since the Allied victory in World War II, the forward deployment of U.S. Armed Forces has been a key instrument in maintaining global order and in securing freedom of navigation to promote trade and prosperity around the world. A key component of this force structure has been a robust effort to sustain the most capable and agile Navy in the world as a “global force for good,” to quote the U.S. Navy’s unofficial motto. Our Navy currently has a fleet of 298 deployable ships<sup>216</sup>, less than China’s fleet of 355 ships.<sup>217</sup> This fleet is half the size of what it was under the Reagan administration (592 ships).<sup>218</sup> China plans to increase the size of its fleet to 460 ships by 2030.<sup>219</sup> The RSC Budget rejects President Biden’s plan to decommission 24 Navy ships, including 9 relatively young Littoral Combat Ships (LCSs), as well as Ticonderoga-class cruisers, some of the ships most feared by China’s People Liberation Army.

The Navy’s shipbuilding account had been neglected for the greater part of a decade, leading to a severe readiness crisis and a series of deadly accidents. The RSC’s Budget supports investing in our shipbuilding account in order to reestablish our Navy’s global reach and capabilities and deter aggressive Chinese naval activities. Specifically, the RSC Budget continues to support the Trump administration’s goal of reaching a fleet of 355 fighting ships by 2035.<sup>220</sup>

## **The Air Force**

The Air Force is a key foundation of our defense posture in the face of a rising China. China has invested massive resources into a strategy of “anti-access, area denial” (A2/AD), which would prevent the U.S. Air Force from projecting power in the event of an eventual conflict. In 2018, the Air Force performed a congressionally mandated study to assess its force structure and modernization requirements by 2030. The study found that 386 squadrons would be needed by 2030 to meet the demands of the Trump administration’s 2018 National Defense Strategy, a 25 percent increase from current

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213 The Heritage Foundation, “Executive Summary of the 2022 Index of U.S. Military Strength.” October 20, 2021. <https://www.heritage.org/military-strength/executive-summary>

214 U.S. Department of Defense, Release, “The Department of Defense Releases the President’s Fiscal Year 2023 Defense Budget.” March 28, 2022. <https://www.defense.gov/News/Releases/Release/Article/2980014/the-department-of-defense-releases-the-presidents-fiscal-year-2023-defense-budg/>

215 AEI, by Mackenzie Eaglen, “Biden’s FY23 Budget Request Fails to Fully Tackle Inflation.” March 28, 2022. <https://www.aei.org/op-eds/bidens-fy23-bud->

216 U.S. Naval Institute News, “USNI News Fleet and Marine Tracker: March 21, 2022.” March 21, 2022. <https://news.usni.org/2022/03/21/usni-news-fleet->

217 U.S. Naval Institute News, by Mallory Shelbourne, “China Has World’s Largest Navy With 355 Ships and Counting, Says Pentagon.” November 3, 2021. <https://news.usni.org/2021/11/03/china-has-worlds-largest-navy-with-355-ships-and-counting-says>

218 The Daily Caller, by Harold Hutchison, “Obama Navy Now Half The Size Of Reagan Navy”, October 18, 2015. <https://dailycaller.com/2015/10/18/obama->

219 Jeff Schogol, Task and Purpose, “Is China’s navy as dangerous as so many fear?” April 8, 2022. <https://taskandpurpose.com/analysis/chinese-navy-dangerous-us-military/>

220 U.S. Department of Defense, Release, “Statement From Deputy Secretary of Defense David L. Norquist on the Department of the Navy’s Report to Congress on the Annual Long-Range Plan for Construction of Naval Vessels.” December 10, 2020/ <https://www.defense.gov/Newsroom/Releases/Release/Article/2442969/statement-from-deputy-secretary-of-defense-david-l-norquist-on-the-department-o/>

levels. In comparison, at the end of the Cold War, the Air Force had 401 operational squadrons.<sup>221</sup> In addition, a number of the Air Force's aircraft will reach the end of their service life in the next decade, including the Air Force's 234 F-15C/Ds.<sup>222</sup> As Mackenzie Eaglen has pointed out, "80 percent of the Air Force's roughly 2,050 fighters are A-10s, F-15C/Ds, F-15Es, and F-16C/Ds—all originally designed in the 1970s and purchased through the 1990s."<sup>223</sup> The Air Force's budget is insufficient to meet modernization goals in time, leaving it with an outdated fleet and delayed next-generation aircraft programs.<sup>224</sup> President Biden's budget would even purchase fewer aircraft than the 150 the Air Force is proposing to retire in 2023.<sup>225</sup> In addition, President Biden's Budget only funds weapon systems sustainment (WSS) for the Air Force at 85 percent of requirements.

The RSC Budget would invest in Air Force modernization to meet current threat requirements. The RSC Budget would support the procurement and fielding of the B-21 Raider Long-Range Strike Bomber, eventually replacing older aircraft like the B-52 which first flew in 1952, as well as the procurement of adequate numbers of F-35 and F-15EX fighters in order to maintain effective force structure to deter current and future threats. Both China and Russia have dramatically increased their procurement of 5th generation fighters including the Sukhoi Su 57 and the Chengdu J-20.

## **The Army**

Despite the shifting of defense priorities to the Navy and Air Force, the Army continues to require investment in both readiness and modernization. Unfortunately, its budget has been flat since FY 2018, which, as The Heritage Foundation has pointed out, means that it has suffered a drastic decline when adjusted for inflation that has only gotten worse under the Biden administration.<sup>226</sup> President Biden's budget request this year again proposed a flat Army budget. General Milley has said the Regular Army should be in the neighborhood of 540,000 soldiers,<sup>227</sup> while it sits at 485,000 soldiers today.<sup>228</sup> Ryan McCarthy, Army Secretary under President Trump, has stated that the Army needs at least needed 500,000 soldiers.<sup>229</sup> Furthermore, the M-1 tank and the Bradley are now 40 years old and need replacements. Attempts to replace the Army's thousands of Bradley's have been underway since 2003. Given current budget constraints, the Army may have to slash troop strength and training to fund its "Big Six" modernization priorities: Long-Range Precision Fires (LRPF), Next-Generation Combat Vehicles (NGCV), Future Vertical Lift (FVL), air and missile defense, secure battle-field networks and soldier lethality. Of these, the most pressing priority is the modernization of long-range artillery and missiles in the LRPF, which would replace the Cold War-era ATACMS.<sup>230</sup> As the Congressional Research Service (CRS) has noted, "Both the 2018 National Defense Strategy and the Army's Multi-Domain Operations operational concept call for improved Army LRPF capability to counter what has been described as Russian and Chinese anti-access, area denial (A2/AD) strategies designed to limit the freedom of movement and action of U.S. forces in both Europe and the Pacific region."<sup>231</sup>

The RSC Budget supports increasing the Army's force structure, readiness, and investment in modernization efforts to fund the Big Six priorities, especially the procurement of LRPFs. The RSC Budget also supports enlarging the Army's

221 U.S. Air Force, Secretary of the Air Force Public Affairs, "The Air Force We Need: 386 operational squadrons", September 17, 2018. <https://www.af.mil/News/Article-Display/Article/1635070/the-air-force-we-need-386-operational-squadrons/>

222 AEI, by Mackenzie Eaglen and Hallie Coyne, March 2020, "The 2020s Tri-Service Modernization Crunch", <https://www.aei.org/wp-content/uploads/2021/03/The-2020s-Tri-Service-Modernization-Crunch-1.pdf?x91208#page=19>

223 Ibid.

224 AEI, by Mackenzie Eaglen and Hallie Coyne, March 2020, "The 2020s Tri-Service Modernization Crunch", <https://www.aei.org/wp-content/uploads/2021/03/The-2020s-Tri-Service-Modernization-Crunch-1.pdf?x91208#page=52>

225 Mackenzie Eaglen, Defense News, "Biden's FY23 budget request fails to fully tackle inflation." March 28, 2022. <https://www.defensenews.com/opinion/commentary/2022/03/28/bidens-fy23-budget-request-fails-to-fully-tackle-inflation/>

226 Heritage Foundation, by Thomas Spoehr, "Don't Cut the Army in 2021." <https://www.heritage.org/defense/commentary/dont-cut-the-army-2021>

227 Heritage Foundation, by Thomas W. Spoehr, "Rebuilding America's Military Project: The United States Army", August 22, 2019. [https://www.heritage.org/sites/default/files/2019-08/SR215\\_0.pdf](https://www.heritage.org/sites/default/files/2019-08/SR215_0.pdf)

228 Center for Strategic and International Studies, by Mark F. Cancian, October 28, 2020, "U.S. Military Forces in FY 2021: Army", [U.S. Military Forces in FY 2021: Army | Center for Strategic and International Studies \(csis.org\)](https://www.csis.org/analysis/u-s-military-forces-in-fy-2021-army)

229 Heritage Foundation, 2021 Index of U.S. Military Strength: U.S. Army, November 17, 2020, <https://www.heritage.org/2021-index-us-military-strength/assessment-us-military-power/us-army>

230 Institute for Defense and Government Advancement, by Elizabeth Mixson, May 29, 2019, "The Army's Top LRPF Strategic Priorities & Developments", <https://www.idga.org/land/whitepapers/long-range-precision-fires-in-2019-the-armys-top-priorities>

231 Congressional Research Service, March 16, 2021, "U.S. Army Long-Range Precision Fires: Background and Issues for Congress", <https://fas.org/sgp/crs/weapons/R46721.pdf>



force structure in order to meet Combatant Command needs. Finally, it supports the continued deployment of Terminal High Altitude Air Defense (THAAD) batteries, Future Long-Range Assault Aircraft, Future Attack Reconnaissance Aircraft, and the procurement of CH-47 Block II heavy-lift helicopters.

### **The Marine Corps**

In entering the new era of great-power competition, the Marine Corps has pivoted its focus away from land armies for ground warfare in the Middle East and South Asia and towards a new concept focused on amphibious assault in the Indo-Pacific. In implementing this new concept, Marine Corps Commander General David Berger has envisioned smaller units of Marines operating across a large geographic area. As Eaglen has pointed out, “this will drive the need for longer-range transportation, communications, sensors, and fires to support a more distributed, agile force.”<sup>232</sup> In modernizing its ground forces, the Marines will be replacing the aging Assault Amphibious Vehicle with the Amphibious Combat Vehicle. It will also be replacing the high-mobility multipurpose wheeled vehicle with the Joint Light Tactical Vehicle (JLTV) and will soon replace the almost 40-year-old Light Armored Vehicle with a new vehicle. The Marines will also be replacing the F-35B/C and CH-53K aircraft in the next 5 years.

The RSC Budget supports the expansion of the Pacific Deterrence Initiative and recognizes the Marine Corps’ vital participation in those efforts. The RSC Budget supports the development of the Marine Corps’ long-range precision fires capability necessary to deter the Chinese military throughout the Pacific region and implement the Trump administration’s National Defense Strategy. The RSC Budget opposes efforts by House Democrats to slash funding for the program.<sup>233</sup> This budget supports the Marine Corps’ development of Ground-Based Anti-Ship Missiles and the procurement of Marine Corps Tomahawk missiles. Finally, it supports the Marine Corps’ continued replacement of its Assault Amphibious Vehicle, and plans to replace the Light Armored Vehicle, and continued procurement of CH-53K heavy-lift helicopters, and F-35B-Cs.

### **The Space Force**

The RSC Budget continues to support the Trump administration’s establishment of the Space Force and former President Trump’s goal of ensuring American dominance in space. The Space Force is absolutely essential in the new era of great power competition, especially as both China and Russia have established a space force of their own and continue to upgrade their capabilities.<sup>234</sup> As John Venable from The Heritage Foundation has noted, “The U.S. is only now reaching parity with Russia and China’s counter-space capabilities.”<sup>235</sup>

The Space Force has just six dedicated satellites for space situational awareness (SSA) and launched the last two in 2021. As John Venable of The Heritage Foundation has noted, this will still be far too few sensors to monitor the satellites of China and Russia.<sup>236</sup> Furthermore, despite the establishment of the Space Force in 2019, only around half of all space-related assets and personnel have been assigned to the Space Force.<sup>237</sup>

The RSC Budget supports the fielding of a new constellation of less costly surveillance platforms in low earth orbit (LEO) by the Space Force. It supports placing space-related assets in the primary responsibility of the Space Force. In addition, the RSC Budget supports the continued development of the X-37 Orbital Test Vehicle for the Space Force, as well as the deployment of space-based radars capable of rapid revisit rates. Finally, the RSC Budget also continues to support the creation of an independent acquisition office for the Space Force.

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232 AEI, by Mackenzie Eaglen and Hallie Coyne, March 2020, “The 2020s Tri-Service Modernization Crunch”, <https://www.aei.org/wp-content/uploads/2021/03/The-2020s-Tri-Service-Modernization-Crunch-1.pdf?x91208#page=47>

233 Defense News, by Jen Judson, December 23, 2020, “Lawmakers slash funding for Marine Corps’ long-range fires development”, [Lawmakers slash funding for Marine Corps’ long-range fires development \(defensenews.com\)](https://www.defensenews.com/military/2020/12/23/lawmakers-slash-funding-for-marine-corps-long-range-fires-development/)

234 The Heritage Foundation, “Does the United States Need a Space Force?”, <https://www.heritage.org/space-policy/heritage-explains/does-the-united-states-need-space-force>

235 The Heritage Foundation, by John Venable, April 27, 2021, “Rebuilding America’s Military: The United States Space Force”, <https://www.heritage.org/defense/report/rebuilding-americas-military-the-united-states-space-force>

236 Ibid.

237 Ibid.

## **Nuclear, Space, and Cyberspace Capacities**

Regardless of the advances and investments made in America's conventional forces, a failure in the U.S.'s nuclear, cyberspace and outer space capabilities could incapacitate our conventional military and leave our homeland vulnerable to attack. The RSC Budget continues to support the Trump administration's goals to maintain and modernize our nuclear warheads, our triad of delivery vehicles, and our command and control and early warning systems. This budget also supports new low-yield device development, which adds flexibility to our nuclear arsenal.<sup>238</sup> It is imperative that the U.S. maintains the ability to deploy both strategic and low-yield weapons by submarine and land-based missiles, as well as air-launched and dropped vehicles. It is also essential that we maintain our capacity to produce the plutonium-239 and tritium (heavy hydrogen) that is required to produce warheads and keep existing ones operational.<sup>239</sup> The RSC Budget supports the B83 nuclear gravity bomb, which is the sole weapon capable of blasting deeply buried targets and which the Biden administration has proposed cutting.<sup>240</sup> The RSC Budget also rejects the Biden administration's efforts to set back nuclear deterrence and cancel the Sea-Launched Cruise Missile-Nuclear (SLCM-N). The SLCM-N was proposed as part of the Trump administration's Nuclear Posture Review as a regional, sea-based nuclear launch option, in response to Russia's and China's growing nuclear forces.<sup>241</sup>

In addition, this budget supports the Ground Based Strategic Deterrent, the land-based intercontinental ballistic missile system to replace the obsolete Minutemen III missiles. While Russia, China and North Korea continue to expand their nuclear and missile capacities, a failure in any component of our nuclear and missile systems could allow these adversaries to negate all the other abilities of our military and to destroy critical military infrastructure, including even our ability to use nuclear weapons in a second-strike capacity. As such, the RSC Budget flatly rejects the Biden administration's misguided and ill-informed plan to diminish our nuclear capabilities and block modernization of these vehicles and warheads.

Beyond the commonly discussed threat from nuclear weapons, they can be used to generate an electromagnetic pulse (EMP).<sup>242</sup> A single nuclear device, detonated at high altitudes, can produce an EMP capable of destroying electronic devices and power grids over a large region of the U.S. This threat, and the developments of both the Russians and Chinese to produce anti-satellite weapons, highlights the prudence of former President Trump to centralize military space functions under a Space Force so the United States can continue to enhance its presence and capacities in outer space.<sup>243</sup> This budget supports the goals of former President Trump to ensure the U.S. is capable of intercepting long range missiles, most of which would traverse space if used, and can have adequate offensive and defensive abilities with regard to satellites. The satellite network around our planet is vital for banking, telecommunications, GPS, and a host of other military and civilian systems that support our modern life and national security. Without the ability to operate in outer space, our enemies could easily destroy these systems, on which every American relies.

Furthermore, the RSC Budget supports continued investments in U.S. cyber operations. This arena is similarly vital to Americans' everyday lives. The failure of our military to adequately defend cyberspace could allow an adversary to incapacitate our entire electrical grid. This would bring our nation to the edge of destruction. This is not simply a future threat. For instance, North Korea and Russia have launched repeated cyber-attacks on Americans.<sup>244 245</sup>

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238 U.S. Department of Defense, "2018 Nuclear Posture Review" February 2018, <https://media.defense.gov/2018/Feb/02/2001872886/-1/-1/1/2018-NUCLEAR-POSTURE-REVIEW-FINAL-REPORT.PDF>.

239 Defense News, by Franklin C. Miller and John R. Harvey "Commentary: The looming crisis for US tritium production." March 6, 2017 <https://www.defensenews.com/opinion/commentary/2017/03/06/commentary-the-looming-crisis-for-us-tritium-production/>.

240 Defense News, by Joe Gould, "Biden plan to shelve Trump-era sea nuke comes under fire." April 1, 2022. <https://www.defensenews.com/congress/2022/04/01/biden-plan-to-shelve-trump-era-sea-nuke-comes-under-fire/>

241 The Heritage Foundation, by Patty-Jane Geller, "Dangerous Nuclear Policy Idea No. 4: Defunding the Nuclear Sea-Launched Cruise Missile." September 27, 2021, <https://www.heritage.org/defense/report/dangerous-nuclear-policy-idea-no-4-defunding-the-nuclear-sea-launched-cruise-missile>

242 Department of Homeland Security, "Secretary Nielsen Statement on Executive Order to Protect the U.S. from Electromagnetic Pulse Attacks", March 27, 2019 <https://www.dhs.gov/news/2019/03/27/secretary-nielsen-statement-executive-order-protect-us-electromagnetic-pulse-attacks>.

243 Space News, by Sandra Erwin, "U.S. intelligence: Russia and China will have 'operational' anti-satellite weapons in a few years." <https://spacenews.com/u-s-intelligence-russia-and-china-will-have-operational-anti-satellite-weapons-in-a-few-years/>.

244 The New York Times, by Nicole Perloth, "As Trump and Kim Met, North Korean Hackers Hit Over 100 Targets in U.S. and Ally Nations." March 3, 2019. <https://www.nytimes.com/2019/03/03/technology/north-korea-hackers-trump.html>.

245 BBC, "US imposes sanctions on Russia over cyber-attacks", April 16, 2021 <https://www.bbc.com/news/technology-56755484>

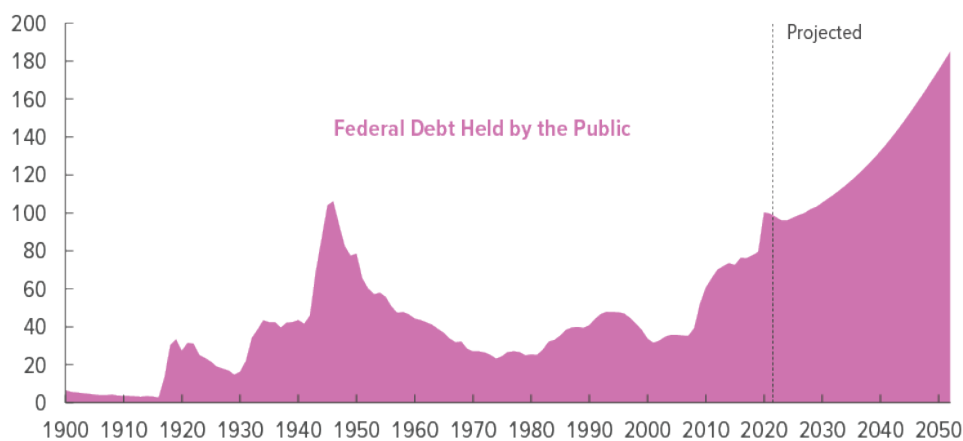
## Keeping Woke Politics out of the Military

The RSC Budget remains committed to an effective, strong military force focused on defending the homeland and free of politicization of any type. Identity politics and Critical Race Theory (CRT) have no place in our military. Unfortunately, under the Biden administration there have been a number of disturbing examples of CRT and other woke ideologies finding favor in the Armed Forces. Under the Biden administration, the Pentagon spent almost 6 million man-hours on woke discussions about extremism and “Diversity, Equity, and Inclusion” training.<sup>246</sup> Last year, Chief of Naval Operations Admiral Michael Gilday placed Ibram X Kendi’s book *How to Be an Antiracist*, on the Navy’s reading list. Kendi’s work promotes fundamentally anti-American ideas such as that the U.S. is a racist country and that capitalism is a racist idea.<sup>247</sup> In February 2022, National Defense University’s Institute for Strategic Studies hosted an event on Wednesday making “the case for global justice and democratic socialism” as a means to combat China’s rise.<sup>248</sup>

The RSC Budget would ban teaching CRT in the U.S. military and in educational institutions under the Department of Defense.

## Ensuring an Efficient National Defense

The RSC Budget remains committed to a strong national defense but recognizes that fiscal discipline is essential to a sustainable and capable military. As expensive as peace-time military operations are, major wars demand the quick expenditure of large amounts of capital. The American Revolution, the Civil War, and World War I all required adding roughly 30 percent of GDP to the national debt, with World War II alone requiring roughly 60 percent. We must ensure the federal government’s fiscal house is in order should this level of borrowing be necessary in another worst-case scenario. The grievous level and trajectory of our national debt led a bipartisan group of leading national security officials to write that “[o]ur long-term debt is the single greatest threat to our national security.”<sup>249</sup> Regardless of how capable our standing military is, if those that wish us and our allies ill know we cannot afford to use it for long, it will not serve as an effective deterrent nor be able to guarantee our freedom and safety.



CBO “The Budget and Economic Outlook: 2022 to 2032” May 25, 2022. <https://www.cbo.gov/publication/58147>

Congress and the Department of Defense (DOD) should commit to comprehensive acquisition reform - not just to prevent wasteful spending, but also to ensure America’s warfighters have the best and most affordable equipment available. Simply put, the DOD needs to improve the way it buys weapons and services. Until 2018, “DOD was the only large federal agency not under full financial statement audit.”<sup>250</sup>

246 The Washington Free Beacon, by Adam Kredo, “Pentagon’s Latest Strategy: Promote Socialism To Combat China.” February 15, 2022. <https://freebeacon.com/biden-administration/pentagons-latest-strategy-promote-socialism-to-combat-china/>

247 Representative Jim Banks, Member of Congress, “Letter from Rep. Jim Banks to Adm. Michael Gilday.” February 26, 2021. [https://www.scribd.com/document/496122359/2-26-2021-Letter-to-Admiral-Gilday-Kendi#from\\_embed](https://www.scribd.com/document/496122359/2-26-2021-Letter-to-Admiral-Gilday-Kendi#from_embed)

248 The Washington Free Beacon, by Adam Kredo, “Pentagon’s Latest Strategy: Promote Socialism To Combat China (freebeacon.com).” February 15, 2022.

249 Peter G. Petersen Foundation, The Coalition for Fiscal and National Security, “Strength at Home and Abroad: Ensuring America’s Fiscal and National Security”, May 10, 2016. <http://www.pgpf.org/pgpf-programs-and-projects/2016-cfns-statement>.

250 Ibid

According to the Congressional Research Service (CRS), “Members of Congress are frequently lobbied to support adding funding to the annual defense appropriation for medical research on a wide variety of diseases and topics.”<sup>251</sup> In recent years, the defense budget has included over half a billion dollars for the Congressionally Directed Medical Research Program (CDMRP). While medical research is a laudable activity, many of the programs funded within the CDMRP are not for military-specific conditions and are duplicative of the type of research done at the National Institutes of Health (NIH).<sup>252</sup> According to the Taxpayers for Common Sense, “These programs are clearly earmarks and therefore take money away from other necessary Defense Department functions.”<sup>253</sup> The RSC Budget would transition the non-defense related medical research out of the defense budget.

DOD should not waste valuable taxpayer dollars on inefficient forms of energy. Energy needs should be met through the most cost-effective and tactically sound methods possible. The DOD should be prohibited from entering into any contract for the procurement or production of any non-petroleum-based fuel for use as the same purpose or as a drop-in substitute for petroleum. Further, the Armed Forces should be exempt from procurement requirements for clean-energy vehicles and renewable energy portfolio standards for DOD facilities. The RSC Budget also opposes efforts by Democrats to turn the annual defense authorization bill into a testing ground for its progressive social and environmental goals.

The RSC Budget recommends reinvesting all savings made by eliminating inefficient or unnecessary spending into readiness and strengthening our national defense capabilities.

### **International Assistance Reform**

The RSC Budget views international assistance as a tool to help develop a freer, more prosperous, more stable, and more peaceful planet. The RSC Budget champions efforts to support the development of institutions that defend human rights and freedoms globally and in developing nations. We should ensure that U.S. aid is used for its intended purpose and not to support corrupt regimes

The RSC Budget supports UN reforms to limit the power of adversarial nations like Russia and China, other human rights abusers, and state sponsors of terrorism. Furthermore, the RSC Budget would continue to support a certification requirement in annual appropriations, that unfortunately was removed from recent appropriations bills, which would condition some assessed contributions to the UN on protections for whistleblowers.<sup>254</sup> Finally, the RSC Budget supports reigning in U.S. assessments to the UN for peacekeeping operations, ensuring that such assistance does not constitute over 25 percent of the UN’s peacekeeping operations budget.

In addition, the RSC Budget would ban any funds from going to any attempt by the State Department to promote anti-American ideas such as Critical Race Theory (CRT) or to allow the U.N. to audit the U.S. human rights record. Last year, the State Department invited the U.N. Special Rapporteur on contemporary forms of racism and the U.N. Special Rapporteur on minority issues for an official visit to examine the U.S. human rights record. The Special Rapporteur on contemporary forms of racism E. Tendayi Achiume, is a member of the critical race studies program and is a proponent of CRT.<sup>255</sup>

The RSC Budget would also reform and replace the State Department and the Foreign and Civil Service systems with a modernized hiring standard based on merit, similar to reforms offered in other parts of this budget to improve hiring at other federal agencies. The RSC Budget would also reform U.S. global broadcasting programs and counter-disinformation efforts by moving public diplomacy bureaus, and the Global Engagement Center, out of the State Department and into a reconstituted U.S. Information Agency (USIA) run by a chief executive officer. A reconstituted USIA should also

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251 Congressional Research Service, “Congressionally Directed Medical Research Programs Funding for FY2022”, March 29, 2022. <https://crsreports.congress.gov/product/pdf/IF/IF10349> .

252 National Institutes of Health, “Estimates of Funding for Various Research, Condition, and Disease Categories (RCDC)”, May 16, 2022. [https://report.nih.gov/categorical\\_spending.aspx](https://report.nih.gov/categorical_spending.aspx).

253 CQ, by John M. Donnelly, “Funding Medical Research With Defense Dollars”, July 28, 2012. <http://public.cq.com/docs/weeklyreport/weeklyreport-000004132596.html>.

254 The Heritage Foundation, by Brett Schaefer, “Time for a New Helms–Biden Agreement to Reform the U.N.” March 7, 2022. <https://www.heritage.org/global-politics/report/time-new-helms-biden-agreement-reform-the-un>

255 UCLA Law, “E. Tendayi Achiume, Professor of Law, Alicia Miñana Chair in Law.” Accessed June 6, 2022. <https://law.ucla.edu/faculty/faculty-profiles/e-tendayi-achiume>

be able to allow its media organizations to subject grants to a competitive process for both for-profit and nonprofit private organizations to create content to counter foreign disinformation efforts. In the media landscape, the private sector is more dynamic and creative than government bureaucrats at the Department of State.

The RSC Budget supports a realistic review of our support of multilateral and international organizations in the mold of the United Kingdom's multilateral aid review. Such a review should withdraw support from international organizations that are corrupt and unfixable, such as both the World Health Organization and the UN Human Rights Council. Upon withdrawal, the United States could attempt to establish alternative mechanisms of multilateral cooperation with democratic partners. At the same time, the RSC Budget would seek to reform other international organizations or UN bodies that the U.S. remains a part of to work with allies and partners to compete against China. The RSC Budget also recognizes the work of the Millennium Challenge Corporation, which gives aid to nations that reform their policies to be freer and more free-market oriented, and that implements protections for the natural rights of their citizens.

The background is a light blue technical drawing or blueprint. It features various mechanical sketches, including gears, circles, lines, and arrows. Some parts are hatched with diagonal lines. The drawing is overlaid with a grid of dashed lines.

# PROTECTING CONSERVATIVE VALUES

Congressional and Presidential budgets reflect their authors' values. The RSC remains committed to policies that abide by the Constitution and that defend the natural rights to life, liberty, and property. Conversely, the Left believes that power should be concentrated in the hands of a few—specifically, in their hands—and that individuals are unfit to lead their own lives free from government dictates. This disastrous notion has led to some of the worst horrors in human history. It must not be repeated in America. The RSC is committed to stopping this movement and safeguarding our foundational values.

This section of the RSC Budget is dedicated to preserving our natural rights and to championing the values that make the foundation of a prosperous future.

## **The Right to Life**

As our nation awaits the Supreme Court's decision in *Dobbs v. Jackson Women's Health Organization*, which could ultimately overturn *Roe v. Wade*, it's important to remember the toll that abortion has taken. Abortions are responsible for over 1 billion lives lost since 1920, globally,<sup>256</sup> and 73 million lost annually (equal to all the deaths of the Second World War).<sup>257</sup> The RSC Budget recognizes that current federal policies fail to uphold the 14<sup>th</sup> Amendment and protect the right to life for our nation's most vulnerable and opposes any federal policy or benefit that directly or indirectly facilitates or subsidizes abortions.

At the beginning of the 117<sup>th</sup> Congress, the RSC's Steering Committee took an official position to adopt a letter spearheaded by RSC Chairman Jim Banks that pledged to vote against any legislation that eliminates or weakens the Hyde Amendment or other existing pro-life policies.<sup>258</sup> The RSC Budget reiterates this position and supports the codification of these vital protections.

Additionally, the RSC Budget supports the following measures designed to advance the pro-life cause:

- Rep. Virginia Foxx's (R-VA) bill, the Title X Abortion Provider Prohibition Act, which would prohibit abortion providers, including Planned Parenthood, from receiving Title X funding.
- Rep. Mike Kelly's (R-PA) bill, the Heartbeat Protection Act, which would prohibit abortions after a fetal heartbeat has been detected.
- Rep. Jody Hice's (R-GA) bill, the Sanctity of Life Act, which would declare that human life begins at conception.
- Rep. Alex Mooney's (R-WV) Life at Conception Act, which would provide 14<sup>th</sup> amendment protections at all stages of life.
- Rep. Ann Wagner's (R-MO) bill, the Born-Alive Abortion Survivors Protection Act, which would protect infant survivors of abortion and ensure that all infants born alive receive the same degree of care, regardless of their gestational age. Rep. Kat Cammack (R-FL) also led a successful discharge petition of the bill, breaking the 1<sup>st</sup> day record. 213 members have signed the discharge petition.
- Rep. Michael Cloud's (R-TX) bill, the Women's Public Health and Safety Act would amend Medicaid to allow states to prevent abortion providers from receiving funding.
- RSC Chairman Jim Banks' (R-IN) bill, the Taxpayer Conscience Protection Act, which would require public reporting on Medicaid funds given to abortion providers.
- Rep. Blaine Luetkemeyer's (R-MO) bill, the Protecting Life and Integrity in Research Act, which would prohibit fetal tissue research on remains obtained from induced abortions
- RSC Chairman Jim Banks' (R-IN) bill, the Patients First Act, which would promote the use of adult stem cells for research purposes and prohibit the use of fetal stem cells or the creation of a human embryo for research purposes.
- Rep. Debbie Lesko's (R-AZ) bill, the Dismemberment Abortion Ban Act, which would ban dismemberment abortions.

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256 Family Research Council, "Abortion Worldwide Report: 100 Countries, 1 Century, 1 Billion Babies," January 25, 2017, <https://www.frc.org/events/abortion-worldwide-report-100-countries-1-century-1-billion-babies>.

257 Guttmacher Institute, "Unintended Pregnancy and Abortion Worldwide," July 2020, <https://www.guttmacher.org/fact-sheet/induced-abortion-worldwide>

258 Republican Study Committee, "Save Hyde." Accessed June 6, 2022. <https://rsc-banks.house.gov/issue-campaigns/save-hyde>

- Rep. Ron Estes' (R-KS) bill, the Protecting Individuals with Down Syndrome Act, which would ban the performance of an abortion because a baby received a prenatal diagnosis of Down Syndrome.
- Rep. Bob Latta's (R-OH) bill, the Support and Value Expectant Moms and Babies Act, which would block the approval of new drugs that cause medical abortion.
- RSC Chairman Jim Banks' (R-IN) bill to prohibit Biden from rescinding President Trump's Title X family planning rule, which stops funds from going to entities, such as Planned Parenthood, that use Title X funds to provide abortion.
- Rep. Chris Smith's (R-NJ) bill, the No Taxpayer Funding for Abortion and Abortion Insurance Full Disclosure Act, which would permanently codify abortion prohibitions like the Hyde Amendment, barring federal funds from being used to pay for abortions except in the case of rape or incest, or when the life of the mother is in danger. This legislation would also prohibit the use of Obamacare premium tax credits, cost-sharing subsidies, and small business tax credits for being used to purchase of health plans that include elective abortion coverage.
- Rep. Andy Harris' (R-MD) bill, the Conscience Protection Act, which would prevent government at the local, state, or federal level from discriminatory practices and penalization of health care providers that do not participate in highly controversial abortion services.
- Rep. Jason Smith's No Abortion Bonds Act, which would remove the tax-exempt status of any bond that goes to an abortion provider or abortion clinic. While the Hyde Amendment prohibits the use of taxpayer funds for abortion or abortion-related services, a loophole exists in the tax code that has allowed millions in municipal bonds to go toward the construction of abortion provider offices and clinics.
- Rep. Ann Wagner's Prenatal Nondiscrimination Act, which would ban discrimination against the unborn on the basis of sex and ban sex-selective abortions.
- Rep. Bob Good's (R-VA) Telehealth Abortion Prevention Act, which would ensure that telehealth does not open a back door to abortion providers by making it a federal crime to distribute chemical abortion drugs without a physical examination. The bill also requires abortion providers to be physically present for a chemical abortion procedure.
- Rep. Chip Roy's (R-TX) Protecting Life on College Campus Act, which would prohibit federal funding for educational institutions that partner with or host student health services that provide abortions.
- Rep. Brian Babin's (R-TX) Protecting Life in Crisis Act, which would prohibit funds from COVID relief packages from being used for abortion and health plans that fund abortion.
- Rep. Ralph Norman's (R-SC) Ensuring Accurate and Complete Abortion Data Reporting Act, which would require states to provide certain abortion data to the Centers for Disease Control as a condition of receiving federal family planning funds.
- Rep. Tracey Mann's (R-KS) legislation (H.R. 714) to require the president to provide information regarding forthcoming executive actions on abortion to Congress.
- Rep. Mike Johnson's (R-LA) Child Interstate Abortion Notification Act, which would make it a federal crime to transport a minor across state lines without parental consent so that the minor can obtain an abortion. It would also make it a federal crime for a physician to perform an abortion on an out-of-state minor without notifying the minor's parent.

