



FISCAL SANITY to SAVE AMERICA

RSC FISCAL YEAR 2025 BUDGET PROPOSAL

RSC FY 2025 Budget—Section by Section

Section 1: Ensuring Liberty through Deregulation

The RSC Budget would implement an ambitious and common-sense deregulatory agenda that will unchain the American economy by reducing the size and scope of government and the Biden regulatory regime. This budget will grow the American economy, increase jobs and wages, unleash American energy production, promote transparency, rein in executive authority, contain regulatory costs, reform the regulatory process, and strengthen financial markets. The RSC Budget would:

- Adopt H.R. 1, the Lower Energy Costs Act, which would reduce energy costs by \$795 per household, create 667,000 new jobs, raise wages by 1 percent, and lower 10-year deficits by \$369 billion.
- Repeal Green New Deal taxpayer subsidies for inefficient and unreliable energy sources included in the Inflation Reduction Act.
- Promote America First energy policies that responsibly tap into and manage all U.S. energy resources and prohibit the President from declaring a 'national emergency' solely based on climate change.
- Adopt the REINS Act, and other common sense regulatory reform proposals that would restore Article 1 authority and eliminate burdensome Biden regulatory costs.
- Reinstigate the Trump era deregulatory executive orders, which require two regulations be eliminated for every new one implemented.
- Repeal authority for IRS to spy on American's engaging in transactions of more than \$600 on third-party payment applications.
- Rescind radical Biden Administration policies that allow woke investors to subsidize liberal special interests with retiree savings and outlaw discrimination in the financial sector against conservatives.
- Eliminate the Consumer Financial Protection Bureau and the Federal Insurance Office.

Section 2: Creating Opportunity Through Tax Reform

Undo Biden's Green Giveaways - The RSC Budget would rescind both the \$565 billion in green giveaways enacted by the Biden Administration and Congressional Democrats and the \$87 billion in funding for new IRS agents to spy on lower- and middle-class Americans. The RSC Budget would also repeal the Inflation Reduction Act's \$50 billion tax increase on small businesses, its \$300 billion tax increase on American businesses (50% of which will be paid by American manufacturers), and its tax increase of tens of billions of dollars on American energy production.

Pro-Growth Tax Reforms - The RSC Budget would institute pro-growth tax reforms that create hundreds of thousands of jobs, increase wages, promote manufacturing and super charge economic growth. These reforms include:

- Making the individual provisions in the Tax Cuts and Jobs Act permanent, including the increased standard deduction and the reduced tax burden for small businesses.
- Extending and improving corporate tax provisions, such as 100 percent bonus depreciation, expensing of depreciable assets, and allowing for full and immediate expensing;
- Eliminating the employee retention tax credit (ERTC)
- Promoting American manufacturing by making the full expensing of business investment in equipment permanent and dramatically reducing the tax burden for investment in new American factories by implementing neutral-cost recovery.
- Establishing universal tax-free saving accounts so working-class Americans can increase savings and permanently eliminating the death tax.

Section 3: Opportunity through Empowerment and Self-Sufficiency

The RSC Budget would promote the dignity that comes with work, opportunity, and self-sufficiency. Unlike the American Rescue Plan, which perpetuated dependence on government, the RSC Budget would lift millions of Americans out of poverty. Specifically, the RSC Budget would:

- Preserve safety nets by limiting access to welfare programs to U.S. citizens and removing marriage penalties.
- Make improvements to TANF by strengthening work requirements and moving compliance standards to an outcome-based system that measures the rate of work-eligible individuals who are employed.
- Fight fraud in state-administered by supporting a federal-state cost share for SNAP, ensuring that states have more skin in the game.
- End the COVID-era suspension of SNAP work requirements, rescind the Biden Administration's \$200 billion "Thrifty Food Plan", and align TANF and SNAP requirements.
- Consolidate ineffective and bloated housing programs into one funding stream while incorporating a state cost share and work requirements to move recipients out of government dependency and into the workforce.
- Reform Supplemental Security Income by block granting the program and empowering states to move recipients into the workforce.

