Congressional Research Service

Highlights of Three FY2013 Budget Proposals for the Human Resources "Superfunction": Education, Training, Social Services, Health, Income Security, and Veterans

(name redacted)
Specialist in Domestic Social Policy and Division Research Coordinator

(name redacted)
Specialist in Social Policy

July 13, 2012

Congressional Research Service
7-....
www.crs.gov
R42605

CRS Report for Congress
Prepared for Members and Committees of Congress

Summary

Debate is occurring on short- and long-term efforts to boost the economy, reduce the deficit, and stabilize the debt; this debate includes proposals to alter the overall size and composition of federal spending and revenues. "Human resources" programs account for the majority of federal outlays (67% in FY2011) and would be affected by these proposals. Six categories comprise the human resources "superfunction": education, training, employment, and social services; health (largely Medicaid); Medicare; income security; Social Security; and veterans programs.

President Obama submitted a detailed FY2013 budget proposal to Congress in February. The House subsequently passed an FY2013 budget resolution (H.Con.Res. 112), based on a proposal by Budget Committee Chairman Ryan. Several proposals have been offered by Members of the Senate, including a resolution by Budget Committee Chairman Conrad that is based on recommendations of the National Commission on Fiscal Responsibility and Reform (Simpson-Bowles Commission). Although the House and Senate have not agreed on a budget resolution, the FY2013 appropriations process is underway. The House has also passed a reconciliation bill (H.R. 5652) intended to replace an automatic budget reduction (i.e., "sequestration") scheduled to occur on January 2, 2013, under provisions of the Budget Control Act of 2011.

Spending for human resources peaked in FY2010 at 16.6% of Gross Domestic Product (GDP) and, according to the Congressional Budget Office (CBO), will have dropped to 15.5% in FY2012. This decline reflects the assumed economic recovery, lower spending for programs that respond automatically to economic conditions (e.g., Unemployment Insurance, Supplemental Nutrition Assistance Program), and expiration of funding under the American Recovery and Reinvestment Act of 2009. CBO projects that human resources spending will rise again as a share of GDP and reach 16.1% in FY2022, due to continuing effects of the baby boom's retirement and enrollment in Medicare and Social Security, real growth in Social Security benefits, medical cost inflation, and spending under the Affordable Care Act (ACA) of 2010. (Note that CBO's baseline does not yet reflect any potential impact of the Supreme Court's June 28 decision on the ACA.)

Reflecting these trends, all projected growth in human resources spending will occur in three categories: health (i.e., Medicaid), Medicare, and Social Security. CBO estimates that spending for income security (which includes Unemployment Insurance, the Supplemental Nutrition Assistance Program, and selected low-income, retirement, and disability programs) will contract as a share of GDP over the next decade, as will the two smallest human resources categories (i.e., education, training, employment, and social services; and veterans benefits and services).

Both the Administration and Conrad/Fiscal Commission budgets assume human resources spending over the next 10 years at levels close to the CBO current law baseline, although the President requests increased spending in the initial years for economic stimulus. The House resolution assumes gradually decreasing spending for human resources as a share of GDP, but also assumes that spending would rise slightly at the end of the decade. As noted above, CBO projects human resources spending will equal 16.1% of GDP in FY2022 with no change in policy. This compares with 16.1% under the Administration proposal, 16% under the Conrad/Fiscal Commission resolution, and 14% under the House resolution. The most significant reductions from the CBO baseline assumed by the House would occur in three categories: education, training, employment, and social services; Medicaid (which would be converted into a block grant); and income security. The House also assumes conversion of Medicare into a "premium support" program starting in FY2023, which is beyond the budget resolution's 10-year window.

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Introduction

Members of Congress and the Obama Administration are engaged in debate over short- and long-term efforts to sustain recovery and further stimulate the economy, reduce the federal budget deficit, and stabilize the national debt. Within that debate, policymakers hold different points of view on the optimal size and composition of federal spending and revenues. Adding to the issue's complexity, this year's budget discussions are occurring against the backdrop of the Budget Control Act of 2011 (BCA, P.L. 112-25), which put in place budget enforcement mechanisms and procedures intended to achieve a specified amount of deficit reduction over a 10-year period.

President Obama submitted a detailed FY2013 budget proposal to Congress on February 13, 2012. The House Budget Committee subsequently reported a concurrent resolution on the FY2013 budget (H.Con.Res. 112), based on a proposal by Committee Chairman Paul Ryan, which the full House passed on March 29.[1] Several Members of the Senate have offered budget proposals, including a resolution by Budget Committee Chairman Kent Conrad that is based on recommendations of the National Commission on Fiscal Responsibility and Reform (also known as the Simpson-Bowles Commission). The Conrad/Fiscal Commission resolution was discussed at a markup session on April 18, but no vote was taken and the measure has not been formally introduced. On May 16, the Senate voted on motions to proceed to consideration of several alternative budget resolutions; however, none was agreed to.[2]

Although the House and Senate have not agreed on a concurrent resolution on the FY2013 budget, the FY2013 appropriations process is underway in both chambers.[3] Moreover, on May 15, the House passed the Sequester Replacement Reconciliation Act (H.R. 5652), which is intended to repeal and replace the automatic spending reduction (or "sequestration") scheduled for January 2, 2013 (discussed later in this report) with specific mandatory spending reductions over the period FY2012-FY2022.

Purpose and Organization of Report

This CRS report highlights and compares projected spending trends and policy initiatives in three distinct proposals—*the President's FY2013 budget, the House budget resolution, and the Conrad/Fiscal Commission resolution*—which represent different viewpoints about spending and revenues.[4] The report focuses specifically on proposals affecting programs in the six functional budget categories that comprise the human resources "superfunction." Collectively, these six functions accounted for a majority (67%) of federal outlays in FY2011 (see **Figure 1**, later in the report).

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[1] The House subsequently passed H.Res. 614 on April 17, which deemed H.Con.Res. 112 to have the "force and effect" of a concurrent resolution on the budget. On March 20, Senate Budget Committee Chairman Kent Conrad filed in the *Congressional Record* FY2013 discretionary spending limits enforceable in the Senate, as provided under Section 106(b)(2) of the Budget Control Act (BCA, P.L. 112-25), which has been referred to as a "deeming resolution." See CRS Report RL31443, *The "Deeming Resolution": A Budget Enforcement Tool*, by Megan Suzanne Lynch.

[2] These included S.Con.Res. 37 (Toomey), S.Con.Res. 42 (Paul), and S.Con.Res. 44 (Lee).

[3] For current information, see CRS Report Appropriations Status Table, *FY2013 Status Table of Appropriations*, by (name redacted), Merete F. Gerli, and Jared Conrad Nagel.

[4] Additional budget proposals could also have been examined, such as the budget resolutions identified in footnote 2 and amendments offered on the House floor as substitutes for H.Con.Res. 112; however, such extensive analysis was beyond the scope of this report.

The six human resources functions (and their function codes) are

- Education, training, employment, and social services (Function 500);
- Health (primarily Medicaid) (Function 550);
- Medicare (Function 570);
- Income security (Function 600);
- Social Security (Function 650); and
- Veterans benefits and services (Function 700).

The purpose of this report is to give a broad overview of proposed spending trends and policy recommendations for human resources programs. The report does not discuss the broad outlines of the three proposals, such as their projected levels of total spending, revenues, or deficits. The report is not comprehensive in its coverage of all provisions in the proposals, nor does it attempt to quantify the costs or savings associated with specific proposals, or track their legislative status.

This report begins by briefly explaining the concepts of budget "functions" and "superfunctions" and then provides a short discussion of the Budget Control Act of 2011 (P.L. 112-25). The BCA placed limits on discretionary spending for FY2012-FY2021 and established an automatic spending reduction procedure. It is necessary to understand how the Congressional Budget Office (CBO) treated these BCA provisions in developing its current law baseline projections and, subsequently, how CRS adjusted this baseline to prepare and present the analysis in this report.

The report then compares projected federal spending under current law for the human resources superfunction as a whole—and for each of the six functions within—with the President's budget proposal, the House budget resolution, and the Conrad/Fiscal Commission resolution. Each section compares the CBO current law baseline for FY2012 through FY2022 with the President's FY2013 budget proposal (as re-estimated by CBO) and the House and Conrad/Fiscal Commission budget resolutions, in constant FY2012 dollars. Key policy initiatives proposed by the Administration and assumed in each of the budget resolutions are identified. An **Appendix** to the report includes supporting tables.

Sources of Additional Information

For information on general budget procedures and the status of the FY2013 budget, see

- CRS Report 98-721, *Introduction to the Federal Budget Process*, coordinated by (name redacted)
- CRS Report R40472, *The Budget Resolution and Spending Legislation*, by Megan Suzanne Lynch
- CRS Report R42362, *The Federal Budget: Issues for FY2013 and Beyond*, by (name redacted)
- CRS Report Appropriations Status Table, FY2013 Status Table of Appropriations, by (name redacted), Merete F. Gerli, and Jared Conrad Nagel (also includes status of the FY2013 budget resolution)

Sources of information used in this report include

- The Obama Administration's FY2013 budget documents: http://www.whitehouse.gov/omb/budget
- An Analysis of the President's FY2013 Budget, Congressional Budget Office: http://www.cbo.gov/publication/43083
- The Path to Prosperity: A Blueprint for American Renewal, House Budget Committee: http://budget.house.gov/fy2013Prosperity//
- H.Con.Res. 112, as passed by the House, and the accompanying House Budget Committee report (H.Rept. 112-421)
- The Long-Term Budgetary Impacts of Paths for Federal Revenues and Spending Specified by Chairman Ryan, Congressional Budget Office: http://www.cbo.gov/publication/43023
- The Fiscal Commission Budget Plan and supporting documents, Senate Budget Committee: http://budget.senate.gov/democratic/index.cfm/fiscal-year-2013
- The Moment of Truth, report of the National Commission on Fiscal Responsibility and Reform (also known as the Simpson-Bowles Commission): http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf

What Are Budget Functions and Superfunctions?

The federal budget is divided into 20 functional categories (e.g., national defense, health, energy, transportation), which are further divided into subfunctions.[5] These functional categories provide a broad statement of budget priorities and facilitate the analysis of trends in related programs; they are used for informational purposes in the congressional budget process. Some budget functions are grouped together into budget "superfunctions" (e.g., national defense, human resources, physical resources).

Congress begins formal consideration of the annual budget resolution after the President submits his detailed budget request for the coming fiscal year. The congressional budget resolution is not signed by the President and does not become public law. Rather, it is an internal blueprint for Congress to use in its consideration of appropriations acts and other legislation for the coming fiscal year. The resolution establishes enforceable levels for projected spending (budget authority

[5] See CRS Report 98-280, *Functional Categories of the Federal Budget*, by (name redacted), and House Budget Committee, Budget Functions: http://budget.house.gov/BudgetProcess/BudgetFunctions.htm.

and outlays) and revenues, along with an estimate of the deficit (or surplus) and the national debt. The resolution includes amounts for the coming fiscal year and projections for subsequent years.[6]

Unlike the President's budget request submitted each February, the congressional budget resolution does not specify spending levels by program but instead establishes aggregate spending amounts for each of the functional categories referred to above. These aggregate amounts are based on certain "assumptions" about spending for specific programs. However, these assumptions are not typically specified in the resolution, nor are they binding on the appropriations committees or committees with jurisdiction over mandatory spending or tax provisions. Key assumptions are sometimes identified in the Budget Committee report that accompanies the concurrent resolution.

The congressional budget process includes tools for enforcing the annual budget resolution. Members of Congress may raise points of order to bar consideration of legislation that would violate the spending ceilings or revenue floors in the resolution, among other provisions.[7] Congress also has used the "reconciliation" process to implement budget policy.[8] For example, the House-passed budget resolution for FY2013 (H.Con.Res. 112) contains reconciliation instructions to six authorizing committees to find a specific amount of deficit reduction over 10 years. The committee report accompanying the budget resolution identified "illustrative" policy options by which to achieve these savings, but the committees are free to report whatever changes they want within their jurisdictions in response to a reconciliation directive. In response to the reconciliation instructions in H.Con.Res. 112, the six committees reported their recommendations to the House Budget Committee, which assembled them into a single reconciliation bill (H.R. 5652) that was passed by the House on May 15, 2012.[9]

The Budget Control Act and the CBO Baseline

The BCA, enacted in August 2011, provided for increases in the debt limit and established procedures designed to reduce the federal budget deficit.[10] Two components of the BCA are relevant to understanding the CBO "current law" baseline for human resources programs, as it is presented in this report.

First, Title I of the BCA established enforceable limits on discretionary spending for FY2012 through FY2021.[11] For FY2012 and FY2013, the law provided separate amounts for discretionary spending in the "security" and "nonsecurity" categories. "Security" was defined broadly to

[6] See CRS Report 98-512, *Formulation and Content of the Budget Resolution*, by (name redacted)

[7] See CRS Report 98-815, *Budget Resolution Enforcement*, by (name redacted)

[8] See CRS Report 98-814, *Budget Reconciliation Legislation: Development and Consideration*, by (name redacted), and CRS Report R41186, *Reconciliation Directives: Components and Enforcement*, by Megan Suzanne Lynch.

[9] For a summary of provisions included in this bill, see the accompanying House Budget Committee report (H.Rept. 112-470). Also see the Congressional Budget Office cost-estimate at http://www.cbo.gov/publication/43234.

[10] For a comprehensive discussion, see CRS Report R41965, *The Budget Control Act of 2011*, by (name redacted), (name redacted), and (name redacted).

[11] These spending limits are enforceable through a process known as "sequestration." If Congress appropriated more than allowed under the limits in a given year, sequestration would cancel the excess amount. This process is separate from the sequestration scheduled to occur in January 2013 as a result of the automatic spending reductions triggered by failure of the Joint Select Committee on Deficit Reduction, discussed below.

include the Departments of Veterans Affairs (VA), Homeland Security (DHS), and State, in addition to the Department of Defense and certain other activities; and "nonsecurity" was defined as everything else. For FY2014 and subsequent years, no distinction was made between security and nonsecurity; that is, Title I of the law established a single discretionary spending limit for each of those years.

Second, the BCA established a Joint Select Committee on Deficit Reduction, tasked with developing legislation by November 23, 2011, to achieve $1.5 trillion in deficit reduction over the FY2013-FY2021 period. If Congress failed to pass such legislation by January 15, 2012, reducing the deficit by at least $1.2 trillion, a series of automatic spending reductions would be triggered, specified in Section 302 of the act. In fact, the Joint Committee did not meet its deadline and the necessary legislation was not enacted. Thus, under current law, the first automatic spending reductions are scheduled to take effect on January 2, 2013.

These automatic procedures include sequestration[12] of mandatory spending for each of FY2013-FY2021, a one-year sequestration of discretionary spending for FY2013, and lower discretionary spending limits for FY2014-FY2021. In addition to being lowered, the original discretionary spending limits (discussed above) are redefined so that security now consists only of budget Function 050 (which is primarily the Department of Defense). Spending reductions are to be equally divided between security and nonsecurity, which means that half the reductions triggered by failure of the Joint Committee process will come primarily from the Department of Defense, and the other half will come from the remainder of the federal budget.[13] It should be noted that a significant amount of nonsecurity spending is either exempt from the sequestration process or otherwise subject to a special rule that limits the size of the reduction.[14]

In its *overall* current law baseline estimates and projections, CBO incorporated the discretionary spending limits imposed by Title I of the BCA (referred to in this report as the "original BCA spending limits") and the additional spending reductions triggered by failure of the Joint Committee process (referred to as the "additional BCA spending reductions").[15] However, with limited exceptions, insufficient information was available for CBO to estimate the impact of these BCA provisions at the *budget function* level.

Thus, CBO allocated all budgetary effects of the BCA—other than those related to defense and Medicare—to budget Function 920 (allowances), which is used, among other purposes, as a placeholder category for budgetary effects not yet assigned elsewhere. This means that CBO's

[12] Sequestration is an automatic, largely across-the-board spending reduction process that cancels budgetary resources of non-exempt programs to enforce certain budget policy goals.