### **Fighting for Parental Rights and Stopping Critical Race Theory**

Critical Race Theory (CRT) is one of the most pernicious, destructive, and cynical ideas foisted by Democrats on the American people. CRT is opposed to the uniquely American ideals of liberty and equal protection under the law. Instead, proponents of CRT ludicrously argue our nation's founding ideals are a smokescreen for oppression and white supremacy. Further, they assert the only solution is to throw away those ideals and divide Americans by race in all aspects of life. Active discrimination is CRT's solution to achieve so-called "equity." To be clear, these ideas go against everything that has made America the brightest beacon of freedom the world has ever known.



Sadly, CRT has spread across American society and made its ways into our schools, government agencies, and even our military.<sup>259</sup> The RSC Budget opposes this racist and divisive ideology wherever it exists and supports proposals, such as the following, to eliminate it:

- Rep. Julia Letlow’s (R-LA) Parents Bill of Rights, which, among other things would require school districts to publicly post curriculum, including all books and reading material available in the library, so that parents can better stand up against CRT and other harmful topics being taught to their children.
- Rep. Burgess Owens’ (R-UT) H.R. 3235, which prohibits federal agencies from refusing to follow President Trump’s executive order prohibiting agencies from teaching, advocating, acting upon, or promoting CRT in agency trainings.
- Rep. Burgess Owens’ (R-UT) H. Res 397, which would express the sense of the House of Representatives that CRT should not be taught in K-12 classrooms.
- Rep. Dan Bishop’s (R-NC) Combatting Racist Training in the Military Act, which would prohibit the Armed Forces and Military Academies from promoting CRT.
- Rep. Chip Roy’s (R-TX) Combatting Racist Teaching (CRT) in Schools Act, which would prohibit federal funds from going to any elementary, secondary school, or institution of higher education that promotes racist ideology like CRT.
- Rep. Dan Bishop’s (R-NC) Stop CRT Act, which prohibits any federal funding being awarded to entities that advance CRT.
- Rep. Mark Green’s (R-TN) H.R. 3046, which would prohibit the federal service academies from providing training and education based on CRT.
- Rep. Vicky Hartzler’s (R-MO) No CRT for our Military Kids Act, which would prohibit the teaching of CRT in any school operated by the Department of Defense.

## **Protect the Second Amendment**

The Second Amendment ensures the protection of our God-given constitutional rights from would-be tyrants. Tragically, the Second Amendment is under siege from the radical Left. The RSC Budget opposes the Left’s crusade to infringe on Americans’ right to bear arms, including recent actions by the Biden administration such as the ATF’s billion-record gun registry that would cover 100% of firearm transactions, its plan to ban 10-40 million braced firearms, and the Department of Justice’s Ghost Gun rule.

The RSC Budget would implement Rep. Michael Cloud’s (R-TX) No REGISTRY Rights Act. This bill would prevent the ATF from using records to create a federal firearms registry. Specifically, it would mandate that the ATF to destroy all firearm transaction record on file. The bill would also require Federal Firearm Licensees (FFLs) to destroy all transaction records if they go out of business.

Additionally, today all 50 states and Washington, D.C. issue permits for some form of concealed carry. Across the country, arbitrary, anti-gun “may-issue” permit standards, which empower state governments to acknowledge or not acknowledge one’s Second Amendment rights, are being converted to “shall-issue” standards, which require governments to recognize the right to carry a firearm. Constitutional carry (permitless carry) is also sweeping the country—from two permitless states in 2009 to 21 today.<sup>260</sup>

The RSC Budget calls for enactment of Rep. Richard Hudson’s (R-NC) Concealed Carry Reciprocity Act, which allows gun owners to defend themselves across state lines while preserving state legislatures’ role in enacting permitting policies appropriate to their state. The RSC Budget would also implement Rep. Jeff Duncan’s (R-SC) Hearing Protection Act to stop considering silencers as firearms and effectively remove silencers from regulation under the National Firearms Act,

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259 Christopher Rufo, “Going All In.” City Journal. July 15, 2021. <https://www.city-journal.org/nea-to-promote-critical-race-theory-inschools> and [https://kansaspolicy.org/wp-content/uploads/2021/07/NEA-Item-39-Documents\\_20210715\\_0001.pdf](https://kansaspolicy.org/wp-content/uploads/2021/07/NEA-Item-39-Documents_20210715_0001.pdf)

260 U.S. Concealed Carry Association, “Constitutional Carry/Unrestricted/Permitless Carry,” Accessed April 11, 2022, <https://www.usconcealedcarry.com/resources/terminology/types-of-concealed-carry-licensurepermitting-policies/unrestricted/>.

as well as Rep. Bob Good's SHUSH Act, which would deregulate suppressors at the federal level and preempt state laws that regulate, tax, or prohibit the possession of suppressors.

### **Defense of Religious Freedoms**

Since *Obergefell v. Hodges*, many individuals and organizations that believe marriage is between one man and one woman have faced federal discrimination for their sincerely held religious beliefs. The RSC Budget supports policies that protect Americans' right to live according to their beliefs without discrimination, persecution, or retaliation from the federal government. This is particularly true for our churches, non-profits, and faith-based organizations. Moreover, it is critical that such organizations are not discriminated against in federal grant making procedures.

Accordingly, the RSC Budget adopts Rep. Mike Kelly's (R-PA) Child Welfare Provider Inclusion Act, a bill that would ensure faith-based institutions and individuals can continue to provide child welfare services and will not be discriminated upon based on their beliefs. It also supports Rep. Ted Budd's (R-NC) Equal Treatment of Faith-Based Organizations Act, which would reverse the Obama-era policy that required faith-based providers of social services to disclose their religious affiliation and refer potential clients to other providers and specify that faith-based organizations must be on equal footing with secular organization when applying for federal funding. The RSC Budget also supports Rep. Steve Scalise's (R-LA) Free Speech Fairness Act, which would ensure that churches and church officials can exercise their first amendment rights without facing the threat of federal taxation.

### **Opposing Federal Efforts to Redefine Gender and Protecting Conscience Rights**

The RSC Budget reaffirms our commitment to oppose federal efforts to redefine sex and gender, protect women, girls, and children, and secure conscience rights. We condemn the efforts of President Biden and Congressional Democrats to undermine these values. This budget would adopt the following legislation to push back on this attack from the Left:

- Rep. Greg Steube's (R-FL) Protection of Women and Girls in Sports Act, which would ensure that women and girls have a fair playing field in competitive sports by prohibiting the use of Title IX funds to support programs in which biological male athletes are allowed to participate against biological female athletes. In the 117<sup>th</sup> Congress, the RSC Steering Committee took an official position in support of this bill. Also, Chairman Jim Banks led a discharge petition to attempt to force a vote on the House floor on this important piece of legislation.
- Rep. Mary Miller's (R-IL) Safety and Opportunity for Girls Act, which would protect spaces for women and girls in schools. It would prevent the Biden administration from forcing schools to allow biological males in bathrooms, locker rooms, and sports teams with females.
- Rep. Debbie Lesko's (R-AZ) Women's Bill of Rights, which would express the need to preserve legal protections afforded to women by reaffirming that under federal law: (1) sex refers to the biological sex of an individual at birth; (2) woman refers to a biological female; and (3) man refers to a biological male.
- Rep. Lauren Boebert's (R-CO) Protecting our Kids from Harmful Research Act, which would prohibit federal funding of sex-reassignment research on minors.
- Rep. Doug LaMalfa's (R-CA) Protecting Children from Experimentation Act, which would create a new criminal offense for performing gender reassignment treatment on minors along with a corresponding civil right of action for victims.
- Rep. Doug LaMalfa's (R-CA) End Taxpayer Funding of Gender Experimentation Act, which prohibits federal funding of gender reassignment surgeries and treatments.
- Rep. Jack Bergman's (R-MI) bill, H.R. 5553, which would prohibit the VA from providing or funding gender transition surgeries.

## **Secure America's Borders and Protect the Homeland**

The RSC Budget recognizes that protecting American security hinges on maintaining operational control of our nation's borders. Additionally, we believe U.S. immigration policy should be designed to primarily serve the interest of American citizens, families, and workers. We embrace these principles:

- Immigration policy should protect our national security by protecting the American people from terrorism, cartels, and other threats to their safety.
- Immigration policy should prioritize American workers, help grow our middle class, raise wages, and enhance economic opportunity for all lawful residents.
- Immigration policy should respect the rule of law, along with immigrants that honor our legal immigration processes, rather than incentivize law breaking.
- Immigration policy should aim to assimilate legal immigrants into the American family so they too can take pride in our values, history, and heritage.

Embracing these principles would lead to a safer and more secure, prosperous, and united country.

Sadly, President Biden, DHS Secretary Alejandro Mayorkas, and Congressional Democrats have embraced the opposite: an illegal open-borders agenda that has created the worst border crisis in U.S. history. In doing so they have compromised the sovereignty of our nation and blatantly ignored the executive branch's duty to maintain operational control of the southern border. Examples include the Biden administration's moves to terminate existing border wall construction contracts, reverse Trump-era interior enforcement policies, cease the Trump administration's Migrant Protection Protocols (MPP), and reverse its Title 42 order. Consequently, in FY 2021, U.S. Customs and Border Protection (CBP) recorded nearly 2 million illegal aliens trying to cross the southern border into the United States.<sup>261</sup> These statistics are even worse in FY 2022.<sup>262</sup> According to the Texas Department of Public Safety, the number of illegal aliens that cross the border and then disappear into the interior of the country is up 156 percent.<sup>263</sup> Democrats' open-border policies have devastated the communities that must deal with drug trafficking, rampant human trafficking, and the skyrocketing costs of absorbing illegal migrants. The Biden Administration has even been caught flying illegal immigrants encountered at the border to unsuspecting communities across the country in the dead of night.<sup>264</sup> During his first 14 months in office, Customs and Border Patrol (CBP) have seized 12,195 pounds of fentanyl – a drug so dangerous that ingesting 2 mg results in a deadly overdose.<sup>265</sup> This is a 60 percent increase from the last 14 months of the Trump Administration. Fentanyl overdoses are now the leading cause of death among Americans aged 18-45.<sup>266</sup> For these reasons, RSC Chairman Jim Banks led a letter with Rep. Brian Babin and Republican Leader Kevin McCarthy questioning Secretary Mayorkas' fitness for office and demanding answers for his illegal open border agenda.<sup>267</sup>

In the past several years, RSC members have introduced dozens, if not hundreds, of pieces of legislation to fix our immigration system and address the crisis at the southern border. The following examples of these bills are supported by the RSC Budget.

The RSC Budget supports Rep. Clay Higgins' (R-LA) bill, the Finish the Wall Act, which, among other things, would complete wall construction projects proposed by President Trump. The RSC budget would also implement Rep. Matthew Rosendale's (R-MT) bill, REMAIN in Mexico Act of 2021 to require the Biden administration to continue to implement President Trump's Migrant Protection Protocols. This budget would also implement Rep. Mike Johnson's (R-LA) bill, the Closing Asylum Loopholes Act, which would increase the "credible fear" standard to reduce fraud in the asylum process

261 *Southwest Land Border Encounters*, U.S. CUSTOMS AND BORDER PROTECTION, <https://www.cbp.gov/newsroom/stats/southwest-land-border-encounters> (last visited May 18, 2022).

262 Ibid.

263 Stephen Dinan, "Border-Jumping 'Gotaways' Spike 156% From Last Year," *The Washington Times*, April 15, 2021, <https://www.washingtontimes.com/news/2021/apr/15/mexico-border-jumping-gotaways-spike-2020/>.

264 Miranda Devine, "'Betraying the American people': Leaked video reveals Joe Biden's 'hush hush' migrant invasion." *New York Post*, January 26, 2022 <https://nypost.com/2022/01/26/leaked-video-reveals-joe-bidens-hush-hush-migrant-invasion/>

265 U.S. Customs and Border Protection, "Drug Seizure Statistics," Accessed CCC <https://www.cbp.gov/newsroom/stats/drug-seizure-statistics>

266 Families Against Fentanyl, "Fentanyl Fatalities – Fentanyl poisoning poses a serious threat to the American public, killing more people last year than suicide, car accidents or gun violence." <https://securservercdn.net/166.62.108.196/w71.6b7.myftpupload.com/wp-content/uploads/2021/12/facts.pdf?time=1644505441>

267 United States Congress, Letter to The Honorable Alejandro Mayorkas, Secretary, U.S. Department of Homeland Security, April 25, 2022 [https://banks.house.gov/uploadedfiles/letter\\_to\\_sec\\_mayorkas\\_babinbanks\\_-\\_april\\_2022.pdf](https://banks.house.gov/uploadedfiles/letter_to_sec_mayorkas_babinbanks_-_april_2022.pdf)

and preserve the program for those truly in need. Additionally, the RSC Budget supports hiring more immigration judge teams to handle backlogs and make it easier to secure our borders and ports of entry.

The RSC Budget would prohibit federal funds from going to cities or jurisdictions operating as sanctuaries for illegal immigrants. There are at least 190 of these so-called sanctuary jurisdictions across the country,<sup>268</sup> and many cities have seen increased crime rates since declaring themselves sanctuary cities.<sup>269</sup> Accordingly, the RSC Budget supports Rep. Guy Reschenthaler's (R-PA) No Sanctuary for Criminals Act, which would block federal grants from flowing to these jurisdictions. The RSC Budget also supports legislation that would allow victims of illegal alien crime to sue sanctuary jurisdictions for damages. The RSC budget supports Rep. Randy Feenstra's (R-IA) bill, Sarah's Law, to ensure that federal authorities can detain, until ICE can process them, any illegal alien that commits a crime that results in the death of another person.

This budget also supports the following common-sense measures to support border security and protect the American homeland:

- Rep. Vicky Hartzler's (R-MO) bill, Eradicate Crossing of Illegal Tunnels (EXIT), which would expedite the approval process that U.S. Customs & Border Protection (CBP) agents must undergo to destroy tunnels at the border used for illegal crossings and the transportation of narcotics.
- Rep. Dan Meuser's (R-PA) Immigration Transparency and Transit Notification Act of 2022, which would require the HHS Secretary to notify Federal, state and local health officials of any jurisdiction before placing an illegal immigrant there.
- Rep. Tom McClintock's (R-CA) Illegal Immigrant Payoff Prohibition Act, which prohibits settlement payments to illegal aliens in connection with their inadmissibility.
- Rep. Dan Bishop's (R-NC) Immigration Detainer Enforcement Act, which would give explicit authority to local law enforcement agencies to hold detained illegal immigrants for 48 hours to allow DHS to assume custody.
- This budget supports defunding the United Nation's International Organization of Migration,
- Rep. Ted Budd's (R-NC) Stopping Traffickers and Their Accomplices Act, which would require abortion providers to report suspected human trafficking to the National Human Trafficking Hotline.

The RSC Budget also supports ending the diversity lottery visa program and limiting chain migration to the spouses and children of U.S. citizens and legal permanent residents.

The RSC Budget would also support the intent of the 14<sup>th</sup> Amendment by only conferring citizenship, at birth, to someone born of at least one U.S. citizen or legal permanent resident of the United States. The common practice of conferring citizenship to almost anyone physically born on U.S. soil has been used to allow people to break U.S. law by entering illegally and then have a child that is a U.S. citizen. Then they can use chain migration to become U.S. citizens themselves.

It is also essential that the federal government prohibit people from overstaying their visas by rigorously enforcing visa limits. The RSC Budget encourages attempts to add bonding requirements to certain visas with high overstay rates to mitigate the issue of visa overstays.

### **Prioritizing American Workers Over Imported Foreigners**

The RSC budget would also disallow business deductions for wages paid to illegal immigrants. Wages illegitimately paid to support illegal immigration should not qualify as a legitimate business expense. Also, the RSC budget would require employers to use the E-Verify system, produced by DHS, before they employ someone to ensure that their prospective employee is legally allowed to work in the U.S. These reforms would ensure jobs are available for Americans.

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268 Center for Immigration Studies, "Map: Sanctuary Cities, Counties, and States," Updated on March 22, 2021, <https://cis.org/Map-Sanctuary-Cities-Counties-and-States>.

269 Stephen Owsinski, "Sanctuary Cities: The Costs to Taxpayers," Fox News, December 9, 2016, <http://www.foxnews.com/us/2016/12/09/sanctuary-cities-costs-to-taxpayers.html>.

The RSC Budget would implement commonsense reforms to end corrupt practices in the H-1B Visa program. The RSC Budget would adopt RSC Chairman Jim Banks' (R-IN) H.R. 6206, the American Tech Workforce Act. This bill would create a wage floor of \$110,000 or the annual wage paid to American workers for H-1B visas, whichever is higher. Current rules based on "prevailing wages" allow companies to undercut American workers by paying lower than the median wage level for the occupation.<sup>270</sup> The bill would also replace the current lottery system used in the program, which outsourcing firms abuse by flooding the system with applications to make it more likely they receive H-1B slots. Instead, the bill would award H-1B visas to companies willing to pay the highest wages for their workers. Finally, the bill would limit the ability of Big Tech firms to contract with third-party companies to fill positions with H-1B workers for jobs that are eventually outsourced.

For over 100 years, the "public charge" doctrine has served as a cornerstone of U.S. immigration law that sits at the nexus of welfare reform and immigration policy. According to this deeply imbedded principle, the U.S. should deny admission and permanent residence to any individual likely, at any time, to depend upon the government for subsistence. As conservatives, we believe our country should be open to those that will seek the American dream, and not those that will seek to depend on the American taxpayer. We also believe it is morally reprehensible for liberal elites in the Biden Administration to use the hard-earned dollars of the American people to enact an open borders agenda.

The welfare reforms of 1996 embraced this principle by limiting welfare benefits to citizens and certain categories of legal immigrants after having been in the U.S. for five years. The RSC Budget would build off these reforms to ensure welfare funds are available for U.S. citizens, legal immigrants once they achieve citizenship, and refugees for their first two years in the United States. The RSC Budget also rejects President Biden's abandonment of the Trump administration's common-sense "public charge" rule – a rejection that defies logic in the face of the worst border crisis in American history.<sup>271</sup> This budget supports Rep. Bob Good's (R-VA) Preserving Safety Net Integrity Act, which would codify the Trump Administration's public charge rule.

The RSC Budget also supports amending welfare funding formulas to exclude illegal alien populations when calculating grants given to states. It would ensure all benefit applicants are checked through the federal E-Verify system before being able to take advantage of a federally funded job training program. Additionally, the RSC Budget supports Rep. Glenn Grothman's (R-WI) Preventing Illegal Immigrants from Abusing Tax Welfare Act, which prohibit illegal aliens from being issued a Social Security number under the Obama-Biden executive amnesty program.

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270 Government Accountability Office, "H-1B Visa Program: Reforms Are Needed to Minimize the Risks and Costs of Current Program." January 14, 2011. <https://www.gao.gov/products/gao-11-26>

271 The National Law Review, "Biden Administration Abandons Trump-Era Public Charge Rule," March 23, 2021, <https://www.natlawreview.com/article/biden-administration-abandons-trump-era-public-charge-rule>.

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# **PERSONALIZED & AFFORDABLE HEALTH CARE**

To reduce costs, improve quality, and foster transparency and innovation, the RSC Budget supports reforms that would make our federal health care programs more market-oriented, locally and community focused, and patient-driven. By tying federal health care aid to need, measured by services required and income, we can decouple program spending from the causes of spiraling inflation. The current price spiral comes from an aging population and top-down control from federal bureaucrats. A streamlined approach that empowers patients and communities will reduce costs while increasing access and improving the quality of care for all Americans.

This budget also supports fiscally responsible efforts by the federal government to prepare for and combat disease outbreaks, such as the COVID-19 pandemic. Further, basic healthcare research that pushes scientific understanding can be an appropriate undertaking for the federal government when narrowly tailored. However, the federal government should limit its activities in these arenas, avoid supplanting private sector efforts, and when appropriate, seek to work with private market entities rather than against them.

### **Creating Personalized and Affordable Healthcare**

The Patient Protection and Affordable Care Act (ACA), better known as Obamacare, is a failed federal experiment that fundamentally changed the U.S. healthcare delivery system. Obamacare has not fulfilled its promise to guarantee plan retention, affordability, quality of care or availability of doctors. Indeed, its result has been quite the contrary. It dramatically expanded the administrative state, inserted government bureaucrats between all Americans and their doctors, and destroyed competition in the marketplace. It has spurred consolidation in the healthcare industry, narrowed provider networks, and increased out-of-pocket costs to levels that are unaffordable for many families.

Furthermore, Obamacare has failed the people it promised most to protect—individuals with pre-existing conditions. While Democrats argue that keeping the ACA will guarantee that no one is denied health insurance because of their medical history, that guarantee is illusory. As history has proven, the ACA has not fulfilled its promise to guarantee plan retention, affordability, quality of care or availability of doctors. Indeed, its result has been quite the contrary.

Among the reforms proposed in the RSC Budget, protecting individuals with pre-existing conditions is top priority. The reforms contained in this budget would produce guaranteed coverage pools, more efficient and competitive markets, more tailored and portable health insurance policies, and would refocus aid to those that need it. The reforms would work to ensure access to high-quality care for these Americans.

Obamacare has more than doubled insurance premiums in the individual market.<sup>272</sup> Major insurers have fled the Obamacare market, leaving many Americans over the years with the Hobson's choice to "shop" for insurance in a market with only one option available. At times, insurers completely fled a market leaving whole communities without a single marketplace plan available.<sup>273</sup> In fact, 34 percent of counties in the U.S. have two insurance carriers or less, and 5 percent have just one carrier from which to "choose."<sup>274</sup> Obamacare has also dramatically escalated the unsustainable rise in American health care spending, which now consumes about a fifth of the US economy.<sup>275</sup> In large part, this is because it expanded an already overburdened and ineffective Medicaid system, bringing public health care spending to 45 percent of total health care spending in the United States.<sup>276</sup> Obamacare also banned new and expanded physician-owned hospitals from participating in Medicare or Medicaid. This has added to the physician shortage, exacerbated health care cost inflation, and reduced access to care.<sup>277</sup>

The RSC Budget also opposes any attempts to hand more control of health care decisions that rightly belong to patients and doctors over to federal bureaucrats. Democrats' preferred option, "Medicare-for-All", would constitute an unprecedented expansion of the federal government. It would also cost American taxpayers an estimated \$32 trillion in new taxes

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272 Centers for Medicare and Medicaid Services, "Medical Loss Ratio Data and System Resources." October 21, 2021, <https://www.cms.gov/CCIIO/Resources/Data-Resources/mlr>

273 Centers for Medicare & Medicaid Services, "County by County Analysis of Current Projected Insurer Participation in Health Insurance Exchanges," June

274 Centers for Medicare & Medicaid Services, "2022 Projected Health Insurance Exchange Coverage Maps," November 1, 2021, <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/Downloads/10-16-2020-County-Coverage-Map.pdf>.

275 Centers for Medicare & Medicaid Services, "The National Health Expenditure Accounts: Historical," March 31, 2022, <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical>

276 Rabah Kamal, Daniel McDermott, Giorlando Ramirez, and Cynthia Cox, "How Has U.S. Spending on Healthcare Changed Over Time?" Peterson-Kaiser Health System Tracker, Accessed on April 30, 2022, [https://www.healthsystemtracker.org/chart-collection/u-s-spending-healthcare-changed-time/#item-public-and-private-health-spending-have-both-grown-substantially-but-public-spending-has-grown-faster\\_2017](https://www.healthsystemtracker.org/chart-collection/u-s-spending-healthcare-changed-time/#item-public-and-private-health-spending-have-both-grown-substantially-but-public-spending-has-grown-faster_2017).

277 Meg Bryant, "ACA is Taking a Toll on Physician-Owned Hospitals," *Health Care Drive*, July 11, 2017, <https://www.healthcaredrive.com/news/aca-is>

to artificially control premium increases and would inevitably lead to long wait times and a reduced quality of care.<sup>278</sup> In other words, the federal government would be the nation's sole health insurer with thousands of faceless, unaccountable Washington bureaucrats playing gatekeeper between patients and the health care services they need. Such a system would be a disaster for the American people, especially for those with chronic health conditions.

The RSC Budget adopts regulatory reforms developed by the RSC's Health Care Task Force, chaired by then-Representative and current Senator Roger Marshall (R-KS) in the 116<sup>th</sup> Congress, and set forth in its report: *A Framework for Personalized, Affordable Care*. The reforms contained in *A Framework for Personalized, Affordable Care* would transform the individual marketplace's current regulatory structure, unwind the ACA's Washington-centric approach, and largely return regulatory authority to the individual states.<sup>279</sup> The full suite of reforms offered by the RSC's plan are premised on the idea that protecting people with pre-existing conditions is more than just guaranteeing an insurance plan. The reforms adopted by the RSC Budget would provide protections to people with pre-existing conditions and focus on access to affordability and quality of care.

### **Reducing Obamacare's Regulatory Mandates**

Under the RSC plan, protections pertaining to guaranteed issue and the prohibition on coverage exclusions would be retooled to reward continuous coverage and promote portability in the individual marketplace. Additionally, to provide Americans with options that fit their individualized needs, the ACA's mandates on essential health benefits, annual and lifetime limits, preventive care cost-sharing, dependent coverage, and actuarial value would be removed. Each state would again be allowed to determine the minimum attributes and cost-sharing parameters of plans to best meet the needs of their own citizens. The ACA's medical loss ratio, along with its competition-killing and premium-increasing effects, would be undone as well. In no case, however, would carriers be able to rescind, increase rates, or refuse to renew one's health insurance simply because a person developed a condition after enrollment.<sup>280</sup>

Additionally, states—and not the federal government—would be empowered under the RSC plan to establish restraints on the extent to which carriers could incorporate the health risks of individuals into premiums. Thus, the ACA's community rating, age banding, and single risk pool requirements would be devolved to state authority too. Individuals with high-risk medical conditions would have affordable access to state-run Guaranteed Coverage Pools under which their health care costs would be subsidized with federal grants and further contained by any state-enacted premium-setting restrictions. Repealing Obamacare's unnecessary regulatory burdens will not only benefit the future of health care delivery in America but also will lead to increased job growth as we emerge from the pandemic. In addition, the RSC Budget would fully repeal Obamacare's destructive tax increases.

A number of states have used Section 1332 waivers in a way reflective of this approach. Under Section 1332, States can receive federal subsidies that originally would have gone to insurers through the ACA marketplace and, using state-matching funds, to implement innovative models free of top-down Obamacare mandates. States can only receive these waivers if they show that their plan will ensure access to high-quality care for all citizens (regardless of health-status) and reduce premiums. The use of 1332 waivers has been immensely successful. States with 1332 waivers saw premium reductions of 7.48% from 2018-2019.<sup>281</sup> Premiums in non-waiver states increased by 3.1 percent.<sup>282</sup> The RSC plan would empower all states to implement these innovative models to ensure guaranteed access to affordable coverage for all Americans regardless of health status.

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278 Republican Study Committee, "A Framework for Personalized, Affordable Care," Accessed April 30, 2022, <https://rsc-banks.house.gov/sites/republican-studycommittee.house.gov/files/FINAL%20RSC%20Health%20Care%20Report.pdf#page=7>.

279 Ibid

280 Ibid.

281 Doug Badger, Heritage Foundation, "How Health Care Premiums Are Declining in States That Seek Relief from Obamacare's Mandates." August 13, 2019, [https://www.heritage.org/health-care-reform/report/how-health-care-premiums-are-declining-states-seek-relief-obamacares?\\_gl=1\\*gpku7\\*\\_ga\\*MjQxNDxLjE2MzUxODIzNTQ.\\*\\_ga\\_W14BT6YQ87\\*MTY1MjIwMzIxNC41LjAuMTY1MjIwMzIxNC42MA.\\_&\\_ga=2.31373119.141285115.1652203915-241341401.1635182354](https://www.heritage.org/health-care-reform/report/how-health-care-premiums-are-declining-states-seek-relief-obamacares?_gl=1*gpku7*_ga*MjQxNDxLjE2MzUxODIzNTQ.*_ga_W14BT6YQ87*MTY1MjIwMzIxNC41LjAuMTY1MjIwMzIxNC42MA._&_ga=2.31373119.141285115.1652203915-241341401.1635182354)

282 Ibid



Although Congressional Republicans failed to enact comprehensive individual marketplace reforms, they worked with President Trump to institute a number of flexibilities into the system. These include the repeal of the individual mandate, repeal of Independent Payment Advisory Board (IPAB), ending unconstitutional Cost Sharing Reduction (CSR) payments, expanding 1332 waivers (as mentioned above), increasing the availability of short-term limited-duration plans, limiting Obamacare enrollment periods, cutting funding for the Obamacare Navigators program, and expanding access to health reimbursement arrangements (HRAs).<sup>283</sup> Nearly all of these reforms are or will be under attack by the Biden administration. The RSC Budget opposes all efforts to undermine these critical reforms.

## **Reducing Regulations**

**Interstate Health Insurance Plans** - In order to increase choice among insurance plans and increase access to more affordable options, the RSC Budget would ensure consumers are able to purchase health insurance across state lines. This would drive down costs by encouraging plans to compete to provide access to high-quality care.

**McCarron-Ferguson Repeal** - The RSC Budget support Rep. Paul Gosar's (R-AZ) Competitive Health Insurance Reform Act, which reforms the McCarran-Ferguson Act to restore the application of federal antitrust laws to the business of health insurance to provide for competition and protect consumers.

**Expand Health Savings Accounts** - The RSC Budget would drastically expand access to Health Savings Accounts (HSA) by eliminating the requirement that health savings accounts be tied to a high-deductible plan, increasing maximum contributions, and expanding the scope of eligible health care expenditures. This would allow individuals greater flexibility over their health spending and a greater capacity to handle their health needs.

**Legalize Association Health Plans** – The RSC Budget would codify President Trump's Association Health Plans rule, which was designed to allow small businesses to pool together to leverage lower cost health insurance on behalf of their employees. By allowing multiple small businesses to band together to form a larger insurance pool, Association Health Plans make health insurance more affordable and accessible. Unfortunately, President Trump's rule has been mired in legal proceedings and the Biden administration has already taken steps to rescind it.

**Oppose Price Controls** - The RSC Budget opposes efforts to index drug prices or to impose any price controls on pharmaceuticals. The federal government must not micromanage the delicate process of developing new medicines and producing them in useable quantities. Price controls do not actually reduce the price, they merely shift the cost elsewhere, often, onto the backs of low-income families through lost wages and jobs, or higher prices for many other products.<sup>284</sup>

**340B Reform** - The RSC Budget supports reforms to ensure that drug discounts under the 340B program go where intended. This budget would support efforts to ensure that these benefits ultimately are used to reduce drug prices for the intended at-risk patients and are not used for other purposes.

This budget would also reduce federal regulations that stifle or prevent private investment in rural broadband in areas that could benefit from telehealth operations. In addition, this budget would implement regular congressional reviews of regulations on healthcare providers and insurers with the aim of repealing outdated and onerous regulations on a regular basis.

## **Modernizing the Tax Treatment of Health Insurance**

We must modernize the tax treatment of health insurance to mitigate the inflationary pressure created by the exclusion for employer sponsored insurance (ESI) premiums. Without addressing these distortions, there will be no way to bring the cost trajectory down to sustainable levels.

The ESI exclusion is the primary reason why the U.S. has developed its unique health care system, in which the government has artificially made it cheaper for employers and employees to lock people in their present jobs and have employers handle health care negotiations for individuals, instead of increasing wages and giving people increased freedom. This has prevented the organic development of a competitive, transparent, and accessible health care industry. Instead, this tax preference has effectively turned each individual employer into its own balkanized health care market.

<sup>283</sup> Christopher Jacobs, "How an Obscure Regulatory Change Could Transform American Health Insurance," The Federalist, October 30, 2018, <https://thefederalist.com/2018/10/30/how-an-obscure-regulatory-change-could-transform-american-health-insurance/>.

<sup>284</sup> Sally Pipes, "Healthcare Price Controls Don't Come For Free," Forbes, March 15, 2021, <https://www.forbes.com/sites/sallypipes/2021/03/15/healthcare-price-controls-dont-come-for-free/?sh=216cc7b078e8>.

Moreover, where an individual is employed dramatically alters their access to health insurance. For example, in 2020, only 48 percent of very small businesses offered health insurance benefits, whereas virtually all of the largest firms did.<sup>285</sup> The sectioning off of health insurance products into millions of separate markets has turned the health insurance industry into the most monopolistic, least competitive, and least innovative in the U.S. economy. Studies have shown that this tax treatment has significantly reduced wages by shifting compensation dollars away from wage and salary increases and into this inflexible form of compensation.<sup>286</sup>

ESI also reduces labor flexibility by paying people to stay with their present job and not enabling them to switch to a more productive one. It decreases market efficiency because individuals, who do not pay most of their health care costs directly, are encouraged to enroll in needlessly expensive health insurance policies.<sup>287</sup> Further, it requires every employer in the nation to be experts in two industries, their own and the health care industry.

The ESI exclusion drives hyperinflation and inefficiency of the health care industry. Over the last 20 years (pre-COVID-19 pandemic), the average change in prices for non-health care goods and services grew at an average annual rate of 2.1 percent, while the costs of medical care grew at an annualized rate of 3.5 percent.<sup>288</sup> It affects the private insurance market and also contributes to the exponential spending growth of Medicare, Medicaid, and other federal health care programs.