Section 4 - Providing for the Common Defense

The RSC Budget would put American national security first, provide for a robust U.S. military, and efficient allocation of national defense resources. It would provide the same level of discretionary budget authority as allowed by the Fiscal Responsibility Act while ensuring that this funding is used to confront America's adversaries – not subsidize the radical woke agenda. The RSC Budget would:

- Ban the teaching of critical race theory (CRT) in the U.S. military and defund all woke programs and priorities in the military, including programs established to further the Democrats' so-called "green" agenda.
- Provide transparency and accountability for aid to Ukraine.
- Enact RSC Chairman Kevin Hern's (R-OK) Countering Communist China Act, which would:

- Equip Taiwan with weapons such as anti-ship missiles, air-defense capabilities, and drones to defend against encroachment by China.
- Support activities to counter China's IP theft, forced data and IP transfers, and strengthen sanctions related to IP violations.
- Unleash American energy to power Europe through deregulation, imposing sanctions on the Nord Stream 2 pipeline, and allow for expedited approval of U.S. Natural Gas exports to any nation.
- Freeze all Iran assets and confront Iran by enacting the Maximum Pressure Act, which would implement the toughest package of sanctions on Iran ever proposed by Congress and oppose President Biden's efforts to allow Iran to obtain a nuclear weapon.
- Fully support U.S. military assistance to Israel, including the Iron Dome air defense system.
- Oppose any sanctions relief for North Korea and continue funding for our advanced missile defense systems.
- 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.
- Keep our national defense efficient while funding it adequately, unlike President Biden's inefficiently managed, underfunded military.
- Defund international affairs-related organizations and government agencies that do not need taxpayers' support.

Section 5 – Protecting Conservative Values

The RSC Budget is committed to protecting America's foundational values and fighting back against the rising tide of woke Leftism which threatens those ideals. The RSC Budget would:

- Support unapologetically pro-life policies and combat the Biden administration's radical abortion-on-demand agenda by championing 38 pro-life pieces of legislation.
- Protect the rights of parents by adopting the Parents Bill of Rights and ensure that not a single dime of taxpayer funding is used to promote CRT.
- Protect the Second Amendment from the Biden Administration's unconstitutional actions, such as the ATF creating a federal firearms registry and rescinding the Administrations pistol brace rule.
- Defend religious freedom against the escalating attacks from the Left, including the 39 violent attacks on churches, 67 violent attacks on pro-life pregnancy centers, and 24 other violent incidents since the leaking of the Dobbs decision. Additionally, the RSC Budget would ensure that faith-based institutions can participate in government programs and the provision of government services.
- Protect the rights of women and girls by opposing efforts to redefine gender.
- End the deadly open border policies implemented by the Biden Administration, enact H.R. 2– the Secure the Border Act, and strengthen immigration enforcement.

Section 6 – Personalized and Affordable Healthcare

The RSC Budget would stand against the deadly consequences of Medicare-for-All and implement patient-oriented reforms to reduce the cost of care and ensure that federal aid reaches those who need it most. Without the RSC Budget's reforms, federal funding for Medicaid is estimated to cost \$551 billion in 2024 and grow to a projected \$898 billion in 2034.

Medicaid and CHIP – The RSC Budget would ensure Medicaid focuses on medically vulnerable populations. It would do so by converting the current top-down structures in Medicaid, Obamacare and the Children's Health Insurance Program (CHIP) into five flexible block grants for low-income children, the elderly, people with disabilities, and pregnant women. A fifth grant would be available to states to support programs that ensure guaranteed insurance coverage, even for the able-bodied. This budget would promote common sense savings in the Medicaid program by requiring able-bodied adults to participate in work or community engagement activities.

Obamacare - Additionally, the RSC Budget would eliminate Obamacare subsidies for the wealthy, which were extended by the Inflation Reduction Act (IRA). This budget would also free states of many the regulatory mandates in Obamacare, providing states new flexibilities to implement innovative policies that protect those with pre-existing conditions and reduce premiums by as much as 70%. The RSC Budget would implement additional policies to reduce the cost of care and consolidation in the health sector, including:

- Ending Obamacare's ban on the construction of new Physician Owned Hospitals.
- Allow individuals to purchase health insurance across state lines.
- Expand Health Savings Accounts, legalize Association Health Plans, and preserve the Trump Administration's expansion of Health Reimbursement Arrangements.
- Expand antitrust authority to health insurance.
- Equalize the tax treatment of employer-provided and individually purchased health insurance.

Allowing medical underwriting to apply downward pressure on all beneficiaries' premiums and inject stability into insurance markets. Biden's Price Controls - The RSC Budget would also repeal Biden's price controls, which are projected to reduce medical research and development spending by as much as 60 percent and result in 342 fewer life-saving medical treatments. The RSC Budget supports policies that are geared toward increasing innovation and market competition to drive down patient costs.

Section 7 - Saving Medicare

Looming Insolvency - The RSC Budget would help save this critical program and protect seniors from the devastating 11 percent across-the-board cuts resulting from the Hospital Trust Funds insolvency in 2031. Critically, this budget would do so without expanding drug price controls that will result in hundreds of fewer life-saving medications or increasing taxes on small businesses by \$650 billion as the Biden budget does.

