

# Paul Ryan Unveils GOP Plan to Balance Budget in 10 Years

## Budget Blueprint Proposes Changes to Medicare, Medicaid, Food Stamps, Other Programs

By

DAMIAN PALETTA And

KRISTINA PETERSON Updated April 1, 2014 1:06 p.m. ET

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House Budget Committee Chairman [Paul Ryan](#) (R., Wis.) Tuesday proposed eliminating the government's budget deficit in 10 years through major changes to Medicare, Medicaid, food stamps and other programs—and took the controversial step of counting in assumptions on how the plan would spur economic growth.

The fiscal year 2015 budget blueprint is a largely political document that establishes House Republicans' commitment to eliminating the deficit as a top priority. Mr. Ryan says it would cut \$5.1 trillion in projected spending over a decade, with 40% of that coming from simply repealing the Affordable Care Act.



Paul Ryan unveiled a Republican budget proposal Tuesday. He is seen here speaking at the CPAC Conference last month in National Harbor, Maryland. *Getty Images*

To replicate a point of pride in his budget blueprint last year—namely balancing the federal budget in 10 years—Mr. Ryan this year has opted to incorporate an estimated economic boost that he says would result from reducing the deficit, in turn lowering interest rates and spurring growth. He didn't include similar projections in past budget blueprints.

"The greater economic output that stems from a large deficit-reduction package would have a sizable impact on the federal budget," Mr. Ryan writes in his plan.

For example, Mr. Ryan estimates that in 2024, the government under his plan would spend \$4.995 trillion and bring in \$4.926 trillion in revenue. That would result in a deficit of \$69 billion.

But the budget includes a new line item that didn't exist in his past proposals, which Mr. Ryan has labeled "macroeconomic fiscal impact" and which he says would further reduce the deficit by \$74 billion that year. This would result in a \$5 billion net surplus.

The White House faulted Mr. Ryan's budget plan, saying it won't work for middle-class families. "Because of a stubborn unwillingness to cut the deficit in a balanced way by closing tax loopholes for the wealthy and well connected, the House Republican budget would slow the economy, stack the deck against the middle class, and threaten the guaranteed benefits seniors have paid for and earned," White House spokesman [Jay Carney](#) said in a written statement.

He also criticized Mr. Ryan's proposal to refashion Medicare, saying it "It would end Medicare as we know it, turning it into a voucher program and risking a death spiral in traditional Medicare."

Mr. Ryan's decision to build in assumptions about economic growth is a controversial part of budget math, and he didn't include the same assumptions in prior proposals. This sort of analysis is popular with Republicans, who often cite it in proposals to cut taxes. Steve Bell, an ex-GOP Senate budget aide now with the Bipartisan Policy Center, called Mr. Ryan's move "unconventional," but wouldn't expound further.

### Spending Plan

How Rep. Paul Ryan's budget proposal compares with 10-year spending projections, in billions



Note: Mandatory spending figures are relative to CBO baseline; discretionary figures are relative to spending caps under the Budget Control Act.  
Source: House Budget Committee

Likely bolstering Mr. Ryan's position, the nonpartisan Congressional Budget Office Tuesday [released a 16-page review](#) of the plan and said that deficit-reduction of the magnitude described by the Wisconsin Republican would, in fact, boost the economy. The CBO stopped short, however, of weighing in on the specifics of Mr. Ryan's budget cuts.

Mr. Ryan's budget also broadly calls for reining in the federal government and expanding the role of states and private companies in an effort to boost growth and lower costs for an array of programs, including food stamps and Medicaid. It would include deep cuts to domestic programs, far beyond the sequester-level reductions that some members of both parties have recently worked to reverse.

The GOP budget resolution stands no chance of passing the Democratic-controlled Senate, but budgets have long served as important markers of party priorities. In this year's midterm elections, Democrats are likely to seize on Republican proposals to cut spending and refashion Medicare, while GOP lawmakers will tout their commitment to reducing the deficit.

The government has roughly \$17.5 trillion in debt. Lawmakers from both parties have said the debt will grow to unsustainable levels if policy makers don't take action.

