



Written by [Joe Wolverton, II, J.D.](#) on March 8, 2012

## Senator Rand Paul Unveils FY2013 Budget Proposal

Thursday afternoon, Senator Rand Paul (R-Kentucky) tweeted a very important message to advocates of limited government. @SenRand Paul: Today, I unveiled my FY2013 budget proposal. My plan dramatically reduces spending and balances the budget in 5 years.



Described by Paul as the “only budget proposal that balances within the Balanced Budget Amendment window,” Paul and his co-sponsors: Senators Jim DeMint of South Carolina and Mike Lee of Utah appeared at the U.S. Capitol to outline the specifics of his Fiscal Year 2013 budget bill which “would bring spending below historical average in the very first year.”

After the press conference, Senator Paul released [the following statement](#):

Americans deserve not only to have the debt reduced, but to have every taxpayer dollar spent more wisely. While Washington continues to spend recklessly and ignore the ever-growing deficit, I am offering a plan that will address this country’s looming debt crisis in a truly timely manner – balancing the budget in just five years. The time has come for a change that will restore fiscal order in this country, and I will do everything in my power to ensure that this happens.

Co-sponsor Mike Lee (R-Utah) echoed his colleague’s comments in support of their suggestion spending blueprint:

The biggest problem facing the nation right now is the out-of-control spending and borrowing. The Budget Control Act doesn’t address the underlying problems, and it’s been well over 1,000 days since Senate Democrats passed a budget. I stand behind anyone who is willing to confront this issue through a serious proposal that will put us on the path toward a balanced budget.

The third of the bill’s principal proponents offered his defense of the measure. Senator DeMint (R-South Carolina) wrote:

This balanced budget makes the commonsense decision that we’ve got to stop spending more than we’re bringing in. Already, what was once considered unthinkable has occurred: the creditworthiness and economic outlook of the United States of America has been downgraded. This is more than a national embarrassment, it’s an indication that the world is losing confidence in America’s ability to pay our bills and of our government to change course. This budget shows we can stop the debt crisis, improve our economy, expand freedom, and secure the future for our children and grandchildren.

The following are the broad strokes of the bill provided by Senator Paul’s office:

**SPENDING:** This budget proposal significantly reduces spending relative to both the President’s budget and the Congressional Budget Office (CBO) baseline. It also brings spending below the historical



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average of 19.6 percent of GDP in the first year, eventually reaching sustainable levels below historic revenues. Based on current CBO baseline, the budget would spend \$8 trillion less over the next 10 years. The bill:

- Brings federal spending below historical average in very first year
- Reduces spending by nearly \$11 trillion relative to the President's budget
- Achieves a \$111 billion surplus in FY2017
- Remains in surplus after initial balance, pays off \$2 trillion of national debt in 10-year window
- Includes entitlement reform for Medicare and Social Security
- Block-grants Medicaid, SCHIP, foods stamps, and child nutrition
- Preserves Social Security and fixes trust fund over 75 years
- Preserves Medicare by giving all seniors the same health care plan as Members of Congress
- Reduces most discretionary spending to FY2008 levels
- Defense: Eliminates FY2013 sequester cuts
- Freezes foreign aid spending at \$5 billion per year
- Defunds duplicative or wasteful agencies and programs
- Sells off excess federal properties and land
- Eliminates the Davis-Bacon prevailing wages provisions
- Liquidates government ownership of "bailout" companies
- Eliminates unnecessary bureaucracy

### **The bill eliminates:**

- Department of Commerce
- Department of Education (preserves Pell grants)
- Department of Housing and Urban Development
- Department of Energy (transfers nuclear research and weapons to Department of Defense)

### **It also:**

- Privatizes Transportation Security Agency
- Repeals Obamacare and Dodd-Frank
- Opens Arctic National Wildlife Refuge for oil and gas exploration
- Permits the Keystone XL Pipeline project

**REVENUE:** This budget provides a number of incentives to increase investment. By allowing Americans and businesses to keep more of their money, we will quicken the pace of deleveraging, allowing the economy to find its equilibrium, facilitating growth and employment.

### **Tax Reform**



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17 percent flat tax for individuals and corporations

Pro-growth and globally competitive

**ENTITLEMENT REFORM:** The Social Security reform proposal includes two main provisions: a gradual increase in the retirement age and progressive indexing. The budget also includes reform of Medicare through the Congressional Health Care for Seniors Act. This reform will provide seniors with better health care at a lower cost to the senior and to the taxpayers. Seniors will receive the same health insurance as their Members of Congress, at lower out-of-pocket cost.

### **Social Security**

Increase the retirement age over time, protecting beneficiaries

Progressive Indexing, slows the growth of benefits for high-income and increases benefits for low-income individuals

### **Medicare**

Gives all seniors the same health care plan as Members of Congress

**REGULATIONS:** This budget supports adoption of the REINS Act, which seeks to require all major regulations - that is, regulations with an economic impact of over \$100 million - to be approved by an up-or-down Congressional vote before they can take effect. In requiring this, REINS allows Congress to re-assert its lawmaking authority over regulatory agencies to ensure that the agency has produced a rule that reflects what Congress intended:

- Apply regulatory analysis requirements to independent agencies
- Adopt the REINS (Regulations from the Executive in Need of Scrutiny) Act
- Sunset on regulations
- Regulatory process reform
- Incorporation of formal rulemaking [sic] for major rules

Unremarkably, four of the executive branch departments placed on the Paul budget chopping block are on his father's hit list, as well.

In [an interview with \*The New American\*](#) while on the campaign trail in Idaho, GOP presidential candidate, Ron Paul targeted those same departments for elimination, as well the Department of the Interior.

Representative Paul said that jettisoning this handful of federal departments alone would reduce the federal budget by about \$179 billion.

Apart from these four, Senator Paul identifies waste in several other federal agencies that would be trimmed under provisions of his new plan.

For example, the Agriculture Research Service of the Department of Agriculture would be eliminated. Paul quotes a Cato Institute report claiming that "the USDA spends about \$3billion annually on agricultural research, statistical information services, and economic studies."

Another point in common between Senator Paul's proposal and his father's stump speech is the call to reduce the American military footprint overseas. In his FY2013 budget, Senator Paul explains how



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defense spending can be accomplished without harming the military. The text of the budget reads:

The ability to utilize our immense air and sea power, to be anywhere in the world in a relatively short amount of time, no longer justifies our expanded presence on the ground throughout the world. This budget would require the Department of Defense to begin realigning the over 750 confirmed military installations around the world. The department occupies a reported 300,658 buildings valued at over \$575 billion and 187,000 structures valued at over \$168 billion worldwide.

This proposal is another valiant effort by Senator Paul to return the federal government to within the boundaries drawn for it in the Constitution. It is heartening to learn that such a proposal benefits from the support of all 47 Republican Senators.



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