[13] See CRS Report R42506, *The Budget Control Act of 2011: The Effects on Spending and the Budget Deficit When the Automatic Spending Cuts Are Implemented*, by (name redacted) and (name redacted).

[14] Social Security payments and most mandatory low-income programs (e.g., Medicaid, Supplemental Security Income, the Supplemental Nutrition Assistance Program, and Temporary Assistance for Needy Families) are exempt from sequestration, as well as refundable tax credits such as the Earned Income Tax Credit and Additional Child Tax Credit. Sequestration of most Medicare spending, triggered under the BCA, is limited to 2%. See CRS Report R42050, *Budget "Sequestration" and Selected Program Exemptions and Special Rules*, coordinated by (name redacted).

[15] CBO issued baseline projections for FY2012-FY2022 in January 2012, and updated these projections in March 2012. CBO also included projections under an "alternative fiscal scenario" that assumes, among other things, that the original BCA spending limits (those established under Title I of the Act) will remain in place but that the automatic spending reductions triggered by the Joint Committee process will *not* take effect. See CBO's *The Budget and Economic Outlook: Fiscal Years 2012 to 2022*, January 2012: http://www.cbo.gov/publication/42905 and *Updated Budget Projections: Fiscal Years 2012 to 2022*, March 2012: http://www.cbo.gov/publication/43119.

baseline for the human resources superfunction, and for each of the individual functions within, does not reflect the original discretionary spending limits or the additional spending reductions of the BCA. The sole exception in the human resources area is Function 570 (Medicare), where CBO was able to estimate the amount likely to be sequestered under the BCA provisions, which limit sequestration of most Medicare spending to 2%.[16]

Adjustment and Limitations of the CBO Current Law Baseline

To present a consistent picture of CBO's current law baseline for purposes of this report, CRS has adjusted the baseline for Medicare (Function 570) and the human resources superfunction total, to eliminate the projected effects of Medicare sequestration. (CBO's unadjusted baseline for Medicare is presented in the **Appendix**.) *This means that the CBO current law baseline for each of the six human resources budget functions, as presented in this report, does not reflect any of the spending reductions that are scheduled to occur under the BCA for the period FY2013 through FY2021.*

It is important to note that most spending in the human resources superfunction is mandatory, and most of this mandatory spending is exempt from sequestration (see footnote 14). Thus, for the individual human resources budget functions that are primarily or exclusively composed of mandatory spending, the CBO baseline would likely not change significantly if effects of the BCA were shown.

CBO's baseline for budget functions dominated by discretionary spending, however, would change—and be somewhat lower—if BCA provisions were shown. (As noted above, these BCA provisions include both the original discretionary spending limits and the additional reductions; i.e., sequestration of discretionary spending in FY2013 and a lowering and redefining of the original limits for FY2014-FY2021.) The function that could be most affected is Function 500, because it includes primarily discretionary spending for education, training, employment, and social services. Most of this spending is not exempt from sequestration in FY2013, and could also be affected by the lower discretionary spending limits that would govern FY2014 and subsequent years.[17] Function 700 also includes primarily discretionary spending, for veterans benefits and services. All programs administered by the VA are exempt from sequestration;[18] however, they could be affected by the lower discretionary spending limits in FY2014 and subsequent years.

In addition to the limitations described above, readers should note that CBO's current law baseline has not yet been updated to reflect the Supreme Court's June 28 decision on the Patient Protection and Affordable Care Act (ACA, P.L. 111-148). CBO is currently reviewing that decision to assess its impact on federal spending and revenues.[19]

[16] CBO can approximate the budgetary effects of this provision, but it is the responsibility of the Office of Management and Budget (OMB) to implement the sequestration process for both discretionary and mandatory spending.

[17] Although the BCA established separate spending limits for defense and nondefense, the further allocation of discretionary spending authority is determined by subsequent actions of Congress and the President. Thus, it cannot be known in advance how discretionary spending will be appropriated across programs or budget functions. See CRS Report R42388, *The Congressional Appropriations Process: An Introduction*, by (name redacted).

[18] See letter from the Office of Management and Budget to House Budget Committee Chairman Ryan, regarding the extent to which veterans programs are exempt from sequestration: http://www.whitehouse.gov/sites/default/files/omb/legislative/letters/response-letter-to-chairan-ryan-05232012.pdf

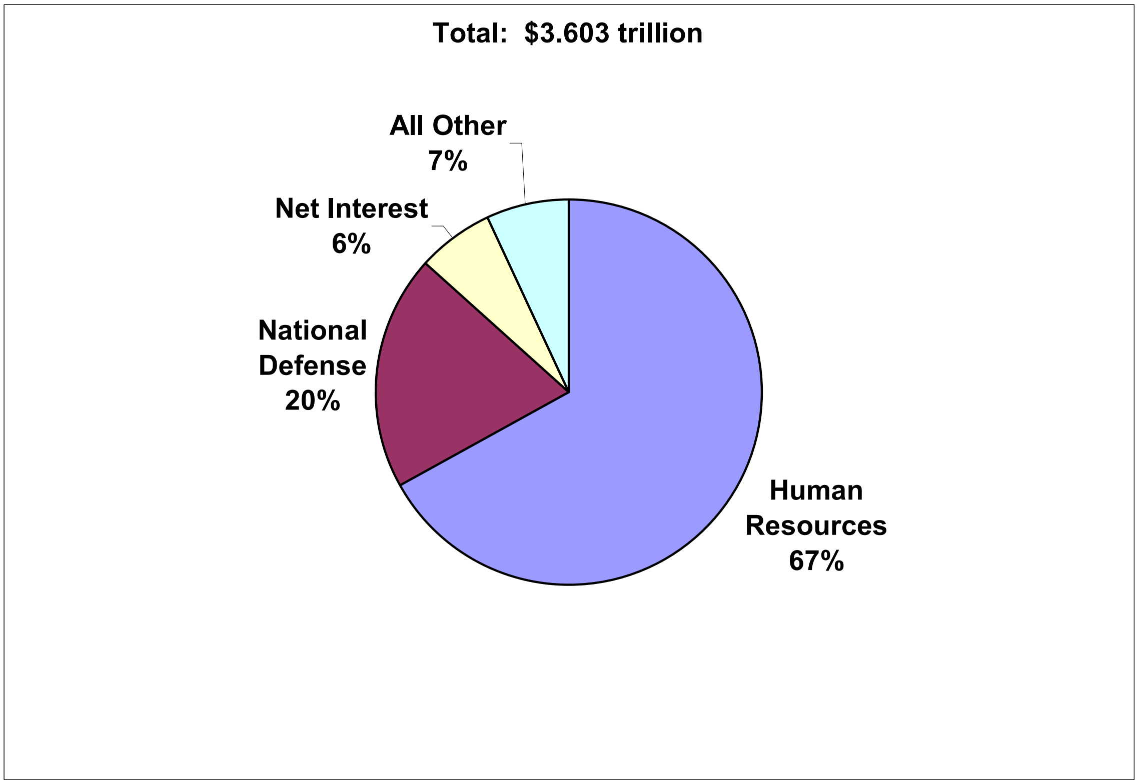
[19] See http://www.cbo.gov/publication/43414. Also see "Function 550: Health" in this report for more discussion.

The Human Resources Superfunction

Historical Trends

As noted earlier and shown in **Figure 1**, the human resources superfunction accounts for a majority of federal spending, representing 67% of all federal outlays in FY2011.

Figure 1. Composition of Federal Outlays by Superfunction: FY2011

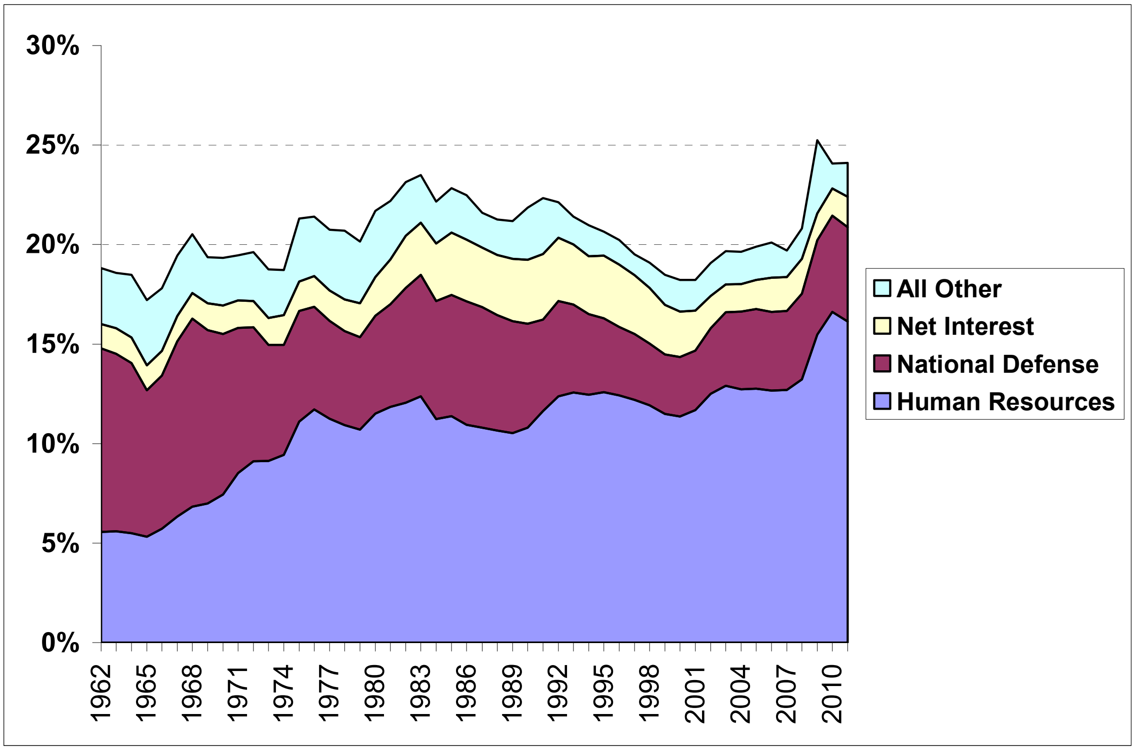


Source: Congressional Research Service (CRS), based on data from the Office of Management and Budget (OMB).

Note: "All Other" includes the physical resources superfunction referenced in OMB budget documents.

Figure 2 shows the historical trend in outlays for the human resources superfunction, as a share of the national economy in comparison with other major categories of the federal budget, from FY1962 through FY2011. The figure illustrates the growing importance of the human resources component of the budget over time. Specifically, the figure shows that human resources spending accounted for 5.6% of the Gross Domestic Product (GDP) in FY1962 and rose to a peak of 16.6% in FY2010. As a share of GDP, human resources spending dropped slightly in FY2011, to 16.1%. National defense, by contrast, represented 9.2% of GDP in FY1962, peaked in FY1968 at 9.4%, and accounted for 4.7% of the national economy in FY2011.

Figure 2. Federal Outlays by Superfunction As a Percent of the Gross Domestic Product: FY1962-FY2011



Source: Congressional Research Service (CRS), based on data from the Office of Management and Budget (OMB).

Note: "All Other" includes the physical resources superfunction referenced in OMB budget documents.

Current Law Projections

Figure 3 shows the trend in federal outlays for each of the six human resources budget functions, as a share of the economy, from FY1962 through FY2011, and CBO's projections of spending under current law from FY2012 through FY2022. As illustrated, CBO estimates that total human resources spending, as a share of GDP, will have dropped to 15.5% in FY2012 and fluctuate around that level (dipping slightly in FY2017 and FY2018) until climbing back to 16.1% (same as the FY2011 level) in FY2022. Human resources spending is projected to remain significantly higher throughout the decade than its pre-recession level of 12.7% of GDP in FY2007. (Readers should remember, however, that CBO's "current law" baseline does not reflect the BCA.)

Fueling growth over the long term are several factors, including the continuing effects of the baby boom generation's retirement and increased enrollment in Medicare and Social Security, certain program design features such as wage indexing in Social Security (which allows initial monthly benefits to replace a constant proportion of pre-retirement earnings and keep pace with rising living standards), medical cost inflation in excess of general inflation, and new spending attributable to implementation of the ACA of 2010.[20] On the other hand, cost-mitigating factors in

[20] CBO estimated the ACA would increase spending for certain programs (e.g., Medicaid, CHIP, the new health insurance exchange subsidies) but, because of reduced spending in other areas (e.g., Medicare) and increased revenues, (continued...)

the first part of the decade include the assumed economic recovery, lower spending for programs that respond automatically to economic conditions such as Unemployment Insurance and the Supplemental Nutrition Assistance Program,[21] and the expiration of all stimulus funding provided under the American Recovery and Reinvestment Act (ARRA, P.L. 111-5).

The figure illustrates that spending in the human resources superfunction has been dominated by four categories: health (Function 550, which primarily consists of Medicaid), Medicare (Function 570), income security (Function 600), and Social Security (Function 650). With no change in current law, CBO projects that spending for income security as a share of GDP will contract over the next decade, as will spending for the two smallest functions—education, training, employment, and social services (Function 500); and veterans benefits and services (Function 700). On the other hand, CBO projects that spending for three functions—health (mostly Medicaid), Medicare, and Social Security—will consume increasingly more of the economy as the population ages and the cost of health care continues to rise.

Analysis of projected spending in real terms (outlays in constant dollars) also shows the growing dominance of three functions within the human resources superfunction. CBO estimates that real spending for Medicaid equaled 15% of human resources spending in FY2012 and projects this will increase to 22% of human resources spending in FY2022. Medicare accounted for 20% of superfunction spending in FY2012, and is projected to rise to 23% in FY2022. Social Security is, and will remain, the largest component of the human resources superfunction, and will increase from 32% in FY2012 to 34% in FY2022. In contrast, CBO projects that income security programs under Function 600 will shrink from 23% of human resources spending in FY2012 to 14% in FY2022. And, the two smallest functions also will each contract as a share of the superfunction, from 4% in FY2012 to 3% in FY2022 for Function 500 and from 5% in FY2012 to 4% in FY2022 for veterans programs under Function 700. (See data in **Table A-4**.)

Most federal low-income assistance programs are included in one of the six human resources budget functions, primarily Function 500 (education, training, employment, and social services) and Function 600 (income security), in addition to Function 550, which includes Medicaid and the State Children's Health Insurance Program (CHIP).[22] A review of low-income assistance programs shows the same general trend applicable to the human resources superfunction overall; that is, health care is growing as a share of the economy while spending for other purposes (other than Social Security) contracts. A CRS analysis of federal outlays for major federal low-income assistance programs shows all projected growth in these programs over the next decade will be for health programs, specifically Medicaid, CHIP, and the refundable portion of a health insurance tax credit created under the ACA of 2010, which is scheduled to begin in 2014. With no

(...continued)

would result overall in a net decrease in the federal budget deficit during FY2012-FY2021. See http://www.cbo.gov/publication/22077. Readers should also know that on June 28, 2012, the Supreme Court issued an opinion affecting implementation of the Medicaid expansion in the ACA; CBO is currently assessing the budgetary impacts of that opinion.

