114TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
114–47

CONCURRENT RESOLUTION ON THE BUDGET— FISCAL YEAR 2016

REPORT

OF THE

COMMITTEE ON THE BUDGET
HOUSE OF REPRESENTATIVES

TO ACCOMPANY

H. Con. Res. 27

ESTABLISHING THE BUDGET FOR THE UNITED STATES GOVERNMENT FOR FISCAL YEAR 2016 AND SETTING FORTH APPROPRIATE BUDGETARY LEVELS FOR FISCAL YEARS 2017 THROUGH 2025

together with

MINORITY VIEWS

MARCH 20, 2015.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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MR. TOM PRICE OF GEORGIA, from the Committee on the Budget, submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H. Con. Res. 27]

INTRODUCTION

It is often said that a budget is more than a dry collection of numbers, and budgeting more than a mechanical act. With respect to the congressional budget, no one has put it better than the renowned political scientist Aaron B. Wildavsky:

> [T]axing and spending, resource mobilization and resource allocation, now take up as much or more time on the floors of Congress than all other matters put together. How large government will be, the part it will play in our lives, whether more or less will be done for defense or welfare, how much and what sort of people will pay for services, what kind of society, in sum, we Americans want to have—all these are routinely discussed in budget debates.[1]

This resolution proceeds from that conviction. It seeks to restore fundamental principles of budgeting and governing; to reverse the drift toward ever higher spending and larger government; to reinforce the innovation and creativity stirring in the myriad institutions and communities across the country; and to revitalize the prosperity that creates ever-expanding opportunities for all Americans to pursue their destinies.

Put differently, this budget resolution expresses a vision—a vision of governing, and of America itself. Its major principles and aims are described below.

Balancing the Budget

Until the early 1960s, policymakers broadly accepted the aim of balancing the Federal budget in peacetime. For many, the conviction was practical, uncomplicated common sense: Government simply should not outspend its resources. For others, such as Nobel Laureate James M. Buchanan, balancing budgets was a moral commitment.

> Politicians prior to World War II would have considered it to be immoral (to be a sin) to spend more than they were willing to generate in tax revenues, except during periods of extreme and temporary emergency. To spend borrowed sums on ordinary items for public consumption was, quite simply, beyond the pale of acceptable political behavior. There were basic moral constraints in place; there was no need for an explicit fiscal rule in the written constitution.[2]

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[1] Aaron B. Wildavsky and Naomi Caiden, *The New Politics of the Budgetary Process—Third Edition* (New York: Addison-Wesley Educational Publishers Inc., 1997).

[2] James M. Buchanan, "Clarifying Confusion About the Balanced Budget Amendment," *National Tax Journal,* Vol. 48, No. 3, September 1995, page 347.

With his alternative views of deficit financing, John Maynard Keynes upended the norm of budgeting and challenged its ethical underpinnings. "John Maynard Keynes was not simply an important economist," wrote James Q. Wilson, "he was a moral revolutionary. He subjected to rational analysis the conventional restraints on deficit financing, not in order to show that debt was always good but to prove that it was not necessarily bad. Deficit financing should be judged, he argued, by its practical effect, not by its moral quality." [3]

Although Keynes published his theory in the 1930s, it was not until three decades later that deficit financing became politically acceptable. Even then, President Johnson insisted on balancing his final budget, notwithstanding the costs of the Vietnam War and his ambitious Great Society programs. After that, however, policymakers increasingly found deficits to be tolerable, then acceptable—and then, predictably, they became chronic.

The practical effect has been devastating. For a time in the early 1990s, it appeared the structural gap between outlays and revenues was so entrenched it could not be overcome. The balanced budgets later in that decade resulted from a sustained stretch of spending restraint and an unexpected boost in economic output. Following 9–11, as Congress of necessity boosted resources for national defense and homeland security, it also gave up restraints on other spending. The tolerance of deficits returned, and the government has not seen a balanced budget since.