Preserving Benefits and Lowering Seniors' Premiums - The RSC Budget would merge all the Medicare trust funds into one singular fund and implement a premium support model where private plans would compete with a federal Medicare plan (the "Fed Plan") that would offer the traditional Medicare benefits received through Part A, B, and D. Plans would compete with traditional Medicare to cover enrollees, with payments to plans benchmarked to the bid made by the Fed Plan ensuring that traditional Medicare is always affordable for seniors. The CBO has found that a more limited version of this model would reduce premiums by 7 percent. The more expansive version implemented by the RSC Budget would likely increase these savings.

Implement Site Neutral Payment Policies - The RSC Budget would implement site-neutral payment policies throughout the Medicare program to lower costs and reduce consolidation in the hospital sector. Site-neutral policies would ensure that hospitals cannot profit from charging inpatient prices for outpatient services, bringing costs down significantly and saving an estimated \$202 billion over ten years.

Section 8 - Make Social Security Solvent Again

Spending on Social Security will grow tremendously between FY 2023 and 2034, from nearly from \$1.5 trillion to \$2.5 trillion The RSC Budget is committed to preventing 23 percent across the board cuts in benefits that will hit every Social Security recipient in 2033. Unlike the Biden budget, which does nothing to prevent these cuts, the RSC Budget would phase in common-sense, bipartisan reforms that have been narrowly tailored to affect no senior in or near retirement. These reforms would collectively stave off Biden's 23 percent cuts to Social Security benefits and eventually make the retirement trust fund sustainably solvent. These include modest and delayed changes to the Primary Insurance Amount (PIA) benefit formula, the retirement age, auxiliary benefits for high income earners, and gradually moving towards a flat benefit. President Biden supported similar reforms during his tenure as Senator and none of these changes would affect anyone in or near retirement.

The RSC Budget would also make common-sense reforms to Disability Insurance (DI) to promote work, earned success, and human dignity. The RSC Budget would convert DI payments to a flat benefit structure that increases benefits for low-income workers and removes benefit cliffs. Additionally, the RSC Budget would expand access to private disability insurance, which offers stronger benefits, is less expensive and is more effective at returning employees to work.

Section 9 – Budget Process Reform

The RSC Budget supports the strong rules changes instituted by the new Republican controlled-House, which include replacing the flawed Pay-As-You-Go (PAYGO) rule with Cut-As-You-Go (CUTGO) and requiring a 3/5 majority to raise taxes. The RSC Budget would institute additional common-sense reforms to the budget process to prevent out of control spending. These include:

- Adopting a balanced budget amendment to the Constitution.
- Limiting federal spending to a percentage of potential GDP.
- Adopting zero-base budgeting.
- Prohibiting trust fund assets from being used for non-trust fund programs.
- Preventing reconciliation from being used to impose tax increases.
- Requiring the President to submit his budget request and a National Security Strategy before the State of the Union address is given.
- Requiring CBO to employ more accurate estimates by integrating debt servicing expenses, employing fair value estimates for credit programs, and providing updated assessments more frequently.

Section 10 – Other Mandatory Spending

In 2022, total mandatory (or automatic) spending made up 71 percent of the federal budget. Since 2000, other mandatory spending (which does not include Social Security, Medicare, and Medicaid) has risen above CBO baseline projections by \$724 billion – more than any other category of spending.

The RSC Budget would reduce spending in Other Mandatory categories by \$2.6 trillion over the next 10 years. These savings include:

- Rescinding unobligated COVID funding.
- Ending President Biden's illegal and regressive student loan bailout and income-driven repayment plan.
- Ending Public Student Loan Forgiveness for high income earners.
- Lowering tuition by ending Pell Grant subsidies for wealthy students and subsidized student loans.
- Ending Fannie Mae and Freddie Mac's federal charters, ending Dodd-Frank's bailout authority, and eliminating the Federal Insurance Office.
- Matching federal employee benefits to those available to private sector workers and eliminating automatic pay raises for federal employees.
- Repealing Davis-Bacon regulations that increase the cost of federal transportation projects.
- Limit the Agriculture Secretary's discretionary authority over the Commodity Credit Corporation.

Section 11 – Discretionary Spending

According to CBO, in 2023, discretionary outlays totaled \$1.7 trillion, with non-defense discretionary (NDD) spending eclipsing defense spending. Similarly, growth in NDD spending has outpaced defense spending for over 50 years. Our administrative agencies have been weaponized by the Left to force a woke ideology on American citizens. The RSC Budget would fight back by using the power of the purse. It also targets other programs and activities that fall outside of Congress's explicitly delegated authorities or are duplicated or wasteful. The RSC Budget would cut \$3.3 trillion in discretionary spending.