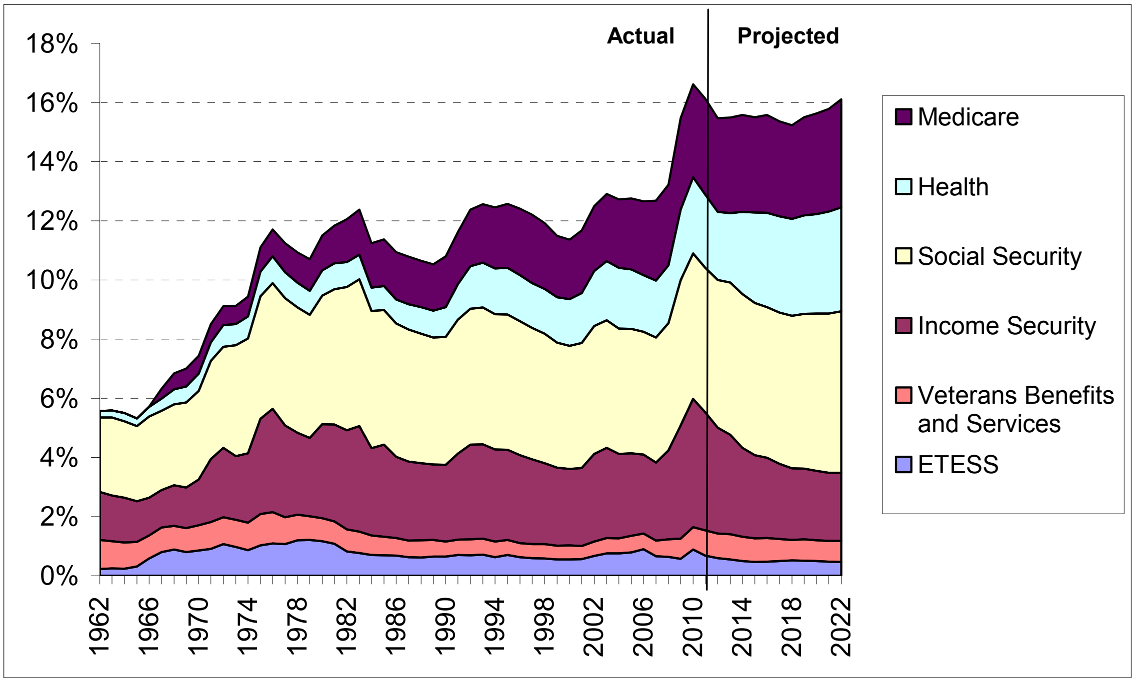
[21] These programs are referred to as automatic stabilizers. For a discussion, see *The Effects of Automatic Stabilizers on the Federal Budget,* by the Congressional Budget Office, April 2011: http://www.cbo.gov/publication/22086.

[22] For identification and discussion of federal low-income programs, see CRS Report R41625, *Federal Benefits and Services for People with Low Income: Programs, Policy, and Spending, FY2008-FY2009*, by (name redacted).

change in current law, spending for non-health low-income programs is expected to increasingly diminish as a share of the economy over the coming decade.[23]

Figure 3. Federal Outlays for the Human Resources Functions As a Percent of the Gross Domestic Product: FY1962 to FY2022

(FY2012 through FY2022 represent the adjusted CBO baseline)



Source: Congressional Research Service (CRS), based on data from the Office of Management and Budget (OMB) and Congressional Budget Office (CBO).

Note: ETESS = Education, Training, Employment, and Social Services.

Three Proposals

Figure 4 compares total estimated outlays for the human resources superfunction, as a share of GDP, under the CBO current law baseline, President Obama's proposed budget (as re-estimated by CBO), the House budget resolution, and the Conrad/Fiscal Commission resolution, from FY2012 through FY2022. As noted above, CBO projects that human resources spending will be relatively flat as a share of the national economy for most of the 10-year period, dip slightly in FY2017 and FY2018, and then very gradually rise. Both the President's budget and the Conrad/Fiscal Commission resolution follow the CBO baseline fairly closely, although the Administration proposes somewhat increased spending in the early years. The House budget resolution assumes gradually decreasing spending for human resources as a share of GDP, although it also would rise slightly at the end of the decade. As stated earlier, CBO projects that human resources spending will equal 16.1% of GDP in FY2022 with no change in current law (not accounting for the effects of the BCA). This compares with 16.1% under the

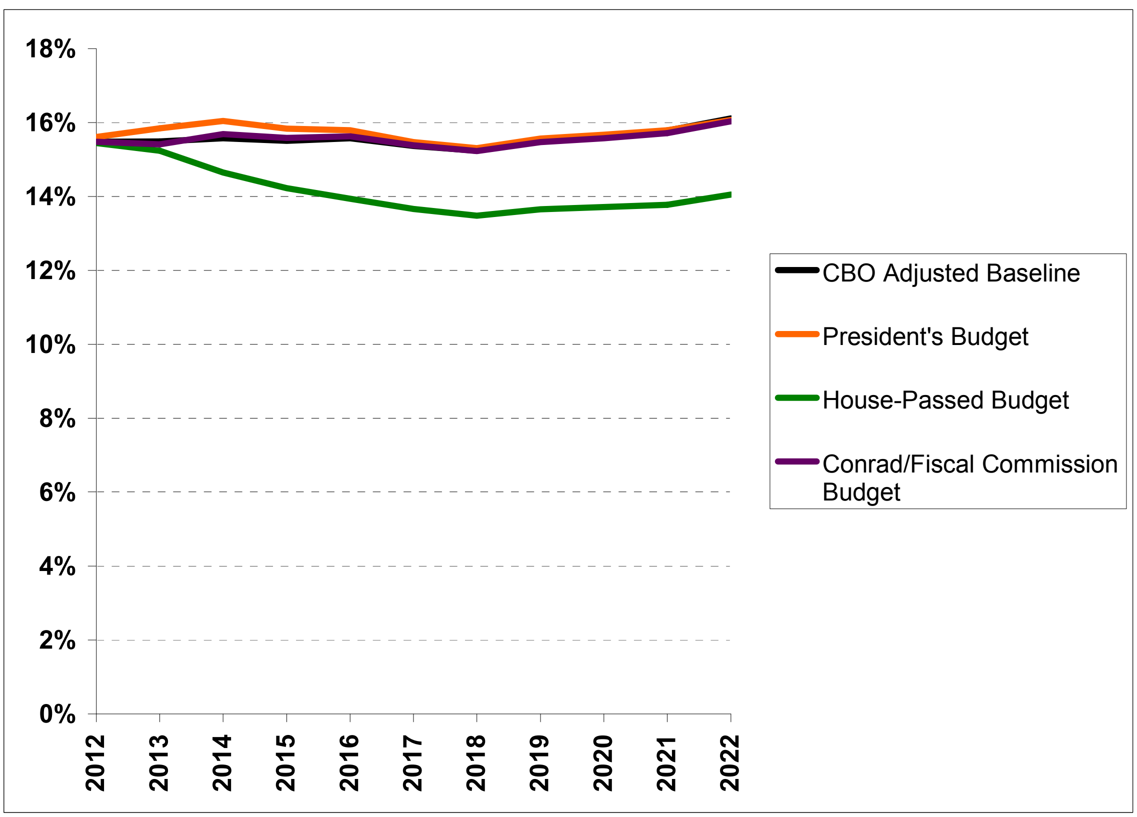
[23] See CRS Report R41823, *Low-Income Assistance Programs: Trends in Federal Spending*, by (name redacted).

Administration's budget, 16% under the Conrad/Fiscal Commission resolution, and 14% under the House resolution.

With regard to discretionary spending, both the Administration and the Conrad/Fiscal Commission resolution assume that the original spending limits established in Title I of the Budget Control Act will remain in place. The House resolution, however, assumes somewhat lower limits on total discretionary spending than required by the BCA (e.g., $1.028 billion versus $1.047 billion in FY2013). All three of the pending proposals assume that the additional BCA spending reductions, which are scheduled to begin in January 2013, will *not* take effect. Instead, they assume that these automatic reductions will be replaced by other deficit reduction initiatives that are reflected throughout the proposals. With regard to mandatory spending within the human resources superfunction over the next 10 years, the House resolution differs from the President and the Conrad/Fiscal Commission most significantly in budget Functions 550 (Medicaid) and 600 (income security). The House Budget Committee report also cites significantly different long-term policy assumptions for Medicare; however, these are not reflected in the 10-year window, as the legislative changes would not occur until after FY2022.

Figure 4. Federal Outlays for the Human Resources Functions As a Percent of the Gross Domestic Product: FY2012-FY2022

CBO Adjusted Baseline Compared with President's, House, and Conrad/Fiscal Commission Budgets



Source: Congressional Research Service (CRS), based on data from the Congressional Budget Office (CBO), House Budget Committee (HBC), and Senate Budget Committee (SBC).

Notes: President's Budget is CBO's re-estimate of the President's FY2013 budget. CBO baseline does not reflect any budgetary effects of the Budget Control Act of 2011. Note that all four trend lines are shown in this figure, but several overlap and are difficult to distinguish in certain years.

Function 500: Education, Training, Employment, and Social Services (ETESS)

Function Overview

Function 500 includes funding for the Department of Education (ED), social services programs within the Department of Health and Human Services (HHS), and employment and training programs within the Department of Labor (DOL). It also contains funding for the Library of Congress and independent research and art agencies such as the Corporation for Public Broadcasting, the Smithsonian Institution, the National Gallery of Art, the John F. Kennedy Center for the Performing Arts, the National Endowment for the Arts, and the National Endowment for the Humanities.[24] Most spending under Function 500 is discretionary. Mandatory spending in this function includes student financial assistance, some training and employment services, and Social Services Block Grants.

Spending under this function is divided among the following six subfunctions:[25]

- Elementary, secondary, and vocational education;
- Higher education;
- Research and general education aids;
- Training and employment;
- Other labor services; and
- Social services.

Implications of the Budget Control Act

Function 500 is dominated by discretionary spending, most of which is not specified as exempt from sequestration under the BCA. This means that most spending included in this function is subject to the automatic budget enforcement mechanism of the BCA, in addition to the discretionary spending limits. Pell Grants, which are primarily discretionary, are exempt from sequestration. In addition, among the few mandatory spending programs in Function 500, Social Services Block Grants are exempt from sequestration and federal student loans are governed by a special rule.[26] As discussed earlier, the budgetary effects of the BCA are not reflected in the CBO current law baseline at the function level; thus the baseline shown in **Figure 5**, below, is somewhat higher than it would be if these effects were shown.

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[24] Budget function descriptions used in this report can be found on the House Budget Committee website: http://budget.house.gov/BudgetProcess/BudgetFunctions.htm

[25] For long-term trends in discretionary spending for each of the Function 500 subfunctions, see Figure 3 in CRS Report R41726, *Discretionary Budget Authority by Subfunction: An Overview*, by (name redacted).

[26] See CRS Report R42050, *Budget "Sequestration" and Selected Program Exemptions and Special Rules*, coordinated by (name redacted).

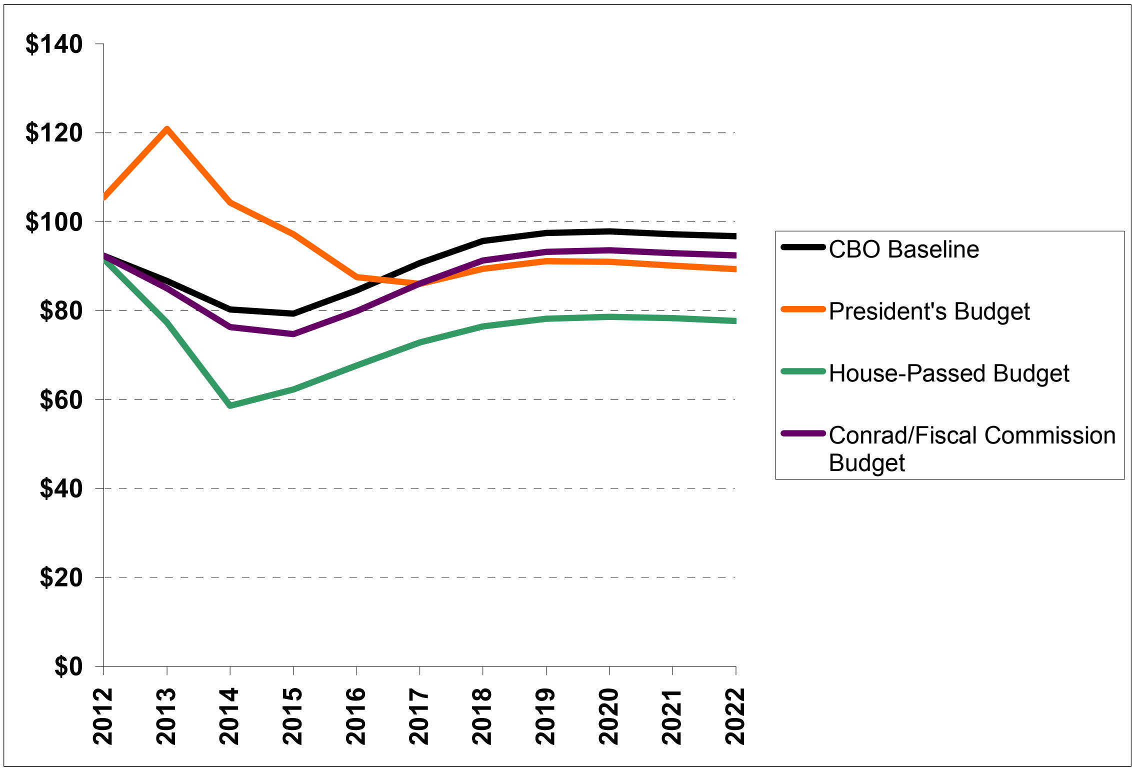
Projected Spending Trends

Figure 5 shows estimated outlays for Function 500 programs, from FY2012 through FY2022 in constant FY2012 dollars, under the CBO baseline, the Administration's budget, the House resolution, and the Conrad/Fiscal Commission resolution. As illustrated, CBO projects that under current law (not accounting for the BCA), spending for this function will initially decline, then increase from FY2015 through FY2019, when it will generally level off for the balance of the period. The baseline shows real spending for Function 500 slightly higher at the end of the decade than at the beginning. On the other hand, the Administration's budget proposes an immediate spike in spending followed by decline through FY2017. Spending would then rise slightly and flatten out, but remain below the CBO baseline from FY2016 through the end of the budget window. The Conrad/Fiscal Commission resolution would generally track, at slightly lower levels, the CBO baseline. Finally, as shown in the figure, the House budget resolution assumes a sharp drop in spending through FY2014, followed by a gradual rise. Spending for Function 500 would end the decade lower in real terms than at the start under the House resolution.

As a share of GDP (not shown in the figure), CBO projects that Function 500 will consume 0.55% of the national economy in FY2013 and drop to 0.47% by FY2022. This compares to 0.77% in FY2013 and 0.43% in FY2022 under the President's budget; 0.54% in FY2013 and 0.45% in FY2022 under the Conrad/Fiscal Commission resolution; and 0.49% in FY2013 and 0.37% in FY2022 under the House resolution (see **Table A-3**).

Figure 5. Federal Outlays for ETESS in Billions of Constant FY2012 Dollars: FY2012-FY2022

CBO Baseline Compared with President's, House, and Conrad/Fiscal Commission Budgets



Source: Congressional Research Service (CRS), based on data from the Congressional Budget Office (CBO), House Budget Committee (HBC), and Senate Budget Committee (SBC).

Notes: President's Budget is CBO's re-estimate of the President's FY2013 budget. Constant dollars were computed using the implicit price deflator for the Gross Domestic Product (GDP), based on CBO's forecast and projections. ETESS = Education, Training, Employment, and Social Services. CBO baseline does not reflect any budgetary effects of the Budget Control Act of 2011.

Proposed Policy Initiatives

Function 500 includes several policy areas identified by the White House as critical for investment. While staying within the original BCA discretionary spending limits for the 10-year budget window, the Administration proposes short-term funding increases for activities designed to create jobs and boost economic recovery. These include grants to state and local governments for school modernization, teacher hiring and retention, summer and year-round jobs for low-income youth, and employment opportunities for long-term unemployed and low-income adults. Many of these initiatives were included in the Administration's proposed American Jobs Act of 2011.[27] The President calls for a variety of program consolidations, with increased spending for certain programs offset by termination of others. The Administration would maintain and expand competitive initiatives such as Race to the Top (first funded through ARRA), as well as certain

[27] See CRS Report R42033, *American Jobs Act: Provisions for Hiring Targeted Groups, Preventing Layoffs, and for Unemployed and Low-Income Workers*, coordinated by (name redacted).

school reform initiatives included in a proposed reauthorization of the Elementary and Secondary Education Act (ESEA). As part of efforts to maintain college access and affordability, the President proposes to sustain a maximum Pell Grant award of $5,635;[28] double the number of college work-study jobs; provide incentives for states and colleges to keep tuition costs down; and shift campus-based aid toward colleges that restrain tuition increases. The Administration would consolidate and eliminate certain job training programs, coupled with some program expansions and new competitive initiatives intended to improve access to workforce development services.