In recent years, annual deficits exceeded $1 trillion, so that nearly 40 percent of the government's spending was financed with borrowed money. The government's publicly held debt now matches roughly three-fourths of the entire economy—higher than at any time in the past 65 years—and it continues to rise. Of note, these trends are occurring even as the government has reduced its spending for military and diplomatic activities overseas. The growth of spending and debt results from permanent government programs.

A rising debt level is ultimately unsustainable because its growth eventually begins to exceed that of the overall economy. As a result, debt service costs absorb an increasing share of national income and the country must borrow an increasing amount each year, likely in the face of gradually higher interest rates, to both fund its ongoing services and make good on its previous debt commitments. Ultimately, this dynamic would lead to a decline in national saving and a "crowding out" of private investment, sapping economic output and a diminishing of the country's standard of living. (In a worst case scenario, this dynamic could also lead to a full-blown debt crisis, which would not only be devastating at the macroeconomic level, it would also inflict acute pain upon families and businesses.)

Investors and businesses make decisions on a forward-looking basis. They know that today's large debt levels are simply tomorrow's tax hikes, interest rate increases, or inflation—and they act

[3] James Q. Wilson, "The Rediscovery of Character: Private Virtue and Public Policy," *On Character* (Washington DC: The AEI Press, 1995), page 18.

accordingly. This debt overhang, and the uncertainty it generates, can therefore weigh on growth, investment and job creation.

Interest payments on the debt (the "legacy cost" of deficit spending) will sum to a staggering $5.6 trillion over the next decade according to Congressional Budget Office [CBO]. These payments threaten to overwhelm other spending priorities in the budget. In a 2012 study entitled "The Untold Story of America's Debt," Deloitte LLP, a tax, audit and consulting firm, discussed the ways in which debt will hamper U.S. competitiveness in the years ahead. Deloitte argues that "a great variety of meaningful investments will almost certainly be left undone simply because interest payments will push them out of the budget. This is the silent cost of prior debts that, unless explicitly recognized, crucially leads policymakers to underestimate the effect that prior deficits have already had on this decades planned expenditures."[4]

Critics sometimes dismiss the pursuit of balanced budgets, claiming lawmakers are unwilling or unable to make the "tough choices" needed to achieve them. On the other hand, without a sound fiscal standard, nothing will compel Congress to pursue the necessary policy choices. Some have tried to substitute intellectually sophisticated measures, such as the amounts of deficits or debt as a share of the economy—yet there is no consensus on what the acceptable upper limits might be. The abandonment of the balanced budget norm has left Washington without a guiding standard by which to measure the status of its fiscal policy. Nothing has replaced it. As a result, fiscal policy is adrift. Today, the only guideline is the relativistic pay-as-you-go concept, which merely ratifies existing deficits as the measure of budgetary rectitude—no matter how large those deficits might be. Thus, the proponents of the Affordable Care Act could boast the measure was fiscally "responsible" because it did not increase deficits—while it recklessly added trillions of dollars to government spending.

A balanced budget commitment establishes a real-time limit on government: The size and scope of government, as measured by its spending, may not exceed the amount that taxpayers provide and the economy will sustain. Its durability is demonstrated even by the nonpartisan CBO. Every time the CBO publishes its regular updates of budget and economic conditions, the first item it reports is the magnitude of the deficit or surplus—that is, the relationship between total outlays and total tax revenue. It is the very same measure that underlies the balanced budget principle. Further, CBO's clear implication is that the more spending exceeds revenue, and the more rapidly the two diverge, the more unstable is the government's fiscal condition.

The pursuit of balance also has distinct economic and fiscal benefits. For these reasons, nearly all economists, including those at the CBO, find that reducing budget deficits (thereby bending the curve on debt levels) is a net positive for economic growth. The logic is that deficit reduction creates long-term economic benefits because it increases the pool of national savings and boosts investment, thereby raising economic growth and job creation.