Though one method of reform would be to repeal the exclusion entirely and use the increased revenues to reduce tax rates across the board, this would cause immediate upheaval to the health insurance system that the exclusion has distorted for almost 80 years. Instead, the RSC Budget would reform the tax treatment of private health insurance in a revenue-neutral manner by providing a capped exclusion for all spending on health insurance by and on behalf of the tax filer, as well as for related dependents. This would include employer health insurance plans, as is the case now, as well as any such spending from an individual, charity, or family member. This would equalize the tax treatment of all health insurance products and allow the organic development of efficient health insurance products without forcing a change to the existing health insurance market that most Americans rely on. This would also allow any number of employers to freely work together to create insurance pools. This universal exclusion would also have a high per capita cap to ensure revenue neutrality.

### **Streamlining Medicaid and the Children’s Health Insurance Program**

As a quasi-voluntary state-federal partnership, Medicaid traditionally subsidized health care services for the most vulnerable Americans, including individuals with disabilities, low-income children, low-income seniors, and pregnant women. Medicaid is the largest federal means-tested welfare program and accounts for the majority of federal means-tested spending. Federal funding for Medicaid has grown substantially, from \$14 billion in 1980, to \$118 billion in 2000, to \$458 billion in 2020, to a projected \$789 billion in 2032.<sup>289</sup> Despite spending that continues to climb at an unsustainable rate, Medicaid continues to fail beneficiaries.

Research has shown patients covered by Medicaid are, in some cases, more likely than the uninsured to have poor health outcomes, such as an increased instance of death after a major surgery.<sup>290</sup> A landmark randomized controlled trial in Oregon compared similar populations of low-income, able-bodied Medicaid enrollees with non-enrollees. The study found, “Medicaid increased health care utilization, reduced financial strain and reduced depression, but produced no statistically significant effects on physical health or labor market outcomes.”<sup>291</sup> Further, Medicaid will often provide funding to abortion providers, violating the right to life and not providing quality health care for beneficiaries. RSC’s budget would ensure that none of these funds go to entities that provide abortions.

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285 Kaiser Family Foundation, “2020 Employer Health Benefits Survey,” October 8, 2020, <https://www.kff.org/report-section/ehbs-2020-summary-of-findings/>.

286 Katherine Baicker and Amitabh Chandra, “The Labor Market Effects of Rising Health Insurance Premiums,” <https://www.nber.org/papers/w11160.pdf>.

287 Ibid.

288 Peter G. Peterson Foundation, “Why Are Americans Paying More for Healthcare?” April 20, 2020, <https://www.pgpf.org/blog/2020/04/why-are-americans-paying-more-for-healthcare>.

289 Congressional Budget Office, “The Budget and Economic Outlook: 2022 to 2032.” May 25, 2022, <https://www.cbo.gov/publication/57950>

290 Avik Roy, prepared testimony for hearing on “Strengthening Medicaid and Prioritizing the Most Vulnerable,” House Committee on Energy and Commerce, Subcommittee on Health, 115<sup>th</sup> Congress, 1<sup>st</sup> Session, February 1, 2017, <http://docs.house.gov/meetings/IF/IF14/20170201/105498/HHRG-115-IF14-Wstate-RoyA-20170201.pdf>.

291 National Bureau of Economic Research, “Oregon Health Insurance Experiment: Overview,” Accessed April 30, 2022, <http://www.nber.org/oregon/index.html>.

Even if the care provided by Medicaid was not substandard, its growing costs are wholly unsustainable. Medicaid's spiraling costs will increasingly burden the federal government and federal taxpayers. This problem was exacerbated by Obamacare, which drastically increased the scope of Medicaid from a program intended to serve individuals with disabilities, low-income children, low-income seniors and pregnant women to a program that can cover all adults with an income below 138 percent of the federal poverty level (FPL).

To make matters worse, Obamacare provides an inflated contribution for these new Medicaid expansion populations, incentivizing states to pull funding from other needs of the core populations under Medicaid. As a result, states are perversely incentivized to increase Medicaid spending for able-bodied adults while devoting proportionally fewer resources to traditional, more vulnerable, core Medicaid populations.

Additionally, the normal federal contribution formula still has two major drawbacks. First, it incentivizes states to tax their own Medicaid providers to leverage more federal funds to give back to those providers, a practice known as provider taxes that unnecessarily increase federal spending without improving patient outcomes.<sup>292</sup> Secondly, it forces states to funnel their healthcare funds into a singular federal program, stunting innovation that would occur if states were allowed to use funds they raised in whatever fashion they want. President Biden's American Rescue Plan Act also included an additional incentive to encourage states to expand their Medicaid programs in the form of a two-year, five percent boost to the federal match rate.

Separately, the Children's Health Insurance Program (CHIP) is a state-federal partnership program established to provide aid to children in families who make too much money to qualify for Medicaid, but who still may not be able to afford private insurance.

States have a proven track record of innovation and, when granted flexibility with sufficient guardrails, can develop new solutions to improve patient care and meet their citizens' health care needs while ensuring taxpayer funds are used wisely. Governors and state legislatures are closer to patients in their states and know better than Washington bureaucrats where there are unmet needs and opportunities to cut down on waste, fraud, and abuse.

For these reasons, the RSC Budget proposes to create five new block grants by repurposing funding for these programs and the Obamacare exchange subsidies. First, Medicaid funding for children and CHIP funding would be combined into a block grant that states can use to help families acquire health insurance. The grant would have no income floor so states could use it to provide for the needs of all low-income children. Medicaid funding for the elderly, people with disabilities, and pregnant women would be allocated into three more separate block grants for states to provide services for those populations in a flexible manner. A fifth grant would be available to states to support programs that ensure guaranteed insurance coverage. Then, the state could choose whether to transfer additional funds from this grant to the other four grants or use these funds to provide subsidies to ABAWDs to acquire health insurance. These individuals would only be able to receive these benefits if they earn over a certain threshold. Additionally, these benefits would be capped as a percentage of earned income and would phase-out past a separate earned income threshold. ABAWDs would be subject to sensible work requirements. Also, funds could not be used to provide coverage to individuals who have not provided evidence of their eligibility, including proof of their legal immigration status. The growth factor for each of these grants would be tied to population changes of the covered population groups in each state, allowing federal support to change with the size of the covered population and states to more efficiently plan.

Separating these funding streams allows Congress to make sure federal taxpayers are going to provide for the health care needs of the populations Medicaid was traditionally intended to cover. It also improves the ability to ensure that able-bodied, working-age beneficiaries are engaged in work or job training, similar to the successful TANF reforms established in the 1990s, without denying benefits to recipients that cannot enter the labor force.

The funding for these block grants would take into account savings from effectively eliminating provider taxes and rebalancing the federal burden of these support programs down from the average 62 percent<sup>293</sup> to a 50/50 split with the states.

These reforms collectively would save in excess of \$3.6 trillion over 10 years compared to the projected increases under current law and return Medicaid to its focus of helping Americans who truly need it while achieving better results for the poor.

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292 American Legislative Exchange Council, "Resolution on Federal Medicaid and Welfare Block Grants," January 28, 2013, <https://www.alec.org/model-policy/resolution-on-federal-medicaid-and-welfare-block-grants/>.

293 Congressional Research Service, "Medicaid: An Overview." Updated February 22, 2021. <https://crsreports.congress.gov/product/pdf/R/R43357>

The background is a light blue technical drawing or blueprint. It features various mechanical components such as gears, shafts, and pulleys, along with dimension lines, arrows, and alphanumeric labels like '22', '23', '24', '25', '26', and '27'. The drawing is rendered in white lines on the blue background.

# SAVING MEDICARE

## **Reinforce Medicare’s Commitment to Seniors**

Nearly every American worker pays into Medicare for their entire working lives. It is paramount to conservatives that our government honor the commitment made to these Americans. It is also important to reject the left’s calls for new taxes on present and future workers as a so-called solution to the government’s mistakes. Doing so would only cement the systemic flaws of the program, hurt the ability of future generations to enjoy a prosperous retirement, and punish current retirees by jeopardizing the economic health of the nation. Without reforms, the Medicare program that so many seniors rely on will go bankrupt. The program would fall into chaos as hospitals and providers stop serving Medicare patients.

To avoid such a catastrophe, the RSC Budget proposes a Medicare reform plan that would ensure the programs survival while protecting benefits for those in or near retirement. The RSC Budget’s reforms would modernize and strengthen health care coverage for America’s seniors by making Medicare more efficient. While the current top-down, one-size-fits-all approach does not give seniors the access and choices they deserve, the RSC Budget would provide seniors with more control and flexibility over their healthcare future. This budget would ensure the survival of the Medicare program for current and future generations and would not institute any changes in the program until 2025.

## **Looming Trust Fund Insolvency**

Medicare currently covers almost 64 million Americans and is projected to spend \$1.019 trillion in FY 2023.<sup>294</sup> With more Americans retiring every day, enrollment in the program is projected to grow by 24 percent to 77.5 million in 2030.<sup>295</sup> By FY 2032, the program will spend \$1.929 trillion a year, which will be 5.3 percent of our nation’s GDP.<sup>296</sup>

According to the Medicare Trustees, the Hospital Insurance (HI) Trust Fund is expected to be depleted in 2028,<sup>297</sup> at which point current law would require payments to providers be cut by 10 percent.<sup>298</sup> Payment cuts will result in rationed care for current and future beneficiaries. The Medicare guarantee would no longer exist. That is why the RSC Budget would make common sense reforms to ensure Medicare solvency while providing access to better care for seniors.

## **Adjust the Medicare Eligibility Age to Reflect Life Expectancy**

Since Medicare’s creation in 1965, advances in science and medical technology have increased average life expectancy. This is a great miracle, but it challenges the solvency of the Medicare program. The amount of time a Medicare beneficiary is expected to be covered by the program has increased from roughly 13 years for males and 17 years for females in 1965 to 18 years for males and over 20 years for females in 2016.<sup>299</sup> <sup>300</sup> As beneficiaries continue to live longer, the ratio of workers to retirees shrinks, threatening the solvency of Medicare. In 1965 there were 4.0 workers per Medicare beneficiary. That number shrunk to 2.9 workers in 2011, 2.8 in 2015, and 2.8 in 2021.<sup>301</sup> It is expected to continue to decrease to 2.4 workers per beneficiary by 2030.<sup>302</sup> To address the increased demands on Medicare, the RSC Budget proposes aligning Medicare’s eligibility age with the normal retirement age for Social Security and then indexing this age to life expectancy.

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294 Centers for Medicare and Medicaid Services, “CMS Releases Latest Enrollment Figures for Medicare, Medicaid, and Children’s Health Insurance Program (CHIP).” December 21, 2021, <https://www.cms.gov/newsroom/news-alert/cms-releases-latest-enrollment-figures-medicare-medicare-and-childrens-health-insurance-program-chip>

295 Medicare Payment Advisory Commission, “July 2021: A Data Book – Healthcare Spending and the Medicare Program.” July 2021, [https://www.medpac.gov/document/http-medpac-gov-docs-default-source-data-book-july2021\\_medpac\\_databook\\_sec-pdf/](https://www.medpac.gov/document/http-medpac-gov-docs-default-source-data-book-july2021_medpac_databook_sec-pdf/)

296 Congressional Budget Office, “The Budget and Economic Outlook: 2022-2032.” May 25, 2022. <https://www.cbo.gov/system/files/2022-05/57950-Outlook.pdf>

297 The Boards of Trustees, “2022 Annual Report of The Boards of Trustees of The Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds,” Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, June 2, 2022. <https://www.cms.gov/files/document/2022-medicare-trustees-report.pdf>

298 Congressional Research Service, “Medicare Insolvency Projections.” October 21, 2021, <https://sgp.fas.org/crs/misc/RS20946.pdf>

299 Social Security Administration, “Life Expectancy for Social Security,” Accessed on April 8, 2022 <https://www.ssa.gov/history/lifeexpect.html>.

300 Social Security Administration, “Actuarial Life Table,” Accessed on April 8, 2022, <https://www.ssa.gov/oact/STATS/table4c6.html>.

301 Social Security Administration, “THE 2022 ANNUAL REPORT OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE AND FEDERAL DISABILITY INSURANCE TRUST FUNDS,” June 2, 2022. <https://www.ssa.gov/OACT/TR/2022/tr2022.pdf#page=70>

302 Ibid.

## **Modernizing Medicare Reform**

The RSC Budget's Medicare reform plan would provide Medicare-eligible seniors with a choice of high-quality plans. These plans would include a federally administered plan ("Fed Plan") that would offer the traditional Medicare benefits received through Part A, B, and D. Seniors would also have access to Medicare Advantage plans and stand-alone Part D plans. The federal government would provide premium support subsidies to seniors, based on income and wealth, covering most of the costs of these plans for most seniors. By integrating the benefits provided by Parts A and B into the Fed Plan, the RSC Budget would preserve traditional Medicare as an option for seniors.

CBO estimated that seniors' premium payments would be 7 percent lower if the federal government transitioned to a premium support model where Part B competed against private plans.<sup>303</sup> Under the

RSC Budget's plan, premiums would be decreased even further since it would cover Medicare Parts A, B, and D. Experts on both sides of the political aisle agree that providing Medicare enrollees with greater choice and increasing competition among insurance plans will reduce costs for seniors, improve the quality of care, and protect the program's fiscal health for both current and future beneficiaries.<sup>304</sup>

The Fed Plan would be listed on regional exchanges along with Medicare Advantage and stand-alone Part D plans. The Fed Plan would be listed at a premium level equal to the actuarial cost of the plan per participant. The current processes that Medicare uses to keep costs down for traditional Medicare would be left intact and incorporated into the Fed Plan.

Medicare Advantage plans would be required to cover the same percentage of health expenses for enrollees as the Fed Plan while allowing them to innovate and offer more tailored plans. This would, for example, allow these plans to expand further into Part D drug coverage and to expand innovative telehealth services. Additionally, the Fed Plan would be required to modify payments to match the risk-adjusted payments of the Advantage plans.

All these plans could be listed on privately run exchange websites to facilitate competition among providers. User-friendly platforms could focus on transparency and assisting enrollees. Exchanges would be free to organically determine the geographic areas or other parameters that make sense for being listed on each exchange.

The RSC Budget's reform plan would allow seniors to make choices in a transparent market and pocket cost savings by choosing a tailored plan that best fits their needs.

Under the RSC Budget's plan, Medicare's trust funds would be merged into a singular fund that would be responsible for paying premium support subsidies to cover the vast majority of their premium costs. These subsidies would be benchmarked to the cost of the Fed Plan to ensure that all Medicare enrollees could access this plan and then adjusted based on the income of the enrollee. Since the costs of the Fed Plan would be capped by how the government currently keeps costs down for traditional Medicare, benchmarking the subsidy levels to this standard would remove any incentive for private plans to try to artificially increase prices to increase overall subsidy levels.

Under current law, Medicare requires higher income beneficiaries to pay slightly higher premiums to ensure lower costs middle- and low-income seniors. The RSC Budget's plan would phase-in a slightly higher premium amount for these high-income seniors to allow Medicare to continue providing low-cost care for middle- and low-income seniors.

Under the RSC Budget's plan, each enrollee would be subsidized based on their income and the cost of the Fed Plan. The subsidies would be designed to cap the out-of-pocket premium costs for an enrollee using the Fed Plan. Just like current law, if an enrollee's income is below a threshold income level, their out-of-pocket premium cost would be a fixed dollar amount. For enrollees with income above the threshold, their out-of-pocket premium cost would be the fixed amount plus 10 percent of their income over the threshold. For example, if the fixed amount was \$170.10 a month (as under current law) and the threshold was \$91,000 in income (as under current law), then: an enrollee with \$70,000 in income would pay \$170.10 a month; and an enrollee with \$95,000 in income would pay \$203.43 a month ( $\$95,000 - \$91,000 = \$4,000 \times 10\% = \$400 + \$2,041.2$  annual fixed minimum out-of-pocket premium cost). If the Fed Plan cost \$300 a month, then an enrollee with \$70,000 in income would receive \$129.90 a month in subsidies and an enrollee with \$95,000 in annual income would receive \$96.57 in monthly subsidies. These subsidy levels would match the capped out-of-pocket premium costs referenced above. These subsidy levels would be the same regardless of whether an enrollee uses the Fed Plan or another plan. If they used a cheaper Medicare Advantage plan, then they would be able to keep the surplus subsidies. This

303 CBO, "A Premium Support System for Medicare: Updated Analysis of Illustrative Options," October, 2017, <https://www.cbo.gov/system/files?file=115th-congress-2017-2018/reports/53077-premiumsupport.pdf>.

304 Chen Lanhee and James C. Capretta, "Medicare Reforms both Parties can Live With," *Politico*, September 12, 2018, <https://www.politico.com/agenda/story/2018/09/12/medicare-reform-republicans-democrats-000695>.

would ensure that the Fed Plan offering traditional Medicare benefits is always a viable option while removing any incentive for private plans to try to increase premiums to alter subsidy levels.

For the purposes of this plan, income would be assessed based on the income and wealth level of an enrollee. As opposed to asset tests in many welfare programs that invalidate beneficiaries with substantial assets, this plan would provide a smoothed asset test that would not penalize having retirement benefits. For the purposes of determining how large a subsidy a retiree could receive, their income would be assessed as either their total income from all sources, or their non-investment income plus a minimum percentage of their assets over a threshold amount. This would ensure that the income assessment would accurately reflect the financial situation of a retiree but not penalize them for having saved for retirement.

### **Medigap Reform**

Many seniors purchase supplemental insurance policies known as Medigap to reduce or eliminate their exposure to cost-sharing in the Medicare program. The Medicare reforms proposed above would likely remove much of the need for Medigap. Additionally, the RSC Budget would establish an annual cap of \$7,500 for each Medicare enrollee's cost share, while also reforming Medigap. New Medigap plans would be prohibited from covering the first \$750 for Part A and Part B services. After the enrollee meets the \$750 deductible, and until they reach the \$7,500 catastrophic cap, this proposal would set a uniform coinsurance rate of 10 percent. These reforms will promote more efficient delivery of care for seniors.

### **Standardizing Medicare Reimbursement Across Delivery Sites**

In response to concerns that Medicare payments for the same services vary substantially depending on the site where care is provided, even when patient health is not a factor, the Bipartisan Budget Act of 2015 made narrow changes to Medicare hospital reimbursements. Specifically, the law established a site-neutral payment policy for newly acquired, provider-based, off-campus hospital outpatient departments. This site-neutral policy removes a perverse incentive for hospitals to purchase independent practices in order to pocket higher rates of reimbursement – which leads to more consolidation in the hospital sector and higher costs. The RSC Budget would expand that policy, as proposed in RSC Chairman Rep. Jim Banks' Hospital Competition Act, to enact site-neutral policies throughout the Medicare program. This will significantly reduce costs for seniors and save taxpayers more than \$60 billion.<sup>305</sup>

### **Address Waste, Fraud and Abuse**

Since 1990, Medicare has been flagged as one of the federal programs most vulnerable to waste, fraud, and abuse due to its size, complexity, and historical mismanagement. While progress has been made in reducing Medicare improper payments, the scope of the problem remains enormous. It is estimated that at least 6.96 percent of the program's funding goes to improper payments, just shy of \$49.6 billion in FY 2021.<sup>306</sup> To preserve the longevity of programs that millions of Americans rely on, steps must be taken to root out fraud and increase the integrity of federal health programs.<sup>307</sup>

### **Eliminate Medicare's Responsibility for "Bad Debt"**

Medicare reimburses hospitals and certain other providers for 65 percent of the "bad debt" incurred when they are unable to collect required out-of-pocket payments from Medicare beneficiaries. Historically, this policy was intended to eliminate the incentive for providers to shift the costs of bad debt to private insurance plans, but according to the CBO, there is limited evidence of such cost shifting.<sup>308</sup> Additionally, private payers generally do not reimburse providers for bad debt. The RSC Budget would repeal federal subsidies to providers for bad debt. This would encourage providers to communicate better with Medicare beneficiaries about the costs of proposed treatments and any applicable alternatives. They would also

305 Heritage Foundation, "Budget Blueprint for Fiscal Year 2022 – Expanding Medicare Site Neutral Payments." Accessed May 25, 2022, <https://www.heritage.org/budget/pages/recommendations/0.570.187.html>

306 Department of the Treasury, "Payment Accuracy Gateway," Accessed April 8, 2022, <https://paymentaccuracy.gov/program/earned-income-tax-credit/>.

307 Curtis Kalin and Sean Kennedy, "2018 Prime Cuts Report," Citizens Against Government Waste, Accessed April 8, 2022, <https://www.cagw.org/reporting/2018-prime-cuts>.

308 CBO, "Reduce Medicare's Coverage of Bad Debt," Options for Reducing the Deficit: 2021 to 2030 (Washington, DC: CBO), December 9, 2020, <https://www.cbo.gov/system/files/2020-12/56783-budget-options.pdf#page=35>.

be incentivized to recover bad debt by establishing payment plans and other methods that make it easier for the beneficiary to fulfil his or her commitments.

### **Eliminate Duplicative and Market Distorting Subsidies for Medicare Plans**

The RSC Budget would eliminate the quality bonuses and double bonuses related to quality scores for Medicare insurance plans. Medicare currently offers bonus payments to insurance providers when they offer plans that under-bid the Medicare computed benchmark price and when the Medicare assessed quality score for their plans increase. However, these bonuses go to plans offered through Medicare Advantage where good and low-cost plans are rewarded by the choices of covered seniors that would want to choose better and more affordable plans. These bonuses are not only duplicative and market distorting (using Medicare’s criteria to override the preferences of seniors), but they simply increase the costs of Medicare.<sup>309</sup>

Further, the RSC Budget would eliminate the incentive payments made to hospitals through the Medicare Shared Savings Program, a proposal included in RSC Chairman Jim Banks’ Hospital Competition Act. These payments to Accountable Care Organizations work in a similar fashion to the Medicare quality bonuses and again, only serve a duplicative and cost increasing purpose.

### **Allowing Seniors to Keep their Insurance and Use HSAs**

Mirroring the goals of the former Trump administration, this budget would allow people enrolled in Medicare Parts A and B to be able to contribute to HSAs.<sup>310</sup> Furthermore, the RSC budget would enact reforms championed by Senator Ted Cruz, Senator Rand Paul and Rep. Gary Palmer (R-AL) to allow seniors to keep their Social Security benefits if they keep their private health insurance and opt-out of Medicare Part A.<sup>311</sup>

### **Reform Graduate Medical Education Financing**

In 1965, Congress included financing for graduate medical education (GME) in Medicare with the intent that it would be a temporary program until a more appropriate financing mechanism was found.<sup>312</sup> More than 50 years later, the federal government provides more than \$15 billion annually in mandatory funding for GME through Medicare and Medicaid.<sup>313</sup> In addition, the Health Resources and Services Administration (HRSA) operates the Teaching Health Center GME and Children’s Hospital GME programs, which respectively receive mandatory and discretionary GME funding.

Federal financing of GME needs reform because a lack of transparency and accountability make it difficult to track whether the system reflects the true costs of providing graduate medical education. Stakeholders have raised concerns that certain Medicare GME payments may be more than twice as high as related costs.<sup>314</sup> These subsidies distort medical education nationally, creating artificial imbalances between the types of education programs needed and the ones provided, leading to increased education costs. The RSC Budget would make the mandatory GME programs discretionary, relocate responsibility for their operation to a common agency to improve oversight and accountability, and cap the growth of the program to inflation.<sup>315</sup>

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309 CBO, “Options for Reducing the Deficit: 2019 to 2028.”, December 2018, <https://www.cbo.gov/system/files/2019-06/54667-budgetoptions-2.pdf#page=92>.

310 Flexible Benefit Service Corporation, “Medicare Beneficiaries May Soon Be Allowed to Contribute to an HSA,” February 20, 2018, <https://www.flexible-benefit.com/blog/medicare-beneficiaries-may-soon-be-allowed-contribute-hsa>.

311 Office of Senator Ted Cruz, “Sen. Cruz, Paul Introduce Retirement Freedom Act,” press release, February 9, 2021, [https://www.cruz.senate.gov/?p=press\\_release&id=4133](https://www.cruz.senate.gov/?p=press_release&id=4133).

312 John O’Shea, “Reforming Graduate Medical Education in the U.S.,” Heritage Foundation, December 29, 2014, <http://www.heritage.org/health-care-reform/report/reforming-graduate-medical-education-the-us>.

313 CBO, “Options for Reducing the Deficit: 2019 to 2028.” <https://www.cbo.gov/system/files/2020-12/56783-budget-options.pdf#page=37>

314 Mark Miller, “Graduate Medical Education Payments,” MedPAC, February 20, 2015, [https://www.nhpf.org/uploads/Handouts/Miller-slides\\_02-20-15.pdf](https://www.nhpf.org/uploads/Handouts/Miller-slides_02-20-15.pdf)

315 CBO, “Reduce Medicare’s Coverage of Bad Debt,” Options for Reducing the Deficit: 2021 to 2030 (Washington, DC: CBO), December 9, 2020, <https://www.cbo.gov/system/files/2020-12/56783-budget-options.pdf#page=35>.

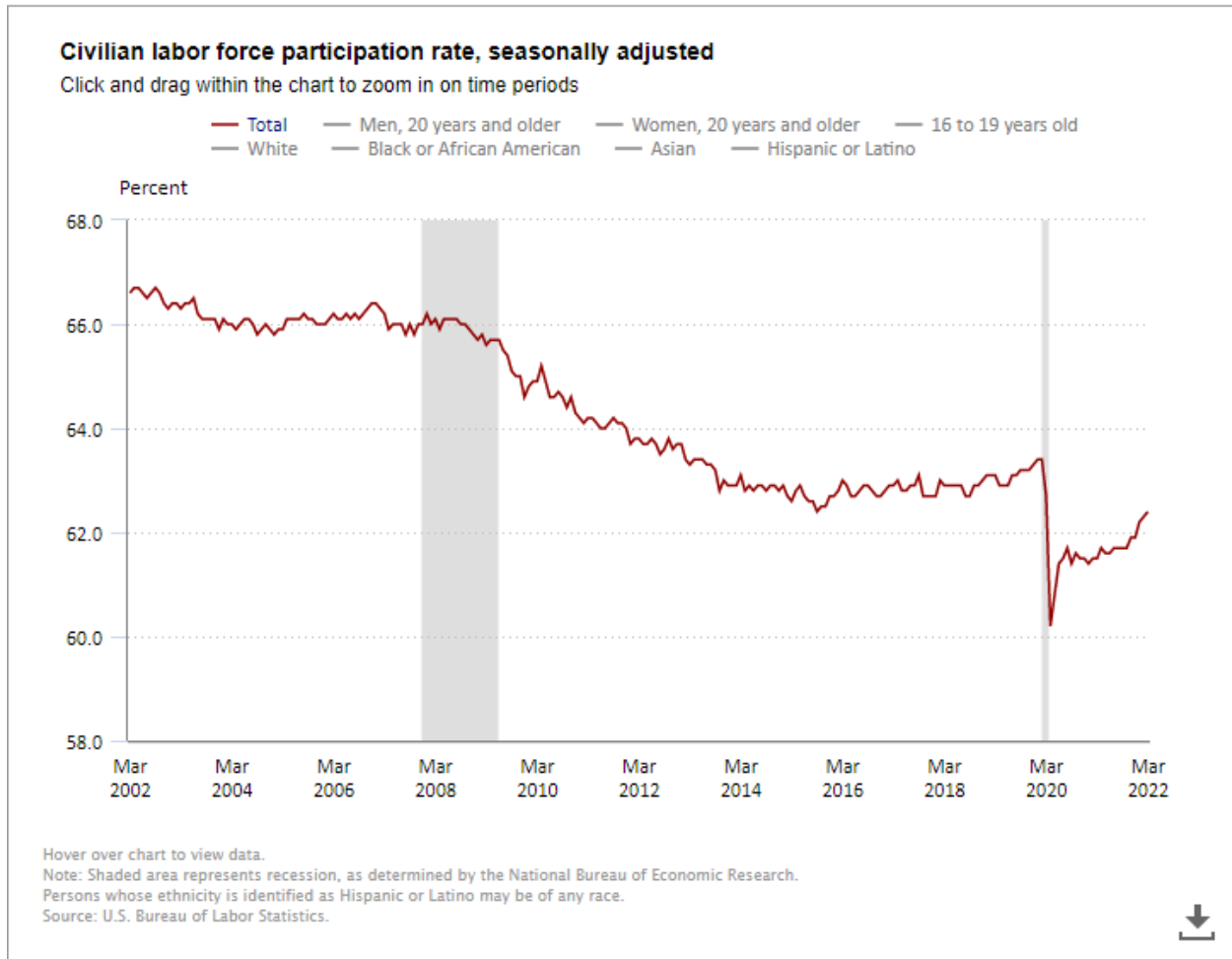


The background is a light blue technical drawing or blueprint. It features various mechanical components such as gears, shafts, and cross-sections, along with dimension lines and arrows. The drawing is rendered in white lines on the blue background.

# REFORMING DISABILITY INSURANCE

The Old Age, Survivors, and Disability Insurance (OASDI) Trust Fund has been running deficits since 2010 and is now expected to be depleted in 2035.<sup>316</sup> This will lead to an immediate across-the-board cut in benefits. Each day that passes without reform increases the future cut exponentially. Those that oppose reform support these benefit cuts.

Though the U.S. population has increased by 86 percent since 1960, the number of DI beneficiaries has increased by a staggering 1,743.87 percent.<sup>317</sup> <sup>318</sup> Similarly, in the last generation, the labor force participation rate has plummeted to just 62.3 percent.<sup>319</sup> Put simply, there are fewer tax-paying workers supporting a growing non-working population. Not only is this a recipe for disaster and economic stagnation, but it robs individuals of the happiness and fulfillment that comes from the dignity of work.



Bureau of Labor Statistics, Civilian labor force participation rate, accessed April 11, 2022. <https://www.bls.gov/charts/employment-situation/civilian-labor-force-participation-rate.htm>.

316 Social Security Administration, “THE 2022 ANNUAL REPORT OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE AND FEDERAL DISABILITY INSURANCE TRUST FUNDS,” June 2, 2022. <https://www.ssa.gov/OACT/TR/2022/tr2022.pdf#page=12>

317 Federal Reserve Economic Data (FRED), “Database: Population,” Accessed on April 11, 2022, <https://fred.stlouisfed.org/series/POPTHM#0>; Social Security Administration, “THE 2022 ANNUAL REPORT OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE AND FEDERAL DISABILITY INSURANCE TRUST FUNDS,” June 2, 2022. <https://www.ssa.gov/OACT/TR/2022/tr2022.pdf#page=70>

318 Federal Reserve Economic Data (FRED), “Database: Population,” Accessed on April 11, 2022, <https://fred.stlouisfed.org/series/POPTHM#0>; Social Security Administration, “THE 2022 ANNUAL REPORT OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE AND FEDERAL DISABILITY INSURANCE TRUST FUNDS,” June 2, 2022. <https://www.ssa.gov/OACT/TR/2022/tr2022.pdf#page=70>

319 Bureau of Labor Statistics, “Civilian Labor Force Participation Rate,” Accessed June 6, 2022, <https://www.bls.gov/charts/employment-situation/civilian-labor-force-participation-rate.htm>.

## **Opportunity for Reform**

Reputable think tanks, such as the Mercatus Center<sup>320</sup> and The Heritage Foundation,<sup>321</sup> have published proposals with innovative solutions to reform Social Security Disability Insurance (SSDI) to be solvent, efficient, and remove incentives to leave the labor force. Additionally, the McCrery-Pomeroy SSDI Solutions Initiative produced several papers detailing how to improve the DI program. Additionally, former Reps. Todd Rokita (R-IN) and Ted Yoho (R-FL) sponsored the Making DI Work for All Americans Act, a bill that pulls together many of these meaningful DI reforms. The RSC Budget adopts many of the reforms contained in this bill.

## **Encourage Work**

The DI program's current design traps far too many in the program by making them unable to earn a living even if they get healthier and want to return to work. Surveys of DI beneficiaries have shown that 40 percent of those receiving benefits are interested in working. However, only 3.7 percent of beneficiaries leave the rolls each year because they begin earning wages from work.<sup>322</sup> Beneficiaries face a "cash cliff" where they will be removed from the rolls if they earn above a set amount, creating a powerful incentive for beneficiaries to stay unemployed. To remove this cliff and help more Americans experience the dignity of work, the RSC Budget would implement the flat benefit included in Making DI Work for All Americans Act.

This budget would also explore ways to utilize phase-out ranges, such as the demonstration program included in the Bipartisan Budget Act of 2015. Under this demonstration project, participating beneficiaries would see their benefits reduced by \$1 for every \$2 earned from work above a threshold.

The RSC Budget would also adopt the Making DI Work for All Americans Act's provision that would limit retroactive payments to six months. The retroactive benefit limitation would right-size these benefits to the length of time that someone must wait before being able to draw regular benefits.

## **Workplace Accommodation Incentives**

It is better for employers and their employees when individuals can stay in the workforce in some capacity. The RSC Budget supports implementing a demonstration project to incentivize workplace accommodations and allow DI payroll tax reductions for companies with high rates of employee retention. This reform would be similar to what is now done under the Unemployment Insurance system.

## **Require Social Security Disability Insurance Applicants to Have Worked More in Recent Years**

In general, applicants for DI must have worked in five of the last ten years to become eligible for benefits. That means someone who has not worked in the last five years could be eligible for DI benefits. The RSC Budget would require applicants to have worked four of the past six years. This reform should be paired with others that make it easier for disabled Americans to stay in the work force, such as those outlined above.

## **Needs Based Period of Benefits and Return to Work**

When the Social Security Administration (SSA) is planning its Continuing Disability Reviews (CDR), it identifies those beneficiaries who are expected to medically recover, such as those who have conditions that could be overcome with medical and rehabilitative treatment.<sup>323</sup> About 5 percent of beneficiaries are listed as "medical improvement expected" and 60

320 Jason J. Fichtner and Jack Salmon, "Policy Brief: Reforming the Social Security Disability Insurance Program to Encourage Work and Labor Force Participation: Lessons from the United Kingdom," Mercatus Center, June 2018, [https://www.mercatus.org/system/files/fichtner\\_and\\_salmon\\_policy\\_brief\\_reforming\\_the\\_social\\_security\\_disability\\_insurance\\_program\\_to\\_encourage\\_work\\_and\\_labor\\_force\\_participation\\_lessons\\_from\\_the\\_united\\_kingdom\\_-\\_v1.pdf](https://www.mercatus.org/system/files/fichtner_and_salmon_policy_brief_reforming_the_social_security_disability_insurance_program_to_encourage_work_and_labor_force_participation_lessons_from_the_united_kingdom_-_v1.pdf).