In its report accompanying the House budget resolution, the House Budget Committee identified a number of policy options within Function 500 as "worthy of consideration" by lawmakers. These include a reorganization and streamlining of elementary and secondary education programs as part of reauthorizing ESEA, termination and reduction of programs that are not considered effective in improving student achievement, and provisions to address perceived duplication in teacher quality programs. Suggested changes in the Pell Grant program would roll back recent expansions of the need analysis system for determining assistance levels, eliminate administrative fees for participating institutions,[29] consider a maximum income cap, eliminate less-than-half-time students from eligibility, and adopt a maximum award level of $5,550. The House Budget Committee identifies possible changes in higher education programs such as removal of regulatory provisions that are perceived as restricting flexibility and innovative teaching methods, such as on-line coursework. The committee assumes consolidation of multiple job training programs into targeted career scholarship programs, elimination of funding for cultural agencies and for the Corporation for National and Community Service, and other program terminations. In the mandatory portion of Function 500, the House Budget Committee assumes repeal of certain student loan provisions enacted in 2010 (SAFRA Act, P.L. 111-152), and termination of the Social Services Block Grant.

A key component of the Conrad/Fiscal Commission resolution is reduced discretionary spending. As shown in **Figure 5**, Function 500 spending under this resolution would track CBO's baseline at somewhat lower levels; however, Senate documents do not identify specific discretionary spending cuts that are assumed in Function 500 programs.[30] On the mandatory side, the Conrad/Fiscal Commission resolution assumes elimination of in-school interest subsidies for undergraduate federal student loan programs, a proposal also assumed in the House budget resolution.

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[28] The total maximum Pell Grant award amount for award year (AY) 2012-2013 is $5,550, which includes a discretionary base maximum award of $4,860 and a mandatory add-on award of $690. Beginning in FY2013, the Higher Education Act (HEA) authorizes the Secretary of Education to determine the add-on award amount for AY2013-2014 based on a formula. The President's FY2013 budget would maintain the discretionary base maximum award of $4,860 for AY2013-2014, to which a projected $775 would be added, for a total maximum award of $5,635.

[29] The Department of Education currently pays an Administrative Cost Allowance of $5 to each participating school for each student who receives a Pell Grant at that school for an award year. This allowance may be used to defray the costs of administering the Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work-Study, and Federal Perkins Loan programs.

[30] The National Commission on Fiscal Responsibility and Reform suggested possible savings in discretionary spending through elimination of duplicative programs. Two areas suggested by the Commission as having multiple overlapping programs were job training and efforts to encourage participation in science, technology, engineering, and math. The Commission also cited the need to use savings to make "high-priority" investments to keep America competitive, such as increasing college graduation rates. See page 25 of the Commission's report, *Moment of Truth* at: http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf.

Function 550: Health

Function Overview

Function 550 includes most direct health care services programs, most notably Medicaid. Other health programs in this function fund anti-bioterrorism activities, national biomedical research, activities to protect the health of the general population and workers in their places of employment, health services for under-served populations, and training for the health care workforce. Some of the HHS agencies in this function include the National Institutes of Health, Centers for Disease Control and Prevention, Health Resources and Services Administration, and the Food and Drug Administration. The major mandatory programs in this function are Medicaid, the State Children's Health Insurance Program (CHIP), federal and retirees' health benefits, and health care for Medicare-eligible military retirees.

Spending under this function is divided among the following three subfunctions:[31]

- Health care services,
- Health research and training, and
- Consumer and occupational health and safety.

Implications of the Budget Control Act

The vast majority of spending in Function 550 is mandatory and exempt from sequestration under the BCA. However, Function 550 also includes some discretionary spending, which is subject to the automatic budget enforcement mechanism of the BCA, as well as the discretionary spending limits. Certain discretionary health programs, specifically health centers and Indian health services, are subject to a special rule that limits sequestration of these programs to no more than 2%. As explained earlier, the budgetary effects of the BCA are not reflected in CBO's baseline at the function level. However, given the size of Function 550 and the preponderance of exempted programs and activities, the current law baseline shown in **Figure 6**, below, would likely change very little if BCA effects were shown.

Implications of the Supreme Court Decision on the ACA

On June 28, 2012, the Supreme Court issued its decision in *National Federation of Independent Business v. Sebelius*. In that decision, the Court held that the federal government cannot terminate current Medicaid program federal matching funds if a state refuses to expand its Medicaid program to include non-elderly, non-pregnant adults with income under 133% of the federal poverty level, as required by the ACA.[32] If a state accepts the new ACA Medicaid expansion funds, it must abide by the new expansion coverage rules, but, based on the Court's opinion, it appears that a state can refuse to participate in the expansion without losing any of its current

[31] The vast majority of spending in Function 550 is mandatory, for Medicaid and CHIP. For long-term trends in *discretionary* spending for the health care services and health research and training subfunctions, see Figures 4 and 5 in CRS Report R41726, *Discretionary Budget Authority by Subfunction: An Overview*, by (name redacted).

[32] See CRS Report WSLG108, *A Line in Shifting Sand?: Failure to Implement "New" Medicaid Requirements Under the ACA Cannot Result in Loss of Existing Funds*, by (name redacted).

federal Medicaid matching funds. The CBO current law baseline was prepared before the Court's decision, and could change once the implications of this decision are fully considered. CBO is currently assessing the effects of the decision.[33]

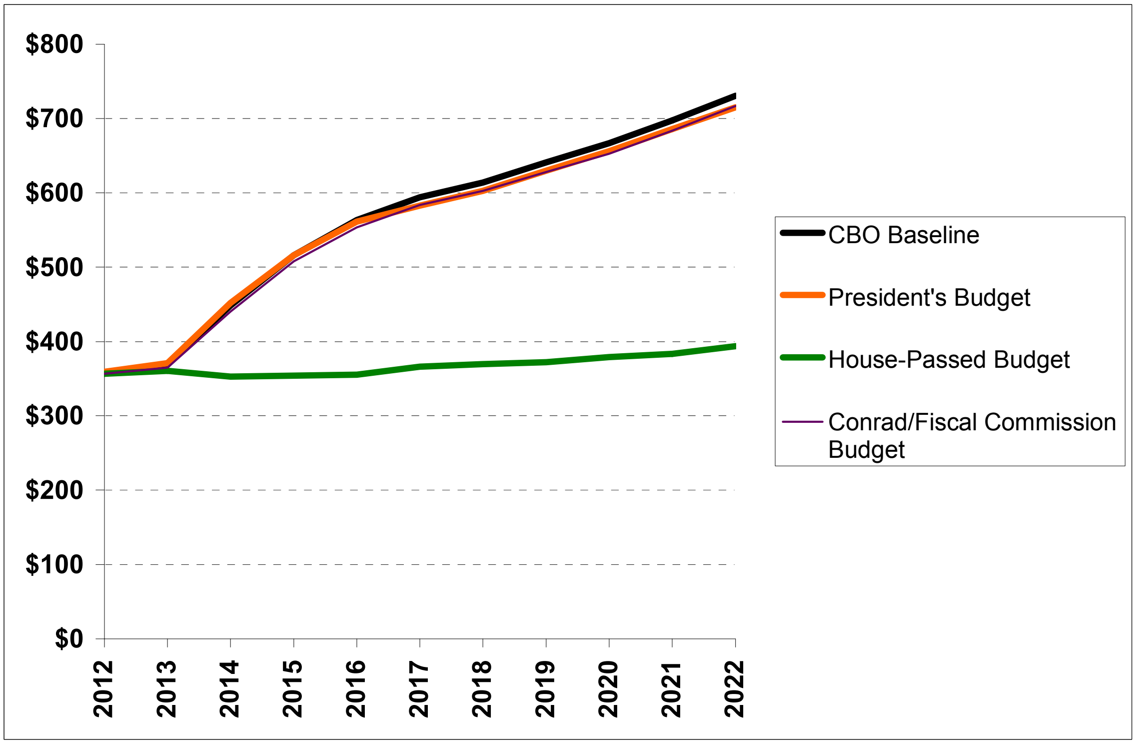
Projected Spending Trends

Figure 6 shows estimated outlays for Function 550 programs, from FY2012 through FY2022 in constant FY2012 dollars, under the CBO baseline, the Administration's budget request, the House budget resolution, and the Conrad/Fiscal Commission resolution. The House resolution shows a starkly different trend line than the other three budgets, which track very closely with each other. Under CBO's current law baseline, the President's proposed budget, and the Conrad/Fiscal Commission resolution, Medicaid spending will climb sharply over the 10-year period, primarily due to the expansion of Medicaid eligibility under the ACA (which, as noted above, could be affected by the Supreme Court's June 28 decision). The House resolution, meanwhile, would hold real spending relatively flat, with just a slight and gradual increase in the later years. As a share of GDP (not shown in the figure), CBO estimates Function 550 will consume 2.35% of the national economy in FY2013 and rise to 3.52% by FY2022. This compares to 2.36% in FY2013 and 3.45% in FY2022 under the President's budget; 2.32% in FY2013 and 3.46% in FY2022 under the Conrad/Fiscal Commission resolution; and 2.30% in FY2013 and 1.90% in FY2022 under the House resolution (see **Table A-3**).

[33] CBO posted the following on its website on July 9, 2012: "CBO is still assessing the effects of the Supreme Court's decision related to the Affordable Care Act (ACA) on the agency's projections of federal spending and revenue under current law. We expect to complete that assessment and release updated projections of the budgetary effects of the ACA coverage provisions during the week of July 23rd." See http://www.cbo.gov/publication/43414.

Figure 6. Federal Outlays for the Health Budget Function in Billions of Constant FY2012 Dollars: FY2012-FY2022

CBO Baseline Compared with President's, House, and Conrad/Fiscal Commission Budgets



Source: Congressional Research Service (CRS), based on data from the Congressional Budget Office (CBO), House Budget Committee (HBC), and Senate Budget Committee (SBC).

Notes: President's Budget is CBO's re-estimate of the President's FY2013 budget. Constant dollars were computed using the implicit price deflator for the Gross Domestic Product (GDP), based on CBO's forecast and projections. CBO baseline does not reflect any budgetary effects of the Budget Control Act of 2011. Note that all four trend lines are shown in this figure, but several overlap and are difficult to distinguish in certain years.

Proposed Policy Initiatives

The Administration proposes a number of legislative initiatives intended to reduce spending growth in the health function, including a replacement of the current assortment of federal-state matching rates used under Medicaid and CHIP with a single federal matching rate, beginning in FY2017. Starting in FY2015, the Administration would phase down the Medicaid "provider tax threshold," which affects the extent to which states can use revenues from health-related fees, assessments, or other mandatory payments to finance the state share of Medicaid expenditures. The Administration would "rebase" Medicaid disproportionate share hospital allotments in FY2021, set a limit on Medicaid reimbursement for durable medical equipment (equal to what Medicare would have paid), and achieve savings through program integrity initiatives.[34]

[34] For a detailed discussion of the Administration's FY2013 budget proposals for Medicaid and CHIP, see CRS Report R42368, *Centers for Medicare & Medicaid Services: President's FY2013 Budget*, coordinated by (name redacted) and (name redacted).

The House Budget Committee, in its accompanying report, notes that the House budget resolution assumes a fundamental reform of Medicaid. "Illustrative policy options" include many of the same initiatives included in the House budget resolution for FY2012 (H.Con.Res. 34), including conversion of the federal share of Medicaid spending into an allotment (a block grant), which would be indexed for inflation and population growth. The committee advocates repealing the Medicaid expansions enacted in ACA, as well as the ACA provisions authorizing subsidies to help low-income individuals purchase health insurance through exchanges. The resolution also assumes elimination of the individual mandate to purchase insurance, established under ACA. The House budget resolution further assumes savings would be achieved by repealing any remaining unspent funds provided under ARRA and other associated provisions in ACA.[35]

Senate Budget Committee documents do not specify Medicaid proposals assumed in the Conrad/Fiscal Commission resolution. The documents include a "health care savings policy statement" that says Congress should adopt program changes recommended by the Simpson-Bowles Commission, including such policies as eliminating states' ability to use provider taxes as their state share of Medicaid expenditures, requiring states to cover dual-eligibles under Medicaid managed care, reducing funding for Medicaid administrative costs, and allowing expedited application for Medicaid waivers in well-qualified states.[36]

Function 570: Medicare

Function Overview

Function 570 consists of the Medicare program, which provides health insurance to individuals age 65 or older and certain persons with disabilities.[37] Nearly 99% of spending in this function is mandatory, and almost all of the mandatory spending consists of payments for Medicare benefits. Congress provides an annual appropriation for the costs of administering and monitoring the Medicare program.[38]

Implications of the Budget Control Act

Medicare is generally subject to sequestration under the BCA's automatic budget reduction procedure; however, a special rule limits sequestration of most Medicare mandatory spending to no more than 2%. In addition, the low-income prescription drug subsidy under Medicare Part D and certain other programs and activities are exempt from sequestration altogether. CBO estimates that almost 90% of mandatory Medicare spending is subject to the 2% limit on sequestration, and another 10% is completely exempt. The discretionary portion of Function 570

[35] For a detailed discussion of the Medicaid and related assumptions in the House-passed budget resolution, see CRS Report R42441, *Overview of Health Care Changes in the FY2013 Budget Proposal Offered by House Budget Committee Chairman Ryan*, by (name redacted), (name redacted), and (name redacted).

[36] For a discussion of Medicaid recommendations of the National Commission on Fiscal Responsibility and Reform, see page 39 of the Commission's report, *Moment of Truth* at: http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf.

[37] Medicare is partially financed through a dedicated payroll tax; other sources of financing include beneficiary premiums and general revenues. See CRS Report R41436, *Medicare Financing*, by (name redacted).

[38] For the long-term trends in *discretionary* spending included in Function 570 (primarily Medicare administration), see Figure 4 in CRS Report R41726, *Discretionary Budget Authority by Subfunction: An Overview*, by (name redacted).

(i.e., Medicare administrative expenses) is not exempt from sequestration or subject to a special rule. As discussed earlier, the CBO baseline shown in **Figure 7** does not reflect the impact of sequestration, because CRS has adjusted CBO's Medicare baseline to make it consistent with the rest of the individual human resources functions. The CBO baseline for this function would be somewhat lower if the effects of sequestration were shown (see **Table A-1**).