The White House in March proposed reducing the deficit—but not eliminating it—through a combination of spending cuts and tax increases. Democrats and Republicans in recent years have taken steps to reduce the growth of the debt by restraining spending and allowing certain tax cuts to expire. The deficit has fallen sharply as a result, but it is expected to grow again due to a wave of worker retirements and projections of higher health care costs.

Mr. Ryan faces an extra political hurdle this year: Winning back the support of the 62 House Republicans who voted against a two-year spending deal that he reached with Senate Budget Committee Chairman Patty Murray (D., Wash.) in December. Because Democrats will oppose the plan from Mr. Ryan, he will need many of those GOP votes to win approval for his proposal in the House.

The GOP budget includes the overall spending level for fiscal year 2015 from that deal, which some Republicans opposed because it temporarily loosened spending caps. Republicans on the Budget Committee have said they hope balancing the budget in 10 years, in part by overhauling federal health and safety-net programs, will lure back GOP support.

Mr. Ryan's new budget would spend roughly \$42.6 trillion over 10 years, compared to \$47.8 trillion under current policies.

This year's House GOP budget includes greater savings than last year's plan from repealing the Affordable Care Act, the president's 2010 health care overhaul. It includes \$2.066 trillion in savings over 10 years from scrapping the health law, compared to \$1.783 trillion in last year's plan.

This element has long proven controversial, though, as the CBO has said repealing the law would actually make the deficit worse in the next decade. It wasn't immediately clear how this year's additional savings would materialize.

Mr. Ryan's budget also says that defense cuts proposed by the Obama administration are overzealous. The GOP budget, for instance, pushes back against Mr. Obama's proposed troop reduction, labeling the drawdown a "significant risk in an environment that, as has been noted, is extremely challenging and uncertain." It calls for more Army and Marine Corps. funding than the White House had requested. He would increase military spending by close to \$500 billion over 10 years and cut other forms of domestic "discretionary" spending by roughly \$800 billion over 10 years.

Notably, Mr. Ryan's budget doesn't endorse the ambitious tax overhaul released by Ways and Means Committee Chairman Dave Camp (R., Mich.) in late February, which has drawn criticism as it seeks to take on special interests in the tax code. Mr. Camp on Monday announced he won't seek re-election to Congress.

Rather than include his tax plan, the GOP budget doesn't embrace any particular proposal but "calls for a tax code that is simpler, fairer and more competitive." Mr. Ryan is considered Mr. Camp's likely successor, since the Michigan lawmaker's chairmanship was set to expire under the GOP's term-limit rules.

The budget blueprint does mention Mr. Camp's plan, as well as proposals introduced by GOP Reps. Michael Burgess of Texas and Rob Woodall of Georgia, saying Congress should "should consider these and the full myriad of pro-growth plans."

Mr. Ryan's budget doesn't include new proposals to revamp antipoverty programs, but Mr. Ryan has said he would offer new ideas sometime this year. It reiterates past proposals to turn over more control of the Supplemental Nutrition Assistance Program, also known as food stamps, and Medicaid to states.

Mr. Ryan's proposal would create a new alternative to Medicare that would allow older Americans to choose private insurance plans and receive government support for premiums. They could also choose to stay in traditional Medicare.

People who are now aged 56 and older would be exempt from any changes, but younger people would automatically face the premium support choice going forward. Last year people aged 55 and older were exempt. Some Democrats have been receptive to this idea, but many others have said it would allow Republicans eventually to dismantle Medicare.

The plan also tweaked how to calculate the government's contribution so seniors in many private plans would see their costs go down, compared to current law, though some remaining in traditional Medicare might pay more.

Senate Democrats have signaled that they have no plans to vote on a budget resolution this year after reaching an agreement with Republicans several months ago on spending levels for the current and 2015 fiscal years.

—Jared Favole contributed to this article.

**Write to** Damian Paletta at [damian.paletta@wsj.com](mailto:damian.paletta@wsj.com)

**Write to** Kristina Peterson at [kristina.peterson@wsj.com](mailto:kristina.peterson@wsj.com)