



United States Senate Budget Committee

JEFF SESSIONS | Ranking Member

SBC Summary Of The House Payroll Holiday And Jobs Bill

The House bill extends the temporary two percentage point payroll tax holiday for an additional year and relies largely on reductions in mandatory spending to offset its cost. There are no tax hikes.

Major Budgetary Provisions

- Extends for one year the temporary Social Security payroll holiday.
- Increases the incentive to expand and hire by extending 100 percent expensing so that businesses can immediately deduct the cost of an investment from their income.
- Extends unemployment benefits to 59 weeks. It also requires recipients to search for work, be enrolled in a GED program if they have not finished high school (with exceptions for some beneficiaries such as older workers), or participate in reemployment services. Provides states with greater flexibility to innovate in their reemployment programs instead of just writing UI checks.
- Provides a two-year Medicare “doc fix” to prevent a 27.4 percent cut in physician payment rates scheduled to take effect on January 1, 2012. The bill increases physician payments by 1 percent in each of the next two years (calendar years 2012 and 2013).
- Extends Medicare ground ambulance add-on payments through calendar year 2012, outpatient therapy cap exceptions through calendar year 2013, and the geographic adjustment floor used in calculating the portion of Medicare physician payments through FY2012. Relaxes restrictions on physician-owned hospitals.

Policy Provisions

- Requires the president, acting through the secretary of state, to grant a permit within 60 days for the Keystone XL project unless the president publicly determines that the project “would not serve the national interest.”
- Requires EPA to rewrite its new emission rules for boiler, process heaters, and incinerators (Boiler MACT) and related rules within 15 months of enactment. As currently drafted, EPA’s Boiler MACT rule could cost the U.S. economy \$14 billion

and threaten 224,000 jobs by requiring businesses, universities, hospitals, and manufacturers to upgrade or replace expensive equipment.

Offsets

- Requires federal employees to cover a larger share of their pension benefits. Federal employees currently pay 0.8 percent of the 12.7 percentage points required to pre-fund the Federal Employees Retirement System (FERS) annuity (the employer agency pays the other 11.9 percentage points). The House bill gradually increases the federal employee share by 1.5 percent to 2.3 percent of total pay after three years (10-year savings: \$36.7 billion).
- Extends for one-year the prohibition of cost-of-living (COLA) increases for federal employees. The savings from this policy, which total \$26.1 billion over 10 years, are committed to deficit reduction by lowering the existing statutory caps on discretionary spending.
- Requires Fannie Mae and Freddie Mac to raise the average guarantee fee they assess on loans in the mortgage-backed securities (MBSs) they issue by 10 basis points (10-year savings: \$35.7 billion).
- Increases the maximum amount of the health exchange subsidy overpayments under the Democrats' health care law that must be repaid by individuals, and reduces the allocation to the Prevention and Public Health Fund (10-year savings: \$214 billion).
- Raises the Medicare Parts B and D premiums for beneficiaries with higher incomes. Specifically, the bill further reduces subsidies by 15 percent for high-income beneficiaries in Medicare Part B and D starting in 2017 and extends the current freeze on income brackets beyond 2019 until 25 percent of beneficiaries are paying income-related premiums (10-year savings: \$31.0 billion).
- Ends additional payments for hospital outpatient department evaluation and management office visit services; reduces Medicare "bad debt" payments to hospitals and skilled nursing homes from 70 percent to 55 percent over a three-year period; and rebases Medicaid Disproportionate Share Hospital (DSH) allotments for FY2021 and calculates future allotments from the rebased level using the current law methodology (10-year savings: \$21.5 billion).

Over ten years, the House bill would reduce the deficit by \$1 billion.

HOUSE REPUBLICAN PAYROLL TAX HOLIDAY
(Fiscal Years, Billions of Dollars, + deficit increase, - deficit decrease)

	Years			
	2012	2013	5-year	10-year
MAJOR PROVISIONS				
Extenders:				
Extends 2% Payroll Tax Holiday	90.0	29.6	119.6	119.6
100% Expensing	38.3	17.6	21.6	6.0
Extends UI at 59 Weeks	23.6	10.7	34.0	34.0
2 year Doc Fix (1% increase for physicians)	11.3	19.3	35.0	38.9
Medicare Extenders and other health provisions	1.7	2.2	3.3	1.1
Other	1.9	0.3	4.6	1.9
subtotal	166.9	79.7	218.1	201.5
Offsets:				
Increases FERS Employee Contribution	0.0	-1.2	-11.1	-36.7
Increase Guarantee Fees on GSEs	-1.3	-4.6	-16.7	-35.7
PPACA Premium Subsidy Recapture and Prevention & Public Health Fund	0.0	-0.2	-5.3	-21.4
Changes in Medicare/Medicaid hospital payments	-0.3	-0.8	-5.7	-21.5
Increases Medicare premiums for high-income beneficiaries	0.0	0.0	0.0	-31.0
Other	1.4	-2.4	-20.1	-57.2
subtotal	-0.2	-9.2	-58.9	-203.5
Total Deficit Impact	166.8	70.4	159.1	-1.0