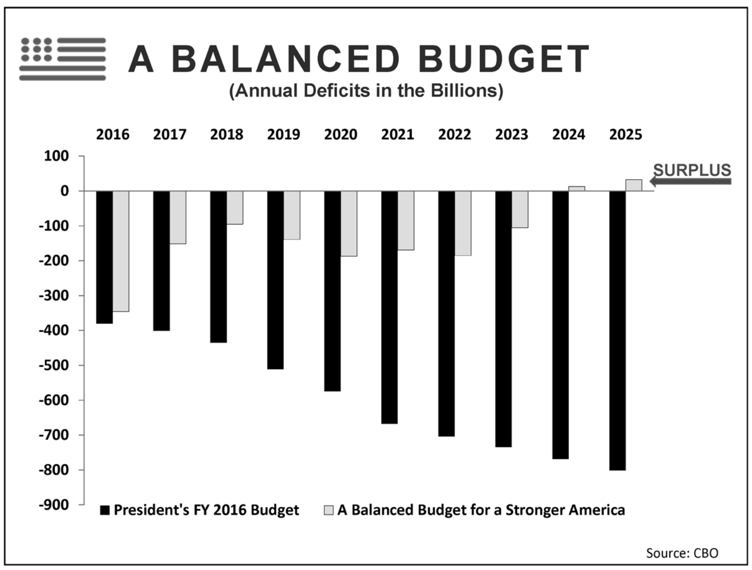
[4] "The Untold Story of America's Debt," Deloitte LLP, June 2012.

The greater economic output that stems from a large deficit reduction package would have a sizeable impact on the Federal budget. For instance, higher output would lead to greater revenues through the increase in taxable incomes. Lower interest rates, and a reduction in the stock of debt, would lead to lower government spending on net interest expenses.

Former Federal Reserve Chairman Bernanke has said that putting in place a credible plan to reduce future deficits "would not only enhance economic performance in the long run, but could also yield near-term benefits by leading to lower long-term interest rates and increased consumer and business confidence."[5]

For all these reasons, this budget resolution restores the balanced budget standard, and then maintains it—putting the government on a path to pay off the debt (see figure 2, next page).

FIGURE 1



Entitlements and Other Direct Spending

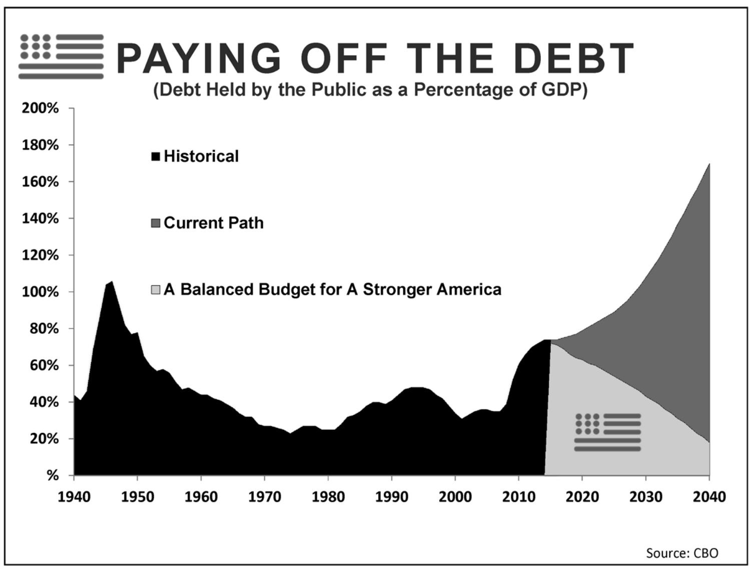
Just as important as pursuing balance is the *way* in which lawmakers achieve it. Some experts and policymakers advocate a mix of spending restraint and tax increases—the so-called "balanced" approach—as if the two were merely opposite sides of the same coin. That sterile, policy-neutral concept, however, masks the fundamental *cause and effect* of government budgeting: Spending comes first. Spending—one of the best measures of the size and scope of government—is how government does what it does. Government's programs and activities exist only if government spends money to implement them. "In a fundamental sense," writes longtime budget expert Allen Schick, "the federal government is what

[5] Bernanke Speech at CRFB Conference "Fiscal Accountability," 14 June 2011.

it spends."[6] It is *because* of spending that the government taxes and borrows. Spending is the root cause of all other fiscal consequences.