321 Rachel Greszler, Drew Gonshorowski, and Romina Boccia, "16 Reforms to Improve the Solvency and Integrity of Social Security Disability Insurance," The Heritage Foundation, March 27, 2019, <https://www.heritage.org/budget-and-spending/report/16-reforms-improve-the-solvency-and-integrity-social-security-disability>.

322 Office of Retirement and Disability Policy, "Longitudinal Statistics on Work Activity and Use of Employment Supports for New Social Security Disability Beneficiaries," Social Security Administration, 2011, <https://www.ssa.gov/policy/docs/ssb/v71n3/v71n3p35.html>.

323 Carolyn Colvin, Acting Commissioner of the Social Security Administration, "Letter to The Honorable Joseph R. Biden," Social Security Administration, October 23, 2014, <https://www.ssa.gov/legislation/FY%202012%20CDR%20Report.pdf>.

percent are listed as “medical improvement possible.”<sup>324</sup> However, once a person with such a condition has been awarded DI benefits, they have less of an incentive to seek possible treatments and recovery options. As a result, fewer individuals can recover their full mobility and work capacity, a result that traps individuals instead of empowering them to earn a living.

To encourage individuals to seek the most effective treatments, SSA should be able to award DI benefits for a limited, need-based period to the population of applicants where medical recovery is anticipated. The period of the award could be varied by the likelihood of recovery. At the end of the initial award period, the beneficiary could reapply for benefits under an expedited reinstatement process if the beneficiary feels they are still unable to conduct gainful employment. This proposal is based on the Social Security Disability Insurance Return to Work Act, sponsored by Rep. French Hill (R-AR).

### **Update Eligibility Rules**

Congress must ensure that the DI system is targeted to those who truly need and depend on it. Unfortunately, the criteria to determine eligibility has not been amended to reflect advances in medicine, technology and the labor market, leading GAO to designate federal disability programs, including the DI program, as “high risk.”<sup>325</sup> Many of the medical criteria have not been updated since the 1980s, when the qualification standards were expanded. A large percentage of applicants suffer from mental or musculoskeletal problems, which can be difficult to diagnose. Crowding out DI payments for those who need them by sending benefits to those who can and should work is an unjust and immoral use of taxpayer dollars.

Many DI beneficiaries are now awarded benefits based on the “Medical-Vocational Grid” rather than meeting a specific condition on the “Listing of Impairments.”<sup>326</sup> The grid uses various factors (including age, education, skill levels and English language proficiency) to determine if a person is disabled instead of focusing on whether a person can perform work in the modern or local economy. The RSC Budget supports updating eligibility standards to reflect the advances in science and medicine and that those standards be updated and more uniformly applied.

### **Fight Fraud**

Between FY 2015 and FY 2019, the SSA estimates it paid out \$7.6 billion in DI overpayments.<sup>327</sup> This level of improper payments is an outrageous cost to the taxpayer and, once again, crowds out resources for those who rely on the program. It is imperative the SSA do a better job of preventing fraud and abuse of DI.

Current law prohibits the consideration of medical evidence from unlicensed individuals or doctors convicted of fraud when a determination about a disability claim is made. The RSC Budget supports amplifying this commonsense policy by prohibiting any individual who has been convicted of a felony from providing evidence for the determination of a disability claim.

### **Conduct Anti-Fraud Reviews**

This budget would require the SSA to amend its award letter to clearly specify DI benefits are contingent upon continued medical impairment.<sup>328</sup> This reform would provide clarity to beneficiaries that the award would be dependent upon a CDR indicating the individual is still disabled. According to the SSA, these reviews are one of the most cost-effective tools for improving program integrity. Every dollar spent on reviews between 1996 and 2011 generated \$10 in future program savings.<sup>329</sup>

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324 Alexandra Constantin, Julia Porcino, John Collins and Zhou Chunxiao, “Data-Driven Solutions for Improving the Continuing Disability Review Process,” McCrery-Pomeroy SSDI Solutions Initiative, Accessed April 11, 2021, <http://ssdisolutions.org/sites/default/files/constantinporcinocollinszhou.pdf>.

325 Chuck Young, “Improving and Modernizing Federal Disability Programs,” 2019 High Risk Report (Washington, DC: U.S. Government Accountability Office (GAO)), March 2019, <https://www.gao.gov/products/GAO-19-157sp>.

326 Mark J. Warshawsky and Ross Marchand, “Modernizing the SSDI Eligibility Criteria: A Reform Proposal That Eliminates the Outdated Medical-Vocational Grid,” Mercatus Center, April 28, 2015, <http://mercatus.org/publication/modernizing-ssdi-eligibility-criteria-eliminates-medical-vocational-grid>.

327 Social Security Administration, “Reducing Improper Payments,” Accessed April 11, 2022, [https://www.ssa.gov/improperpayments/RSDI\\_progInfo.html](https://www.ssa.gov/improperpayments/RSDI_progInfo.html).

328 Bipartisan Policy Center, *Improve the SSDI Program and Address the Impending Trust Fund Depletion* (Washington, DC: Bipartisan Policy Center), August 25, 2015, <http://bipartisanpolicy.org/library/ssdi-program/>.

329 William Morton, “Social Security Disability Insurance (SSDI) Reform: An Overview of Proposals to Manage the Growth in the SSDI Rolls,” Congressional Research Service (CRS), January 9, 2015, <https://www.everycrsreport.com/reports/R43054.html>.

This budget also supports better implementation of technology across the entire SSA. For instance, CDR mailers should be replaced with online questionnaires. SSA should also take advantage of advances in analytical data analysis to better target its selection of specific cases to review.<sup>330 331</sup>

### **Prohibit Double Dipping**

In 2010, 117,000 individuals received more than \$850 million in payments from both the DI program and UI benefits.<sup>332</sup> The SSA estimated that for each month in 2015, an average of about 30,000 disabled-worker beneficiaries would receive both DI and UI benefits.<sup>333</sup>

These two programs are meant to serve mutually exclusive populations: DI is for individuals who are unable to work and UI is for individuals who can work but are temporarily unemployed. The RSC Budget would prevent people from double dipping in both programs at the same time. This reform has been proposed by Rep. Jodey Arrington's (R-TX) bill, the Double Dip Elimination Act, which would save taxpayers \$2.5 billion over ten years.<sup>334</sup>

### **Protect Beneficiaries from Liberal Trial Lawyers**

The RSC Budget acknowledges that the way DI attorneys are paid must be reformed. Presently, it creates perverse incentives to game the system at the expense of recipients.<sup>335</sup> Unlike other legal cases, the clients in DI cases do not directly pay their attorneys. Instead, the SSA will withhold the attorney's fees (including travel fees) from the successful claimant's award and transmit the fees to the lawyer.<sup>336</sup> After a claimant wins an appeal, SSA awards the individual the benefits back-dated to when the individual originally would have been awarded them and pays out a lump sum. If the beneficiary had attorney representation, SSA deducts 25 percent of that amount (up to the maximum allowable fee) for the attorney's fee. The longer an appeal takes, the larger the back-dated award will be for a successful claimant. Because the attorney gets paid as a percentage of the lump sum award up to a maximum dollar amount, he has a direct financial incentive to ensure the award is as close to the maximum fee as possible. This "pay-for-delay" scenario is in direct conflict with the interests of the claimant and should be remedied.

Additionally, the RSC Budget supports closing the case record to new evidence after a reasonable period of time to prevent attorneys with bad intentions from drawing out a pending disability claim.

### **Appeals Process Reforms**

Administrative Law Judges (ALJ) hear appeals from DI applicants who have their initial application and reconsideration for benefits denied. While it is important to quickly resolve the pending cases, it is equally important to decide them correctly and fairly. However, it appears once an appeal reaches an ALJ, a claim is far more likely to be awarded than the facts of the case would justify.

As provided by the Making DI Work for Americans Act, the SSA should be required to conduct periodic reviews of ALJ decisions to ensure the integrity of the process. This should include comprehensive reviews of ALJs whose decision records make them a statistical outlier. Congress should also consider cutting the deadline to file an appeal to one month

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330 Alex Constantin, Julia Porcino, John Collins, and Zhou Chunxiao, "Data-Driven Solutions for Improving the Continuing Disability Review Process"; Daniel Bertoni, *Social Security Disability SSA Could Increase Savings by Refining Its Selection of Cases for Disability Review* (Washington, DC: GAO), February 2016, <http://www.gao.gov/assets/680/675168.pdf>.

331

332 Richard Hillman, *Income Security: Overlapping Disability and Unemployment Benefits Should be Evaluated for Potential Savings* (Washington, DC: GAO), August 30, 2012, <http://www.gao.gov/products/GAO-12-764>.

333 William R. Morton, *Concurrent Receipt of Social Security Disability Insurance (SSDI) and Unemployment Insurance (UI): Background and Legislative Proposals* (Washington, DC: CRS), July 31, 2015, <https://fas.org/sgp/crs/misc/R43471.pdf>.

334 Office of Rep. Jodey Arrington, "Arrington Introduces Legislation to End 'Double Dipping' of Disability and Unemployment Insurance Benefits," press release, January 10, 2020, <https://arrington.house.gov/news/documentsingle.aspx?DocumentID=67>.

335 Rachel Greszler, "Time to Cut Out the SSA as Middleman in SSDI Representation," Heritage Foundation, November 24, 2015, <http://www.heritage.org/research/reports/2015/11/time-to-cut-out-the-ssa-as-middleman-in-ssdi-representation>.

336 Jeffrey S. Wolfe and David W. Engel, "Restoring Social Security Disability's Purpose," CATO Institute, Spring 2013, <http://object.cato.org/sites/cato.org/files/serials/files/regulation/2013/3/v336n1-11.pdf>.

instead of two, instituting a cooling off period that would prohibit people from reapplying within 12 months of a denial and adopting formal rules for hearing procedure, as exist in other court settings.<sup>337</sup>

### **Medicare and Retirement Eligibility**

Under current law, DI beneficiaries under age 65 are automatically enrolled in Medicare after 24 months of receiving benefits. The RSC Budget proposes increasing the waiting period for Medicare eligibility to 60 months after receipt of DI benefits for those under age 65. This proposal is based on Rep. David Schweikert's (R-AZ) Preserving and Reforming SSDI (PAR-SSDI) Act.

The RSC budget also proposes separating retirement and disability benefit eligibility. Though Social Security disability benefits were intended to help only non-retirees that cannot work because of a disability, a loophole currently exists where seniors can receive both disability and early retirement benefits, starting at age 62. The RSC Budget eliminates this loophole and therefore eliminates the incentive that currently exists for individuals to game the application process by applying for DI at the same time they apply for early retirement benefits.

### **Utilize and Encourage Private Disability Insurance**

Private disability insurance offers better benefits, is less expensive, and is better at returning beneficiaries to work.<sup>338</sup> Unfortunately, only about 42% of private sector workers have access to short-term plans and only 34% of private workers have access to long-term plans.<sup>339 340</sup>

Steps should be taken to allow more workers to access private disability coverage and promote better integration of private insurance with the government-run DI system.<sup>341</sup> Employers and employees could be allowed to forgo paying a portion of payroll taxes and instead use those funds to pay for private disability insurance. Congress should explore options to allow income tax breaks to workers that buy private DI. Another option could be to allow states to opt-out of federal DI and for them to produce state run programs, or even fully private systems that could reduce tax burdens, cut costs, and find innovative ways to fulfill the role of the SSDI program.

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337 David Engel, Dale Glendenning, and Jeffrey Wolfe, "Restructuring Disability Adjudication," McCrery-Pomeroy SSDI Solutions Initiative, Accessed April 11, 2021, [http://ssdisolutions.org/sites/default/files/engelglendenningwolfe\\_0.pdf](http://ssdisolutions.org/sites/default/files/engelglendenningwolfe_0.pdf).

338 David F. Babbel and Mark F. Meyer, "Expanding Private Disability Insurance Coverage to Help the SSDI Program," McCrery-Pomeroy SSDI Solutions Initiative. <http://ssdisolutions.org/sites/default/files/babbelmeyer.pdf>.

339 Rachel Greszler, "Private Disability Insurance Option Could Help Save SSDI and Improve Individual Well-being," Heritage Foundation, July 20, 2015, <http://www.heritage.org/research/reports/2015/07/private-disability-insurance-option-could-help-save-ssdi-and-improve-individual-well-being>;

340 Bureau of Labor Statistics, "Employee Access to Disability Insurance Plans," Accessed on April 30, 2022, <https://www.bls.gov/opub/ted/2018/employee-access-to-disability-insurance-plans.htm>.

341 Rachel Greszler, "Private Disability Insurance Option Could Help Save SSDI and Improve Individual Well-Being." Heritage Foundation, July 20, 2015. <https://www.heritage.org/social-security/report/private-disability-insurance-option-could-help-save-ssdi-and-improve>

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# **MAKE SOCIAL SECURITY SOLVENT AGAIN**

More than 55 million retirees, survivors, and their families collect benefits from the Social Security Old Age and Survivor Trust Fund (OASI), and the RSC Budget is committed to protecting and strengthening this critical program for those that need it most.<sup>342</sup>

Unfortunately, the OASI Trust Fund will be depleted in 2034.<sup>343</sup> When the trust fund is depleted, Social Security beneficiaries will face a 24 percent cut in benefits that will grow over time.<sup>344</sup> This is an unacceptable and immoral outcome. To be clear, those who stand in the way of reform stand in favor of this 24 percent across-the-board cut.

The RSC Budget recognizes it is paramount to honor Social Security's commitments and to fully compensate those Americans and their families for the high taxes levied on them for decades to fund this program. Further, it would be fundamentally immoral to address the Social Security's solvency issues by taking more money away from working class Americans and small businesses by raising payroll taxes, which is exactly what Congressional Democrats have proposed to do. We must strengthen Social Security to ensure it is there for the lower and middle-class retirees who depend upon it.

### **Representative Sam Johnson: The Embodiment of Service, Sacrifice and Bravery**

The late Rep. Sam Johnson (R-TX), a founding member of the reformed RSC in 1995, served as chairman of the House Ways and Means Subcommittee on Social Security. After serving for 29 years in the Air Force – including seven as a prisoner of war where he was tortured - he went on to serve in the U.S. House of Representatives for 28 years (1991-2019). Rep. Johnson was awarded the first ever RSC Member of the Year Award in 2017 in recognition of his character, sacrifice and service.<sup>345</sup> Sam Johnson is an American Hero. He passed away in May of 2020. In his letter announcing his retirement, Johnson stated, "I've made it a mission of mine to make sure that Social Security is there not just for today's seniors, but for tomorrow's workers."<sup>346</sup>

Rep. Johnson introduced the Social Security Reform Act, legislation designed to complete his mission of ensuring solvency for Social Security while not raising burdensome taxes on American workers.<sup>347</sup> Rep. Johnson's bill, a labor of love, serves as the foundation of RSC's approach to saving Social Security. Many of the specific policies included in this legislation have bipartisan support and have been included in proposals put forward by members of Congress on both sides of the aisle and well-respected non-partisan organizations.<sup>348</sup>

### **Protecting the Most Vulnerable in Old Age**

The reforms contained in this budget would ensure the survival of the Social Security program and protect the low and middle-income retirees who rely on it. They would not affect benefits for any current retirees or individuals nearing retirement. In fact, the first reform the RSC Budget would implement is the creation of a new minimum benefit equal to 15% of the average wage index (AWI) for workers with 10 years of earnings. This minimum benefit would also scale up to 40% of AWI for workers with 40 or more years of covered work experience.

According to the Social Security Actuary, the new minimum benefit created in the Social Security Reform Act would provide a representative low-wage earner retiring in 2050 with 38 percent higher benefits than would otherwise be payable under current law.<sup>349</sup> This benefit would be higher under the RSC Budget. Any retiring worker with Average Indexed

342 Social Security Administration, "THE 2022 ANNUAL REPORT OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE AND FEDERAL DISABILITY INSURANCE TRUST FUNDS," June 2, 2022. <https://www.ssa.gov/OACT/TR/2022/tr2022.pdf#page=13>.

343 Social Security Administration, "A SUMMARY OF THE 2022 ANNUAL REPORTS", accessed on June 6, 2022. <https://www.ssa.gov/oact/trsum/>

344 William Morton and Barry Huston, Congressional Research Service, "Social Security: What Would Happen If the Trust Funds Ran Out?," RL33514, June 11, 2018. <https://fas.org/sgp/crs/misc/RL33514.pdf>.

345 Representative Mike Johnson, Republican Study Committee "Rep. Sam Johnson Awarded RSC Member of the Year Award," December 13, 2017. <https://rsc-johnson.house.gov/news/press-releases/rep-sam-johnson-awarded-rsc-member-year-award>.

346 Local Profile by Cori Baker, January 6, 2017, "Congressman Sam Johnson Announces He Will Not Seek Re-election in 2018", <https://localprofile.com/2017/01/06/congressman-sam-johnson-announces-he-will-not-seek-re-election-in-2018/>

347 Social Security Administration, Office of the Chief Actuary, Proposals Affecting Trust Fund Solvency. <https://www.ssa.gov/oact/solvency/index.html>.

348 Representative Sam Johnson, "Hot Topic: Social Security Reform Act". <http://webarchive.loc.gov/all/20161220144321/http://samjohnson.house.gov/news/documentsingle.aspx?DocumentID=398516>.

349 Stephen C. Goss, ASA, MAAA, Chief Actuary, Social Security Administration, Office of the Chief Actuary, "Estimates of the Financial Effects on Social Security of H.R. 6489, the "Social Security Reform Act of 2016," introduced on December 8, 2016 by Representative Sam Johnson", Table B1 "Changes in Benefits for Hypothetical Workers Beginning Benefit Receipt at age 65", December 8, 2016. [https://www.ssa.gov/oact/solvency/SJohnson\\_20161208.pdf](https://www.ssa.gov/oact/solvency/SJohnson_20161208.pdf).



Monthly Earnings (AIME) at or below 85% of AWI (approximately \$47,300) and with 40 years of covered work experience would receive a higher benefit than under current law. Put another way, a significant number of current retirees would receive more in Social Security benefits under the RSC budget's plan.<sup>350</sup>

### **Modernize the Benefit Formula for New Retirees**

The RSC Budget would make no changes to benefits for current retirees. Instead, it would make modest changes to the benefit formula for those 54 and younger who reach early retirement in FY 2030. This would preserve the program for those currently enrolled while ensuring the long-term solvency of this critical program.

The RSC Budget would adapt the Social Security Reform Act to modernize the formula Social Security uses to calculate the level of monthly checks for future retirees. The Social Security Reform Act would produce a flatter benefit where workers who had lower levels of average lifetime earnings see higher benefits relative to current law while slowing the rate of growth for those that had higher levels of average earnings. The RSC Budget would modify this new formula by leaving the calculation as it is now for workers with AIME up to the AWI (150% of an average worker's AIME) and reducing the contribution to initial benefits from income over AWI to 2%.

### **Adjust the Retirement Age to Reflect Longevity**

In 1945, there were 41.9 workers to cover each Social Security beneficiary. By 1960, there were only 5.1 workers per beneficiary. Today, there are only 2.8 workers paying taxes to support a growing number of beneficiaries.<sup>351</sup> This trend, which will continue to increase financial pressure on Social Security, is a result of the aging U.S. population. To partially address this issue, the full retirement was raised to 67 in 2022 for those born in 1960 and later.

The Social Security Reform Act would simply continue the gradual increase of the normal retirement age that current law has set in motion at a rate of three months per year until it is increased by three years for those reaching age 62 in 2040, 18 years from now. This adjustment would begin to realign the Social Security full retirement age to account for increases in life expectancy since the program's creation. As noted by the Social Security Administration (SSA), since the program first began paying monthly Social Security benefits in 1940, the average life expectancy for men reaching 65 increased from 77.7 to over age 82.9 in 2016. For women, the average life expectancy increased from 79.7 to nearly 85.5 in this period. "And those are just averages. About one out of every four 65-year-olds today will live past age 90, and one out of 10 will live past age 95."<sup>352 353</sup>

Following completion of the incremental adjustments proposed by the Social Security Reform Act, the RSC Budget would link the normal retirement ages to the life expectancy of retirees to keep the program from falling out of balance in the future and providing additional security in case life expectancy decreases in the future. To be clear, these reforms would have no effect on those currently receiving Social Security benefits or those 55 and older. The RSC Budget would also adjust the number of working years included in benefit calculations from 35 to 40 to further match changes in retiree life expectancy.

### **Rewarding Work**

Retirees earning Social Security benefits should not be punished for staying active. That's why the Social Security Reform Act would reform current features of the Social Security program that disincentivize staying in the workforce. The Social Security Retirement Earnings Test (RET) withholds benefit payments to those who have elected early retirement and earn above a certain limit. There is no earnings test once the normal retirement age is reached. The RSC Budget would eliminate the RET for all beneficiaries, allowing workers to receive early retirement benefits without penalty while they continue working.

350 85% of AWI is equal to \$47,300, which represents AIME of \$3,941.67. According to the Social Security Administration, this AIME falls in the middle income quintile for male retirees while more than 80% of female retirees earn this monthly amount. [https://www.ssa.gov/oact/presentations/ocact\\_20190514.pdf](https://www.ssa.gov/oact/presentations/ocact_20190514.pdf)

351 Social Security Administration, "THE 2022 ANNUAL REPORT OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE AND FEDERAL DISABILITY INSURANCE TRUST FUNDS", June 2, 2022. <https://www.ssa.gov/OACT/TR/2022/tr2022.pdf#page=70>

352 Social Security Administration, accessed on April 11, 2022, "Life Expectancy for Social Security", <https://www.ssa.gov/history/lifeexpect.html>

353 Social Security Administration, accessed on April 11, 2022, "Actuarial Life Table", <https://www.ssa.gov/oact/STATS/table4c6.html>

Under current law, beneficiaries with a combined income (defined as adjusted gross income plus nontaxable interest plus one-half of Social Security benefits) above \$25,000 (\$32,000 filing jointly) are required to pay federal income taxes on a portion of the Social Security benefits they receive. This taxation of benefits creates a cliff that disincentives work and creates a marriage penalty. The proposal would begin to phase out the benefit tax and end the marriage penalty beginning in 2051.

## **Other Reforms**

**Social Security Benefit Payments Choice Act** - The RSC Budget would implement former Rep. Sam Johnson’s Social Security Benefit Payments Choice Act. This would allow recipients to choose the day of the month that they would receive their benefits on. This would maximize the cash flow utility of recipients at no additional cost to taxpayers.

**Support Retirement Freedom** -The RSC Budget supports efforts to provide workers the freedom to choose how to save their own money for retirement. It urges lawmakers to consider legislative options that allow employers and employees to reduce their payroll tax liability and use those savings to invest in private retirement options. Americans should be free to invest their savings in the way that best fits their needs – whether that is Social Security, an employee retirement plan, or an individual retirement plan.<sup>354</sup>

According to an analysis from the Tax Foundation, “a worker who earned the average income and retired at the normal retirement age of 66 in 2016 could expect a Social Security retirement benefit of \$19,646 a year.”<sup>355</sup> However, a worker that saved ten percent of his or her income in a 401(k) retirement account made of 60 percent stocks and 40 percent bonds would have “accumulated saving[s] total[ing] \$719,670, which might provide an annuitized annual income of \$57,319 a year, a far larger sum.”<sup>356</sup> Americans now have access to a wide variety of savings and investment options – many of which are accessible simply at the touch of a button – and this budget includes proposals to expand the possibilities. The more of workers’ incomes that they can invest in this manner, the more independent and wealthy American seniors will be without needing to raise taxes.

**Provide Congressional Oversight of Totalization Agreements** - A totalization agreement is a bilateral agreement between the U.S. and another country to coordinate their Social Security and similar retirement income support programs.<sup>357</sup> These agreements provide a way to ensure workers are only taxed once and only draw one set of benefits. However, it is vital that Congress have stronger oversight mechanisms to ensure that these agreements, 30 as of now, are done fairly and do not adversely impact Social Security.

The Social Security Act allows the SSA to negotiate these totalization agreements and then send them to Congress for a 60-day review period. The law allows either chamber to block an agreement by passing a resolution of disapproval. However, this type of legislative veto was ruled unconstitutional by the Supreme Court in 1983. Because the totalization law has not been updated since the Supreme Court decision, there is effectively no congressional review process for these international agreements.

Congress should update the law to comply with the Supreme Court decision and provide for congressional oversight of these international agreements.

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354 The Heritage Foundation, by Rachel Greszler and Julia Howe “3 Examples of How Social Security Robs Americans of Greater Income Before, During Retirement” August 24, 2018 <https://www.heritage.org/social-security/commentary/3-examples-how-social-security-robs-americans-greater-income-during>

355 Stephen J. Entin, Tax Foundation, “Comparing the Returns from Tax-Favored Retirement Plans to Social Security Yields”, June 8, 2016. <https://taxfoundation.org/comparing-returns-tax-favored-retirement-plans-social-security-yields/>

356 Id.


357 Social Security Administration, U.S. International Social Security Agreements. [https://www.ssa.gov/international/agreements\\_overview.html](https://www.ssa.gov/international/agreements_overview.html).

**Phase Out Auxiliary Benefits for High Income Earners** – Ensuring Social Security provides a secure retirement for low and middle-income retirees requires modernizing auxiliary benefits, which are add-on benefits for the retired wage-earner’s spouse, children, and certain other dependents. These benefits provide higher benefits for wealthier families since auxiliary benefits scale up as a percentage of income and since wealthier families are much more likely to have a stay-at-home spouse. Under current law, a billionaire over the retirement age could receive their normal benefits and gain an auxiliary benefit for a dependent child. In 2020, total auxiliary benefits for all spouses and children of retired workers cost \$39.434 billion.<sup>358</sup>

For these reasons, the Social Security Reform Act would phase in a limitation on auxiliary benefits. The RSC Budget would expand upon the Social Security Reform Act’s reforms to gradually phase out such auxiliary benefits for high-income beneficiaries that do not need the extra support for their family members. Working- and middle-class families would still be eligible.

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358 Social Security Administration, “THE 2022 ANNUAL REPORT OF THE BOARD OF TRUSTEES OF THE FEDERAL OLD-AGE AND SURVIVORS INSURANCE AND FEDERAL DISABILITY INSURANCE TRUST FUNDS”, June 2, 2022. <https://www.ssa.gov/OACT/TR/2022/tr2022.pdf#page=45>

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# BUDGET PROCESS REFORM

This section contains reforms to the federal budgeting process that would help address our nation's federal debt crisis.

### **Undo the Democratic Majority's Rules Changes for the 116<sup>th</sup> and 117<sup>th</sup> Congress**

In a brazen rejection of our nation's dire fiscal reality, House Democrats amended the Rules of the House in recent Congresses to make it easier to increase taxes, federal spending, and debt. The RSC Budget would undo the Democrats' rules changes, which included the following:

- Automatic suspension of the debt limit when a budget resolution is passed. (Rule XXVIII, Clause 1 (117<sup>th</sup>))
- Replacing CUTGO rule with PAYGO rule. (Rule XXI, Clause 10 (117<sup>th</sup>))
- Budgetary effects exemption for climate change and COVID-19 legislation. (H. Res. 7 (117<sup>th</sup>), Sec. 3(v))
- Elimination of the requirement that the Congressional Budget Office (CBO) use dynamic scoring for major legislation. (Former Rule XIII, Clause 8 (115<sup>th</sup>))
- Remove the supermajority requirement for increasing income taxes. (Former Rule XXI, Clause 5 (115<sup>th</sup>))
- Removed point of order against un-offset appropriations amendments (Former Rule XXI, Clause 2(g) (115<sup>th</sup>))
- Removed point of order against consideration of a Congressional budget that would increase net direct spending in a reconciliation bill. (Former Rule XXI, Clause 7 (116<sup>th</sup>))

**Inflationary Spending Transparency** – With inflation at a four-decade high, it's more important than ever that lawmakers and the public be sure new legislation will not exacerbate the inflation crisis created by the Democrats. The RSC Budget supports changing House Rules to add a requirement that committee reports include an estimate of the inflationary impacts of bills that increase spending and taxes as well as how such inflation would hurt the purchasing power of low and middle-income families. In the 117<sup>th</sup> Congress, RSC Chairman Jim Banks introduced a resolution that would implement this change to House rules.<sup>359</sup>

### **Cut Spending**

**Constitutional Requirement for a Balanced Budget** - Forty-nine states have adopted balanced budget requirements.<sup>360</sup> The widespread adherence to balanced budget requirements among the states demonstrates how crucial fiscal responsibility is for prosperity. Balancing the budget is not just an issue of government stability, it is essential to limiting the manipulation, inefficiency, and control that government forces into the lives of every American. The RSC Budget supports the adoption of a federal Balanced Budget Amendment (BBA), and other long-term fiscal controls, to limit tax collection and balance the budget. Former House Judiciary Committee Chairman and RSC member Bob Goodlatte's BBA presents a thoughtful approach to achieving this goal.<sup>361</sup> This proposal would bar annual spending in excess of 20 percent of GDP and prevent Congress from relying on tax increases to balance the budget, which is key to preserving a dynamic and innovative economy. This budget applauds similar efforts in the 117<sup>th</sup> Congress from RSC members Rep. Steve Chabot (R-OH), Rep. Scott Perry (R-PA), Rep. Barry Loudermilk (R-GA), Rep. Mark Green (R-TN), Rep. Jay Obernolte (R-CA), Rep. Jodey Arrington (R-TX), and Rep. Lauren Boebert (R-CO).

There are also mechanisms that are like a BBA but seek to account for market cycles by tying spending caps to a percentage of potential GDP. Potential GDP is an assessment, in any given year, of what GDP would be if the nation were at full employment. Ways & Means Ranking Member Kevin Brady (R-TX) and Senator Mike Braun's (R-IN) MAP Act and the Swiss debt brake utilize this approach.<sup>362</sup>

**Strong Spending Reduction Accounts** - Spending reduction accounts allow members to offer amendments to reduce spending elsewhere in an appropriation bill and then allocate those amounts to deficit reduction. In the 116<sup>th</sup> Congress,

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359 Tyler Olsen, "Inflation pain allegedly caused by Biden's spending demands transparency, Republican says." Fox News, June 11, 2021. <https://www.foxbusiness.com/politics/inflation-pain-bidens-spending>

360 National Conference of State Legislatures accessed on April 8, 2022 "State Balanced Budget Provisions" <https://www.ncsl.org/research/fiscal-policy/state-balanced-budget-requirements-provisions-and.aspx#:~:text=The%20National%20Conference%20of%20State,with%20Vermont%20being%20the%20exception.>

361 Congress.gov, H.J.Res. 2, <https://www.congress.gov/bill/112th-congress/house-joint-resolution/2>

362 Ryan Bourne, Cato Institute, "Budget Restraints That Work: Lessons from Chile, Switzerland, the United Kingdom, and the United States", Cato Institute, February 21, 2018. [https://www.cato.org/publications/tax-budget-bulletin/budget-restraints-work-lessons-chile-switzerland-united-kingdom.](https://www.cato.org/publications/tax-budget-bulletin/budget-restraints-work-lessons-chile-switzerland-united-kingdom)

Democrats eliminated the use of these accounts. The RSC Budget would require spending reduction accounts under the standing Rules of the House and further strengthen them by requiring any funds allocated to a spending reduction account also be cut from the House Appropriations Committee’s 302(a) allocation, protecting the cuts from being spent later in the appropriations process.

**Reversing the Baseline Bias** - Under current law, CBO’s baseline spending projections automatically assume higher spending each year. This budget recommends the inflation-adjusted, pro-spending bias for discretionary spending be removed from the baseline by adopting zero-baseline budgeting. Further, the rules governing the CBO require it to assume that expiring programs continue in the baseline. Similarly, CBO is required to assume entitlement programs continue to provide benefit payments at current levels even if the trust fund is depleted. These assumptions should be removed so that the baseline shows the real current-law trajectory.

**Requiring a Supermajority Vote for Continuing Resolutions** - Continuing resolutions simply extend, for a period, the discretionary funding levels and accompanying priorities of the previous fiscal year. This represents the height of Congress abandoning its responsibilities. The RSC Budget proposes statutorily requiring a supermajority vote to fund the government through a continuing resolution.

**Trust Funds Reforms** – The federal government has a pernicious habit of borrowing from trust funds to finance other government spending programs.<sup>363</sup> The RSC Budget would support congressional rules prohibiting the financial resources of these trust funds from being used for non-trust fund programs.

Additionally, trust funds are often required to “invest” all or most of their assets into federal debt. Of course, the debtor and creditor are both the federal government, which results in a robbing Peter to pay Paul situation. This practice has led to trillions of dollars of poorly “invested” assets that have helped deplete these trust funds to fund more frivolous federal spending. The RSC Budget would require that federal reports on the status of each of these trust funds include an analysis of the loss investment growth caused by this practice.

Last, bailouts to these trust funds would be viewed as new spending by the RSC Budget. The RSC Budget would require CBO and JCT scores to show any negative impact from a bill on a federal trust fund and incorporate how that would change the long-term unfunded liabilities that taxpayers may be expected to eventually bail out.

**Long Term Spending and Revenue Controls** - With the expiration of the Budget Control Act (BCA) caps, the RSC Budget would implement a joint revenue and spending growth cap to limit how much of the nation’s resources the federal government can consume and to avoid future fiscal disaster. Specifically, the RSC Budget would cap all revenues as a percentage of nominal GDP, and in the event of a breach of this cap, Treasury would be required to refund a percentage cut that equals the over-collected revenues. This refund would go to any person or entity that paid federal taxes and would be related to the total amount of taxes they paid. In this way the mechanism could not be used to force wealth redistribution.

Under this proposal, if a fiscal year’s federal budget is not running a deficit, then non-interest spending could only increase by the dollar amount of revenue increases (under the cap). If the fiscal year’s budget is expected to run a deficit, then the non-interest spending could only grow by 50 percent of this cap. Any spending growth that exceeds this cap would trigger a proportional, across the board cut to all federal spending, with exemptions for recession, war, pandemic, or other national emergency related spending. For the purposes of assessing this revenue cap trigger, spending could only increase if the year-over-year increase in revenues places revenues above the previous highest revenue-receiving year. This way, dramatic revenue changes from tax law changes or economic cycles could not inadvertently allow massive spending increases. The RSC Budget applauds states that implemented similar common-sense controls on spending such as the Conservative Texas Budget.<sup>364</sup>

**Reauthorization Vote Triggered When CBO Estimate is Inaccurate** - The RSC Budget would statutorily require a vote to reauthorize a mandatory spending program when actual spending exceeds expectations by a certain percentage. When a program costs more to implement than CBO modeling suggested, the authorization of such a program should be reconsidered with the new information. This rule would exclude entitlements, such as Social Security and Medicare, because those are programs supported by specific trust funds.

