

The President released his FY 2014 budget on April 10, 2013. While none of the budgets proposals below are binding documents, they are a reflection of priorities which may guide later legislative negotiations. The chart below highlights the differences between the three budgets, specifically on Social Security and Medicare.

	President's Budget FY 2014	House Budget, FY 2014 ("Ryan Budget") (H. Con. Res. 25)	Senate Budget, FY 2014 ("Murray Budget") (S. Con. Res. 8)
Status	Released April 10, 2013	Passed House: 221-207.	Passed Senate: 50-49.
Overview	Sets goal of reducing deficit to 2.8% of GDP by 2016 with a mix of spending cuts and tax increases.	Seeks to balance the federal budget in 10 years by \$4.6 trillion in spending cuts while giving \$5.7 trillion in new tax cuts for the wealthy and corporations.	Sets goal of reducing the deficit by \$1.85 trillion between spending cuts and tax increases.
Cuts Medicare?	Yes. \$374 billion in savings from drug discounts and more means testing. For new beneficiaries, increase in Part B deductibles, surcharge on Medigap policies with near first dollar coverage, \$100 copay for home health visits. <i>Closes doughnut hole by 2015.</i>	Yes. \$355 billion in Medicare cuts. Voucherizes Medicare, by providing limited stipend, raises Medicare age, allows for further means-testing of the program (seniors with incomes over \$47,000 could pay higher premiums).	Yes. \$265 billion in Medicare savings, however, this would be done by cutting waste and thru delivery system reform, not benefit cuts.
Cuts Social Security?	Yes. Includes the chained CPI, which reduces Social Security Cost-of-Living Adjustments over time.	Opens the door to fast-track changes in Social Security.	No.
Replaces Sequester?	Replaces the sequester.	Keeps the sequester cuts in place.	Replaces the sequester.
Repeals ACA?	No.	Yes.	No.

Outlook: Budget negotiations are expected to last through this spring and into early summer. Given the differences between the House and the Senate budgets, it is unclear whether they will actually be able to come to any agreement on their two very different budgets for fiscal year 2014. Reports indicate that the negotiations will focus not just on a FY 2014 budget, but also on a possible “grand bargain” that may be made as part of a larger deal to raise the debt ceiling. We are concerned that a grand bargain may include cuts to Social Security, Medicare and Medicaid.

BUDGET TALKING POINTS

OPPOSE THE CHAINED CPI!

- It's an **immediate Social Security benefit cut!** It's not just a simple technical change without any impact - it's an immediate, real cut to the benefits you have earned every year into the future.
- **It is NOT just a small benefit cut!** Switching to a chained CPI would compound benefit reductions dramatically over time, resulting in an annual benefit that is roughly \$1,000 (2012 dollars) lower by the time a beneficiary reaches age 85.
- **We need a higher COLA - not a lower one!** The current COLA is not enough - it does not accurately account for large health care cost increase faced by seniors and people with disabilities.
- **The chained CPI is a tax hike on working Americans!** If Congress switched to using the slower-moving chained CPI to track inflation, more lower and middle incomes will be pushed into higher tax brackets (which are indexed to inflation). According to Congress' Joint Committee on Taxation, if individual income taxes had been indexed to the chained CPI starting four months ago, by 2021, 69 percent of the gains in revenue would come from taxpayers with incomes below \$100,000, while those in the highest income brackets would barely be affected.
- If we truly want to strengthen Social Security, **we must lift the cap** on wages so that income above \$113,700 may contribute to Social Security.
- **Social Security has not contributed one dime to the federal budget deficit** and does not belong in deficit reduction discussions or deals.

OPPOSE MEDICARE CUTS TO BENEFICIARIES

- **Don't shift costs to beneficiaries!** Further means testing benefits, increases the Part B deductible, copays for home health and the surcharge on Medigap plans shifts costs on to beneficiaries rather than dealing with rising cost of care.
- We should build on the savings of health reform and **support Medicare drug discounts** that reduce drug costs.
- **Don't turn Medicare into a voucher program!** Voucher would take away seniors' guaranteed benefits under Medicare, and, instead, seniors would get a stipend that is insufficient and would not keep up with the cost of health care.