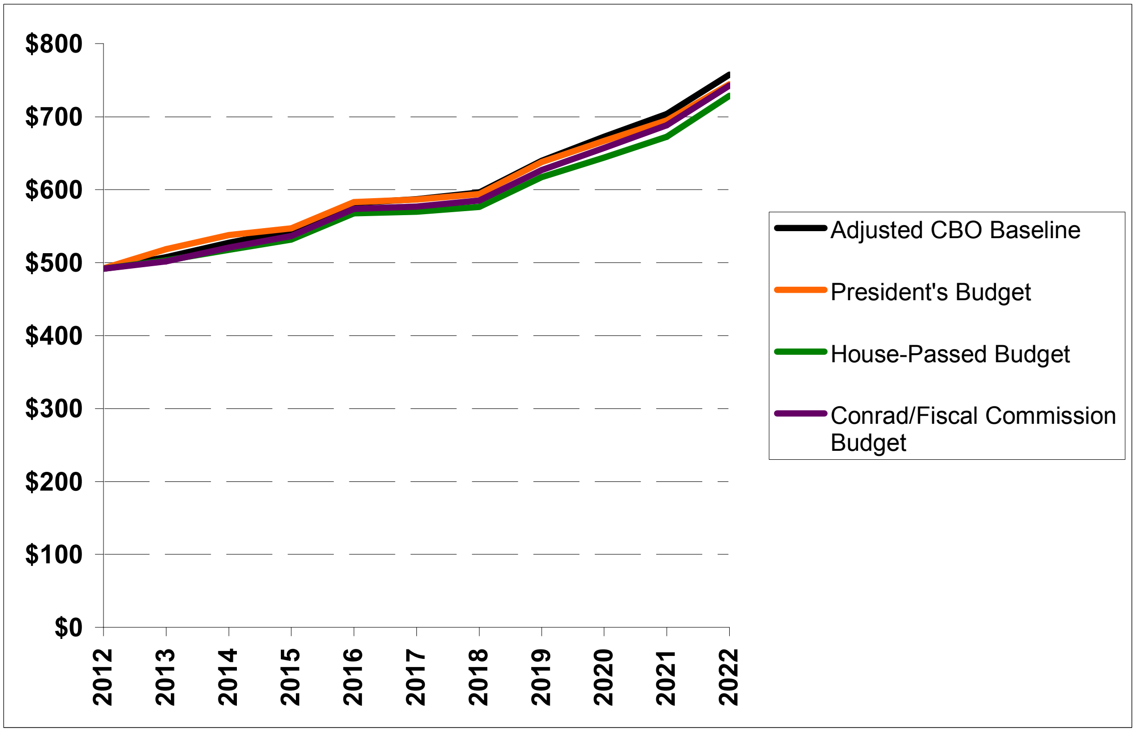
Projected Spending Trends

Figure 7 shows estimated outlays for Medicare, from FY2012 through FY2022 in constant FY2012 dollars, under the adjusted CBO baseline (not accounting for the BCA), the Administration's budget request, the House budget resolution, and the Conrad/Fiscal Commission resolution.[39] The figure shows relatively little difference between the budgets, with the House resolution slightly lower than the others, particularly in the later years. As a share of GDP (not shown in the figure), CBO estimates that Medicare will consume 3.23% of the national economy in FY2013 and rise to 3.65% by FY2022. This compares to 3.30% in FY2013 and 3.59% in FY2022 under the President's budget; 3.20% in FY2013 and 3.58% in FY2022 under the Conrad/Fiscal Commission resolution; and 3.21% in FY2013 and 3.51% in FY2022 under the House resolution (see **Table A-3**).

[39] Readers should note that CBO's current law baseline assumes the existing Sustainable Growth Rate (SGR), which will require a reduction in physician payments under Medicare after 2012, will remain in effect and not be overridden or changed by Congress. For background, see CRS Report R40907, *Medicare Physician Payment Updates and the Sustainable Growth Rate (SGR) System*, by (name redacted) and (name redacted).

Figure 7. Federal Outlays for Medicare In Billions of Constant FY2012 Dollars: FY2012-FY2022

CBO Adjusted Baseline Compared with President's, House, and Conrad/Fiscal Commission Budgets



Source: Congressional Research Service (CRS), based on data from the Congressional Budget Office (CBO), House Budget Committee (HBC), and Senate Budget Committee (SBC).

Notes: President's budget is CBO's re-estimate of the President's FY2013 budget. Constant dollars were computed using the implicit price deflator for the Gross Domestic Product (GDP), based on CBO's forecast and projections. CBO baseline does not reflect any budgetary effects of the Budget Control Act of 2011. Note that all four trend lines are shown in this figure, but several overlap and are difficult to distinguish in certain years.

Proposed Policy Initiatives

The Administration's budget assumes Congress will enact a freeze on physician payment rates under Medicare at current levels (the so-called "doc fix"), which will otherwise decline under the sustainable growth rate (SGR) formula in current law. While this action would increase the baseline for Medicare spending, the Administration also proposes reduced Medicare spending through program integrity initiatives as well as a series of legislative changes. These include proposals affecting Part A (e.g., adjusting payment updates to certain post-acute care providers, reducing bad debt coverage, reducing payments to teaching hospitals for costs of graduate medical education); and Part B (e.g., introducing a premium surcharge for new beneficiaries buying Medigap policies with very low cost-sharing). The Administration would increase income-related premiums under both Part B and the prescription drug program under Part D, and would align Medicare Part D drug payments with the corresponding Medicaid rates for brand name and generic drugs provided to low-income subsidy beneficiaries.[40]

[40] For a detailed discussion of the Administration's FY2013 budget proposals for Medicare, see CRS Report R42368, (continued...)

With regard to the budget overall, White House budget documents cite health care as "the primary driver of future deficit growth" and point to the health care reform law of 2010 (the ACA) as central to controlling the rising cost of health care. Many of the legislative proposals included in the Administration's current budget build upon initiatives included in the ACA. For example, ACA created the Independent Payment Advisory Board (IPAB) to develop and submit detailed recommendations to reduce Medicare spending to achieve certain target growth rates. The White House proposes to lower the target growth rate starting in 2020 and to give the IPAB additional tools to reduce spending.

One of the most widely reported recommendations of the House Budget Committee for FY2012 is continued, with modifications, in the committee's report on the House budget resolution for FY2013. However, the budgetary impact of this policy recommendation would not be seen until after FY2022, which is beyond the current budget's 10-year window. The committee recommends enactment of legislation to convert Medicare into a "premium support" program, in which individuals would choose among private health insurance plans through a newly created Medicare "exchange" and be eligible for a subsidy to offset the cost of the premium. This change would not affect individuals currently age 55 or older and would not take effect until FY2023, so its budgetary effects are not reflected in **Figure 7**. Unlike last year's recommendation, however, the current proposal would allow eligible individuals to choose to remain in traditional Medicare. The age of eligibility for Medicare would be gradually increased to align with Social Security, starting in 2023. Additional assumptions in the House resolution include a budget-neutral replacement for the current SGR formula; repeal of the IPAB; medical liability insurance reform, with limits on noneconomic and punitive damages; and additional means-testing of Medicare Part B and Part D premiums for high-income seniors, which is similar to a proposal of the Administration.[41]

The Conrad/Fiscal Commission resolution states that ACA "laid the foundation for long-term health care savings" but that more needs to be done. Like the Administration and the House resolution, the Conrad/Fiscal Commission resolution assumes reform of the SGR formula and that the associated costs will be offset by other savings in the plan. As noted earlier under Function 570, Senate Budget Committee documents include a "health care savings policy statement" that endorses recommendations of the Simpson-Bowles Commission, including many of the same initiatives identified in the Administration's budget. The Conrad/Fiscal Commission proposal also would expand the reach of IPAB and allow it to make recommendations affecting hospitals and other providers that are currently exempt.[42]

(...continued)

Centers for Medicare & Medicaid Services: President's FY2013 Budget, coordinated by (name redacted) and (name red acted).

[41] For a detailed discussion of the Medicare assumptions in the House-passed budget resolution, see CRS Report R42441, *Overview of Health Care Changes in the FY2013 Budget Proposal Offered by House Budget Committee Chairman Ryan*, by (name redacted), (name redacted), and (name redacted).

[42] For a discussion of Medicare recommendations of the National Commission on Fiscal Responsibility and Reform, see pages 36-39 of the Commission's report, *Moment of Truth* at: http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf.

Function 600: Income Security

Function Overview

Function 600 includes a range of income security programs that provide cash or near-cash assistance (e.g., housing, nutrition, and energy assistance) to low-income persons, and benefits to certain retirees, persons with disabilities, and the unemployed. Major federal entitlement programs in Function 600 include Unemployment Insurance (UI), Trade Adjustment Assistance income support, the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), Temporary Assistance for Needy Families (TANF), foster care and adoption assistance, and Supplemental Security Income (SSI). The refundable portion of the Earned Income Tax Credit (EITC) and the refundable Additional Child Tax Credit (ACTC)[43] are also included in this function. Federal and other retirement and disability programs comprise approximately one-third of funds in Function 600. Housing assistance programs account for the largest share of discretionary spending in this function.

Spending under this function is divided among the following six subfunctions:[44]

- General retirement and disability insurance (excluding Social Security),
- Federal employee retirement and disability,
- Unemployment insurance,
- Housing assistance,
- Food and nutrition assistance, and
- Other income security.

Implications of the Budget Control Act

The majority of spending in Function 600 is mandatory and many of these mandatory programs and activities are exempt from sequestration under the BCA. However, discretionary programs—primarily consisting of housing assistance—are not exempt and would be affected by the act's automatic enforcement mechanism, as well as the discretionary spending limits. As discussed earlier, the budgetary effects of the BCA are not reflected in the CBO current law baseline at the function level; thus, the CBO baseline in **Figure 8**, below, would be slightly lower if these impacts were shown.

[43] The ACTC is a refundable credit, available to certain families who also qualify for the nonrefundable Child Tax Credit but whose tax liability is too low for them to fully benefit from the nonrefundable credit. The refundable portions of tax credits such as EITC and ACTC are recorded as outlays; the nonrefundable portions are considered tax expenditures.

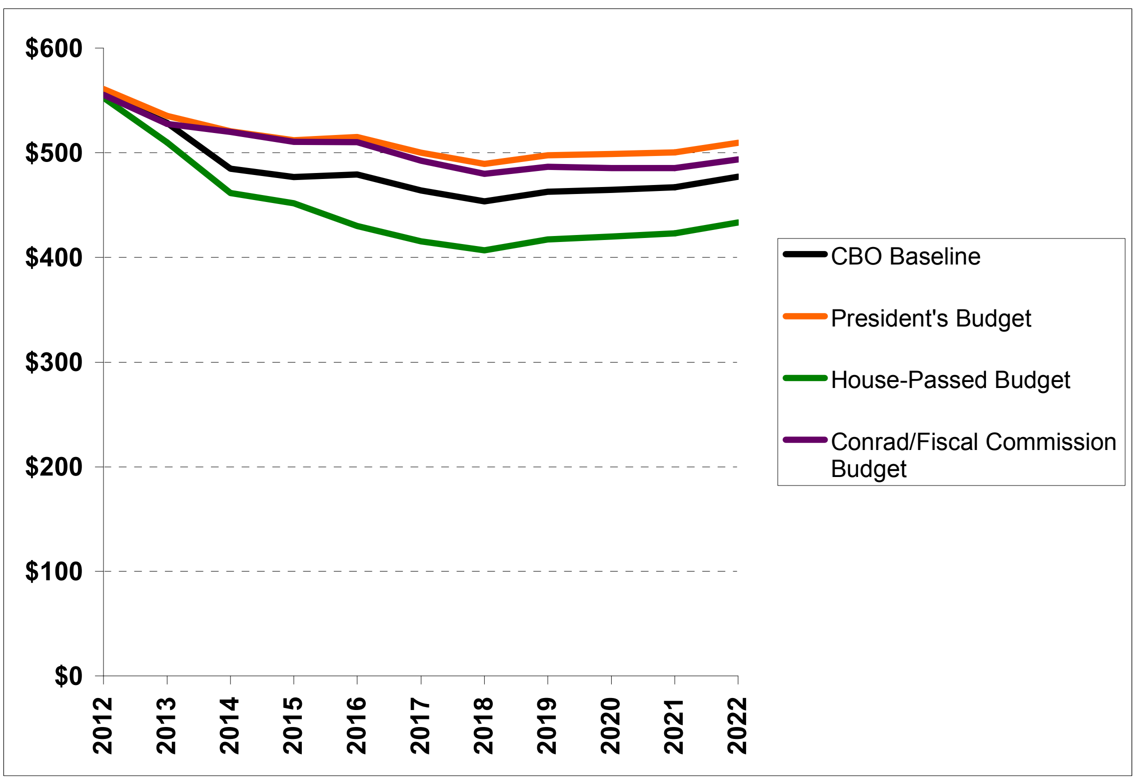
[44] For long-term trends in *discretionary* spending for each of the subfunctions included in Function 600, see Figure 6 in CRS Report R41726, *Discretionary Budget Authority by Subfunction: An Overview*, by (name redacted).

Projected Spending Trends

Figure 8 shows estimated outlays for Function 600 programs, from FY2012 through FY2022 in constant FY2012 dollars, under the CBO baseline (not accounting for the BCA), the Administration's budget request, the House budget resolution, and the Conrad/Fiscal Commission resolution. The figure shows a decline in real spending through FY2018 under all four of the trend lines, with a slight rise in the final four years. The Administration envisions the most gradual decline and significantly higher spending than the CBO baseline for most of the period. The Conrad/Fiscal Commission hovers below the Administration's proposal, but would also exceed the CBO baseline. The House budget resolution assumes the steepest decline in spending for this function, which would remain substantially below the CBO baseline for the entire period. As a share of GDP (not shown in the figure), CBO estimates Function 600 will consume 3.37% of the national economy in FY2013 and fall to 2.30% by FY2022. This compares to 3.41% in FY2013 and 2.46% in FY2022 under the President's budget; 3.36% in FY2013 and 2.38% in FY2022 under the Conrad/Fiscal Commission resolution; and 3.25% in FY2013 and 2.09% in FY2022 under the House resolution (see **Table A-3**).

Figure 8. Federal Outlays for Income Security In Billions of Constant 2012 Dollars: FY2012-FY2022

CBO Baseline Compared with President's, House, and Conrad/Fiscal Commission Budgets



Source: Congressional Research Service (CRS), based on data from the Congressional Budget Office (CBO), House Budget Committee (HBC), and Senate Budget Committee (SBC).

Notes: President's Budget is CBO's re-estimate of the President's FY2013 budget. Constant dollars were computed using the implicit price deflator for the Gross Domestic Product (GDP), based on CBO's forecast and projections. CBO baseline does not reflect any budgetary effects of the Budget Control Act of 2011.

Proposed Policy Initiatives

Like the CBO baseline, the Administration's budget assumes reduced recession-related spending for UI and SNAP (food stamps) as the economy gradually recovers. However, as noted earlier under Function 500, the Administration's budget also includes proposals originally offered through the American Jobs Act of 2011, which include a series of UI reforms intended, among other things, to provide reemployment services to beneficiaries.[45] The Administration proposes to permanently extend certain tax provisions, including expansions of the EITC and ACTC that were initially authorized under tax cut legislation in the 2000s and then further expanded in ARRA, and are currently set to expire at the end of calendar 2012. The Administration's budget also includes provisions intended to address shortfalls in the UI system and in the Pension Benefit Guaranty Corporation (PBGC).

In its report on the budget resolution, the House Budget Committee cites conversion of SNAP into a block grant as an "illustrative policy option" for this function. The conversion would not take place until after FY2016, allowing time for the economy to recover first. Block grant allotments would be tailored for each state's low-income population, indexed for inflation and eligibility. States would be required to enroll a certain portion of recipients in work activities, which could include education and training, similar to current law provisions in the TANF program. The House resolution also assumes elimination of the current "categorical eligibility" provisions that enable TANF recipients to automatically qualify for SNAP. Additional assumptions in the House budget resolution include increases in civilian federal employee contributions to their retirement benefits; reduction in certain Railroad Retirement benefits; unspecified reforms of the Pension Benefit Guaranty Corporation; elimination of the Home Affordable Modification Program (HAMP); and creation of a sliding income scale to determine eligibility of children for SSI. The committee report also identifies reform of means-tested entitlements built upon the welfare reforms of 1996 that created TANF. However, beyond the discussion of SNAP, the report does not name specific programs that could be affected by this proposal.

Senate Budget Committee documents indicate that the Conrad/Fiscal Commission resolution assumes adoption of non-health mandatory savings recommended by the Simpson-Bowles Commission. The committee also says the resolution "seeks to adhere to the Fiscal Commission's goals of: 'protecting the disadvantaged; ending wasteful spending; and looking to the private sector.'" Specific recommendations affecting Function 600 include creation of a task force to develop cost-saving changes to the civilian federal retirement program, and allowing the PBGC to increase premiums and thereby restore solvency. The committee refers to an "illustrative" tax reform option that would, among other things, preserve the Child Tax Credit and the EITC. The committee also mentions legislation to improve the current trigger mechanisms for the Extended Benefit (EB) program, which provides UI benefits to the long-term unemployed, so that these countercyclical benefits would trigger on and off more effectively.