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363 Debt to the Penny, Accessed April 13, 2022 <https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/debt-to-the-penny>

364 Vance Ginn, Ph.D., Rod Bordelon, The Honorable Talmadge Hefflin, “2022-23, Conservative Texas Budget.” Texas Public Policy Foundation, Accessed April 29, 2022. <https://www.texaspolicy.com/2022-23-conservative-texas-budget/>

**Ban Earmarks Permanently** - Earmarks divert taxpayer resources to special interests, grease the wheels of Washington's spending machine and set a poor example of fiscal responsibility.<sup>365</sup> Unfortunately, the Democrat-controlled House and Senate have resumed the unfortunate practice of earmarks in the 117<sup>th</sup> Congress and the foreseeable future.

Earmarks inevitably flow to the districts of the most powerful and connected members of Congress. "In the 111<sup>th</sup> Congress, when the names of members who requested earmarks were included in the appropriations bills, 61 percent of the earmarks and 51 percent of the money went to members of the House and Senate Appropriations Committees. In other words, 81 appropriators (50 in the House and 31 in the Senate), who constituted 15 percent of the entire Congress, purloined more than half of the earmarks. As the late Sen. John McCain (R-AZ.) said about members of Congress who wanted to bring back earmarks in 2014, 'The problem with all their arguments is the more powerful you are, the more likely you get the earmark in. Therefore, it is a corrupt system.' ... Since 1991, according to Citizens Against Government Waste's Congressional Pig Book, there have been 111,702 earmarks costing taxpayers \$392.5 billion."<sup>366</sup>

Most earmarks benefit the most powerful and connected members of Congress instead of benefitting all members' communities. The RSC budget shows the true path for restoring Article I authority for Congress without the corrupting influence of earmarks. RSC's Steering committee took an official position reaffirming RSC's proud history of opposing congressional earmarks and supported Rep. Ted Budd's (R-NC) letter, which outlined opposition to the return of earmarks.<sup>367</sup> RSC also issued a memorandum on restoring congressional Article I Authority while opposing earmarks.<sup>368</sup>

## **Reclaim Article I**

Article I, Section 9 of the Constitution entrusts the power of the federal purse to Congress. Unfortunately, under current practice, the legislative branch often abdicates its responsibility to agencies staffed with liberal bureaucrats. The RSC Budget includes the following reforms to correct this problem and restore congressional power.

**Limit the Executive Branch from Making Spending Decisions** - Too often, and with disastrous results, Congress has allowed the executive branch to spend fees and other revenue streams virtually unchecked. In FY 2023 the OMB estimates the executive branch will collect \$603.6 billion in fines, fees, penalties and other offsetting collections and receipts.<sup>369</sup> Large amounts of these funds are available for agencies to spend on their own, without direction or meaningful oversight from Congress. Worse, in some cases, these collections are derived from fines that agencies themselves impose and adjudicate, concentrating the legislative, executive and judicial powers in a single entity, violating core constitutional principles. The RSC Budget supports Rep. Gary Palmer's (R-AL) Agency Accountability Act, which would require explicit congressional authority before offsetting collections could be spent.

Furthermore, it is common practice for Congress to pass appropriations measures that grant the executive branch broad, unilateral authority to transfer appropriated funds between accounts and reprogram funding within accounts originally intended for a different purpose. The RSC Budget calls for reform to this practice so all reprogramming and transfer actions are reported to Congress and made available publicly in advance and are subject to a congressional disapproval framework that empowers all members of Congress.

**Rescind Excess Budget Authority** - The RSC Budget strongly supports the use of the Impoundment Control Act to rescind excess budget authority. There was \$4.895 trillion in unobligated federal funds at the end of FY 2021.<sup>370</sup> A good deal of these unobligated balances comes from the massive amounts of pandemic-spurred spending, most of which had nothing to do with protecting the public health. Other portions are from old appropriations that will never be spent.

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365 Matthew Dickerson, "Return of the Swamp: Earmarks Would Be a Costly Mistake." Heritage Foundation, March 30, 2021. <https://www.heritage.org/budget-and-spending/report/return-the-swamp-earmarks-would-be-costly-mistake>

366 Citizens Against Government Waste, "2021 Congressional Pig Book," Accessed April 30, 2022, <https://www.cagw.org/reporting/pig-book>.

367 Republican Study Committee, Official Steering Position, <https://mailchi.mp/990d91758d71/first-edition-the-chairman-elects-memo-309681>

368 Republican Study Committee, "Restoring Congressional Article I Authority While Opposing Earmarks", [https://banks.house.gov/uploadedfiles/rsc\\_memo\\_proposals\\_to\\_restore\\_article\\_i\\_authority\\_to\\_congress\\_jf.pdf](https://banks.house.gov/uploadedfiles/rsc_memo_proposals_to_restore_article_i_authority_to_congress_jf.pdf)

369 Office of Management and Budget, President's FY 2023 "OFFSETTING COLLECTIONS AND OFFSETTING RECEIPTS" [https://www.whitehouse.gov/wp-content/uploads/2022/03/ap\\_12\\_offsetting\\_fy2023.pdf#page=2](https://www.whitehouse.gov/wp-content/uploads/2022/03/ap_12_offsetting_fy2023.pdf#page=2)

370 Office of Management and Budget, "Balances of Budget Authority." Accessed June 6, 2022. [https://www.whitehouse.gov/wp-content/uploads/2022/03/balances\\_fy2023.pdf#page=12](https://www.whitehouse.gov/wp-content/uploads/2022/03/balances_fy2023.pdf#page=12)

Under the CBO's scoring conventions, an appropriations bill can offset increases in discretionary spending if it also rescinds previously appropriated but unobligated funds. In many cases, funds rescinded in appropriations bills were not planned to be spent and the rescission has no effect on actual spending. The appropriators have abused this CBO scoring rule to spend more while falsely appearing deficit neutral on paper.<sup>371</sup>

Leaving these unused funds alone will only perpetuate this budgetary gimmick. Fortunately, the Impoundment Control Act of 1974 allows the president to propose specific rescissions to Congress and establishes an expedited procedure to consider the proposed rescissions. The RSC Budget supports the use of rescission bills and believes that they should be given expedited consideration even if they do not originate with the President.

**Unauthorized Spending** - Since 1835, the Rules of the House (clause 2(a)(1) of rule XXI) have required that appropriations go to only authorized purposes. This rule is rarely enforced because appropriations bills are routinely considered under legislative procedures that waive existing budget rules. As a result, much of the discretionary budget is spent without oversight or accountability. CBO estimates that in FY 2021, the federal government appropriated \$432 billion for unauthorized programs.<sup>372</sup>

The RSC Budget supports Rep. Cathy McMorris Rodgers's Unauthorized Spending Accountability Act, which would address these "zombie appropriations" by sunseting them and creating a commission to review all discretionary programs.

**Ensure Reconciliation Prevents Tax Increases** - The reconciliation process was created to allow expedited consideration for legislation that would reconcile differences between the budget and current fiscal trajectory. However, it has been used, and will continue to be used by Democrats to increase taxes and spending. The RSC Budget would prevent the use of this process to pass legislation that would increase net spending or tax burdens.

The RSC Budget also supports providing an automatic process for congressional consideration of a reconciliation package that would carry out a budget resolution's spending cuts. All the mandatory spending reductions assumed in RSC Budgets are carried over to reconciliation instructions contained in the budget's corresponding resolution text.

**Set Appropriated Limits on Mandatory Spending Programs** - Mandatory spending programs operate on budgetary autopilot and do not allow Congress to deliberate and decide if the funds should be spent each year. However, the share of the budget that is mandatory has expanded significantly, from only about 35% in 1965 to 77% today.<sup>373</sup>

All mandatory, non-entitlement, on-budget programs should, according to the RSC Budget, be treated in similar fashion to appropriated entitlements. This would allow lawmakers to set annual funding authorization levels and would give Congress direct and annual oversight and control over these programs. Congress should continually debate reauthorization of these programs and each program should include sunset provisions to increase accountability and promote fiscal responsibility.

**Move to a Calendar-Year Budget Cycle** - "[T]he first fiscal year for the U.S. Government started Jan. 1, 1789. Congress changed the beginning of the fiscal year from January 1 to July 1 in 1842."<sup>374</sup> The October 1 date was established later. Congress rarely completes its work on time. The fiscal year should be re-aligned with the calendar year to modernize the process and to synchronize federal budgeting with common economic measurement practices.

**End the Political Threat of Default and Improve the Debt Limit** - The RSC Budget supports reform to stop the practice of suspending the debt limit for a period a time rather than raising it by a definite dollar amount. The latter approach is more transparent and makes lawmakers and the public more aware of the fiscal ramifications of adjusting the statutory debt limit.

The RSC Budget would also split the existing debt limit into two debt limits: one for the intergovernmental debt, and a second one for publicly held debt. By separating these debt limits, Congress would be better able to draw attention to the common practice of using the intragovernmental debt to effectively raid federal trust funds, such as the Social Security

371 United States Senate Committee on the Budget, "Changes in Mandatory Programs: An Overspending Tool." June 28, 2018. <https://www.budget.senate.gov/imo/media/doc/Budget%20Bulletin%20-%202018-06-28%20FINAL.2%202.pdf>

372 Congressional Budget Office "Expired and Expiring Authorizations of Appropriations: Fiscal Year 2021". May 5, 2021. <https://www.cbo.gov/system/files/2021-05/57023-EEAA.pdf>

373 Brian Riedl, "Spending, Taxes & Deficits: A Book of Charts." October 2021. <https://media4.manhattan-institute.org/sites/default/files/BudgetChart-Book-2021-FINAL.pdf#page-32>

374 Department of the Treasury, Treasury Direct, Historical Debt Outstanding - Annual 2000 - 2015. [https://www.treasurydirect.gov/govt/reports/pd/histdebt/histdebt\\_histo5.htm](https://www.treasurydirect.gov/govt/reports/pd/histdebt/histdebt_histo5.htm)



retirement trust fund, to finance other federal government spending. This would prevent more trust fund assets from being dumped into general federal debt unless Congress votes to do so.

**Establishing a Regulatory Appropriations Process** - Congress should limit regulatory actions in a manner like the appropriations process. Congressional authorizing committees could be granted the ability to produce annual legislation limiting the economic impact of all regulatory actions undertaken by agencies under their jurisdiction. The default allowable regulatory impact of all agencies could be \$0 and then these annual bills would allow Congress to set specific regulatory allowances each year. These could also include specific limitations or requirements related to certain regulatory actions, related to such actions from a particular office, or in relation to enforcing a specific bill.

### **Follow the Budget**

For half a decade, both the RSC and House Budget Committee budgets have included major reforms to ensure a sustainable federal fiscal path and the solvency of major social safety net programs. If these budgets had been adopted, we would have already prevented the coming fiscal crisis and bankrupting of our nation. Too often, however, the bold policies outlined in these budgets fail to come to fruition. This section of the RSC Budget supports the following reforms to strengthen budget enforcement and make it more difficult to deviate from the Congressional Budget Resolution:

**Give Budget Resolutions the Force of Law** - Congressional budget resolutions should be signed by the President after being passed by both chambers of Congress and then signed into law by the President.

**Set Long-Term Deficit Limits** – Current congressional fiscal constraints generally focus on the 10-year budget window. This narrow view gives lawmakers and the public an inaccurate picture of the nation’s long-term fiscal health and encourages budget gimmicks that would balloon spending beyond the 10-year budget window. H. Con. Res. 71, the Concurrent Resolution on the Budget for FY 2018, established a point of order in the House against legislation that would increase direct spending (or deficits in the Senate) by more than \$2.5 billion in any of the four consecutive 10-year periods following the end of the period covered by the budget resolution. The RSC Budget would codify this point of order.

**Budget Waiver Transparency and Disapproval** - The House will often waive the application of the rules and statutes meant to stop lawmakers from violating their own budget. Last Congress, the Rules Committee granted waivers of rules related to budgetary enforcement 71 times.<sup>375</sup> Often these special rules are a blanket waiver of all points of order against the consideration of a bill or amendment. The RSC Budget would amend House rules to require that any rule providing consideration of a bill specifically identify all individual budget waivers. Additionally, any member should be able to make a motion to strike any such waiver included in a rule.

**Emergency Designation Reforms** - The RSC Budget would also restrict the use of “emergency spending” to circumvent fiscal constraints imposed in statute and the congressional budget process. It would require legislation containing emergency spending to be accompanied by a statement explaining why an emergency designation is necessary and require a three-fifths majority vote to approve such legislation. Moreover, emergency funding should be timely and targeted. Thus, the RSC Budget would create a separate point of order against emergency spending legislation that would produce outlays beyond two fiscal years.

**No Adjournment until the Budget Process is Completed** - The RSC Budget supports Rep. Jodey Arrington’s (R-TX) No Budget, No Recess Act to force completion of Congress’s budget work. Congress should not be able to adjourn after the start of a fiscal year in which it has not completed action on the budget resolution, the regular appropriations acts, and any applicable reconciliation bills. The RSC Budget would also implement Rep. Robert Wittman’s (R-VA) No Budget, No Pay Act, which would prevent members from being paid until a budget is passed. The RSC Budget also supports Rep. Wittman’s Inaction Has Consequences Act, which would prevent members from being paid if the annual appropriations bills are not passed before the end of the fiscal year.

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375 U.S. House of Representatives Committee on Rules, “Survey Of Activities Of The House Committee On Rules For The 116<sup>th</sup> Congress”, Report 116–722, January 3, 2021, <https://www.govinfo.gov/content/pkg/CRPT-116hrpt722/html/CRPT-116hrpt722.htm>

## **Transparency**

**Account for Debt Service Costs** - In just the last 12 months, \$2.2 trillion has been added to the national debt.<sup>376</sup> The CBO is projecting that FY 2023 will run a deficit of \$984 billion and net interest will cost more than triple over the next ten years.<sup>377</sup> With interest rates set to rise rapidly, any new spending will necessarily be added in full to the national debt and will incur significant interest costs. This budget would adopt Rep. Michael Cloud's (R-TX) bill, the Cost Estimates Improvement Act, to require the CBO to include the projected debt service costs in its legislative cost estimates along with a list of duplicative programs.

**Annual Statement of Federal Finances** – The RSC Budget supports Rep. Jodey Arrington's (R-TX) bill, the Taxpayer Receipt Act, to send each taxpayer an annual statement demonstrating how the taxpayer's money was spent in the last year. The RSC Budget would add estimates of the debt level, and the size of spending, revenues, and debt per family to these statements.

**Disclose the Real Costs of Federal Credit Programs** – The RSC Budget support using fair-value accounting for federal insurance programs to accurately assess their cost.

**Reports on the Cost of Legislation Passed by Congress** - The CBO is required to report to the Congressional Budget Committees on legislation reported by committees or adopted by either the House or by the Congress at least monthly. The RSC Budget supports making public these reports on the costs of legislation in each chamber.

**Require OMB to Report Unobligated and Reprogrammed Balances** - The RSC Budget would require OMB to provide Congress and the public with up-to-date information about unobligated balances. Each month, OMB should be required to produce a public report that includes a detailed description of unobligated balances in each account with details including the years from which the balances were originally made available. This reform would have been particularly helpful in tracking the trillions of dollars in funding provided by Congress in recent years to supposedly address the pandemic. Members of Congress and the public have found it particularly difficult to determine just how much money has and has not been spent from those funds.

Additionally, while some large reprogramming actions are reported to the House and Senate appropriations committees, most of this activity occurs in the dark. This budget would require OMB to report to the House and Senate when funds are reprogrammed from one account to another and include a justification for such action.

**Welfare Disclosure in the President's Budget** - In the 113<sup>th</sup> and 114<sup>th</sup> Congresses, the House rules required budget resolutions in the House to provide a 10-year outlook of means-tested welfare spending. The RSC Budget would extend that rule to presidential budget submissions.

**Changes in Content of the Budget Resolution** - Under current practice, the budget resolution presents the levels of budget authority and outlays under 20 functional categories. These budget functions do not line up with the federal agency, congressional committee jurisdiction, or how the public thinks about the budget. To modernize the budget and make it easier to understand, the RSC Budget would require that congressional budgets be separated into logical categories including: discretionary spending; Medicare; Medicaid and other health-related spending; Social Security; interest; and other major categories, as appropriate.

**Budgetary Treatment of Highway Programs** - The budgetary treatment of the highway program contributes to overspending and unaccountability. Normal discretionary spending is limited by the budget resolution, while mandatory spending is limited by the House and Senate PAYGO rules and statutory pay-as-you-go requirements. Under current law, the budget authority for transportation programs is treated as mandatory spending, while outlays from the Highway Trust Fund are treated as discretionary spending. This has the effect of exempting transportation programs from any of the standard budget enforcement procedures.<sup>378</sup> The RSC Budget would fix this problem by accounting for highway spending as discretionary.

**Count All Programs in the Budget** - Under current law, several major programs, including Social Security, the Postal Service, Fannie Mae and Freddie Mac, are all considered "off-budget" for purposes of the budget resolution. In reality,

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376 Fiscal Data, "Debt to the Penny," Accessed on May 31, 2022, <https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/debt-to-the-penny>

377 Congressional Budget Office, "The Budget and Economic Outlook: 2032-2032." May 25, 2022, <https://www.cbo.gov/publication/57950>

378 Committee for a Responsible Federal Budget, "Why Lawmakers Should Fix The Budgetary Treatment Of The Highway Trust Fund", July 26, 2014. <http://crfb.org/blogs/why-lawmakers-should-fix-budgetary-treatment-highway-trust-fund>.

these programs all have significant impacts on the budget and taxpayers would likely bailout these programs if they exhaust their resources. The RSC Budget supports including these programs in the budget resolution.

**Transparency from the Budget Scorers** – The CBO, JCT and OMB have failed to be transparent in their methodology and their modeling. The CBO Show Your Work Act, introduced by Rep. Warren Davidson (R-OH), would implement this important reform. The RSC Budget would also require these entities to publish the confidence intervals related to their findings.

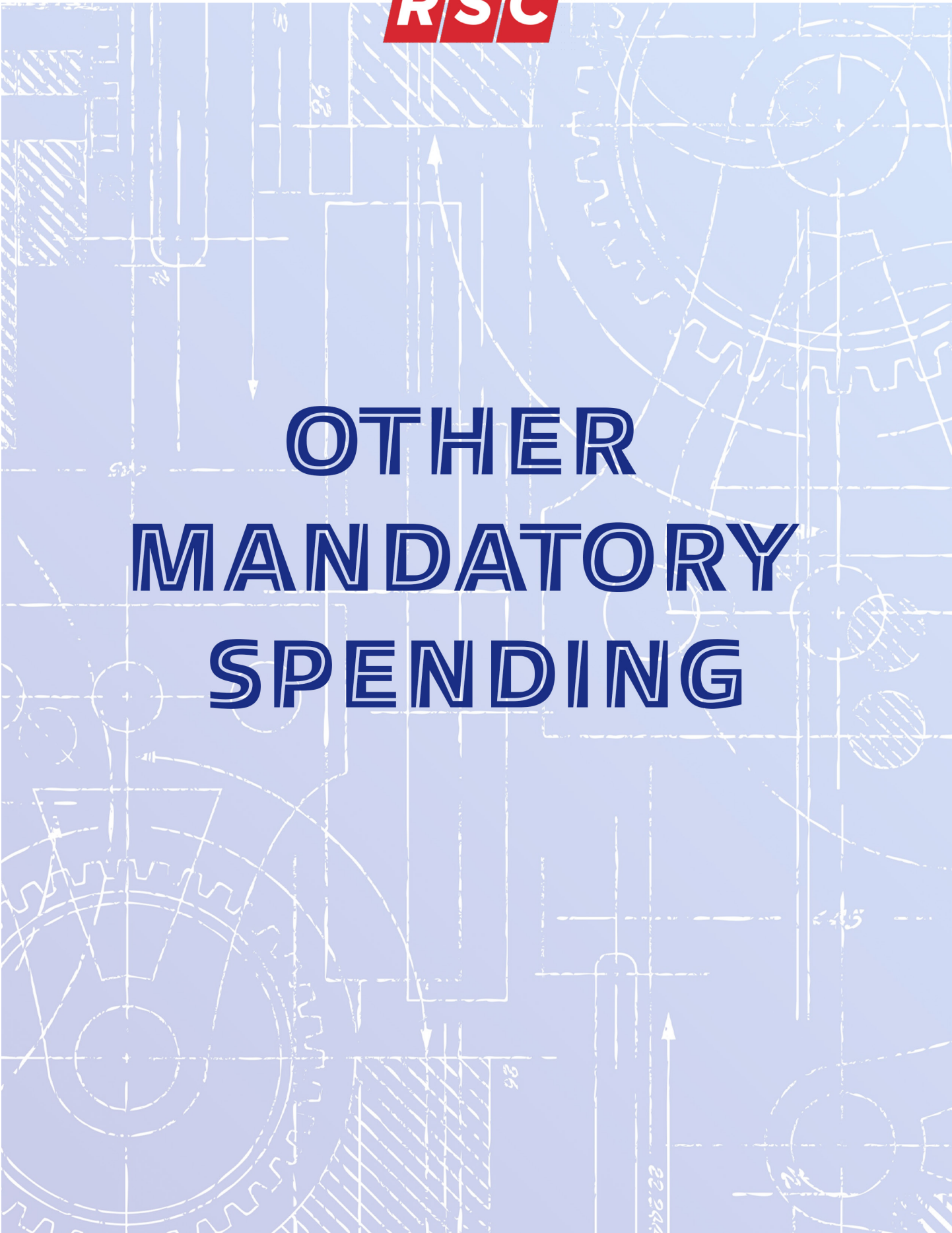
**Transparency for Appropriations Bills** - When most legislation is considered in the House, CBO releases a report to Congress and to the public estimating the fiscal impact of the bill. But this practice is not often followed during the consideration of appropriations bills.<sup>379</sup> The RSC Budget would require CBO to give this information, as well as information on changes in mandatory programs (CHIMPS) contained in appropriations bills,<sup>380</sup> to each member of Congress and to the public. CHIMPS reports should also specify the period of availability and the outlay effects of each appropriation in such bill. All the requirements for regular appropriations bills should also be required for all appropriations legislation, including supplementals and omnibus bills.

**CBO Reports for Unreported Measures** - House Rule XXI, Clause 8 ensures all points of order in the Budget Act also apply to legislation not reported by a committee, filling a loophole in the Budget Act. The RSC Budget supports codifying this rule.

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379 Congressional Budget Office, “How CBO Prepares Cost Estimates”, February 2018. <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53519-costestimates.pdf>.

380 Many appropriations bills include changes in mandatory programs (CHIMPS). Because of CBO scoring conventions, an appropriations bill can offset increases in discretionary spending by reducing mandatory spending in the first year of the budget window. These CHIMPS are often just gimmicks that shift the timing of mandatory spending, and allow increases in discretionary spending year after year using the same “offset” repeatedly. CBO scores CHIMPS in appropriations bills, but neither CBO nor the House Appropriations Committee generally disclose this information publicly.

The background is a light blue technical drawing or blueprint. It features various mechanical components such as gears, shafts, and cross-sections, along with dimension lines and arrows. The drawing is rendered in white lines on the blue background.

# OTHER MANDATORY SPENDING

In 2021, mandatory spending made up 77 percent of the federal budget.<sup>381</sup> This spending is on budgetary autopilot and receives little congressional review and effectively zero annual oversight. This is in direct conflict with the Constitution’s edict that “No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law.” The RSC Budget offers sensible and needed reforms to bring federal spending back to reasonable levels and increase Congressional accountability.

### **Rescind Unspent COVID-19 Funds**

Simply put, the COVID-19 pandemic is over. Americans are finished with restrictions. The only ones still clamoring for restrictions are radical liberals looking to control Americans’ lives. In recognition of this fact, the RSC budget would rescind any unobligated funds COVID-19 relief funding and repurpose those dollars for deficit reduction.

### **Agriculture Committee**

The proposals here should be viewed in conjunction with other reforms contained in the RSC Budget that provide immense benefits to stakeholders in the agriculture community. America’s farmers would thrive under the RSC Budget’s suite of pro-growth tax reforms and deregulatory measures. These changes would create a business environment that fosters productivity for the benefit of agriculture industry participants and the American public. The RSC Budget is undeniably pro-farmer.

The RSC Budget recognizes that farmers and agricultural producers have suffered from decades of onerous regulations and taxation while their trade opportunities have been increasingly limited. The agricultural industry and rural American have become the target of the left’s radical regulatory agenda. This is best illustrated by the Green New Deal’s calls to destroy farming as we know it and put countless farmers out of business. The RSC Budget stands against the destruction of the agricultural industry and would strengthen this sector by coupling the fiscal reforms in this section with the budget’s mass deregulation and pro-growth tax policies..

**Separate Nutrition Subsidy Programs from the Farm Bill** - Roughly 80 percent of the spending in both the 2014 and 2018 Farm Bills went toward nutrition programs rather than agriculture programs. Congress has reauthorized these programs together for decades. The RSC budget would remove nutrition programs from the Farm bill.

**Streamline Commodity Subsidy Programs** - The 2014 Farm Bill created two new farm support programs, allowing producers to choose their preferred subsidy:

- Price Loss Coverage (PLC) – This pays farmers when the nationwide price for a commodity falls below a threshold (even if a particular farmer sells his crop for a higher price); and
- Agriculture Risk Coverage (ARC) - This pays farmer when revenues fall below their recent levels.

Eliminating these duplicative programs would save taxpayers more than \$42.7 billion over 10 years.<sup>382</sup> The RSC Budget would also require any action by the Commodity Credit Corporation (CCC) to have congressional approval. The CCC has been given vast unilateral authority to buy surplus agricultural products to manipulate market prices for the purpose of the same kind of subsidies that PLC and ARC achieve.

**Phase Out the Sugar Program** - The sugar program consists of price supports, production limits for domestic sugar producers, and import restrictions and tariffs for imported sugar. These restrictions have achieved their aim of higher American sugar prices, which have nearly doubled compared to the world market price.<sup>383</sup> Ending the sugar program will save taxpayers \$211 million over 10 years while reducing associated inflationary pressure.<sup>384</sup> The RSC Budget supports the Sugar Policy Modernization Act, introduced by Rep. Virginia Foxx (R-NC), as a step in the right direction to bring much needed reforms to the sugar program.

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381 Brian Riedl, “Spending, Taxes & Deficits: A Book of Charts.” October 2021, <https://media4.manhattan-institute.org/sites/default/files/BudgetChart-Book-2021-FINAL.pdf>

382 CBO “Congressional Budget Office – Baseline Projections, USDA’s Farm Programs May 2022.” Accessed May 31, 2022 <https://www.cbo.gov/system/files/2022-05/51317-2022-05-usda.pdf#page=8>

383 The World Bank, “World Bank Commodities Price Data (The Pink Sheet).” May 3, 2022. <https://thedocs.worldbank.org/en/doc/5d903e848db1d-1b83e0ec8f744e55570-0350012021/related/CMO-Pink-Sheet-May-2022.pdf>

384 Congressional Budget Office (CBO), USDA’s Mandatory Farm Programs-CBO’s May 2022 Baseline. <https://www.cbo.gov/system/files/2022-05/51317-2022-05-usda.pdf>

**Eliminate the Milk Program** - The federal government simultaneously runs programs to pay dairy farmers when prices decline, buy products from the market to maintain price levels, and limit the importation of dairy products. These programs use taxpayer dollars and create an unstable dairy industry and increase the price of milk. Eliminating federal dairy subsidy programs would save taxpayers \$2.9 billion over the next decade and reduce prices.<sup>385</sup>

**Reform Crop Insurance** - The Federal Crop Insurance Program provides subsidized insurance for farmers to insulate them from losses due to poor crop yields. Farmers pay about 40 percent of premiums for crop insurance and taxpayers cover the remaining 60 percent. While the insurance policies are offered by private companies, the federal government reimburses them for administrative costs and reinsures them to guarantee against losses.

The RSC Budget would make a modest reform to the crop insurance program by reducing subsidies to 30 percent of premium costs and eliminating the government’s reimbursement to crop insurance companies for administrative expenses. This would save taxpayers more than \$32 billion over the next 10 years.<sup>386</sup> Additionally, under the RSC Budget, federal crop insurance subsidies would only be offered to pay for catastrophic policies. Crop insurance subsidies were originally intended to ensure farmers could recover from a bad crop year and replant. The program currently pays, in addition to the costs of the catastrophic policies, most, and sometimes all, of the costs of increasing coverage levels beyond this standard.

The RSC Budget also adopts the proposal by Sen. Chuck Grassley (R-IA), former Senate Agriculture Committee Chairman, to cap the overall amount of crop insurance subsidies a single farmer may receive. Then-Chairman Grassley explained, “For years, the top 10 percent of farmers have received over 70 percent of the subsidies from the government. That’s only one of the many reasons it’s so hard for young and beginning farmers to get started.”<sup>387</sup>

**Additional Agriculture Subsidy Reforms** - The RSC Budget also supports the following common-sense reforms:

- **Conservation Reserve Program.** The RSC Budget would prohibit new enrollments in the Conservation Reserve Program, saving taxpayers more than \$6 billion over ten years according to the CBO.<sup>388</sup>
- **Conservation Stewardship Program.** The RSC Budget would prohibit new enrollment in the Conservation Stewardship Program, saving taxpayers more than \$5.359 billion over ten years according to the CBO.<sup>389</sup>
- **Eliminate the Agricultural Trade Promotion and Facilitation Program.** The underlying programs work to replicate the work of private actors to expand their business reach and customer base by providing taxpayer subsidies to federally hand-picked businesses. Eliminating this program would save taxpayers \$2.51 billion over ten years.<sup>390</sup>
- **Repeal Specialty Crop Block Grant Program.** This budget would eliminate this program, which provides extra subsidies to federally hand-picked producers.
- **Eliminate the National Sheep Industry Improvement Center.** The National Sheep Industry Improvement Center provides grants to support sheep and goat producers, including financing annual trips to Australia. This budget would end subsidies for this mature industry that does not require taxpayer dollars to enhance its production and marketing.
- **Enact the Agriculture Civil Rights and Equality (ACRE) Act.** Rep. Tom Tiffany’s ACRE Act would prohibit the Department of Agriculture from intentionally discriminating against any person based on race, color, national origin or sex in connection with programs, hiring, contracting, subcontracting. This budget would also extend this prohibition against overtly racist policies to Department of Agriculture subcontractors.

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385 Ibid

386 RSC Calculations based on “The Budget and Economic Outlook: 2023 to 2032.” Congressional Budget Office, May 25, 2022. <https://www.cbo.gov/system/files/2022-05/57950-Outlook.pdf>

387 Grassley Remarks on the Passage of the 2018 Farm Bill <https://www.grassley.senate.gov/news/news-releases/grassley-remarks-passage-2018-farm-bill>

388 CBO “Limit Enrollment in the Department of Agriculture’s Conservation Programs.” Accessed June 3, 2022, <https://www.cbo.gov/budget-options/56813> – CBO score extrapolated for years 2031 and 2032.

389 Ibid.

390 CBO “Congressional Budget Office – Baseline Projections, USDA’s Farm Programs May 2022.” Accessed May 31, 2022, <https://www.cbo.gov/system/files/2022-05/51317-2022-05-usda.pdf#page=7>

## **Energy and Commerce Committee**

**Universal Service Fund** - The RSC Budget would repeal the Universal Service Fund, saving taxpayers \$92.865 billion in spending over ten years.<sup>391</sup>

**Power Marketing Administrations and Tennessee Valley Authority (TVA) Assets** - The RSC Budget would auction off all assets of the four remaining Power Marketing Administrations. It would also auction off Tennessee Valley Authority (TVA) assets not related to the nuclear triad. Those TVA assets related to the nuclear triad would be transferred to the Department of Energy.

**Corporation for Travel Promotion** - The RSC budget would eliminate the Corporation for Travel Promotion, also known as Brand USA, saving taxpayers \$470 million over the next ten years.<sup>392</sup>

## **Education and Labor Committee**

During the previous Congress, the RSC’s American Worker Task Force released *Reclaiming the American Dream: Proposals to Empower the Workers of Today and Tomorrow*. Chaired by Rep. Andy Barr (R-KY), the report included more than 100 proposals to empower American workers and modernize education. Many of its proposals fall within the jurisdiction of the House Education and Labor Committee and are supported by the RSC Budget, including the following:

### **Support Parental Control of Education**

- Education policy should be set by parents and at the local level, not Washington bureaucrats. As noted earlier in this budget, the RSC supports Rep. Julia Letlow’s (R-LA) Parents’ Bill of Rights, which would “protect parental involvement by reinforcing their right to be heard, their right to see curriculums, and their right to be updated on any violent activity that happens on their children’s campus.”<sup>393</sup>
- The RSC Budget would allow states to completely opt out of the federal government’s burdensome and costly education funding mandates and have the option to receive federal education funds in the form of a block grant. This proposal is largely based on the Academic Partnerships Lead Us to Success (A-PLUS) Act sponsored by Rep. Ted Budd (R-NC). States could use funds for any state authorized education expenditure, including school choice initiatives.
- The RSC Budget supports repurposing federal pre-k funding to school districts to follow the student rather than the institution. Studies show that state-run pre-k programs have led to significant negative results for enrollees.<sup>394</sup> When combined with the well-documented failures of the federal Head Start program, its clear lawmakers should empower parents to control their child’s education. Accordingly, this budget would phase out the Head Start program over 10 years, during which time states would receive Head Start funding in the form of block grants as envisioned in RSC Chairman Jim Banks’ Head Start Improvement Act.<sup>395</sup>
- The RSC Budget supports expanding 529 Accounts to encompass all forms of education and increasing the annual contribution cap. These reforms would provide the proper tax treatment to investments in education and would spur economic mobility.<sup>396</sup>
- The RSC Budget would adopt Rep. Chip Roy’s (R-TX) CRT Act, which would prohibit federal funding of elementary and secondary education institutions that promote radical left-wing political causes through Critical Race theory.