CBO's own figures further demonstrate that spending control is the indispensable element of controlling the budget. In its most recent long-term projections, CBO shows that even excluding interest payments, government programs will outspend revenue persistently over the next 25 years. Indeed, while CBO projects tax revenue to rise to historically high levels—19.4 percent of GDP by 2039, well above the 17.4-percent average of the past 50 years—spending will still persistently outpace revenue. The inevitable debt service will drive total spending to nearly 26 percent of GDP, generating relentlessly deepening deficits. Only by controlling spending can Congress alter this disastrous course.[7]

FIGURE 2



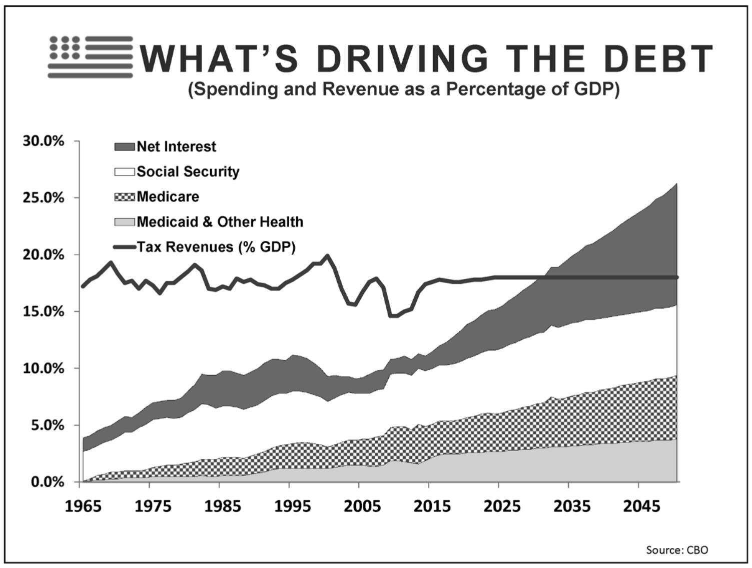
That requires controlling *direct* spending. Unlike the government's "discretionary" spending, in which Congress sets fixed limits on total budget authority, direct (or "mandatory") spending is open-ended and flows from effectively permanent authorizations. Programs funded this way—typically called "entitlements"—pay benefits directly to groups and individuals without an intervening appropriation. That is to say, they spend without limit. Their totals are determined by numerous factors outside the control of Congress: caseloads, the growth or contraction of gross domestic product [GDP], inflation, and many others. To put it simply, spending in these programs is uncontrolled and uncontrollable—because it is designed to be.

[6] Allen Schick, *The Federal Budget: Politics, Policy, Process* (Washington DC: The Brookings Institution Press, 2007), page 2.
[7] Congressional Budget Office, *The 2014 Long-Term Budget Outlook,* July 2014, Table 1–1.

The list of these programs is long and broad. It includes the social insurance programs, Social Security and Medicare; other health spending, such as Medicaid and the Affordable Care Act; income support, nutrition assistance, unemployment compensation, disability insurance, student loans, and a range of others.

In 1965, as President Johnson's Great Society programs were being enacted, net direct spending represented about 27 percent of the budget. By 1974, when the Congressional Budget Act was adopted, it had swollen to 41 percent of total spending. Today it has surged to 60 percent. Combined with net interest—a mandatory payment in the true sense of the word—the government's automatic direct spending consumes nearly 70 percent of the budget.[8] It is the main driver of the government's debt.

FIGURE 3



Clearly this problem with direct spending has been building for decades, yet lawmakers have found it difficult to build an enduring consensus for addressing it. With each year that passes, the challenge of spending control grows more difficult, because the necessary changes in programs become larger and, in many cases, more wrenching. At some point the programs will simply collapse under their own weight. Those who claim to "protect" them by resisting reform only ensure their demise.

Gaining control of spending need not be seen, however, as some daunting exercise in "mindless austerity," as the President so ominously puts it. As long as reform is necessary, it can be approached as an opportunity to save and strengthen these programs—to make them better for the people they are intended to serve.