[45] See CRS Report R42033, *American Jobs Act: Provisions for Hiring Targeted Groups, Preventing Layoffs, and for Unemployed and Low-Income Workers*, coordinated by (name redacted).

Function 650: Social Security

Function Overview

Function 650 consists of the payroll tax-financed programs that are collectively known as Social Security: Old-Age and Survivors Insurance and Disability Insurance (OASDI).[46] This function includes both Social Security benefit payments (mandatory) and funds to administer the program (discretionary).[47]

Implications of the Budget Control Act

Social Security benefit payments are exempt from sequestration under the BCA. Discretionary administrative funds are not exempt and would be subject to the automatic budget enforcement mechanism of the BCA, in addition to the discretionary spending limits. As noted previously, the budgetary effects of the BCA are not reflected in the CBO current law baseline at the function level. Given the magnitude of exempt funding in Function 650, however, the CBO baseline shown in **Figure 9** would be essentially unchanged if effects of the BCA were shown.

Projected Spending Trends

Figure 9 shows estimated outlays for Function 650, from FY2012 through FY2022 in constant FY2012 dollars, under the CBO baseline, the Administration's budget request, the House budget resolution, and the Conrad/Fiscal Commission resolution. The figure shows virtually no difference between any of the four lines, as neither the Administration, the House, nor the Conrad/Fiscal Commission resolution assume significant policy changes in Social Security within the 10-year budget window. Note that **Figure 9** shows outlays for both the on-budget and off-budget portions of Social Security.[48] As a share of GDP (not shown in the figure), the CBO baseline and all three proposals generally estimate that Social Security will equal 5.15% of the national economy in FY2013 and rise to 5.46% by FY2022 (see **Table A-3**).

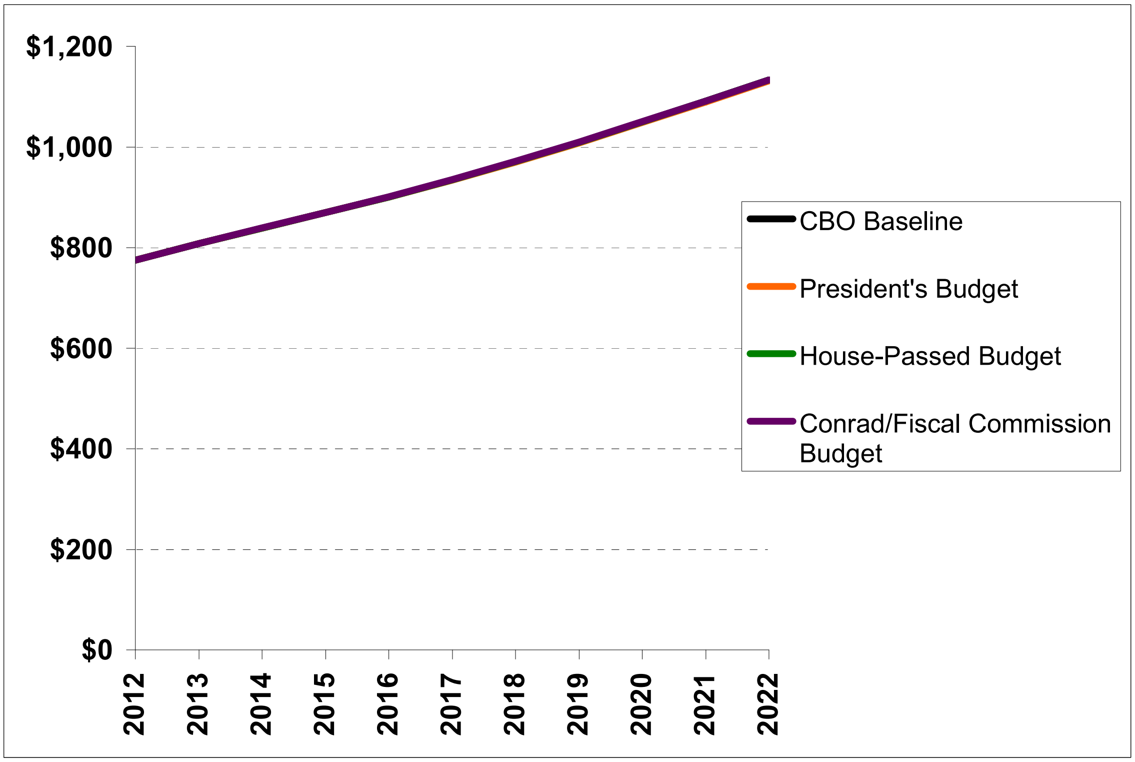
[46] Social Security is a self-financed program, with income from three sources: payroll taxes paid by covered workers and their employers, federal income taxes paid by some beneficiaries on a portion of their benefits, and interest income from the Social Security trust fund investments. See section on "Social Security Program Financing" in CRS Report RL33544, *Social Security Reform: Current Issues and Legislation*, by (name redacted).

[47] For long-term trends in the *discretionary* component of Social Security (primarily Social Security administrative expenses), see Figure 7 in CRS Report R41726, *Discretionary Budget Authority by Subfunction: An Overview*, by (na me redacted).

[48] Most Social Security spending is "off-budget," which means it is not included in the annual congressional budget process. For an explanation, see the section titled "On-Budget Versus Off-Budget" in CRS Report RL33028, *Social Security: The Trust Fund*, by (name redacted) and (name redacted).

Figure 9. Federal Outlays for Social Security In Billions of Constant FY2012 Dollars: FY2012-FY2022

CBO Baseline Compared with President's, House, and Conrad/Fiscal Commission Budgets



Source: Congressional Research Service (CRS), based on data from the Congressional Budget Office (CBO), House Budget Committee (HBC), and Senate Budget Committee (SBC).

Notes: President's Budget is CBO's re-estimate of the President's FY2013 budget. Constant dollars were computed using the implicit price deflator for the Gross Domestic Product (GDP), based on CBO's forecast and projections. CBO baseline does not reflect any budgetary effects of the Budget Control Act of 2011. Note that all four trend lines are shown in this figure but are virtually identical.

Proposed Policy Initiatives

The Administration's budget makes only general statements in support of Social Security reform and does not recommend specific program changes.[49] The Administration's budget, however, explicitly states opposition to Social Security privatization. In the FY2013 budget, the Administration also requests funds to be used to reduce the disability claims backlog, proposes to reauthorize demonstration authority for the Disability Insurance program, and includes a series of program integrity measures.

In its report on the FY2013 budget resolution, the House Budget Committee cited the Simpson-Bowles Commission as having made "positive steps forward on bipartisan solutions to strengthen Social Security." The House resolution would require the Social Security Board of Trustees to recommend statutory reforms to the President in any year when they find the 75-year actuarial

[49] For a discussion of Social Security reform issues and proposals, see CRS Report RL33544, *Social Security Reform: Current Issues and Legislation*, by (name redacted).

balance and the annual balance in the 75th year are in deficit. The President would be required to submit legislation to implement these recommendations by a certain deadline and congressional committees would be required to consider the legislation under expedited procedures.

The Conrad/Fiscal Commission resolution fully endorses the Social Security reform recommendations of the Simpson-Bowles Commission, which Senate Budget Committee documents say would restore the program's 75-year solvency and put it on a sustainable path beyond 75 years.[50] The Senate documents include a "Social Security policy statement" that directs Congress to work on a bipartisan basis to reform Social Security "for its own sake" and not for the sake of deficit reduction. Specific recommendations of the Simpson-Bowles Commission, identified and endorsed in the Conrad/Fiscal Commission resolution, include moving toward a more progressive benefit formula, providing an enhanced minimum benefit for low-wage workers, increasing benefits for older beneficiaries, increasing early and full retirement ages based on increases in life expectancy and creating a hardship exemption for individuals who cannot work beyond age 62, allowing retirees to claim a portion of their benefit at age 62 and the remaining portion at a later age, gradually increasing the taxable maximum so that 90% of aggregate covered wages would be taxable by 2050, adopting the Chained Consumer Price Index to compute cost-of-living adjustments, covering new state and local government workers after 2020, directing the Social Security Administration to improve information provided to future beneficiaries about their retirement options, and "beginning a broad dialog on the importance of personal retirement savings."

Function 700: Veterans Benefits and Services

Function Overview

Function 700 covers the programs of the Department of Veterans Affairs (VA), including veterans' medical care, compensation and pensions, education and rehabilitation benefits, and housing programs. It also includes the Department of Labor's Veterans' Employment and Training Service, the United States Court of Appeals for Veterans Claims, and the American Battle Monuments Commission. This function includes both mandatory and discretionary spending accounts. Mandatory funding supports disability compensation, pension benefits, education, vocational rehabilitation, life insurance, and burial benefits, among other benefits and services. Discretionary funding supports a broad array of benefits and services; however, almost 90% of discretionary funding in Function 700 goes to veterans' health care.

Spending under this function is divided among five subfunctions:[51]

- Income security for veterans;
- Veterans education, training, and rehabilitation;

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[50] For a discussion of Social Security recommendations of the National Commission on Fiscal Responsibility and Reform, see pages 48-55 of the Commission's final report, *Moment of Truth* at: http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf.

[51] For long-term trends in discretionary spending for each of the subfunctions included in Function 700, see Figure 8 in CRS Report R41726, *Discretionary Budget Authority by Subfunction: An Overview*, by (name redacted). The hospital and medical care subfunction is also displayed in Figure 5 of that report.

- Hospital and medical care for veterans;
- Veterans housing; and
- Other veterans benefits and services.

Implications of the Budget Control Act

All programs administered by the VA, whether discretionary or mandatory, are exempt from sequestration under the BCA, although it is possible that federal administrative expenses could be reduced.[52] Discretionary programs also could be affected by the lower spending limits for FY2014-FY2021 resulting from failure of the Joint Committee process. As discussed earlier, the budgetary effects of the BCA are not reflected in the CBO baseline at the function level.

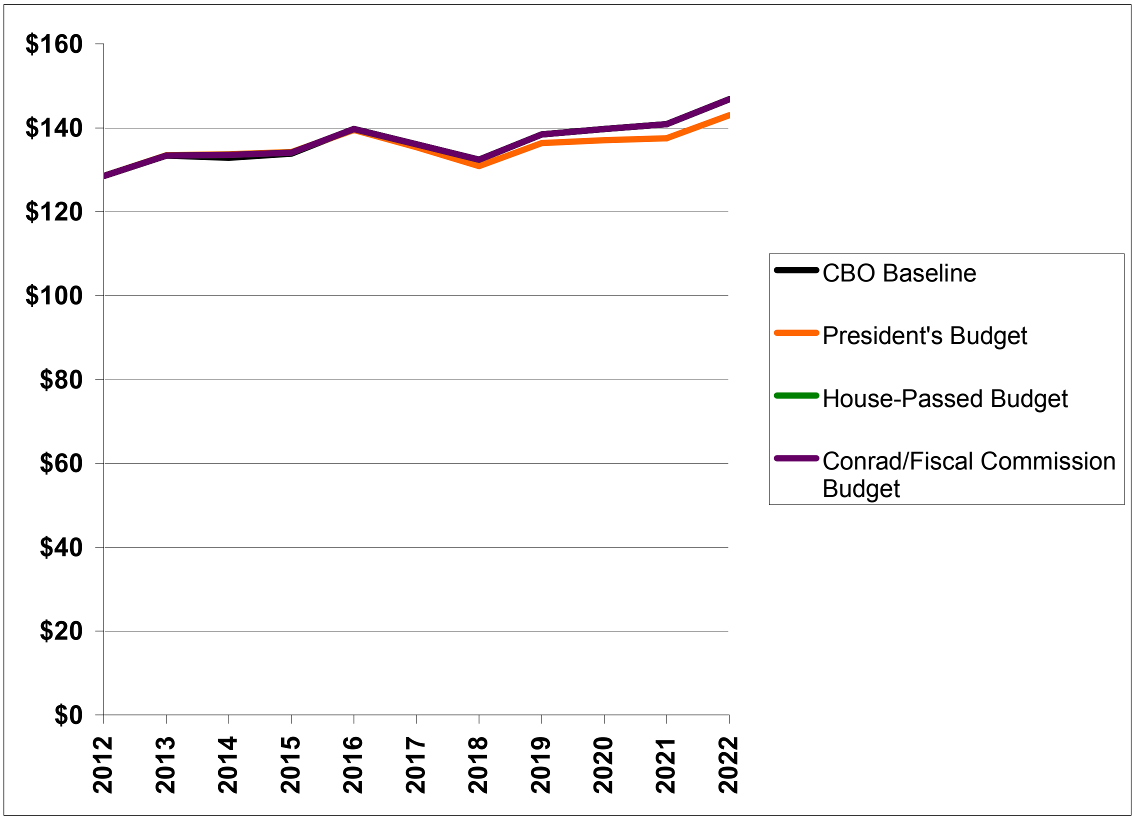
Projected Spending Trends

Figure 10 shows estimated outlays for Function 700 programs, from FY2012 through FY2022 in constant FY2012 dollars, under the CBO baseline (not accounting for the BCA), the Administration's budget request, the House budget resolution, and the Conrad/Fiscal Commission resolution. All four budgets show increases in spending over the 10-year period, but with a drop between FY2016 and FY2018. Starting in FY2016, the Administration's proposed budget tracks slightly lower than the other three budget lines, which are virtually indistinguishable from each other for most of the 10-year period. As a share of GDP (not shown in the figure), the CBO baseline and all three proposals generally estimate that Function 700 will consume 0.85% of the national economy in FY2013. CBO, the House resolution, and the Conrad/Fiscal Commission resolution all estimate VA spending will fall to 0.71% of GDP in FY2022; this compares to 0.69% in the Administration's budget (see **Table A-3**). There are no significant legislative differences between the three budgets.

[52] See letter from the Office of Management and Budget to House Budget Committee Chairman Ryan, regarding the extent to which veterans programs are exempt from sequestration: http://www.whitehouse.gov/sites/default/files/omb/legislative/letters/response-letter-to-chairan-ryan-05232012.pdf

Figure 10. Federal Outlays for Veterans' Benefits and Services In Billions of Constant FY2012 Dollars: FY2012-FY2022

CBO Baseline Compared with President's, House, and Conrad/Fiscal Commission Budgets



Source: Congressional Research Service (CRS), based on data from the Congressional Budget Office (CBO), House Budget Committee (HBC), and Senate Budget Committee (SBC).

Notes: President's Budget is CBO's re-estimate of the President's FY2013 budget. Constant dollars were computed using the implicit price deflator for the Gross Domestic Product (GDP), based on CBO's forecast and projections. CBO baseline does not reflect any budgetary effects of the Budget Control Act of 2011. Note that all four trend lines are shown in this figure, but several overlap and are difficult to distinguish in certain years.

Conclusion

Programs categorized as "human resources" comprise the majority of federal outlays and have grown over the last five decades as a share of the overall national economy. CBO estimates that spending for these programs peaked in FY2010 and will remain at lower levels for most of the coming decade, although human resources spending will remain consistently higher throughout the period than before the 2007-2009 recession. CBO also projects that human resources spending will tick up again toward the end of the decade and return to FY2011 levels by FY2022. All of the expected growth in human resources spending will be in health care (Medicaid and Medicare) and Social Security. All other components of the human resources superfunction are projected to diminish as a share of GDP over the next 10 years.

Policymakers are engaged in a high-level debate over short- and long-term strategies to sustain the recovery and further stimulate the economy, reduce the federal deficit, and stabilize the national debt, and hold different points of view about the optimal size and composition of federal spending and revenues. This CRS report compared three FY2013 budget proposals—the President's budget, the House budget resolution, and the Conrad/Fiscal Commission resolution (which is based on recommendations of the Simpson-Bowles Commission)—specifically with regard to programs included in the human resources budget functions. For the human resources superfunction as a whole, the President's budget and the Conrad/Fiscal Commission resolution track closely to the CBO current law baseline for the entire 10-year budget window, although the Administration proposes somewhat higher spending in the initial few years. By contrast, the House budget would result in significantly lower spending for human resources programs throughout the 10-year period.