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391 CBO “The Budget and Economic Outlook: 2023 to 2032.” Congressional Budget Office, May 25, 2022. <https://www.cbo.gov/system/files/2022-05/57950-Outlook.pdf>

392 Ibid

393 Education and Labor Committee Republicans – Press Releases “Parents Bill of Rights.” November 17, 2021. <https://republicans-edlabor.house.gov/news/documentsingle.aspx?DocumentID=407890>

394 Durkin, K., Lipsey, M. W., Farran, D. C., & Wiesen, S. E. (2022). Effects of a statewide pre-kindergarten program on children’s achievement and behavior through sixth grade. *Developmental Psychology*, 58(3), 470–484

395 Rep. Jim Banks, Press Release, April 5, 2017, “BANKS INTRODUCES HEAD START IMPROVEMENT ACT”, <https://banks.house.gov/news/documentsingle.aspx?DocumentID=75>

396 Republican Study Committee, “Reclaiming the American Dream”, <https://rsc-banks.house.gov/sites/republicanstudycommittee.house.gov/files/%5bF1-NAL%5d%20Reclaiming%20the%20American%20Dream%20.pdf#page=20>

## Promote Career and Technical Education (CTE)

- The RSC Budget would expand the use of 529 programs to cover the costs of apprenticeship programs, which would be offset with a small increase in the tax levied on three dozen university endowments worth \$500,000 per student.
- The RSC Budget would take steps to end the current imbalance in federal funding that disadvantages CTE. It supports amending the Higher Education Act so that Pell Grants apply to short-term career and technical education programs. This is the approach taken by the Pell Flexibility Act, introduced by RSC Chairman Jim Banks (R-IN).
- The RSC Budget would reallocate existing funding designed to push students into a traditional four-year college program to programs designed to promote CTE opportunities for students in middle and high school.<sup>397</sup>
- The RSC Budget would codify the Trump administration’s Executive Order to focus federal hiring on skills rather than degrees. President Trump’s Executive Order on Modernizing and Reforming the Assessment and Hiring of Federal Job Candidates requires the Director of the Office of Personnel Management (OPM) to revise job qualification standards so that job postings only require a degree when it is legally necessary and only consider a degree advantageous when the education received directly relates to the job task.<sup>398</sup> Additionally, the order instructs the Director of OPM to increase the use of skills assessments in hiring.

## Higher Education Financing

- The RSC Budget would adopt Rep. Burgess Owens’ (R-UT) Say No to Indoctrination Act, which would prevent higher education institutions from using taxpayer dollars to indoctrinate students in radical left-wing political causes through Critical Race Theory.
- The RSC Budget would adopt Rep. Bob Good (R-VA) and RSC Chairman Jim Banks’ (R-IN) Federal Student Loan Integrity Act, which would end the delay in student loan repayments unlawfully implemented by the Biden Administration, which forces working class Americans to subsidize higher-income taxpayers with college and graduate degrees and adds inflationary pressure to the economy.<sup>399</sup>
- The RSC Budget would end Public Student Loan Forgiveness for high-income earners by adopting Rep. Ken Buck’s (R-CO) PSLF Fairness Act. This bill would ensure hard working taxpayers are not forced to subsidize higher income professionals who are more than capable of paying back loans they willingly took out.
- The RSC Budget would tie student loan repayment rates to program enrollment rather than the institution. This would remove incentives to use taxpayer money to acquire an education that is not likely to result in better earnings. This reform is contained in Rep. Virginia Foxx’s PROSPER Act.
- The RSC Budget would allow colleges to limit federal loans based on field of study to ensure taxpayer dollars fund academic pursuits that are unlikely to result in future earnings.
- The RSC Budget urges lawmakers to recalibrate undergraduate borrowing caps to promote responsible borrowing, discourage tuition hikes, and more accurately reflect the cost of attaining a four-year college degree. The borrowing cap should also be adjusted to account for the significantly lower cost of remote instruction.
- The RSC Budget would eliminate the Parent PLUS and Grad PLUS loan programs, which encourage students and their parents to borrow large amounts of money and have fueled tuition inflation.<sup>400</sup>
- The RSC Budget urges lawmakers to clarify that Income Sharing Agreements (ISAs) are not student loans but rather should be entitled to their own legal treatment. This would allow ISAs to flourish and, among other things, would provide tax treatment clarity for students and ISA providers. The RSC opposes the recent guidance from

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397 For instance, if half of funding for Federal TRIO Programs and the Gaining Early Awareness and Readiness for Undergraduate Program (GEAR UP) was

398 Donald J. Trump, “Executive Order on Modernizing and Reforming the Assessment and Hiring of Federal Job Candidates,” The White House, June 26,

399 Committee for a Responsible Federal Budget, “Cancelling Student Debt Would Add to Inflation.” February 28, 2022. <https://www.crfb.org/blogs/canceling-student-debt-would-add-inflation>

400 Republican Study Committee, “Reclaiming the American Dream”, <https://rsc-banks.house.gov/sites/republicanstudycommittee.house.gov/files/%5BFI-NAL%5d%20Reclaiming%20the%20American%20Dream%20.pdf#page=13>



the Department of Education that falsely labels ISAs as loans.<sup>401</sup>

- The RSC Budget would clarify fair lending requirements to allow Cohort Default Rates (CDRs) and similar metrics to be used in private education lending. Doing so would foster innovation in lending and reduce reliance on traditional criteria that may disadvantage students from low-income backgrounds.
- The RSC Budget would create a single income driven repayment (IDR) plan to replace the litany of current IDR plans. This would make enrollment and repayment simpler and more predictable for future borrowers.
- The RSC Budget would limit the overly generous nature of current federal forgiveness programs. It would cap the total amount of student loans that can be forgiven through the Public Service Loan Forgiveness Program at \$57,000, require payments for 25 years instead of 20 before forgiving debt and increase the maximum amount for payments from 10 to 15 percent of the income of the debtor.
- The RSC Budget would eliminate the Pell Grant mandatory spending add-on, which has been used by schools to raise tuition or shift aid elsewhere.<sup>402</sup> This reform would save taxpayers more than \$57.3 billion over the next decade.<sup>403</sup>
- The RSC Budget would eliminate in-school subsidies for undergraduates.
- The RSC Budget would require post-secondary institutions to repay a percentage of graduates' debt if defaults are too high as a way of ensuring that these schools have a "skin in the game."
- The RSC Budget would implement Rep. Brett Guthrie's (R-KY) Empowering Students Through Enhanced Financial Counseling Act, which would require universities and colleges to provide financial counseling services to federal loan recipients.
- The RSC Budget would require use of Fair Value Accounting for federal student loan budgeting.
- The RSC Budget opposes liberal elite calls for "free" college, which fundamentally ignores the root causes of tuition inflation while shifting increasing costs to taxpayers without the luxury of a college degree.<sup>404</sup>

### Connecting Educators and Employers

- To ensure that necessary workplace skills are being passed along to students, the RSC Budget would require school accreditation boards to include business representation, as proposed in Rep. Virginia Foxx's PROSPER Act.
- The RSC Budget would allow schools to partner with skills-focused organizations, such as private businesses, to allow these organizations to teach up to 100 percent of a program.
- To encourage the incorporation of more real-world experience into education, the RSC Budget supports several PROSPER Act amendments to the Federal Work-Study (FWS) program. These reforms would remove the cap on how much federal work study funding can go to students employed by private entities, require all employers to meet the same federal match obligation, and eliminate the requirement that institutions spend 7 percent of their federal work-study funding on students that are employed in community service positions. Several of these reforms are contained in Rep. Fred Keller's (R-PA) Federal Work Study Improvement Act.

### Refocus Labor Policy to Unleash the American Worker

The RSC Budget supports efforts to expand career and technical education by increasing apprenticeship opportunities. Accordingly, this budget would resurrect, codify, and enhance President Trump's Industry Registered Apprenticeship

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401 Inside Higher Ed, "Education Department Clarifies Rules on Income-Share Agreements." March 4, 2022. <https://www.insidehighered.com/news/2022/03/04/education-department-clarifies-rules-income-share-agreements>

402 Congressional Budget Office, "Options for Reducing the Deficit: 2021 to 2030", December, 2020. <https://www.cbo.gov/system/files/2020-12/56783-budget-options.pdf#page=20>

403 Congressional Budget Office, "Pell Grant Program baseline projections." <https://www.cbo.gov/system/files/2021-07/51304-2021-07-pellgrant.pdf>

404 Republican Study Committee, "Reclaiming the American Dream", <https://rsc-banks.house.gov/sites/republicanstudycommittee.house.gov/files/%5bFI-NAL%5d%20Reclaiming%20the%20American%20Dream%20.pdf#page=12>

Program (IRAP), which allowed third-party entities to certify innovative apprenticeship programs<sup>405</sup> that President Biden unfortunately rescinded.<sup>406</sup>

To protect the status of gig economy workers as independent contractors, the RSC Budget supports the New GIG Act, sponsored by Rep. Tom Rice (R-SC) and treating household workers as independent contractors for tax purposes.

The RSC budget would codify President Trump's joint-employer rule that protected thousands of employees working for franchises. This rule has been gutted by federal courts and recklessly rescinded by the Biden administration.<sup>407</sup>

The RSC Budget supports Rep. Glenn Grothman's (R-WI) Workplace Choice and Flexibility for Individuals with Disabilities Act, which would roll back a misguided regulation that significantly narrowed Congress's definition of Competitive Integrated Employment and effectively reduced career opportunities for individuals with disabilities.

Current workers should also be given more power over their compensation. The RSC Budget supports the Employee Bonus Protection Act, which would exclude performance-based bonuses from overtime rules and increase the number of American workers receiving bonuses. It also supports the Working Families Flexibility Act, sponsored by Rep. Mary Miller (R-IL), which would give employees more flexibility in the ways they want to receive compensatory time.

The RSC Budget supports efforts to reduce the cost of childcare and give parents more control over childcare assistance. This budget supports the Child Care Accessibility Report and Evaluation (CARE) Act, sponsored by Rep. Ashley Hinson (R-IA), which would direct HHS to submit a report to Congress that analyzes the effects of state regulations on the affordability and accessibility of childcare. This budget also supports the Child Care Choices Act, sponsored by Rep. Michelle Fischbach (R-MN), would ensure states are prioritizing childcare funds to parents in the form of vouchers and prohibit states from differentiating payment rates solely because a provider is home-based, family-based, or faith-based childcare provider.

## Empowering Americans at Work

The RSC Budget recognizes that many unions have played an important role in the lives of American workers. It is also true that union bosses do not always prioritize the wellbeing of all employees over the prosperity of the union. While the RSC Budget supports the right of every worker to join a union, this decision should be made by a worker that knowingly, willingly, and freely chooses to do so. For these reasons, this budget supports the following reforms that refocus labor policy and union rules on benefiting workers rather than union bosses:

- Rewarding Achievement & Incentivizing Successful Employees (RAISE) Act, sponsored by Rep. Dusty Johnson (R-SD), which would allow employers to pay individual workers more than is specified in the union contract.
- National Right-to-Work Act, sponsored by Rep. Joe Wilson (R-SC), which would ensure that no employee is forced to join a union or have unions dues deducted from his or her paycheck as a condition of employment.
- Rep. Rick Allen's (R-GA) Employee Rights Act, which would, in addition to ensuring Right-to-Work protections, allow companies to extend benefits to gig workers without undermining their independent contractor status.
- Codification of the 2020 NLRB Rule to ban ambush elections.
- Union Integrity Act, sponsored by former Rep. Francis Rooney (R-FL), which would provide whistleblower protections for unionized employees against union retaliation.
- Rep. Michelle Steel's (R-CA) Union Transparency and Accountability Act, which would provide whistleblower protections against union retaliation for unionized employees and place disclosure requirements on unions.
- Exempt small businesses from NLRB regulations, freeing them from such federal overreach.<sup>408</sup>

405 Apprenticeship.gov, Accessed on April 15, 2022, "What is an Industry-Recognized Apprenticeship Program?", <https://www.apprenticeship.gov/employers/industry-recognized-apprenticeship-program>

406 Bloomberg Law, by Ben Penn, February 17, 2021, "White House Scraps Trump's Industry-Led Apprenticeship Model (1)", <https://news.bloomberglaw.com/daily-labor-report/white-house-scraps-trumps-industry-led-apprenticeship-system>

407 Federal Register, "Rescission of Joint Employer Status Under the Fair Labor Standards Act Rule." July 30, 2021. <https://www.federalregister.gov/documents/2021/07/30/2021-15316/rescission-of-joint-employer-status-under-the-fair-labor-standards-act-rule>

408 Republican Study Committee, "Reclaiming the American Dream", <https://rsc-banks.house.gov/sites/repUBLICANstudycommittee.house.gov/files/%5bFI->

- Chairman Jim Banks’ (R-IN) TEAM Act, which would create a legal framework for Employee Involvement Organizations (EIOs), voluntary organizations that would serve as an alternative to traditional unions and be established jointly by employers and employees to discuss workplace issues.

## Private Pension Reforms

The RSC Budget proposes modifying the premiums charged to private pension plans to align them with the risk borne by the PBGC and the taxpayer. This budget would encourage Congress to explore options to tailor contribution equations to match the specific investment strategy of each covered firm, including consideration of any tools these firms employ to hedge risk. The RSC Budget would prohibit enrollment of new plans in the PBGC after 2032 and would require all firms that would otherwise have been under the PBGC to instead maintain private insurance coverage to guarantee a sufficient portion of the benefits promised by their plan. This would facilitate the creation of a private market to offer the services of the PBGC, allowing the federal government to ultimately remove itself from these activities altogether. These private plans would offer an efficient way of providing these services and would incentivize proper pension fund management.

Further, the RSC Budget opposes the use of so-called “pension-smoothing,” the use of artificially high discount rates for calculating future pension liabilities which reduces the amount firms are required to pay to adequately fund their plans.

## Financial Services

**End the Government Sponsored Enterprises Fannie Mae and Freddie Mac and Reform the Federal Housing Administration** - The U.S. housing finance system supports more than \$12.5 trillion in outstanding single-family residential mortgage debt and over \$1.8 trillion in multi-family residential mortgage debt, with Fannie and Freddie responsible for a large portion of that debt.<sup>409</sup> In fact, nearly 55 percent of all U.S home mortgages are backed by the federal government, placing an enormous amount of risk on taxpayers.<sup>410</sup>

Taxpayers have already been forced once to bail out Fannie Mae and Freddie Mac to the tune of \$187 billion. Since being bailed out, these government sponsored entities have continued to loom large in the housing market. As of May 2022, GSE’s held \$2.650 trillion in housing debt, putting taxpayers at significant risk.<sup>411</sup> The RSC Budget recommends repealing Fannie Mae and Freddie Mac’s federal charters. Further, the Federal Housing Administration should be reformed so it can operate on a self-sufficient basis. This proposal is based on the Protecting American Taxpayers and Homeowners Act introduced by former representative and RSC Chairman Jeb Hensarling.

**Increase and Extend Guarantee Fees** - While Congress works to wind down GSEs, it should also implement reforms to restore competition with the private sector. The RSC Budget would double the 0.1 percent Guarantee Fee the GSEs are required to charge, matching former President Trump’s request.

**End Dodd-Frank Bailout Authority for Big Banks** - The Dodd-Frank financial reform law authorized the Federal Deposit Insurance Corporation (FDIC) to use taxpayer dollars to bail out the creditors of large, “systemically significant” financial institutions. Taxpayers should not be the emergency piggy bank for poor decision-making by financial institutions and corporations. The RSC Budget would repeal this authority.

**Audit and Reform the Federal Reserve** - Article I of the Constitution gives Congress the authority to coin money and to regulate the dollar’s value. To comply with this constitutional standard, the RSC Budget would remove the Federal Reserve’s mandate relating to employment by enacting Rep. French Hill’s (R-AK) Price Stability Act of 2022, which would remove its employment mandate while retaining the mandate for stable prices. The employment related aspects of the Federal Reserve’s so-called Dual Mandate are often used to justify Keynesian stimulus policies and money printing schemes that kill jobs, stoke inflation, and increase debt.

Under current law, Congress is prohibited from accessing all the Federal Reserve’s records. The GAO, which serves as Congress’s non-partisan watchdog, should be allowed to review and inspect the Federal Reserve just as it does any other agencies. This commonsense proposal is based on Rep. Thomas Massie’s (R-KY) Federal Reserve Transparency Act.

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[NAL%5d%20Reclaiming%20the%20American%20Dream%20.pdf#page=35](#)

409 Urban Institute, “Housing Finance at a Glance – A Monthly Chartbook. May 2022.” <https://www.urban.org/sites/default/files/2022-05/g%20Finance%20At%20A%20Glance%20A%20Monthly%20Chartbook%2C%20May%202022.pdf>

410 Ibid.

411 Ibid.

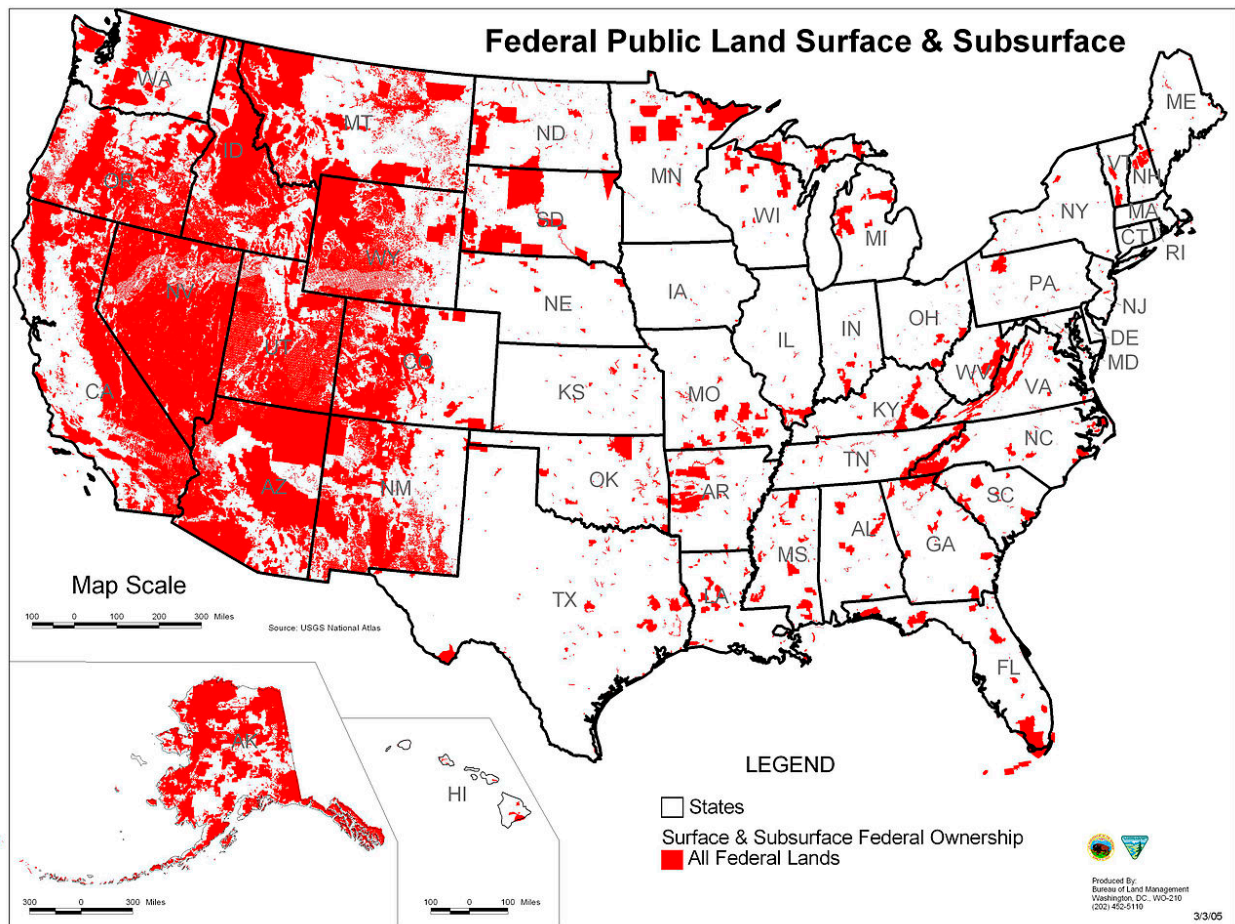
The RSC Budget also recommends the creation of a Centennial Monetary Commission, such as the one proposed in Rep. Kevin Brady’s (R-TX) Centennial Monetary Commission Act. This commission would examine how the Federal Reserve’s policies have affected the U.S. economy and make recommendations to Congress for potential reforms.

Finally, the Federal Reserve should be required to adopt a transparent, rules-based monetary strategy. As described by monetary economist John Taylor, “Sound rules-based monetary policy and good economic performance go hand in hand.”<sup>412</sup>

**Eliminate the SEC Reserve Fund** - The Security and Exchange Commission’s (SEC) so-called “Reserve Fund” is simply a slush fund created by the Dodd-Frank financial regulations law, allowing regulators to spend without oversight by Congress. This fund should be eliminated, as was requested by former President Trump—especially in light of recent efforts by the SEC to start targeting fossil fuel companies.<sup>413</sup> This would save \$503 million over the next 10 years.

**Natural Resources**

**Reduce the Federal Government’s Footprint** - The federal government’s physical footprint is staggering. According to the CRS, “The federal government owns roughly 640 million acres, 28 percent of the land mass of the United States. The federal government owns over 80 percent of the land in Nevada and 45.9 percent, on average, of the contiguous western states.”<sup>414</sup> This tremendous hold over our country stifles growth and inflates land prices, a burden that hits working class Americans hardest. This budget would prohibit the net acquisition of new federal land, unless necessitated by a national emergency.



Produced by the Bureau of Land Management

412 John B. Taylor, Hoover Institution at Stanford University, *Blueprint for America* edited by George Schultz, “National and International Monetary Reform”, July 8, 2016. [http://www.hoover.org/sites/default/files/research/docs/george\\_shultz\\_blueprint\\_for\\_america\\_ch6.pdf](http://www.hoover.org/sites/default/files/research/docs/george_shultz_blueprint_for_america_ch6.pdf)

413 Thomas Franck, CNBC, “SEC proposes broad climate rules as Chair Gensler says risk disclosure will help investors.” March 21, 2022, <https://www.cnbc.com/2022/03/21/sec-proposes-climate-disclosure-rules-as-gensler-broadens-market-oversight.html>

414 CRS “Federal Land Ownership: Overview and Data” Updated February 21, 2021 <https://fas.org/sgp/crs/misc/R42346.pdf#page=2>

Additionally, the federal government owns more than 252,000 buildings that cost \$18.8 billion a year to operate.<sup>415</sup> The government's estimated replacement value for these assets is \$1 trillion.<sup>416</sup> The RSC Budget supports reforms to make it easier to sell off unneeded space and expand enhanced leasing authority. The RSC Budget supports Rep. Gary Palmer's (R-AL) Transparency in Federal Buildings Projects Act, which would require the GSA to make prospectuses and associated information on federal building projects available to the public.

**Reform the Antiquities Act** - The Antiquities Act of 1906 was enacted to give the president authority to protect archeological sites from looting. Unfortunately, this authority has been abused, most notably by President Obama.<sup>417</sup> The RSC Budget supports amending the Act to require congressional approval prior to a designation becoming effective.

**Reform Wilderness Study Area Process and Expand Timber Harvesting** - While Congress has charged the Bureau of Land Management (BLM) with preserving 8.6 million acres of designated Wilderness Areas, the BLM also oversees 12.6 million acres of Wilderness Study Areas (WSA).<sup>418</sup> WSAs, as the name implies, were meant to remain under WSA status for a short duration of time to determine whether to include them as permanent Wilderness Areas. However, most of these lands remain in limbo status for many years and are regulated as Wilderness Areas. As such, these valuable lands are locked away from the American people. Moreover, the forest land in WSA status cannot be properly maintained. The lack of proper forest management on these lands not only restricts access to valuable timber but also allows these areas to turn into tinder boxes, intensifying the loss of life and property when forest fires occur. The RSC Budget would implement proposals similar to the Unlocking Public Lands Act and the Protect Public Use of Public Lands Act introduced by former Rep. Greg Gianforte (R-MT) to quickly review and process WSAs and allow increased forest management and timber harvesting on federally held and managed lands.

### **Oversight and Reform**

The RSC Budget incorporates many of the critical reforms supported by the RSC's Government Efficiency, Accountability, and Reform (GEAR) Task Force of the 116<sup>th</sup> Congress, chaired by former Rep. Greg Gianforte (R-MT), who now serves as the Governor of Montana. Rep. Gianforte (R-MT) focused the GEAR Task Force on assembling proposals designed to reign in the administrative state and promote efficiency in the federal government. Many of these related to the hiring, removal, and compensation of federal employees.

**Measuring the Federal Bureaucracy** – Despite the immense power it holds over the lives of every American, there is no formal database cataloging every program of the federal government. The RSC Budget supports Rep. Tim Walberg's (R-MI) Taxpayer Right to Know Act, which would create an online inventory of all federal programs.

**Reforms to the Hiring Process for Federal Employees** - According to the Office of Personnel and Management (OPM), the 2016 Merit Principles Survey found that federal supervisors believe their most difficult workforce management task is getting a pool of quality candidates.<sup>419</sup> It takes federal agencies three times longer than private entities to complete the hiring process for a single employee.<sup>420</sup> To fix this problem, the Trump administration made overhauling federal hiring practices a major priority for OPM.<sup>421</sup> The RSC Budget supports the continuation of these efforts and the following proposals:

- Congress should require agencies to include hiring managers and subject matter experts in federal hiring. This proposal is based on a Trump administration pilot program under which the Departments of Interior and Health and Human Services placed eight subject matter experts in the hiring process for every two human resources staff.<sup>422</sup>
- Congress should require OPM to investigate automated tools to assist in civil service hiring. Automation would

415 U.S. Government and Accountability Office, "Financial Audit: Fiscal Years 2017 and 2016 Consolidated Financial Statements of the U.S. Government." February 15, 2018. <https://www.gao.gov/assets/gao-18-316r.pdf#page=49>

416 Ibid

417 Juliet Eilperin and Brady Dennis, "With new monuments in Nevada, Utah, Obama adds to his environmental legacy", Washington Post, December 28, 2016. [https://www.washingtonpost.com/national/health-science/with-new-monuments-in-nevada-utah-obama-adds-to-his-environmental-legacy/2016/12/28/e9833f62-c471-11e6-8422-eac61c0ef74d\\_story.html?utm\\_term=.5ea265d1e108](https://www.washingtonpost.com/national/health-science/with-new-monuments-in-nevada-utah-obama-adds-to-his-environmental-legacy/2016/12/28/e9833f62-c471-11e6-8422-eac61c0ef74d_story.html?utm_term=.5ea265d1e108).

418 BLM "Wilderness and Wilderness Study Areas" Accessed June 2, 2022 <https://www.blm.gov/programs/national-conservation-lands/wilderness>

419 Margaret Weichert, Memo on Strategies to Advance Mission Outcomes, OFFICE OF PERSONNEL MANAGEMENT (Sept. 19th, 2019), [https://www.chcoc.gov/sites/default/files/OPM Memo Improving Federal Hiring through the Use of Effective Assessment Strategies to Advance Mission Outcomes.pdf](https://www.chcoc.gov/sites/default/files/OPM%20Memo%20Improving%20Federal%20Hiring%20through%20the%20Use%20of%20Effective%20Assessment%20Strategies%20to%20Advance%20Mission%20Outcomes.pdf)

420 Volcker Alliance, Volcker Alliance and Partnership for Public Service Launch Civil Service Reform Initiative (Sept. 5th, 2017), <https://www.volckeralliance.org/news/volcker-alliance-and-partnership-public-service-launch-civil-service-reform-initiative>

421 Office of Personnel Management, Technology Systems, White House Office of Management and Budget, Improving the Hiring Process Action Plan, (Dec. 2019), [https://www.performance.gov/OPM/2019\\_dec\\_OPM\\_Improve\\_the\\_Hiring\\_Process.pdf](https://www.performance.gov/OPM/2019_dec_OPM_Improve_the_Hiring_Process.pdf)

422 Jessie Bur, "Can agencies improve hiring by letting current feds in on the process?" FEDERAL TIMES, October 23, 2019, <https://www.federaltimes.com/management/hr/2019/10/23/can-agencies-improve-hiring-by-letting-current-feds-in-on-the-process/>

likely better track and remove unqualified job applicants through techniques like key word usage.<sup>423</sup>

- Congress should direct OPM to investigate ways for agencies to build applicant vetting pipelines so that they can “hire to attrition.” Doing so would allow agencies to have a ready pool of vetted applicants when a spot becomes available instead of waiting until a spot opens to begin the cumbersome hiring and vetting process. This proposal is based on an FBI pilot program under which the FBI created and maintained a pipeline of qualified candidates to ensure that the bureau maintained adequate staffing.

**Reforms to the Removal Process for Federal Employees** - It has become virtually impossible to remove most federal employees. A review by the GAO found that the dismissal process is estimated to take 170 to 370 days.<sup>424</sup> According to the Heritage Foundation, of 2.1 million federal employees, only 11,046 (0.5 percent) were fired in 2017.<sup>425</sup> This system is so absurd that the courts have actually ruled that federal employees have a property right to continued employment.<sup>426</sup> Even worse, under the Trump administration, we witnessed “another level of resistance to the new president that is less visible and potentially more troublesome to the administration: a growing wave of opposition from the federal workers charged with implementing any new president’s agenda.”<sup>427</sup>

The biggest losers in this system are hardworking taxpayers who are forced to subsidize the bloated salaries of unqualified and unelected bureaucrats working to force a liberal agenda on a country that does not want it. The RSC Budget therefore supports several commonsense proposals to improve the removal of federal employees:

- The MERIT Act, sponsored by Rep. Barry Loudermilk (R-GA), which would shorten the timeframe necessary to remove a bad employee to 30 days, limit the retirement compensation awarded to a federal employee removed for committing a felony in abuse of their official duties, rein in unnecessary appeals, and grant managers authority to recoup bonuses paid to employees who were later found to have committed certain workplace violations.
- Congress should require the mandatory removal of federal employees that commit crimes.<sup>428</sup>
- The Anti-Deficiency Reform and Enforcement Act, sponsored by former Rep. Paul Mitchell (R-MI), which would expand grounds for removing employees under the Anti-Deficiency Act to include misusing an official vehicle or aircraft for personal travel.
- Congress should prohibit federal employees from using paid time off for exercising union duties and end the practice of the federal government serving as the dues collector for the unions. Rep. Jody Hice (R-GA) has sponsored two bills that would be steps in the right direction and are supported by the RSC Budget. The Official Time Reform Act and the Official Time Reporting Act would ban federal employees from lobbying while on official time and require OPM to report to Congress on all agency personnel conducting union duties at work, respectively.
- The HERCULES Act, sponsored by Rep. Kevin Hern (R-OK), which would limit adverse employment action appeals. The HERCULES Act would limit outside appeals to formal disciplinary actions, such as removal or demotion, and not compensation decisions. It would also limit the venue for outside appeals to one office in response to disciplinary action.
- The RSC Budget also supports Rep. Kevin Hern’s (R-OK) Union Accountability Act, which would rescind a Biden executive order expanding federal government related labor union powers and make it harder to fire workers for misconduct.

**Reforms to Employee Pay** - The federal government’s current compensation framework largely ignores the more efficient compensation approach used in the private sector. Federal government employees receive an average of 17 percent

423 Suresh Sambandam, “The New Age of Automation in the Recruitment Process”, HRTECHNOLOGIST.COM, May 1st, 2019, <https://www.hrtechnologist.com/articles/recruitment-onboarding/the-new-age-of-automation-in-the-recruitment-process/>

424 Government Accountability Office, “Federal Workforce Improved Supervision and Better Use of Probationary Periods Are Needed to Address Substandard Employee Performance”, February 2015. <http://www.gao.gov/assets/670/668339.pdf>

425 John W. York, Ph.D. “Firing a Bad Federal Employee May Get a Little Easier” Heritage Foundation, July 19, 2018 <https://www.heritage.org/government-regulation/commentary/firing-bad-federal-employee-may-get-little-easier>.

426 Jared Cole, Congressional Research Service, “The Civil Service Reform Act: Due Process and Misconduct-Related Adverse Actions”, March 29, 2017. <https://fas.org/sfp/crs/misc/R44803.pdf>

427 Juliet Eilperin, Lisa Rein and Marc Fisher, “Resistance from within: Federal workers push back against Trump”, Washington Post, January 31, 2017. [https://www.washingtonpost.com/politics/resistance-from-within-federal-workers-push-back-against-trump/2017/01/31/c65b110e-e7cb-11e6-b82f-687d6e6a3e7c\\_story.html?utm\\_term=.f8c284d0a585](https://www.washingtonpost.com/politics/resistance-from-within-federal-workers-push-back-against-trump/2017/01/31/c65b110e-e7cb-11e6-b82f-687d6e6a3e7c_story.html?utm_term=.f8c284d0a585).

428 Republican Study Committee, “Power, Practices, Personnel: 100+ Commonsense Solutions to Better Government.”, [https://rsc-banks.house.gov/sites/republicanstudycommittee.house.gov/files/GEAR%20Report\\_Single%20Spread%20FINAL.pdf#page=54](https://rsc-banks.house.gov/sites/republicanstudycommittee.house.gov/files/GEAR%20Report_Single%20Spread%20FINAL.pdf#page=54)

more in total compensation, when benefits are included, than their counterparts in the private sector.<sup>429</sup> This is an additional \$36.55 billion burden borne by American taxpayers. The RSC Budget supports the following compensation reforms:

- Automatic raises for federal employees should be eliminated. Pay increases for federal employees should be merit-based.
- Congress should require that agencies only award bonuses when employees meet the standard for “exceeds fully successful.” Exceeds Fully Successful, according to the OPM guidance is “reserved for the individuals who are delivering measurable outcomes for the American public in a way that is measurably beyond the standard set for fully successful.”
- Congress should impose reasonable limits on the size of bonuses that can be awarded and the number of senior employees who can receive an award. More than \$1 billion in bonuses for federal employees were paid by the taxpayers in 2016. This included \$1.7 million in bonuses to IRS employees who were sanctioned by the agency for misconduct.<sup>430</sup> The RSC Budget would require disclosure of all bonuses for federal employees and require reports to Congress on all large cash bonuses.
- Congress should repeal current law restrictions that prohibit basing bonus decisions on the relative performance of an employee compared to their peers.
- Congress should reform the federal pay scale to attract and reward high skilled, highly productive federal workers, and stop overpaying less qualified employees.
- Congress should match federal worker paid leave policies to that of the private sector.

**Reform Federal Employee Pension Plans** - Federal employees hired since 1984 are entitled to a two-part retirement program, including the Federal Employee Retirement System (FERS) defined benefit plan and a 401k-style plan with up to a 5 percent government matching contribution. This budget recommends a number of common-sense reforms to bring federal employee retirement costs in line with the private sector. This includes: computing a retiree’s benefit based on their highest five and not three years of earnings; increasing the share of employee contributions to FERS over time; reducing or eliminating the COLA for FERS and the Civil Service Retirement System (CSRS); eliminating the Special Retirement Supplement (SRS), which provides additional benefits for retirees younger than 62 but who had a long federal work history; and reforming the interest rate provided by the G Fund in the Thrift Savings Plan (TSP) to more accurately reflect the yield on a short-term T-bill rate.

While the Middle-Class Tax Relief and Job Creation Act of 2012 required new federal employees to contribute more towards their retirement, no changes were made for current federal employees. This proposal would equalize the treatment for all federal workers.

Congress should also look at options for new federal workers to be solely enrolled in the defined contribution TSP system rather than the defined benefit FERS pension system. The 401(k)-modeled TSP accounts give workers needed control over their retirement savings and ensure solvency for federal pensions.

**Federal Employee Health Care** - The Federal Employee Health Benefits Program (FEHBP) provides health insurance coverage for federal employees and their dependents. The portion of these costs covered by the taxpayer does not change with the higher-priced coverage options. As such, federal employees have the incentive to choose the more expensive plans on the taxpayer’s dime.

The RSC Budget would transition to a premium support system for the FEHBP. The government would offer a standard federal contribution towards the purchase of health insurance and employees would be responsible for paying the rest. This option would encourage employees to purchase plans with the appropriate amount of coverage that fits their needs. The government should also reduce its contributions to federal workers’ premiums to align with the private sector more closely.

**Use a More Accurate Measure of Inflation, Government Wide** - Many federal programs rely on different measures of inflation to determine benefit levels. This is typically done using changes in the Consumer Price Index for All Urban Consumers (CPI-U) or the Consumer Price Index for All Urban Wage Earners and Clerical Workers (CPI-W). Both measures

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429 Congressional Budget Office, “Comparing the Compensation of Federal and Private-Sector Employees, 2011 to 2015”, April, 25, 2017. <https://www.cbo.gov/publication/52637>.

430 NAOMI JAGODA, “Watchdog: IRS issued bonuses to employees with conduct issues.” The Hill, February 15, 2018. <https://thehill.com/policy/finance/374115-watchdog-irs-issued-bonuses-to-employees-with-conduct-issues/>

track the changes in prices of goods and services. However, these measures do not consider when a cheaper and more innovative product is available that causes consumers to change their spending habits. This would be like assuming households spend their money in the same proportions on the same goods and services they did a century ago. To account for real-world changes in product preferences, the BLS has published a more accurate measure of inflation since 2002 called the Chained Consumer Price Index (chained CPI or C-CPI-U). This budget proposes using the more accurate measure for inflation, chained CPI, saving the taxpayers more than \$345 billion in total over the next ten years according to the CBO.<sup>431</sup>

**Leverage Common Contracts** - The RSC Budget supports a proposal contained in the Performance Plan crafted by the Trump administration's OMB for agencies to leverage common contracts to allow for taxpayer savings and increased efficiency. The elimination of fragmented buying by agencies and duplicative contracts to the same vendor for largely the same work is estimated to lead to savings of billions of taxpayer dollars.<sup>432</sup> Congress should require agencies to use common contracting techniques when such practice is feasible.

**Require Disclosure on Taxpayer-Funded Advertisements** - Until we eliminate all federal advertisements, in the interest of transparency and accountability, the public should know when taxpayer dollars are used to promote government projects. These advertisements should include a disclaimer identifying this fact, as well as the cost of the advertisement to taxpayers.

**Limit Federal Employee Conferences** - Spending limits should be put in place for federal employee conferences, and the heads of federal agencies should be required to personally approve the most expensive conferences.

**Prohibit the Federal Government from Bailing Out Irresponsible States, Territories and Local Governments** - Taxpayers in financially healthy states should not be responsible for the reckless behavior and mistakes of other parts of the country. The RSC Budget condemns all forms of bailouts to state and local governments. One area where state and local governments have been particularly irresponsible is public pensions. The RSC Budget supports the State and Local Pensions Accountability and Security Act, sponsored by Rep. Brian Babin (R-TX), which would prohibit the Department of the Treasury and the Federal Reserve Board from providing any form of financial assistance to a state or local pension plan. The RSC Budget also opposes efforts to amend existing federal bankruptcy law to allow state governments to access federal bankruptcy proceedings.

**Defund EcoHealth Alliance** - The RSC Budget supports Rep. Guy Reschenthaler's (R-PA) Defund EcoHealth Alliance Act. This bill would prohibit any federal funding of the EcoHealth Alliance, the nonprofit research organization that partners with the Wuhan Institute of Virology to study coronaviruses and whose research may have been responsible for the outbreak of COVID-19.

## **Transportation and Infrastructure**

**Return Transportation and Infrastructure Policy to the States** - Quality infrastructure is an important component of a growing economy. Unfortunately, the federal government has badly mismanaged the federal highway program, which forces hardworking Americans to send their tax dollars to Washington and beg to have some of it returned to their state to fix roads and bridges. This budget would devolve the federal government's control over most highway and transit programs to state and local governments while limiting federal transportation spending to core federal duties. These responsibilities would center primarily on the Interstate Highway System and transportation infrastructure on federal land. This model closely resembles the Transportation Empowerment Act introduced by Senator Mike Lee (R-UT)<sup>433</sup> and former representative and current Governor of Florida Ron DeSantis (R-FL).<sup>434</sup>

**Phase Out the Mass Transit Account** - As alluded to above, billions of dollars per year are taken away from programs that support roads and bridges to fund programs that instead support initiatives purely local in nature or only benefit liberal special interests. In 2019, nearly 25 percent of money collected by the federal gas tax was redirected to the Mass Transit

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431 Heritage Foundation, Accessed April 18, 2022. "Budget Blueprint for Fiscal Year 2022 Adopt a More Accurate Inflation Index for Social Security and Other Mandatory Programs" <https://www.heritage.org/budget/pages/recommendations/2.multiple.160.html> - RSC Calculation made with FY2023-FY2031 estimated savings with FY2032 savings calculated from average annual growth rate from FY2027 - FY 2031.

432 General Services Administration, "Category Management: Leveraging Common Contracts and Best Practices to Drive Savings and Efficiencies" Dec. 2019, <https://fddocuments.in/document/category-management-leveraging-common-contracts-and-best-leveraging-common-contracts.html?page=1>

433 Mike Lee, Senator from Utah, "The Transportation Empowerment Act." Accessed April 19, 2022, <https://www.lee.senate.gov/the-transportation-empowerment-act>

434 Mike Lee, Senator from Utah, "Lee, DeSantis Introduce Transportation Empowerment Act." Accessed April 19, 2022. <https://www.lee.senate.gov/2015/6/lee-desantis-introduce-transportation-empowerment-act>



Account (MTA).<sup>435</sup> Money that is diverted to the MTA is primarily spent on state and local projects such as subways, buses, rails and ferry systems, with much of it funneled through the Federal Transit Administration.<sup>436</sup> Diverting money from the HTF cynically moves funds from being used on the highways that connect our states to projects that should be financed at the state or local level, contributes to shortfalls in the HTF, and eventually results in bailouts of the trust fund. The RSC Budget would phase out the MTA. Additionally, this budget would rescind unobligated mass transit funds provided by President Biden’s Infrastructure Investment and Jobs Act.<sup>437</sup>

**Eliminate Transportation Alternatives Funding** – The Transportation Alternatives (TA) program receives money diverted from the Surface Transportation Block Grant (STBG) program. President Biden’s Infrastructure Investment and Jobs Act increased funding for this program from \$850 million per year to \$1.384 billion in 2022.<sup>438</sup> The program is set to receive significant increases in taxpayer funding through 2026, when it will have budget authority of \$1.498 billion. The RSC Budget would eliminate this program, which is used to fund liberal pet projects in urban areas.

**Eliminate the Congestion Mitigation and Air Quality** - The Congestion Mitigation and Air Quality (CMAQ) Program diverts highway funding to a variety of non-highway programs that are supposed to reduce congestion and improve air quality. The CMAQ Program is set to receive increased funding due to enactment of the Infrastructure Investment and Jobs Act, with the program’s authorization increasing from \$2.538 billion in 2022 to \$2.746 billion in 2026.<sup>439</sup> The RSC Budget would eliminate this program because it does little more than use taxpayer dollars to fund local projects favored by liberals in urban areas.<sup>440</sup>

**Gas Tax Increase Opposition** - As the overall level of federal responsibility is reduced, Congress should reduce the federal gas tax. While liberals favor an increase in the gas tax to allow for increased levels of spending on their pet projects, any tax increase would hurt hardworking Americans at the pump and harm the economy and would be especially harmful today given the significant increases in gas prices caused by President Biden’s war on fossil fuels. The RSC Budget would prohibit any gas tax increase.

**Reducing the Regulatory Burden on Infrastructure** - When carrying out the federal highway program, states are forced to comply with a variety of complex environmental regulations that can add years of delay to the completion of important transportation projects, such as the Clean Air Act (CAA), the Clean Water Act (CWA), the Endangered Species Act (ESA) and the National Environmental Policy Act (NEPA).

The RSC Budget supports codification of a rule from President Trump that streamlined the NEPA permitting process, improved transparency, and produced short and reliable timelines for being able to go through the NEPA permitting process.<sup>441</sup> <sup>442</sup> However, President Biden has finalized a regulation overturning President Trump’s common-sense reform to NEPA. President Biden’s executive order would needlessly delay infrastructure projects, including pipelines, highways and other projects, by requiring federal agencies to include so-called “climate impacts” of projects.<sup>443</sup> While this rule will do nothing to reduce greenhouse gas emissions, it will needlessly delay highway and pipeline projects that would promote economic growth. The RSC Budget also opposes efforts by the Biden administration to appease far-left climate activists by intentionally delaying highway-expansion project funding opportunities created by the Infrastructure Investment and Jobs Act.<sup>444</sup>

The RSC Budget supports Rep. Bob Good’s bill to repeal the Davis-Bacon Act, a job-killing Big Labor regulation that re-

435 Joseph Kile, Director of Microeconomic Analysis – Congressional Budget Office, “Testimony on Addressing the Long-Term Solvency of the Highway Trust Fund.” April 14, 2021, <https://www.cbo.gov/publication/57138#:~:text=In%202019%2C%20%2445%20billion%20in,billion%20to%20the%20transit%20account>.

436 Federal Transit Administration, “About FTA” Accessed April 19, 2022. <https://www.transit.dot.gov/about-fta>.

437 Committee for a Responsible Federal Budget, “Infrastructure Plan Will Add \$400 Billion to the Deficit, CBO Finds.” August 5, 2021, <https://www.crfb.org/blogs/infrastructure-plan-will-add-400-billion-deficit-cbo-finds>

438 U.S. Department of Transportation – Federal Highway Administration, “Bipartisan Infrastructure Law – Fact Sheets: Transportation Alternatives (TA).” <https://www.fhwa.dot.gov/bipartisan-infrastructure-law/ta.cfm>

439 U.S. Department of Transportation – Federal Highway Administration, “Bipartisan Infrastructure Law – Fact Sheets: Congestion Mitigation and Air Quality.” <https://www.fhwa.dot.gov/bipartisan-infrastructure-law/cmaq.cfm>

440 David Ditch, “Washington’s Devious Detours for Drivers.” Heritage Foundation, April 19, 2022. <https://www.heritage.org/transportation/commentary/washingtons-devious-detours-drivers>

441 Federal Register, July 16, 2020, “Update to the Regulations Implementing the Procedural Provisions of the National Environmental Policy Act”, <https://www.govinfo.gov/content/pkg/FR-2020-07-16/pdf/2020-15179.pdf>

442 The White House, “Legislative Outline for Rebuilding Infrastructure in America,” February 12, 2018. <https://www.transportation.gov/sites/dot.gov/files/docs/briefing-room/304441/legoutline.pdf>

443 Dino Grandoni, Anna Phillips, “Biden restores climate safeguards in key environmental law, reversing Trump.” Washington Post, April 19, 2022, <https://www.washingtonpost.com/climate-environment/2022/04/19/biden-nepa-climate-trump/>

444 WSJ Editorial Board, “Highway Funding Bait-and-Switch.” Wall Street Journal, Jan. 30, 2022, <https://www.wsj.com/articles/highway-funding-bait-and-switch-agencies-bipartisan-infrastructure-new-capacity-cars-public-transportation-11643576500>

quires that an inflated level of wages be paid for all construction and contracting jobs that use any federal dollars. Removing this job-killing requirement would significantly reduce the cost of infrastructure projects and promote good paying construction jobs. This commonsense policy would save taxpayers more than \$118 billion.<sup>445</sup> In the meantime, the RSC Budget supports Rep. Paul Gosar’s (R-AZ) Responsibility in Federal Contracting Act, which would require prevailing wage rates to be more accurately calculated by the Bureau of Labor Statistics (BLS).

Additionally, the RSC Budget supports President Trump’s initiative to have a single federal agency be designated as the lead agency for handling a permit request. This is similar to a process outlined in Rep. Tom McClintock’s (R-CA) Water Supply Permitting Coordination Act.

The RSC Budget also supports codification of the Trump administration rule that repealed Obama-era Clean Water Act (CWA) regulations. These rules were used to delay pipeline projects already approved by the FEC<sup>446</sup> and retroactively rescind permits already issued.<sup>447 448</sup> This budget opposes efforts by the Biden Administration to rescind this rule, which amounts to a direct attack on farmers and small business.<sup>449</sup> As noted by the National Federation of Independent Businesses, “The highly controversial 2015 WOTUS rule expanded the definition of “waters of the United States” under the Clean Water Act, giving the federal government jurisdiction over seasonal streams, ponds, ditches, and even depressions fields that are dry through most of the year. It also subjected business owners to fines of over to \$50,000 per day.”<sup>450</sup>

**Reduce Infrastructure Costs** - When the federal government funds a transportation project, it is subject to several different federal labor regulations that drive up the cost of the project. When projects cost more than necessary because of special interest regulatory requirements, taxpayers and commuters are harmed. These requirements should be eliminated to give taxpayers the best deal possible.

The RSC Budget also supports RSC Chairman Jim Banks’ bill that would allow state governments to run concession areas at state government owned concession areas. The current regulation against this practice only hinders the abilities of state governments to operate their own rest areas and fund legitimate functions of the states’ governments.

**Eliminate the Essential Air Service Program** - The Essential Air Service Program subsidizes flights to and from areas where the market will not support it. The RSC Budget would end these subsidies.

**Equalize Cost-Sharing for Disasters** - To ensure states are not incentivized to rely on federal coffers for disaster relief, the RSC Budget proposes reducing the federal cost share to 50 percent, equalizing the cost to both the federal and state governments.

**Privatizing the Air Traffic Control Functions of the Federal Aviation Administration** - The RSC Budget supports the goal of working towards privatizing the Air Traffic Control (ATC) functions of the Federal Aviation Administration (FAA). Privatization would promote public safety while producing less expensive and better-quality services.

## **Judiciary**

**Keep the Nine** - This budget supports Rep. Dusty Johnson’s (R-SD) H.J.Res.11, which would oppose efforts by Democrats and President Biden to pack the court by amending the Constitution to maintain the current Court’s size of nine justices.

**Reform the Ninth Circuit** - The RSC Budget supports Rep. Andy Biggs’ (R-AZ) Judicial Administration and Improvement Act, which would split the 9th circuit into two districts.

**Protect Private Property from Government Seizure** - The Fifth Amendment provides that “Private property [shall not]

445 Heritage Foundation, Accessed June 2, 2022. “Budget Blueprint for Fiscal Year 2022 Repeal the Davis-Bacon Act” <https://www.heritage.org/budget/pages/recommendations/4.multiple.3.html>

446 Volcovici, Valerie, “Trump infrastructure plan would speed up pipelines, cut environmental reviews”, Reuters, February 12, 2018. <https://www.reuters.com/article/us-usa-budget-infrastructure-energy/trump-infrastructure-plan-would-speed-up-pipelines-cut-environmental-reviews-idUSKBN1FW2Q1>.

447 Daren Bakst, “Three Key Reforms for Federal Water Policy”, Heritage Foundation, November 23, 2016. <https://www.heritage.org/agriculture/report/three-key-reforms-federal-water-policy>.

448 Federal Register, April 21, 2020, “The Navigable Waters Protection Rule: Definition of “Waters of the United States””, <https://www.federalregister.gov/documents/2020/04/21/2020-02500/the-navigable-waters-protection-rule-definition-of-waters-of-the-united-states>

449 Associated Press, Suman Naishadha and Matthew Daly, , November 18, 2021, “Biden administration acts to restore clean-water safeguards”<https://www.pbs.org/newshour/nation/biden-administration-acts-to-restore-clean-water-safeguards>

450 NFIB, “New Proposed WOTUS Definition a ‘Positive First Step’ for Small Business.” December 21, 2018, <https://www.nfib.com/content/news/national/new-proposed-wotus-definition-a-positive-first-step-for-small-business/>

be taken for public use, without just compensation.” However, the Supreme Court put this important guarantee of private property rights in jeopardy in *Kelo v. City of New London*. That ruling determined local governments may use eminent domain to seize private property and then sell it for development purposes. To prevent this type of government abuse, federal economic development funding to local governments should be dependent on states’ restraint from using eminent domain for private economic development.

## Veterans Affairs

**Reforms to Related-Injury Benefits and Reforming Unemployability Benefits for Retirees** - The RSC Budget would ensure individual benefits paid out from the VA for disability are reserved for people disabled as a direct result of their service. Right now, people can receive these benefits for diseases and injuries they acquired while in the military but that were not from their military service. In these cases, these payments are duplicative with SSDI benefits. The RSC Budget would also modernize the VA’s Rating Schedule for Disability Compensation to reflect changes in medical technology and in the labor market over the last several decades.

Additionally, some people receive unemployability payments from the VA and regular Social Security benefits. The VA program is designed to cover the loss of ability to work for people that are in the workforce, not retirees that are drawing retirement benefits from Social Security. The RSC Budget would end this practice.<sup>451</sup> The RSC Budget would reinvest savings from both measures into the VA to help towards the goal of fully modernizing VA services and facilities.

The background is a light blue technical drawing or blueprint. It features various mechanical components such as gears, shafts, and pulleys, along with dimension lines, arrows, and hatching patterns. The drawing is rendered in white lines on the blue background.

# DISCRETIONARY SPENDING

The Founding Fathers were explicit that federal spending be limited to the specific authorities spelled out in Article I, Section 8. Spending federal funds on activities outside of these confines is unconstitutional and serves little purpose other than to empower the administrative state at the expense of hardworking taxpayers.

Despite claims by President Biden that there is no spending that can be cut, it seems that every day hardworking Americans learn about another wasteful project that Washington bureaucrats use to enrich their cronies. House Budget Committee Ranking Member Rep. Jason Smith (R-MO) has chronicled many of the outrageous spending items that should be cut. Among them are the following: sending \$2 billion in stimulus checks to ineligible individuals—including \$13 million to dead people - ,<sup>452</sup> \$2 million to grow trees in New York,<sup>453</sup> \$4 million for a nature park in Texas,<sup>454</sup> \$500 million for a solar panel company being sued by investors for fraud,<sup>455</sup> stimulus funding for the Boston Marathon bomber,<sup>456</sup> \$7.2 million for horse tracks in Arizona,<sup>457</sup> \$7 million to promote seafood in Alaska,<sup>458</sup> \$5 million to build walking trails dedicated to the history of moonshine,<sup>459</sup> and \$5.25 million for so-called “Environmental Justice Groups” to fund tree walks.<sup>460</sup> In other words, there is no shortage of waste and fraud in federal spending that should be eliminated. Anyone who doubts this should take a few minutes to peruse more examples provided by Ranking Member Smith.<sup>461</sup>

The RSC Budget seeks to fund only those non-defense discretionary (NDD) programs and activities that fall within Congress’s explicitly delegated authorities. For remaining NDD programs, this budget follows the NDD spending trajectory established by the Budget Control Act (BCA). Overall, it would shrink the bloated federal bureaucracy by reducing NDD spending by \$3.64 trillion over the next decade. Specific NDD spending reductions and reforms are listed below.

### **Within the Jurisdiction of Multiple House Appropriations Subcommittees:**

**Prohibit Funds for Government Promotion** - According to the GAO, the federal government spends roughly \$1.5 billion of taxpayer money on public relations activities a year.<sup>462</sup> The RSC Budget would eliminate government spending that is meant to simply promote more government.

### **Agriculture, Rural Development, Food and Drug Administration, and Related Agencies:**

**Eliminate the Conservation Technical Assistance Program** - The USDA’s Conservation Technical Assistance Program uses taxpayer dollars to provide subsidies to landowners for conservation purposes. The RSC Budget would eliminate this program, which liberals hope to use to push their radical climate agenda.<sup>463</sup>

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452 Spencer Brown, “Here’s How Ineligible Recipients Got Nearly \$2 Billion in COVID Relief from the IRS.” Townhall, March 28, 2022, <https://townhall.com/tipsheet/spencerbrown/2022/03/28/irs-wasted-nearly-2-billion-on-covid-payments-to-dead-people-nonresidents-n2605123>

453 Amanda Hull, “Syracuse’s \$123 million stimulus spending plan includes \$2 million for trees.” CNY Central, July 29<sup>th</sup>, 2021, <https://cnycentral.com/news/local/syracuses-123-million-stimulus-spending-plan-includes-2-million-for-trees>

454 Trevier Gonzalez, “McAllen ISD approves agreement that would pave way for \$4 million expansion of nature park.” KRGV News, September 14, 2021, <https://www.krgv.com/news/mcallen-isd-approves-agreement-that-would-pave-way-for-4-million-expansion-of-nature-park/>

455 Alana Goodman, “Biden-Backed Solar Company Lied About Effectiveness of Solar Modules, Lawsuit Says.” Washington Free Beacon, January 14, 2022, <https://freebeacon.com/biden-administration/biden-backed-solar-company-lied-about-effectiveness-of-solar-modules-lawsuit-says/>

456 Ethen Kim Lieser, “Yes, Boston Marathon Bomber Dzhokhar Tsarnaev Received a Stimulus Check.” The National Interest, January 12, 2022, <https://nationalinterest.org/blog/buzz/yes-boston-marathon-bomber-dzhokhar-tsarnaev-received-stimulus-check-199427>

457 Amanda Albright and Danielle Moran, “Biden’s Rescue Money Doled Out to Racehorse Owners, Influencers.” Bloomberg, May 16, 2022 <https://www.bloomberg.com/news/features/2022-05-16/states-american-rescue-plan-arp-pandemic-aid-goes-to-influencers-racetracks>

458 Ibid.

459 Ibid

460 Jessica Chasmer, “EPA used COVID-19 relief funds for grants promoting ‘green infrastructure,’ ‘environmental justice.’” Fox News, April 20, 2022, <https://www.foxnews.com/politics/epa-covid-19-relief-funds-grants-green-infrastructure-environmental-justice>

461 Rep. Jason Smith, @RepJasonSmith, <https://twitter.com/repjasonsmith?lang=en>

462 GAO “Selected Agencies’ Activities Supported by Contracts and Public Affairs Staff” September 12, 2017 <https://www.gao.gov/products/GAO-17-711>

463 Philip Brasher, “Dems add \$2B in conservation technical assistance to Build Back Better plan.” AgriPulse, December 4, 2021, <https://www.agri-pulse.com/articles/16904-dems-add-2b-in-conservation-technical-assistance-to-build-back-better-plan>

**Repeal United States Department of Agriculture (USDA) Catfish Inspection Program** - The USDA Catfish Inspection Program should be repealed. The Food and Drug Administration (FDA) is charged with inspecting all seafood and fish, but catfish is inexplicably the responsibility of the USDA. GAO has made it clear such an arrangement is nonsensical, issuing a report titled “Responsibility for Inspecting Catfish Should Not Be Assigned to USDA.”<sup>464</sup> The RSC Budget would repeal the program.

**Prohibit Funding for National School Lunch Standards** - This budget would remove Obama-era National School Lunch standards and prohibit any future similar onerous regulations, returning control of students’ diets to their parents.

**Eliminate the McGovern-Dole International Food for Education Program** - According to President Trump’s FY 2021 Budget, this program “has high costs associated with transporting commodities and it has unaddressed oversight and performance monitoring challenges.”<sup>465</sup> In FY 2022, the federal government spent \$237 million on this program.

**Eliminate Land Acquisition by the Forest Service** - The federal government should be finding ways to reduce its land holdings and associated costs, not expand them. The Forest Service already manages 193 million acres of land, more than six times the size of North Carolina.<sup>466</sup> The federal government owns more than 640 million acres.<sup>467</sup> This budget would eliminate land acquisition by the Forest Service. In FY 2022, the federal government spent \$67 million on these activities.

**Eliminate Certain Housing Programs** - This budget would eliminate the following housing programs that are duplicative of other federal housing efforts and are best left to state and local authorities: USDA’s Housing Repair, Rental Housing, Farm Labor Housing, Site Development Loans, Self-help Land Development and Farm Labor Housing Grant programs.

**Reduce Funding for the Animal and Plant Health Inspection Service** – Certain functions of the Animal and Plant Health Inspection Service (APHIS) program should be carried out by the industries this service regulates. This budget would reduce funding commensurately.

**Eliminate the Forest Products Laboratory** - The goal of this entity is to produce new products from forestry resources to aid in the conservation of forest land.<sup>468</sup> This is duplicative of private sector industries that operate in forested areas.

**Eliminate the Rural Water and Waste Disposal Program Account** - The Water and Wastewater Loan and Grant program provides funding for sewage and sanitation services in certain communities but is best handled by the private sector or local and state governments. President Trump proposed eliminating this program, citing duplication with other efforts. In FY 2022, \$647 million was appropriated to this account.

**Rural Business-Cooperative Service** - The Rural Cooperative Development Grants (RCDG) and Rural Energy for America programs provide subsidies to commercial interests in rural areas. A significant portion of this funding is to subsidize green energy projects that are expensive and inefficient compared to other energy sources. In FY 2022, \$41 million of taxpayer funds were used to subsidize these programs.

## **Commerce, Justice, Science and Related Agencies:**

**Eliminate the Economic Development Administration** - The Economic Development Administration (EDA) is a program that subsidizes private companies. Local economic development is best handled by state and local governments, and this budget would eliminate this duplicative program. In FY 2022, the federal government spent \$359 million on this program.

**Eliminate the National Technical Information Service** - The National Technical Information Service (NTIS) is an outdated agency that physically distributes government documents and data. Most of these documents are available to the public for free online.

464 Government Accountability Office, “Seafood Safety: Responsibility for Inspecting Catfish Should Not Be Assigned to USDA”, June 8, 2012. <http://www.gao.gov/products/GAO-12-411>.

465 Office of Management and Budget, “A Budget for a Better America: Major Savings and Reforms”, Fiscal Year 2020, <https://www.govinfo.gov/content/pkg/BUDGET-2020-MSV/pdf/BUDGET-2020-MSV.pdf#page=24>

466 U.S. Forest Service, Accessed on May 23, 2022, “By the Numbers”, <https://www.fs.usda.gov/about-agency/newsroom/by-the-numbers>

467 Congressional Research Service, February 21, 2020, “Federal Land Ownership: Overview and Data”, <https://fas.org/spp/crs/misc/R42346.pdf>

468 Forest Products Laboratory, Accessed May, 2021 [https://www.fpl.fs.fed.us/research/research\\_emphasis\\_areas/index.php](https://www.fpl.fs.fed.us/research/research_emphasis_areas/index.php)

**Eliminate the Hollings Manufacturing Extension Partnership** - The Hollings Manufacturing Extension Partnership (MEP) provides financial support to local centers that provide technical services to small manufacturing companies. Originally meant to be self-sustaining, the program is dependent on annual federal subsidies. This budget's pro-growth tax reforms will significantly increase manufacturing investment, making this program, which received \$158 million in FY2022, unnecessary.

**Eliminate the Legal Services Corporation** - The Legal Services Corporation (LSC) engages in taxpayer funded advocacy for liberal political causes and lobbying. In fact, the Reagan administration tried to eliminate this subsidy to liberal special interests only to be foiled by Hillary Clinton and other liberal activists.<sup>469</sup> The LSC is also marked by misuse of taxpayer money and redundancy as many of LSC's programs are offered by the states. The LSC, which received \$529 million in FY 2022, would be eliminated by the RSC Budget.

**Eliminate Certain National Oceanic and Atmospheric Administration Grants and Education** - National Oceanic and Atmospheric Administration (NOAA) currently operates several grants and programs that do not provide significant support to the core mission of NOAA, including several that align with the left's climate agenda. These include the Sea Grant program, the National Estuarine Research Reserve System, Coastal Zone Management Grants, the Office of Education within NOAA and the Pacific Coastal Salmon Recovery Fund. The RSC budget would eliminate these programs and return the NOAA to its original mission.

**Reduce Funding for the Environmental and Natural Resources Division within the Department of Justice** - The DOJ's Environmental and Natural Resources Division has been linked with the practice of sue-and-settle to reward left-wing special interests. Taxpayer dollars should not be used to support the left's "environmental justice" agenda.

**Eliminate the Community Relations Service of the DOJ** - The DOJ's Community Relations Services Program deviates from the core purpose of the DOJ to investigate and prosecute violations of federal law. Instead, the entity attempts to act as "peacemaker" in local disputes. In FY 2022, the federal government spent \$21 million on this program.

### **Energy and Water Development and Related Agencies:**

**Applied Energy Programs** – The RSC Budget's recognizes that a pro-energy independence agenda needs deregulation and pro-growth tax reform, not economically distortionary federal subsidies. Relying on private market forces will increase supply, enhance efficiency, and reduce consumer costs—the opposite approach of the Biden administration. The RSC Budget would apply these principles to eliminate the Department of Energy's applied energy programs as also recommended in the past by President Trump's budget. For instance, the RSC Budget would eliminate the Office of Energy Efficiency and Renewable Energy (EERE), which provides taxpayer support to inefficient and expensive green energy sources favored by liberal elites. EERE received \$11.4 billion in FY 2022. Similarly, the RSC Budget would eliminate the Advanced Research Projects Agency – Energy (ARPA-E) program, which was created by the failed 2009 stimulus law and uses taxpayer dollars to fund high-risk green energy projects. Taxpayers should not bear the burden for research projects that not even the most speculative and daring members of the energy industry will take on themselves. ARPA-E received \$450 million in FY2022.

**Eliminate Title 17 Innovative Technology Loan Guarantee Program** - The Title 17 Innovative Technology Loan Guarantee Program provides loans to green energy projects. This is the program that gave us the Solyndra scandal where taxpayers lost more than \$500 million after the Obama administration gambled on a politically favored company. The RSC Budget would eliminate this program which received \$17 million in FY 2022.

**Eliminate the Advanced Technology Vehicle Manufacturing (ATVM) Loan Program** - The Advanced Technology Vehicle Manufacturing (ATVM) Loan program provides subsidies to vehicle manufacturing companies to produce greener cars. This program has provided billions of taxpayer dollars to some of the largest car companies in the world, such as Ford and Nissan, to help increase the fuel efficiency of the vehicles they sell—a feature that should be driven by demand from consumers, not government subsidies.<sup>470</sup> Taxpayers should not subsidize companies that sell vehicles to almost exclusively higher-income buyers.

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469 Robert Stilson, "The Legal Services Corporation: A History of Political Advocacy." Capital Research Center, January 14, 2020, <https://capitalresearch.org/article/the-legal-services-corporation-part-2/>

470 U.S. Department of Energy, "ATVM Program Overview". <https://energy.gov/lpo/atvm>.

**Eliminate Regional Commissions** - The RSC Budget recommends cutting regional commissions including the Denali Commission, Appalachian Regional Commission, the Northern Border Regional Commission, the Southeast Crescent Regional Commission and the Delta Regional Authority. These economic development programs are duplicative of other federal initiatives as well as state and local programs. The commissions, which received \$864 million in taxpayer funding in FY2022, should be eliminated.

**Reduce Funding for the Department of Energy’s Biological and Environmental Research Program** This program moves well past basic research and is duplicative of private sector efforts. This budget would reduce funding to focus on core responsibilities and basic research.

**Eliminate Grants for Conservation through the Weatherization and Intergovernmental Programs** - These subsidies force taxpayers to subsidize renovations for higher-income Americans who are more than able to finance these renovations themselves. In FY 2022, the federal government spent \$313 million on these grants.

**Eliminate EPA Grants for Local Waste and Drinking Water Infrastructure Projects** - These grants use taxpayer money to subsidize infrastructure projects of local governments. The federal government should not provide grants to fund projects inherently local in nature. Further, these grants may reward poor infrastructure upkeep or poor financial planning at the expense of other prepared communities.

**Eliminate the Community Development Financial Institutions (CDFI) Fund** - The CDFI Fund “was created for the purpose of promoting economic revitalization and community development,” a task more appropriately funded by the private sector not the woke Biden administration.<sup>471</sup> Eliminating the CDFI Fund, which received \$295 million in funding in FY2022, would save taxpayers \$3.356billion over the next 10 years. President Trump had also support eliminating this program.<sup>472</sup>

**Eliminate the Entrepreneurial Development Program** - This program provides technical assistance and education for business owners deemed to be in a position to rapidly expand their business. It is not the government’s role to determine which businesses should expand, especially as the Biden Administration continue their efforts to subsidize their radical woke agenda with taxpayer dollars. Eliminating this program, which received \$290 million in FY 2022, will reduce spending by roughly \$3.291 billion over the next 10 years.

### **Interior, Environment and Related Agencies:**

**Reduce Funding for the EPA** - Under the Obama administration, the unelected bureaucrats at the EPA attempted to implement a regulatory agenda to remake the American economy by administrative fiat. Whether it was the Clean Power Plan, the Waters of the U.S. rule, or ozone standards, these regulations imposed enormous costs on Americans—especially middle- class Americans forced to pay higher prices for energy and suffer lower wages. The Trump administration did virtually everything it could provide relief, but unfortunately the Biden administration has been hellbent on reversing the Trump administration’s work. This budget significantly reduces EPA’s funding and returns the agency to its much more limited original purpose. This will save the taxpayers billions of dollars per year and while significantly reducing wage-lowering regulations.