The President proposes an immediate increase in spending for Function 500 programs (education, training, employment, and social services), primarily for activities intended to boost the economy and promote recovery. This increase would be offset by lower spending in the out-years. The House resolution calls for an initial drop in spending for this function, followed by a gradual increase but still significantly lower spending than under either current law, the President's budget, or the Conrad/Fiscal Commission resolution.

The House resolution differs most sharply from current law and the other two budget proposals with regard to Function 550, which consists primarily of Medicaid. The House resolution would hold spending in this function relatively flat in real terms, with a slight upward trend in the second half of the decade, while CBO's current law baseline, the Administration, and the Conrad/Fiscal Commission all envision substantial growth in this function. The House budget assumes conversion of Medicaid into a capped block grant, while the other budgets would maintain the current structure of Medicaid, with some legislative changes to the program. It is important to note that CBO's baseline was completed prior to the Supreme Court's June 28 decision on the Affordable Care Act, so the potential impact of that decision on projected spending for Function 550 is not yet known.

Projected spending under all three budgets for Medicare (Function 570) looks generally similar to current law estimates, with continued major growth over the next 10 years. The House assumes a significant policy change in Medicare, converting the program into a "premium support" program; however, this change would not occur until after FY2022, so its budgetary effects are not reflected in the 10-year budget window examined in this report. All three budget proposals assume some legislative changes to Medicare in the near term, including a replacement for the current law sustainable growth rate (SGR) formula, among other changes.

With regard to Function 600 income security programs, which include a combination of low-income assistance, unemployment, retirement, and disability programs, spending would decline over the 10-year period under current law and under each of the three budget proposals. However, the President and Conrad/Fiscal Commission envision spending at higher levels than current law; the House resolution assumes spending significantly below current law. Key initiatives include conversion of SNAP (food stamps) into a block grant under the House budget, a permanent extension of certain expiring EITC and Child Tax Credit provisions under the Administration's budget, and increased retirement contributions by civilian federal employees (at different levels under the House and Administration budget proposals).

Social Security (Function 650) appears virtually identical under current law and all three budget proposals, with outlays continuing to climb over the decade. None of the proposals include specific legislative changes but all express support for achieving bipartisan reform. And finally, none of the three budget proposals assume major legislative changes in veterans programs, so that Function 700 spending generally increases under current law and all of the proposed budgets over the next 10 years.

In comparing these three budget proposals for the human resources superfunction, particularly in the context of deficit reduction, it is important to note the significant difference in size among the functions.[53] For example, while the House budget resolution envisions a relatively large reduction in spending for Function 500 (ETESS) than would otherwise occur, this proposal would contribute relatively little toward deficit reduction because of the small size of the function overall. Likewise, the Administration proposes an initial increase in spending for this function, but this additional spending would contribute little to deficit growth. On the other hand, with no change in current law CBO expects that spending for each of Function 550 (Medicaid) and Function 570 (Medicare) will be nearly eight times the size of Function 500 in FY2022, and Social Security will be 12 times its size. Thus, reductions from the baseline in these three functions have the most far-reaching implications for the larger deficit reduction debate. As noted above, the House resolution assumes significantly lower spending for Medicaid than the other two proposals, while spending for Medicare and Social Security over the next 10 years would be generally the same under all three.

[53] Readers should note that the scale of Figures 5 through 10 is not the same.

Appendix. Supporting Tables

Table A-1 shows the Congressional Budget Office's March 2012 current law baseline for Medicare (i.e., the "unadjusted" baseline for Function 570) and the "adjusted" CBO baseline as used in the body of this report. As explained earlier, CRS adjusted CBO's baseline for Medicare to make it consistent with the baseline for other functions within the human resources superfunction. CBO's estimate of the budgetary effects of sequestration triggered under the Budget Control Act are not included in the adjusted baseline; however, they are shown in this appendix table.

Table A-2, **Table A-3**, **Table A-4**, and **Table A-5** provide supporting data for the figures and text in the body of this report.

Table A-1. CBO March 2012 Baseline and "CBO Adjusted Baseline" for Medicare: FY2012-FY2022

(In billions of dollars)

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
CBO Baseline	491.9	510.2	534.1	558.9	607.6	624.1	645.6	706.7	757.1	808.4	894.9
CBO Estimated Impact of Sequestration Under BCA[a]	0.0	-4.0	-7.6	-8.1	-8.8	-9.3	-9.9	-10.7	-11.4	-12.1	-5.8
CBO "Adjusted" Baseline	491.9	514.2	541.7	566.9	616.4	633.4	655.5	717.4	768.5	820.5	900.8

Source: Congressional Research Service (CRS), based on data from the Congressional Budget Office (CBO). Represents the estimated net effect of BCA sequestration on Medicare outlays, comprising the estimated net effect on both benefits and Medicare premiums.

a. Represents the estimate net effect of BCA sequestration on Medicare outlays, comprising the estimated net effect on both benefits and Medicare premiums.

Table A-2. Percentage Change from CBO Baseline Under Three Budget Proposals for Human Resources Function Outlays: FY2012-FY2022

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
ETESS (Function 500)											
Percent Difference: CBO Baseline and President's Budget	14.18%	39.38%	29.96%	22.44%	3.49%	-5.21%	-6.50%	-6.56%	-6.95%	-7.30%	-7.66%
Percent Difference: CBO Baseline and House Budget	-0.81	-10.86	-26.93	-21.54	-20.01	-19.66	-20.06	-19.85	-19.61	-19.49	-19.66
Percent Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0.00	-1.96	-4.89	-5.91	-5.60	-5.09	-4.63	-4.44	-4.37	-4.38	-4.43
Health (Function 550)											
Percent Difference: CBO Baseline and President's Budget	0.75	0.63	0.79	-0.04	-0.33	-1.82	-1.81	-1.74	-1.61	-1.63	-2.10
Percent Difference: CBO Baseline and House Budget	0.00	-2.14	-21.31	-31.35	-36.92	-38.40	-39.84	-41.89	-43.17	-45.03	-46.07
Percent Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0.00	-1.07	-1.82	-1.65	-1.77	-1.75	-1.85	-2.04	-2.09	-1.97	-1.87
Medicare (Function 570)											
Percent Difference: Adjusted CBO Baseline and President's Budget	0.03	2.24	2.07	0.61	0.23	-0.09	-0.34	-0.29	-0.81	-1.25	-1.71
Percent Difference: Adjusted CBO Baseline and House Budget	0.00	-0.79	-1.76	-2.17	-2.44	-2.96	-3.28	-3.56	-4.20	-4.48	-3.88

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Percent Difference: Adjusted CBO Baseline and Conrad/Fiscal Commission Budget	0.00	-1.13	-1.24	-1.39	-1.36	-1.81	-1.91	-2.07	-2.37	-2.28	-2.05
Income Security (Function 600)											
Percent Difference: CBO Baseline and President's Budget	0.99	1.29	7.36	7.39	7.49	7.78	7.83	7.59	7.36	7.13	6.79
Percent Difference: CBO Baseline and House Budget	-0.48	-3.51	-4.75	-5.21	-10.23	-10.45	-10.35	-9.83	-9.58	-9.43	-9.16
Percent Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0.00	-0.15	7.25	7.04	6.48	6.13	5.76	5.19	4.45	3.95	3.50
Social Security (Function 650)											
Percent Difference: CBO Baseline and President's Budget	0.01	0.00	-0.01	0.00	-0.05	-0.06	-0.09	-0.11	-0.13	-0.14	-0.15
Percent Difference: CBO Baseline and House Budget	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Percent Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0.00	0.02	0.03	0.05	0.05	0.06	0.05	0.05	0.04	0.03	0.03
Veterans Benefits and Services (Function 700)											
Percent Difference: CBO Baseline and President's Budget	0.00	0.05	0.66	0.30	-0.16	-0.53	-1.13	-1.53	-1.95	-2.38	-2.59
Percent Difference: CBO Baseline and House Budget	0.00	0.00	0.50	0.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Percent Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0.00	0.00	0.50	0.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Human Resources Superfunction											
Percent Difference: Adjusted CBO Baseline and President's Budget	0.89	2.25	2.99	2.16	1.37	0.67	0.48	0.42	0.23	0.04	-0.26
Percent Difference: Adjusted CBO Baseline and House Budget	-0.14	-1.64	-5.93	-8.23	-10.48	-11.11	-11.54	-11.91	-12.27	-12.76	-12.81
Percent Difference: Adjusted CBO Baseline and Conrad/Fiscal Commission Budget	0.00	-0.49	0.70	0.52	0.33	0.13	0.00	-0.19	-0.40	-0.45	-0.48

Source: Congressional Research Service (CRS), based on data from the Congressional Budget Office (CBO), the House Budget Committee (HBC), and the Senate Budget Committee (SBC).

Note: CBO baselines do not reflect any budgetary effects of the Budget Control Act of 2011.

Table A-3. Federal Outlays for Human Resources Budget Functions, As a Percentage of GDP: FY2012-FY2022

CBO Adjusted Baseline Compared with President's Budget, House Resolution, and Conrad/Fiscal Commission Resolution

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
ETESS (Function 500)											
CBO Baseline	0.60%	0.55%	0.50%	0.47%	0.48%	0.50%	0.51%	0.51%	0.49%	0.48%	0.47%
President's Budget	0.68	0.77	0.65	0.58	0.50	0.47	0.48	0.47	0.46	0.45	0.43
House Budget	0.59	0.49	0.36	0.37	0.38	0.40	0.41	0.41	0.40	0.39	0.37
Conrad/Fiscal Commission Budget	0.60	0.54	0.47	0.44	0.45	0.47	0.49	0.48	0.47	0.46	0.45
Difference: CBO Baseline & President's Budget	0.08	0.22	0.15	0.11	0.02	-0.03	-0.03	-0.03	-0.03	-0.04	-0.04
Difference: CBO Baseline & House Budget	0.00	-0.06	-0.13	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.09	-0.09
Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0.00	-0.01	-0.02	-0.03	-0.03	-0.03	-0.02	-0.02	-0.02	-0.02	-0.02
Health (Function 550)											
CBO Baseline	2.30	2.35	2.78	3.05	3.19	3.25	3.27	3.32	3.37	3.44	3.52
President's Budget	2.32	2.36	2.80	3.05	3.18	3.19	3.21	3.27	3.32	3.39	3.45
House Budget	2.30	2.30	2.19	2.10	2.01	2.00	1.97	1.93	1.92	1.89	1.90
Conrad/Fiscal Commission Budget	2.30	2.32	2.73	3.00	3.13	3.19	3.21	3.26	3.30	3.37	3.46
Difference CBO Baseline & President's Budget	0.02	0.01	0.02	0.00	-0.01	-0.06	-0.06	-0.06	-0.05	-0.06	-0.07
Difference: CBO Baseline & House Budget	0.00	-0.05	-0.59	-0.96	-1.18	-1.25	-1.30	-1.39	-1.46	-1.55	-1.62

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0.00	-0.03	-0.05	-0.05	-0.06	-0.06	-0.06	-0.07	-0.07	-0.07	-0.07
Medicare (Function 570)											
CBO Adjusted Baseline	3.17	3.23	3.27	3.22	3.30	3.21	3.17	3.32	3.40	3.47	3.65
President's Budget	3.17	3.30	3.34	3.24	3.30	3.21	3.16	3.31	3.37	3.43	3.59
House Budget	3.17	3.21	3.21	3.15	3.21	3.12	3.07	3.20	3.26	3.32	3.51
Conrad/Fiscal Commission Budget	3.17	3.20	3.23	3.17	3.25	3.16	3.11	3.25	3.32	3.40	3.58
Difference: CBO Adjusted Baseline and President's Budget	0.00	0.07	0.07	0.02	0.01	0.00	-0.01	-0.01	-0.03	-0.04	-0.06
Difference: CBO Adjusted Baseline and House Budget	0.00	-0.03	-0.06	-0.07	-0.08	-0.09	-0.10	-0.12	-0.14	-0.15	-0.14
Difference: CBO Adjusted Baseline and Conrad/Fiscal Commission Budget	0.00	-0.04	-0.04	-0.04	-0.04	-0.06	-0.06	-0.07	-0.08	-0.08	-0.07
Income Security (Function 600)											
CBO Baseline	3.58	3.37	3.01	2.82	2.71	2.54	2.42	2.40	2.35	2.31	2.30
President's Budget	3.62	3.41	3.23	3.03	2.92	2.74	2.60	2.58	2.52	2.47	2.46
House Budget	3.57	3.25	2.86	2.67	2.44	2.28	2.17	2.16	2.13	2.09	2.09
Conrad/Fiscal Commission Budget	3.58	3.36	3.22	3.02	2.89	2.70	2.55	2.53	2.45	2.40	2.38
Difference: CBO Baseline and President's Budget	0.04	0.04	0.22	0.21	0.20	0.20	0.19	0.18	0.17	0.16	0.16

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Difference: CBO Baseline and House Budget	-0.02	-0.12	-0.14	-0.15	-0.28	-0.27	-0.25	-0.24	-0.23	-0.22	-0.21
Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0.00	-0.01	0.22	0.20	0.18	0.16	0.14	0.12	0.10	0.09	0.08
Social Security (Function 650)											
CBO Baseline	5.00	5.15	5.20	5.15	5.10	5.12	5.17	5.24	5.31	5.39	5.46
President's Budget	5.00	5.15	5.20	5.15	5.10	5.11	5.16	5.23	5.31	5.38	5.46
House Budget	5.00	5.15	5.20	5.15	5.10	5.12	5.17	5.24	5.31	5.39	5.46
Conrad/Fiscal Commission Budget	5.00	5.15	5.20	5.15	5.11	5.12	5.17	5.24	5.31	5.39	5.47
Difference: CBO Baseline and President's Budget	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.01
Difference: CBO Baseline and House Budget	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Veterans' Benefits and Services (Function 700)											
CBO Baseline	0.83	0.85	0.82	0.79	0.79	0.75	0.70	0.72	0.71	0.70	0.71
President's Budget	0.83	0.85	0.83	0.79	0.79	0.74	0.70	0.71	0.69	0.68	0.69
House Budget	0.83	0.85	0.83	0.79	0.79	0.75	0.70	0.72	0.71	0.70	0.71
Conrad/Fiscal Commission Budget	0.83	0.85	0.83	0.79	0.79	0.75	0.70	0.72	0.71	0.70	0.71
Difference: CBO Baseline and President's Budget	0.00	0.00	0.01	0.00	0.00	0.00	-0.01	-0.01	-0.01	-0.02	-0.02

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Difference: CBO Baseline and House Budget	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Difference: CBO Baseline and Conrad/Fiscal Commission Bdget	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Human Resources Superfunction											
Adjusted CBO Baseline	15.47	15.49	15.58	15.50	15.58	15.37	15.24	15.50	15.64	15.79	16.12
President's Budget	15.61	15.84	16.04	15.84	15.79	15.47	15.31	15.57	15.67	15.79	16.07
House Budget	15.45	15.24	14.65	14.23	13.94	13.66	13.48	13.66	13.72	13.77	14.05
Conrad/Fiscal Commission Budget	15.47	15.42	15.69	15.58	15.63	15.39	15.24	15.47	15.57	15.71	16.04
Difference: Adjusted CBO Baseline and President's Budget	0.14	0.35	0.46	0.33	0.21	0.10	0.07	0.06	0.04	0.01	-0.04
Difference: Adjusted CBO Baseline and House Budget	-0.02	-0.25	-0.92	-1.28	-1.63	-1.71	-1.76	-1.85	-1.92	-2.01	-2.06
Difference: Adjusted CBO Baseline and Conrad/Fiscal Commission Budget	0.00	-0.08	0.11	0.08	0.05	0.02	0.00	-0.03	-0.06	-0.07	-0.08

Source: Congressional Research Service (CRS), based on data from the Congressional Budget Office (CBO), the House Budget Committee (HBC), and the Senate Budget Committee (SBC).