**Reduce EPA Research and Development Funding** - The RSC Budget, would reduce research and development (R&D) funding within the EPA. It would limit funding to basic and early-stage R&D and prohibit any research subsidies that force taxpayers to subsidize mature green energy sectors favored by liberals.

**Eliminate the Surface Water Protection Program** – States are much better equipped to manage bodies of water within their jurisdictions. Allowing states to manage these bodies of water will ensure better management of resources as states have a better understanding of the needs of their communities and can benefit from flexibility.

**Eliminate the Federal Vehicle and Fuels Standards and Certification Program** - This emissions standards program does little to promote a cleaner environment but has been very successful at raising costs for consumers. This budget

471 U.S. Department of the Treasury “Equity Action Plan Statement” <https://www.whitehouse.gov/wp-content/uploads/2022/04/Treasury-EO13985-equity-summary.pdf>.

472 Office of Management and Budget, “A Budget for a Better America: Major Savings and Reforms”, Fiscal Year 2020 <https://www.govinfo.gov/content/pkg/BUDGET-2020-MSV/pdf/BUDGET-2020-MSV.pdf#page=92>



would eliminate this program.

**Eliminate the Integrated Environmental Strategies Programs** - This program uses taxpayer dollars to promote the radical green agenda overseas. If liberals want to promote expensive and inefficient energy sources, they should do so out of their own pocket rather than the taxpayers.

**Eliminate EPA Grants, Climate Programs, Regional Offices, and Wasteful Spending** - The RSC Budget supports the Wasteful EPA Programs Elimination Act introduced in the 115<sup>th</sup> Congress by the late Rep. Sam Johnson (R-TX). The bill would: (1) eliminate all EPA grant programs; (2) prohibit the use of funds to implement Obama-era ozone standards; (3) eliminate funding for the eight climate programs listed below; (4) eliminate the National Clean Diesel Campaign and Environmental Justice Program; (5) eliminate EPA regional offices; and (6) require the disposal or leasing of underutilized EPA properties.

The EPA allocates billions of dollars annually to grant programs for community-level educational programs and events to promote “Environmental Justice.”<sup>473 474</sup> These programs and events amount to little more than propaganda sessions, and this budget would eliminate their funding.

Under President Obama, the EPA placed additional regulations on ozone standards, a naturally occurring gas also released by power plants, vehicles, and factories. This budget supports reinstating the original 75ppb standard and would oppose more onerous regulatory increases from the EPA.

This budget proposes eliminating the following eight climate programs that kill jobs, needlessly increase the cost of energy, and do almost nothing to promote a clean environment:

- regulation of GHG emissions from vehicles (as well as non-road equipment, locomotives, aircraft and transportation fuels).
- regulation of CO<sub>2</sub> emissions from power plants, factory boilers and other stationary sources.
- the Greenhouse Gas Reporting Program.
- the Global Methane Initiative.<sup>475</sup>
- the Climate Resilience Evaluation Awareness Tool.
- the Green Infrastructure Program.<sup>476</sup>
- the Climate Resiliency Water Utilities Initiative.<sup>477</sup>
- Climate research funding for the Office of Research and Development.

**Eliminate Diesel Emissions Reduction Act Grants** - Grants made under Diesel Emissions Reduction Act (DERA) have gone to wasteful projects involving cherry pickers, electrifying parking spaces at rest stops, and retrofitting old tractors. DERA grants are wasteful, do nothing to protect the environment and should be eliminated..

**Eliminate Geographic-Specific Programs** - This budget proposes eliminating programs that only benefit specific geographical regions. These activities should be funded by the communities that benefit from them, not the federal government.

**Eliminate the National Endowment for the Arts and the National Endowment for the Humanities** – Taxpayers should not be forced to fund art that the private market is unwilling to support, especially when that art pushes far-left ideas. In FY 2022, the federal government spent \$360 million on these programs.

**Eliminate Subsidies for the D.C. Opera House (The John F. Kennedy Center)** - The Kennedy Center’s website lists

473 [United States Environmental Protection Agency, Fiscal Year 2020, “Justification of Appropriation Estimates for the Committee on Appropriations”](https://www.epa.gov/sites/production/files/2019-03/documents/fy-2020-congressional-justification-all-tabs.pdf#page=161) <https://www.epa.gov/sites/production/files/2019-03/documents/fy-2020-congressional-justification-all-tabs.pdf#page=161>

474 Environmental Protection Agency, “Environmental Justice”, Accessed April 5, 2018. <https://www.epa.gov/environmentaljustice>.

475 Environmental Protection Agency, “Learn About the Global Methane Initiative”, Accessed April 3, 2018. <https://www.epa.gov/gmi/learn-about-global-methane-initiative>.

476 U.S. Government Accountability Office Report, “Stormwater Management EPA Pilot Project to Increase Use of Green Infrastructure Could Benefit from Documenting Collaborative Agreements”, September 2017. <https://www.gao.gov/assets/690/687478.pdf>.

477 This program is now known as the Climate Ready Water Utilities Initiative.

21 corporate and foundation donors who provide annual commitments of \$1,000,000 or greater. This list even includes the Embassy of the UAE.<sup>478</sup> It is clear the center is more than capable of supporting itself. In FY 2022, the federal government spent \$40 million on this program.

### **Labor, Health and Human Services, Education and Related Agencies:**

**Eliminate the National Labor Relations Board** - The DOJ already oversees a wide variety of civil, criminal, and administrative issues, including anti-trust and voting rights. DOJ is certainly capable of handling claims of illegal labor practices and could do so without the pro-union boss bias and partisanship endemic to the National Labor Relations Board (NLRB). Eliminating the NLRB would save more than \$274 million annually based on FY2022 funding.

**Eliminate Ineffective Federal Workforce Programs** - According to a review of relevant studies, “There is abundant evidence suggesting that federal job-training programs do not work.”<sup>479</sup> These types of programs would be more effectively, efficiently, and appropriately funded and operated by the private sector instead of government bureaucrats. Despite these problems, the federal government has numerous job training programs that cost taxpayers billions each year. In FY 2020, the federal government spent \$7.845 billion on these programs.<sup>480</sup> This budget would eliminate programs found to be ineffective.

**Eliminate the Senior Community Service Employment Program** - The DOL’s Senior Community Service Employment Program (SCSEP) provides job training for unemployed seniors, including through subsidized community service activities. President Trump proposed eliminating this ineffective program. In FY 2022, the federal government spent \$405 million on this program.

**Eliminate the Office of Federal Contract Compliance Programs** - The DOL’s Office of Federal Contract Compliance Programs (OFCCP) was originally created to enforce President Johnson’s executive order prohibiting discrimination by federal contractors. At the time, the Equal Employment Opportunity Commission (EEOC) did not exist; now, strong anti-discrimination laws apply to all employers. This Office is duplicative and should be eliminated to spare taxpayers from ideological witch hunts carried out by woke bureaucrats who wish to force their ideological agenda on contractors. In FY 2022, the federal government spent \$108 million on this Office

**Eliminate the International Labor Affairs Bureau** - The DOL’s International Labor Affairs Bureau’s (ILAB) works to promote onerous and duplicative labor regulations among the nations of the world. While this may be in the interest of the union bosses that get Democrats elected, it does nothing to help American taxpayers. This budget would eliminate this Bureau.

**Eliminate Title X Family Planning Funding** - Title X, or the family planning federal grant program, provides abortion providers with federal funds to terminate pregnancies and end the lives of hundreds of thousands of innocent babies each year. Planned Parenthood has historically been the largest recipient of Title X grants. In FY 2022, the federal government spent \$286.5 million on Title X grants. Eliminating the program would also save countless lives.<sup>481</sup>

**Devolve Energy Assistance** - The GAO has found that LIHEAP is at risk of fraud and improper payments.<sup>482</sup> This type of assistance would be more appropriately handled by state and local governments, or the private sector. This budget’s policies unleashing American energy production will significantly reduce utility costs and significantly reduce the need for this fraud-prone assistance. In FY 2022, the federal government spent \$3.9billion on LIHEAP.

**Eliminate Duplicative Activities of the Agency for Healthcare Research and Quality** - The Agency for Healthcare Research and Quality’s (AHRQ) looks to conduct research to improve the quality and safety of healthcare. Similar health services research is already conducted in the National Institutes of Health (NIH) and by the private sector.

478 The Kennedy Center, Accessed on May 23, 2022, “Support: Thank you to our donors!”, <https://www.kennedy-center.org/Support/donor-listings/donors/>

479 Heritage Foundation, “Blueprint for Balance: A Federal Budget for Fiscal Year 2018”, March 28, 2017. <http://www.heritage.org/budget-and-spending/report/blueprint-balance-federal-budget-fiscal-year-2018>.

480 Congressional Research Service, “Federal Spending on Benefits and Services for People with Low Income: FY2008-FY2020, December 8, 2021, <https://crsreports.congress.gov/product/pdf/R/R46986>

481 U.S. Department of Health and Human Services, Accessed on May 5, 2021, “Title X Program Funding History”, <https://opa.hhs.gov/grant-programs/archive/title-x-program-funding-history>

482 Government Accountability Office, “Low-Income Home Energy Assistance Program Greater Fraud Prevention Controls Are Needed”, June 2010. <https://www.gao.gov/assets/gao-10-621-highlights.pdf>

**Consolidate the National Institutes of Health** – The NIH itself has become bloated and has strayed from its core basic science mission. The RSC Budget supports consolidating the NIH’s 27 institutes to allow the agency to operate more efficiently. For example, experts have long endorsed merging the National Institute on Drug Abuse (NIDA) and the National Institute on Alcohol Abuse and Alcoholism (NIAAA) which cover similar scientific research.

**Controlling Indirect Costs for NIH Grants** – Under current law, recipients of NIH grants cannot spend more than 25 percent of an award on indirect costs. Yet universities, particularly elite universities, have managed to work the system resulting in the agency allocating 52% of its research dollars on such costs. This budget would more effectively cap indirect costs to ensure such funds aren’t funneled to politically favored woke institutions. Further, Congress should consolidate authority for indirect rate negotiations for NIH grants in a single office at the NIH and implement reporting requirements for such costs.

**Ensuring NIH Funds Do Not Go to Adversarial Nations** – The pandemic highlighted the lack of accountability for funds going overseas, including funds flowing to research supported by the Chinese Communist Party. This budget would ensure American research dollars don’t go to companies and entities owned or controlled by the Chinese Communist Party, the Russian Federation, and other adversarial nations.

**Eliminate Funding for the Left’s Social Agenda at the CDC** – This budget would refocus the CDC on its core mission as a public health emergency response agency. It would eliminate funding geared toward the Left’s progressive social priorities, including those related to firearms, climate change, and “ending structural racism.” The budget would also shift funding for CDC efforts that are duplicative of efforts conducted by NIH, such as those on heart disease and tobacco.

**Eliminate the Community Services Block Grant Program** - The Community Services Block Grant (CSBG) program provides funding to projects that aim to reduce poverty and address low-income needs. CSBG funding is not tied to performance outcomes and some of the services are already funded through other federal programs or by private or state and local efforts. In FY 2022, the federal government spent \$745 million on this program.

**End Ineffective Education Grant Programs** - The federal government should not use taxpayer dollars to manipulate school districts around the country. Education should be managed at the state, local and family levels where parents can be most empowered to be involved in their children’s education. Education should not be controlled by liberal bureaucrats in Washington who want to impose their radical woke ideology on children. Accordingly, this budget would eliminate the Supporting Effective Instruction State Grants Program, the 21<sup>st</sup> Century Community Learning Centers Program, the Federal Supplemental Educational Opportunity Grant Program, the School Improvement Programs Account, and competitive and project grant programs under Every Student Succeeds Act.

**Eliminate the Corporation for National and Community Service** - The Corporation for National and Community Service (CNCS) operates four major programs: AmeriCorps, Senior Corps, the Social Innovation Fund and the Volunteer Generation Fund. This agency provides taxpayer funds to individuals and organizations engaging in different types of public service. These types of efforts are not a core responsibility of the federal government and would be more appropriately funded and operated by civil society. In FY 2022, the federal government spent \$1.15 billion on the CNCS.

**Eliminate Funding for the Corporation for Public Broadcasting** - A free society should not have government-supported media outlets, especially ones that so often carry water for liberal ideas. The RSC Budget would eliminate the Corporation for Public Broadcasting (CPB). In FY 2022, the federal government spent \$485 million on this program.

**Eliminate the Institute of Museum and Library Services** - The Institute of Museum and Library Services (IMLS) provides grants to local museums and libraries, a task that can be better handled by the private sector and local governments. The RSC Budget would eliminate the IMLS, which received \$268 million in funding in FY2022.

**Restrict Pell Grants to Students from Needy Families** – Excessive subsidies for the cost of college have led to massive tuition inflation, with colleges pocketing the subsidies and passing on the cost to students and families. In fact, “A 2017 study from the Federal Reserve Bank of New York found that the average tuition increase associated with expansion of student loans is as much as 60 cents per dollar.”<sup>483</sup> The Pell Grant Program was intended to help people from impoverished families attend college and enter the workforce with marketable skills. By limiting eligibility to students from families with income at or under 250 percent the federal poverty line, we can ensure Pell Grant funding is targeted to students for whom the program was designed.

**Eliminate Certain International Organizations and Programs Funding**- The International Organizations and Pro-

483 David Boaz, “Federal Student Loans and Rising Tuition Costs: An Insider Speaks Up.” CATO Institute, July 28, 2021, <https://www.cato.org/blog/federal-student-loans-rising-tuition-costs-insider-speaks>

grams Account provides voluntary contributions to international organizations, many of which do not represent American interests and values. Within this account, the U.N. Population Fund provides abortion funding abroad. Funds should also be withheld from the U.N. Intergovernmental Panel on Climate Change (IPCC), as well as the U.N. Human Rights Council, which is comprised of member nations like Cuba, Venezuela, China and Rwanda, all with abysmal records on human rights. In FY 2022, the federal government spent \$423 million on these programs.

**End Global Green Energy and Climate Change Funding** - The plethora of programs and accounts that have spent U.S. taxpayer funds around the world for the radical green agenda must be eliminated. Its bad enough that the Biden administration foists this upon American citizens.

**Enforce Cap on U.N. Peacekeeping Missions** - The Foreign Relations Authorization Act caps the amount of U.S. contributions for U.N. peacekeeping operations to no more than 25 percent of the total amount for operations. However, the U.S. is currently paying 27.89 percent of all U.N. peacekeeping operations.<sup>484</sup> Reducing the U.S. contribution for peacekeeping to the amount allowed by law will save taxpayers more than \$100 million annually while increasing the vested interest of global partners to more prudently address regional problems.

**Cut Emergency Refugee and Migration Assistance Funding** - The Emergency Refugee and Migration Assistance Fund operates as a slush fund for liberal bureaucrats to subsidize Biden's open borders agenda. Funding for the program should be reduced to rein in the Biden administration.

**Reconstitute the U.S. Information Agency and Eliminate the Under Secretary of State for Public Diplomacy and Public Affairs and Most of its Bureaus** - The U.S Information Agency (USIA) was the U.S. government agency in charge of public diplomacy, counter-disinformation, and international broadcasting efforts from 1953-1999. However, in 1999, most of the public diplomacy aspects of the USIA were moved to the U.S. Department of State. Rather than improving public diplomacy efforts, the current design has largely failed to advance U.S. interests, especially in an age with rising Russian and Chinese disinformation campaigns. The dismantling of USIA "crippled U.S. public diplomacy operations in ways that have been lasting and profound—a self-inflicted wound from which the United States is still recovering."<sup>485</sup> A reconstituted USIA should have the new express mission of supporting democratic governance, rule of law, human rights, and open markets, and exposing adversarial and authoritarian regimes, such as China, Russia, Venezuela, Iran, North Korea and others.<sup>486</sup>

**Eliminate the Inter-American Foundation, the Federal Contribution to the Inter-American Development Bank, the Asia Foundation, the Federal Contribution to the Asian Development Bank, the United States African Development Foundation, and Contribution to the African Development Bank** - These programs and contributions represent auto-pilot foreign aid and are duplicative of other State Department and USAID activities. In FY 2022, the federal government spent \$401 million on these programs.

**Withhold Funding for the Organization for Economic Cooperation and Development** - The Organization for Economic Cooperation and Development (OECD) was founded to "promote policies that will improve the economic and social well-being of people around the world."<sup>487</sup> Unfortunately, the OECD has become a forum to push left-wing policies such as value added taxes, the Base Erosion and Profit Shifting (BEPS) project and the massively harmful global minimum tax.<sup>488</sup> U.S. taxpayer funds should not go to an organization that works against their interests.

**Reduce Traditional Global Health Funding** - These programs have traditionally funded disease control and public health activities in developing nations. Since the implementation of these programs, their goals have been achieved or nearly achieved. These regions are among the fastest growing economic regions on Earth, and they are more than capable of funding their own public health efforts.<sup>489</sup> By reducing funding to the 2000 enacted level, of \$1 billion annually, the U.S. can maintain its commitments to aid in this process and save taxpayer money.

484 The United Nations "How We Are Funded" Accessed April 21, 2022 <https://peacekeeping.un.org/en/how-we-are-funded>

485 Johnson, Stephen. "How to Reinvigorate U.S. Public Diplomacy." The Heritage Foundation. Accessed June 8, 2020. <https://www.heritage.org/defense/report/how-reinvigorate-us-public-diplomacy>.

486 Republican Study Committee, "STRENGTHENING AMERICA & COUNTERING GLOBAL THREATS", <https://rsc-banks.house.gov/sites/republican-studycommittee.house.gov/files/%5bFINAL%5d%20NSTF%20Report.pdf#page=81>

487 Organisation for Economic Co-operation and Development, "About the OECD". <http://www.oecd.org/about/>.

488 Andrew F. Quinlan, "CF&P Letter Calls on Congress to Include OECD with UN Defunding Effort", Center for Freedom and Prosperity, January 9, 2017. [http://freedomandprosperity.org/files/OECD/OECD\\_defunding\\_letter\\_01-2017.pdf](http://freedomandprosperity.org/files/OECD/OECD_defunding_letter_01-2017.pdf).

489 CBO "OPTIONS FOR REDUCING THE DEFICIT: 2019 TO 2028" December 13, 2018 <https://www.cbo.gov/system/files/2019-06/54667-budgetoptions-2.pdf#page=170>

## **Transportation, Housing and Urban Development, and Related Agencies:**

**Eliminate Funding for the Washington Metropolitan Transit Authority** - The federal government should not be subsidizing the public transit system of one of the most affluent metropolitan areas in the U.S. Washington Metropolitan Transit Authority (WMATA), received \$150 million in federal funding in FY2022.

**Eliminate Amtrak Operating Grants and Capital Grants** - The federal government has subsidized the National Railroad Passenger Corporation - better known as Amtrak - since it was created by Congress in 1970. The railroad service consistently loses money and leaves taxpayers to foot the bill.<sup>490</sup> Taxpayer money should certainly not be used for this activity. Instead of forcing taxpayers to subsidize Amtrak, it should be privatized. In FY 2022, the federal government spent \$2.33billion on Amtrak.

**Eliminate the New Starts Transit Program** - The New Starts Transit Program, sometimes called Capital Investment Grants, provides billions in subsidies to local transit for capital improvements. These projects are inefficient and fail to reduce congestion. Because this program subsidizes only new projects, it incentivizes transit agencies to build expensive projects without regard to cost, putting taxpayers on the hook for operating costs down the road and diverting funds from adequately maintaining existing roads and other infrastructure. In FY 2022, the federal government spent \$3.85billion on this program.

**Eliminate BUILD Grants** - RAISE Grants, originally known as TIGER Grants when created by President Obama, were enacted as part of Obama's failed stimulus law. The program is particularly problematic because projects are selected by the administration, often for political purposes (Democrat districts received 69 percent of funding during the Obama administration), and go towards projects more appropriately funded by state or local governments.<sup>491</sup> GAO has found problems with the funding decisions made by the administration under this program.<sup>492</sup> In FY 2022, the federal government spent \$2.275billion on this program.

**Prohibit High-Speed Rail Funding** - The failed 2009 stimulus law provided \$8 billion for high-speed rail projects. President Biden has made high-speed rail a focal point in his agenda. The RSC Budget opposes Biden's efforts to subsidize the development of high-speed rail.

**Eliminate Funding for Community Development Block Grants and Community Development Loan Guarantees** - The Community Development Block Grants (CDBG) program has paid for programs such as doggie daycare, a local circus and decorative sidewalks in an affluent suburb.<sup>493</sup> CDBG and Community Development Loan Guarantees (CDLG) funding should be eliminated. President Trump's budget once criticized the program, stating, "the Federal Government has spent over \$150 billion on this block grant since its inception in 1974, but the program is not well-targeted to the poorest populations and has not demonstrated results."<sup>494</sup> In FY 2022, the federal government spent \$3.3billion on these programs.

**Reduce Funding for the HUD Office of Housing** - The Office of Housing regulates the housing industry, a task better left to state and local governments which already administer the vast majority of housing assistance programs.

**Reduce Funding for the Public Housing Capital and Operating Funds** - The Public Housing Capital Fund and the Public Housing Operating Fund provide federal funding for public housing projects, a task better left to state and local governments. Funding for Public Housing Capital and Operating Funds should be eliminated.

**Eliminate HOME Investment Partnership Program** - The HOME Investment Partnership Program provides federal funding to state and local governments to engage in a wide variety of housing development activities. In FY 2022, the federal government spent \$1.5m/billion on this program.

490 Randal O'Toole, "Amtrak Continues to Lie." CATO Institute, November 24, 2020, <https://www.cato.org/blog/amtrak-continues-lie>

491 Baruch Feigenbaum, "Eliminate TIGER Program", Reason Foundation, February 17, 2015. <http://reason.org/news/show/eliminate-tiger-program>.

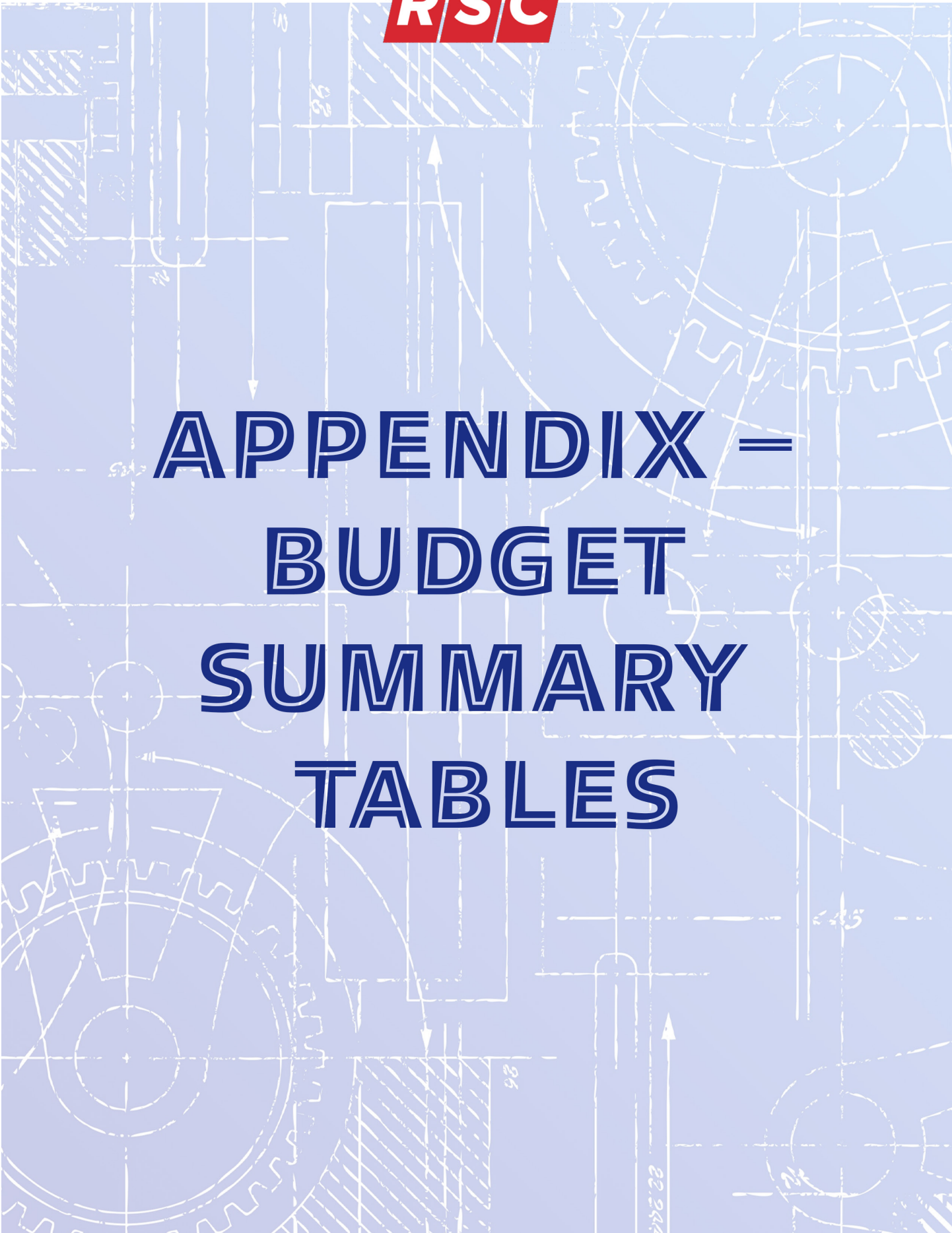
492 Government Accountability Office, "Surface Transportation: Actions Needed to Improve Documentation of Key Decisions in the TIGER Discretionary Grant Program", May 28, 2014. <http://www.gao.gov/products/GAO-14-628R>.

493 Congressman Tom McClintock, "Draining A Slush Fund: Community Development Block Grants", June 27, 2012. <http://mcclintock.house.gov/newsroom/speeches/draining-a-slush-fund-community-development-block-grants>.

494 Office of Management and Budget, "America First A Budget Blueprint to Make America Great Again", Fiscal Year 2018, <https://www.govinfo.gov/content/pkg/BUDGET-2018-BLUEPRINT/pdf/BUDGET-2018-BLUEPRINT.pdf#page=29>

## **Ways and Means**

**Eliminate the Social Services Block Grant** - The Social Services Block Grant (SSBG) program provides funding to states that can be used for a wide range of social programs. However, this funding is duplicative of many other federal programs. The single largest use of these funds is to cover states' administrative costs of providing information and referrals to government programs. The SSBG should be eliminated, saving more than \$16.1 billion over the next decade.

The background is a light blue technical drawing or blueprint. It features various mechanical components such as gears, shafts, and cross-sections, along with dimension lines and arrows. The drawing is rendered in a light, sketchy style.

# APPENDIX = BUDGET SUMMARY TABLES

**RSC FY 2023 Budget Figures (in billions of USD)**

Nominal \$ (in billions)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
<b>Revenue</b>	4,885	4,893	4,924	5,194	5,328	5,575	5,834	5,957	6,198	6,461	55,250
<b>Outlays</b>											
Social Security	1,279	1,359	1,432	1,503	1,581	1,669	1,761	1,816	1,903	1,988	16,293
Medicare	837	901	808	851	889	914	937	955	958	955	9,006
Medicaid/CHIP/Obamacare	338	347	355	364	373	382	392	401	412	422	3,785
Other Mandatory	499	451	363	328	246	247	267	243	259	260	3,163
Discretionary	1,585	1,645	1,655	1,702	1,744	1,773	1,787	1,808	1,817	1,818	17,335
<b>Net Interest</b>	439	487	539	566	615	641	664	688	707	699	6,046
<b>Total Outlays</b>	4,977	5,190	5,153	5,314	5,448	5,627	5,807	5,912	6,056	6,142	55,628
<b>Total Revenues</b>	4,885	4,893	4,924	5,194	5,328	5,575	5,834	5,957	6,198	6,461	55,250
<b>Total Deficit/Surplus</b>	-92	-297	-229	-120	-120	-52	27	45	142	319	-377
<b>Total Mandatory Outlays</b>	2,953	3,058	2,958	3,046	3,089	3,213	3,357	3,415	3,532	3,626	32,247
<b>Debt Held by the Public</b>	24,301	24,566	24,820	24,941	25,053	25,159	25,136	25,227	25,159	24,850	
<b>Nominal GDP</b>	26,240	27,291	28,271	29,266	30,332	31,487	32,716	33,996	35,318	36,680	

**RSC FY 2023 Budget Figures (as a Percentage of GDP)**

%GDP	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Average
<b>Revenue</b>	18.6	17.9	17.4	17.7	17.6	17.7	17.8	17.5	17.5	17.6	17.7
<b>Outlays</b>											
Social Security	4.9	5	5.1	5.1	5.2	5.3	5.4	5.3	5.4	5.4	5.2
Medicare	3.2	3.3	2.9	2.9	2.9	2.9	2.9	2.8	2.7	2.6	2.9
Medicaid/CHIP/Obamacare	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Other Mandatory	1.9	1.7	1.3	1.1	0.8	0.8	0.8	0.7	0.7	0.7	1
Discretionary	6	6	5.9	5.8	5.8	5.6	5.5	5.3	5.1	5	5.6
<b>Net Interest</b>	1.7	1.8	1.9	1.9	2	2	2	2	2	1.9	1.9
<b>Total Outlays</b>	19	19	18.2	18.2	18	17.9	17.8	17.4	17.1	16.7	17.9
<b>Total Revenues</b>	18.6	17.9	17.4	17.7	17.6	17.7	17.8	17.5	17.5	17.6	17.7
<b>Total Surplus/Deficit</b>	-0.4	-1.1	-0.8	-0.4	-0.4	-0.2	0.1	0.1	0.4	0.9	-0.1
<b>Total Mandatory Outlays</b>	11.3	11.2	10.5	10.4	10.2	10.2	10.3	10	10	9.9	10.3
<b>Debt Held by the Public</b>	92.6	90	87.8	85.2	82.6	79.9	76.8	74.2	71.2	67.7	80



**RSC FY 2023 Budget Figures as Adjustments to CBO Baseline (in billions of USD)**

Nominal \$ (in billions)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total
<b>Revenue</b>	-5	-31	-58	-86	-220	-141	-100	-204	-204	-201	-1,249
<b>Outlays</b>											
Social Security	-18	-27	-35	-49	-59	-65	-71	-118	-134	-155	-729
Medicare	-2	-4	-159	-195	-237	-295	-350	-424	-507	-629	-2,801
Medicaid/CHIP/Obamacare	-341	-280	-281	-307	-331	-358	-386	-418	-451	-487	-3,641
Other Mandatory	-349	-364	-400	-434	-490	-506	-507	-537	-536	-562	-4,685
Discretionary	-172	-158	-207	-228	-252	-278	-315	-347	-392	-442	-2,790
Net Interest	-3	-38	-65	-115	-141	-201	-261	-319	-392	-495	-2,029
<b>Total Outlays</b>	-885	-871	-1,146	-1,328	-1,510	-1,702	-1,891	-2,162	-2,412	-2,770	-16,675
<b>Total Revenues</b>	-5	-31	-58	-86	-220	-141	-100	-204	-204	-201	-1,249
<b>Total Surplus/Deficit</b>	880	840	1,088	1,242	1,290	1,561	1,791	1,958	2,208	2,569	15,427
<b>Total Mandatory Outlays</b>	-710	-675	-875	-985	-1,117	-1,223	-1,314	-1,497	-1,628	-1,832	-11,856

**RSC FY 2023 Budget Figures as Adjustments to CBO Baseline (as percentage of GDP)**

% of GDP	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Average
<b>Revenue</b>	0	-0.1	-0.2	-0.3	-0.7	-0.5	-0.3	-0.6	-0.6	-0.6	-0.4
<b>Outlays</b>											
Social Security	0	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.4	-0.4	-0.4	-0.3
Medicare	0	0	-0.5	-0.7	-0.8	-0.9	-1	-1.3	-1.4	-1.7	-0.9
Medicaid/CHIP/Obamacare	-1.3	-1	-0.9	-1.1	-1.1	-1.2	-1.2	-1.2	-1.2	-1.3	-1.2
Other Mandatory	-1.3	-1.3	-1.4	-1.5	-1.6	-1.6	-1.6	-1.6	-1.6	-1.5	-1.5
Discretionary	-0.7	-0.6	-0.7	-0.8	-0.8	-0.9	-0.9	-1	-1.2	-1.2	-0.9
Net Interest	0	-0.1	-0.2	-0.4	-0.5	-0.7	-0.8	-1	-1.1	-1.4	-0.7
<b>Total Outlays</b>	-3.3	-3.2	-4.1	-4.5	-4.9	-5.4	-5.7	-6.3	-6.9	-7.6	-5.3
<b>Total Revenues</b>	0	-0.1	-0.2	-0.3	-0.7	-0.5	-0.3	-0.6	-0.6	-0.6	-0.4
<b>Total Surplus/Deficit</b>	3.3	3.1	3.9	4.3	4.2	4.9	5.5	5.7	6.2	7	5
<b>Total Mandatory Outlays</b>	-2.7	-2.5	-3.1	-3.4	-3.7	-3.9	-4	-4.4	-4.6	-5	-3.9
<b>Debt Held by the Public</b>	-3.4	-6.1	-9.7	-13.6	-17.4	-22.1	-26.4	-31.1	-36.3	-41.9	-22.1

### RSC FY 2023 Discretionary Budget Authority

<b>Nominal \$ (in billions)</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>		<b>Total</b>
<b>Defense</b>	845	889	907	925	943	948	953	958	962	967		9,297
<b>Non-Defense</b>	419	427	423	420	417	411	420	413	422	415		4,188
<b>% of GDP</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>		<b>Total</b>
<b>Defense (Base)</b>	3.2	3.3	3.2	3.2	3.1	3	2.9	2.8	2.7	2.6		3
<b>Non-Defense (Base)</b>	1.6	1.6	1.5	1.4	1.4	1.3	1.3	1.2	1.2	1.1		1.3

### RSC FY 2023 Discretionary Outlays

<b>Nominal \$ (in billions)</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>		<b>Total</b>
<b>Defense</b>	785	835	878	903	921	938	947	952	957	961		9,077
<b>Non-Defense</b>	658	600	501	489	481	477	477	474	473	463		5,094
<b>% of GDP</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>		<b>Total</b>
<b>Defense (Base)</b>	3	3.1	3.1	3.1	3	3	2.9	2.8	2.7	2.6		2.9
<b>Non-Defense (Base)</b>	2.5	2.2	1.8	1.7	1.6	1.5	1.5	1.4	1.3	1.3		1.6