Note: CBO baselines do not reflect any budgetary effects of the Budget Control Act of 2011.

Table A-4. Outlays for the Human Resources Budget Functions, FY2012–FY2022

CBO Adjusted Baseline Compared with President's, House, and Conrad/Fiscal Commission Budgets, Nominal $ in Millions

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
ETESS (Function 500)											
CBO Baseline	$92,362	$87,876	$82,478	$82,758	$89,656	$97,905	$105,231	$109,351	$111,846	$113,363	$115,025
President's Budget	105,462	122,483	107,191	101,331	92,781	92,808	98,392	102,181	104,073	105,085	106,209
House Budget	91,615	78,335	60,269	64,931	71,719	78,652	84,121	87,647	89,911	91,272	92,408
Conrad/Fiscal Commission Budget	92,362	86,156	78,443	77,868	84,631	92,925	100,356	104,496	106,961	108,393	109,930
Difference: CBO Baseline & President's Budget	13,100	34,607	24,713	18,573	3,125	-5,097	-6,839	-7,170	-7,773	-8,278	-8,816
Difference: CBO Baseline & House Budget	-747	-9,541	-22,209	-17,827	-17,937	-19,253	-21,110	-21,704	-21,935	-22,091	-22,617
Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0	-1,720	-4,035	-4,890	-5,025	-4,980	-4,875	-4,855	-4,885	-4,970	-5,095
Health (Function 550)											
CBO Baseline	356,534	373,612	460,722	538,211	596,708	640,799	675,124	718,535	762,166	812,701	868,210
President's Budget	359,215	375,955	464,352	538,003	594,729	629,150	662,930	706,061	749,868	799,481	849,973
House Budget	356,534	365,614	362,556	369,455	376,408	394,754	406,143	417,557	433,169	446,710	468,212
Conrad/Fiscal Commission Budget	356,534	369,612	452,322	529,311	586,158	629,599	662,624	703,885	746,266	796,651	851,960
Difference: CBO Baseline & President's Budget	2,681	2,343	3,630	-208	-1,979	-11,649	-12,194	-12,474	-12,298	-13,220	-18,237
Difference: CBO Baseline & House Budget	0	-7,998	-98,166	-168,756	-220,300	-246,045	-268,981	-300,978	-328,997	-365,991	-399,998

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0	-4,000	-8,400	-8,900	-10,550	-11,200	-12,500	-14,650	-15,900	-16,050	-16,250
Medicare (Function 570)											
CBO Adjusted Baseline	491,887	514,201	541,746	566,948	616,361	633,386	655,515	717,373	768,520	820,490	900,789
President's Budget	492,022	525,716	552,981	570,407	617,756	632,808	653,276	715,315	762,316	810,230	885,426
House Budget	491,887	510,056	532,004	554,555	601,281	614,665	634,089	691,921	736,531	784,158	866,448
Conrad/Fiscal Commission Budget	491,887	508,459	535,151	559,245	608,211	622,277	643,408	703,065	751,062	802,587	883,004
Difference: CBO Adjusted Baseline and President's Budget	135	11,515	11,235	3,459	1,395	-578	-2,239	-2,058	-6,204	-10,260	-15,363
Difference: CBO Adjusted Baseline and House Budget	0	-4,145	-9,742	-12,393	-15,080	-18,721	-21,426	-25,452	-31,989	-36,332	-34,341
Difference: CBO Adjusted Baseline and Conrad/Fiscal Commission Budget	0	-5,742	-6,595	-7,703	-8,150	-11,109	-12,107	-14,308	-17,458	-17,903	-17,785
Income Security (Function 600)											
CBO Baseline	555,592	535,634	498,285	497,122	507,766	500,742	498,958	518,924	531,223	544,731	567,295
President's Budget	561,065	542,562	534,946	533,883	545,811	539,685	538,021	558,295	570,338	583,571	605,786
House Budget	552,903	516,848	474,603	471,200	455,843	448,404	447,336	467,922	480,331	493,341	515,356
Conrad/Fiscal Commission Budget	555,592	534,808	534,391	532,141	540,690	531,448	527,715	545,881	554,885	566,262	587,125
Difference: CBO Baseline and President's Budget	5,473	6,928	36,661	36,761	38,045	38,943	39,063	39,371	39,115	38,840	38,491
Difference: CBO Baseline and House Budget	-2,689	-18,786	-23,682	-25,922	-51,923	-52,338	-51,622	-51,002	-50,892	-51,390	-51,939

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0	-826	36,106	35,019	32,924	30,706	28,757	26,957	23,662	21,531	19,830
Social Security (Function 650)											
CBO Baseline	774,912	818,803	862,028	906,555	954,623	1,008,694	1,067,506	1,131,628	1,200,746	1,272,273	1,347,268
President's Budget	774,959	818,830	861,961	906,510	954,173	1,008,048	1,066,518	1,130,354	1,199,199	1,270,443	1,345,199
House Budget	774,912	818,803	862,028	906,555	954,623	1,008,694	1,067,506	1,131,628	1,200,746	1,272,273	1,347,268
Conrad/Fiscal Commission Budget	774,912	818,969	862,326	907,021	955,115	1,009,293	1,068,076	1,132,162	1,201,233	1,272,710	1,347,689
Difference: CBO Baseline and President's Budget	47	27	-67	-45	-450	-646	-988	-1,274	-1,547	-1,830	-2,069
Difference: CBO Baseline and House Budget	0	0	0	0	0	0	0	0	0	0	0
Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0	166	298	466	492	599	570	534	487	437	421
Veterans' Benefits and Services											
CBO Baseline	128,499	135,222	136,551	139,548	148,044	146,846	145,634	155,291	159,760	164,272	174,607
President's Budget	128,499	135,289	137,447	139,964	147,807	146,074	143,993	152,909	156,643	160,370	170,088
House Budget	128,499	135,222	137,230	139,774	148,044	146,846	145,634	155,291	159,760	164,272	174,607
Conrad/Fiscal Commission Budget	128,499	135,222	137,230	139,774	148,044	146,846	145,634	155,291	159,760	164,272	174,607
Difference: CBO Baseline and President's Budget	0	67	896	416	-237	-772	-1,641	-2,382	-3,117	-3,902	-4,519
Difference: CBO Baseline and House Budget	0	0	679	226	0	0	0	0	0	0	0

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0	0	679	226	0	0	0	0	0	0	0
Total Human Resources Superfunction											
Adjusted CBO Baseline	2,399,786	2,465,348	2,581,810	2,731,142	2,913,158	3,028,372	3,147,968	3,351,102	3,534,261	3,727,830	3,973,194
President's Budget	2,421,222	2,520,835	2,658,878	2,790,098	2,953,057	3,048,573	3,163,130	3,365,115	3,542,437	3,729,180	3,962,681
House Budget	2,396,350	2,424,878	2,428,690	2,506,470	2,607,918	2,692,015	2,784,829	2,951,966	3,100,448	3,252,026	3,464,299
Conrad/Fiscal Commission Budget	2,399,786	2,453,226	2,599,863	2,745,360	2,922,849	3,032,388	3,147,813	3,344,780	3,520,167	3,710,875	3,954,315
Difference: Adjusted CBO Baseline and President's Budget	21,436	55,487	77,068	58,956	39,899	20,201	15,162	14,013	8,176	1,350	-10,513
Difference: Adjusted CBO Baseline and House Budget	-3,436	-40,470	-153,120	-224,672	-305,240	-336,357	-363,139	-399,136	-433,813	-475,804	-508,895
Difference: Adjusted CBO Baseline and Conrad/Fiscal Commission Budget	0	-12,122	18,053	14,218	9,691	4,016	-155	-6,322	-14,094	-16,955	-18,879

Source: Congressional Research Service (CRS), based on data from the Congressional Budget Office (CBO), the House Budget Committee (HBC), and the Senate Budget Committee (SBC).

Note: CBO baselines do not reflect any budgetary effects of the Budget Control Act of 2011.

Table A-5. Budget Authority for the Human Resources Budget Functions, FY2012-FY2022

CBO Adjusted Baseline Compared with President's, House, and Conrad/Fiscal Commission Budgets, Nominal $ in Millions

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
ETESS (Function 500)											
CBO Baseline	77,027	79,477	74,810	82,377	91,137	101,502	106,480	110,664	111,952	113,525	115,455
President's Budget	160,479	82,028	87,194	85,938	85,960	95,143	99,647	103,464	104,120	105,157	106,690
House Budget	74,006	57,626	56,151	63,904	71,626	79,630	84,076	87,738	89,329	90,305	91,458
Conrad/Fiscal Commission Budget	77,027	77,757	70,775	77,487	86,112	96,522	101,605	105,809	107,067	108,555	110,360
Difference: CBO Baseline & President's Budget	83,452	2,551	12,384	3,561	-5,177	-6,359	-6,833	-7,200	-7,832	-8,368	-8,765
Difference: CBO Baseline & House Budget	-3,021	-21,851	-18,659	-18,473	-19,511	-21,872	-22,404	-22,926	-22,623	-23,220	-23,997
Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0	-1,720	-4,035	-4,890	-5,025	-4,980	-4,875	-4,855	-4,885	-4,970	-5,095
Health (Function 550)											
CBO Baseline	355,177	377,794	471,230	543,375	593,405	638,637	676,549	719,859	773,865	814,204	870,109
President's Budget	357,858	372,835	473,879	542,160	590,904	626,658	664,032	707,099	761,258	800,618	851,615
House Budget	355,177	363,596	358,322	365,058	376,993	393,219	404,124	419,428	446,427	449,759	471,657
Conrad/Fiscal Commission Budget	355,177	373,794	462,830	534,475	582,855	627,437	664,049	705,209	757,965	798,154	853,859
Difference: CBO Baseline & President's Budget	2,681	-4,959	2,649	-1,215	-2,501	-11,979	-12,517	-12,760	-12,607	-13,586	-18,494
Difference: CBO Baseline & House Budget	0	-14,198	-112,908	-178,317	-216,412	-245,418	-272,425	-300,431	-327,438	-364,445	-398,452

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0	-4,000	-8,400	-8,900	-10,550	-11,200	-12,500	-14,650	-15,900	-16,050	-16,250
Medicare (Function 570)											
CBO Adjusted Baseline	492,317	514,289	542,443	567,388	616,595	634,107	655,965	717,625	769,273	820,979	900,932
President's Budget	492,506	525,876	553,675	570,815	617,954	633,488	653,683	715,518	763,016	810,664	885,513
House Budget	492,317	510,144	532,701	554,995	601,515	615,386	634,539	692,173	737,284	784,647	866,591
Conrad/Fiscal Commission Budget	492,317	508,607	535,884	559,694	608,455	623,005	643,864	703,323	751,821	803,082	883,153
Difference: CBO Adjusted Baseline and President's Budget	189	11,587	11,232	3,427	1,359	-619	-2,282	-2,107	-6,257	-10,315	-15,419
Difference: CBO Adjusted Baseline and House Budget	0	-4,145	-9,742	-12,393	-15,080	-18,721	-21,426	-25,452	-31,989	-36,332	-34,341
Difference: CBO Adjusted Baseline and Conrad/Fiscal Commission Budget	0	-5,682	-6,559	-7,694	-8,140	-11,102	-12,101	-14,302	-17,452	-17,897	-17,779
Income Security (Function 600)											
CBO Baseline	556,445	537,424	500,758	499,754	505,933	503,277	505,581	520,892	532,821	546,212	563,775
President's Budget	561,947	545,622	537,970	538,691	546,156	544,282	546,446	561,786	573,480	586,855	604,517
House Budget	553,756	517,076	475,714	472,820	453,169	450,453	453,608	469,525	481,660	494,347	511,458
Conrad/Fiscal Commission Budget	556,445	536,608	536,871	534,777	538,861	533,987	534,342	547,853	556,487	567,747	583,605
Difference: CBO Baseline and President's Budget	5,502	8,198	37,212	38,937	40,223	41,005	40,865	40,894	40,659	40,643	40,742
Difference: CBO Baseline and House Budget	-2,689	-20,348	-25,044	-26,934	-52,764	-52,824	-51,973	-51,367	-51,161	-51,865	-52,317

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0	-816	36,113	35,023	32,928	30,710	28,761	26,961	23,666	21,535	19,830
Social Security (Function 650)											
CBO Baseline	778,618	822,233	865,611	910,507	959,114	1,013,625	1,072,839	1,137,464	1,206,783	1,278,611	1,354,207
President's Budget	778,712	822,379	865,496	910,375	958,665	1,012,980	1,071,827	1,136,169	1,205,214	1,276,758	1,352,121
House Budget	778,618	822,233	865,611	910,507	959,114	1,013,625	1,072,839	1,137,464	1,206,783	1,278,611	1,354,207
Conrad/Fiscal Commission Budget	778,618	822,420	865,934	910,999	959,617	1,014,237	1,073,411	1,137,990	1,207,262	1,279,040	1,354,624
Difference: CBO Baseline and President's Budget	94	146	-115	-132	-449	-645	-1,012	-1,295	-1,569	-1,853	-2,086
Difference: CBO Baseline and House Budget	0	0	0	0	0	0	0	0	0	0	0
Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0	187	323	492	503	612	572	526	479	429	417
Veterans' Benefits and Services (Function 700)											
CBO Baseline	128,245	134,224	136,328	139,722	148,556	147,499	146,341	156,034	160,511	165,065	175,431
President's Budget	128,245	135,651	136,996	139,827	148,005	146,445	144,620	153,568	157,302	161,056	170,839
House Budget	128,245	134,635	137,004	139,862	148,556	147,499	146,341	156,034	160,511	165,065	175,431
Conrad/Fiscal Commission Budget	128,245	134,635	137,004	139,862	148,556	147,499	146,341	156,034	160,511	165,065	175,431
Difference: CBO Baseline and President's Budget	0	1,427	668	105	-551	-1,054	-1,721	-2,466	-3,209	-4,009	-4,592
Difference: CBO Baseline and House Budget	0	411	676	140	0	0	0	0	0	0	0

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Difference: CBO Baseline and Conrad/Fiscal Commission Budget	0	411	676	140	0	0	0	0	0	0	0
Total Human Resources Superfunction											
Adjusted CBO Baseline	2,387,829	2,465,441	2,591,180	2,743,123	2,914,740	3,038,647	3,163,755	3,362,538	3,555,205	3,738,596	3,979,909
President's Budget	2,479,747	2,484,391	2,655,210	2,787,806	2,947,644	3,058,996	3,180,255	3,377,604	3,564,390	3,741,108	3,971,295
House Budget	2,382,119	2,405,310	2,425,503	2,507,146	2,610,973	2,699,812	2,795,527	2,962,362	3,121,994	3,262,734	3,470,802
Conrad/Fiscal Commission Budget	2,387,829	2,453,821	2,609,298	2,757,294	2,924,456	3,042,687	3,163,612	3,356,218	3,541,113	3,721,643	3,961,032
Difference: Adjusted CBO Baseline and President's Budget	91,918	18,950	64,030	44,683	32,904	20,349	16,500	15,066	9,185	2,512	-8,614
Difference: Adjusted CBO Baseline and House Budget	-5,710	-60,131	-165,677	-235,977	-303,767	-338,835	-368,228	-400,176	-433,211	-475,862	-509,107
Difference: Adjusted CBO Baseline and Conrad/Fiscal Commission Budget	0	-11,620	18,118	14,171	9,716	4,040	-143	-6,320	-14,092	-16,953	-18,877

Source: Congressional Research Service (CRS), based on data from the Congressional Budget Office (CBO), the House Budget Committee (HBC), and the Senate Budget Committee (SBC).

Note: CBO baselines do not reflect any budgetary effects of the Budget Control Act of 2011.

Author Contact Information

(name redacted)
Specialist in Domestic Social Policy and Division Research Coordinator
/redacted/@crs.loc.gov, 7-....

(name redacted)
Specialist in Social Policy
/redacted/@crs.loc.gov, 7-....