Consider a few examples.

[8] Congressional Budget Office, *The Budget and Economic Outlook: 2015 to 2025,* January 2015, Tables 3–1, G–3, and G–5.

An option for Medicare reform described in this report is called "premium support." The basic concept, introduced as long ago as the late 1990s, is to transform this retirees' health coverage program from a government-run, price-controlled bureaucracy, to a market system in which seniors choose their health coverage from a range of commercial plans that compete for their business. In short, it gives retired Americans, not the government, the ultimate leverage over what kind of coverage they will have—and the government provides them financial assistance in making the choices.

Similarly, assistance for low-income Americans should be revised to encourage self-sufficiency, not to trap people in dependency. Clearly, persons with chronic disadvantages need and deserve a sturdy safety net. Others require assistance at particular times of economic downturns or personal misfortune. Still, the most compassionate way to provide government assistance is to help free individuals from the need for it. Welfare programs should encourage recipients toward supporting themselves to the greatest degree possible. As was proved with the successful welfare reform of the 1990s, when struggling people are challenged to work and earn on their own, they rise to the occasion—and they are better off for it.

It should be noted, too, that government is not the sole source of the many domestic benefits Americans enjoy—it is not even the primary one. Every benefit the government ostensibly "provides" actually draws from the abundant resources of the Nation's free market system. The government could not maintain Medicare, or Social Security, or its numerous safety net programs without the funding generated by the economy. Communities could not build schools and hospitals without local economies sufficiently prosperous to support them. This is why the fiscal policy of this budget—restraining spending and reducing deficits—is crucial to the well-being of all Americans. Those who strive to pull themselves out of difficulties benefit most from the expanding opportunities and rising incomes that only a prosperous economy—not the government—can provide.

Federalism

The republic of the United States reached a turning point in 1936: That was the first peacetime year in which the Federal Government's total spending exceeded the combined outlays of the State and local governments. "It can even be argued," writes Amity Shlaes, "that one year—1936—created the modern entitlement challenge that so bedevils both parties."[9]

As the 20th century unfolded, the national government's dominance—both fiscally and as the central governing authority—expanded. This was understandable during times of war—especially World War II—when the entire Nation was under threat. The notion continued to expand, however, into an ever-growing range of domestic policies. President Roosevelt's New Deal was, of course, a major step. Later came President Truman's unsuccessful pursuit of nationalized health care; then President Eisenhower's interstate highway system; then President Johnson's Great Society. By the

[9] Amity Shlaes, The Forgotten Man: A New History of the Great Depression (New York: Harper Perennial, 2008), page 11.

late 1980s, health care once again got drawn in, with some proposing a single-payer Canadian style health care system for the United States. In some respects, this trend culminated with Obamacare.

As more than two dozen governors recently wrote to the House Speaker and Senate Majority Leader: "Over the last several decades, the federal government has passed laws and promulgated regulations that restrict the ability of states to innovate while requiring states to implement and run programs dictated by federal dollars and rules. For a long time states were willing to trade off power and responsibility for federal taxpayer funds, but we have reached a tipping point where states serve to carry out the wishes of the federal government instead of serving as laboratories of democracy." [10]

This is precisely contrary to the Founders' vision. "The powers delegated by the proposed Constitution to the federal government are few and defined," Madison wrote. "Those which are to remain in the State governments are numerous and indefinite. The former will be exercised principally on external objects, as war, peace, negotiation, and foreign commerce; with which last the power of taxation will, for the most part, be connected. The powers reserved to the several States will extend to all the objects which, in the ordinary course of affairs, concern the lives, liberties, and properties of the people, and the internal order, improvement, and prosperity of the State." [11] As succinctly put in the Tenth Amendment: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

Indeed, Madison argued the Federal Government would depend on the States—not the other way around: "The State governments may be regarded as constituent and essential parts of the federal government; whilst the latter is nowise essential to the operation or organization of the former." [12] This point is proved in reality by the countless activities, essential to the lives of individuals and communities, that predated the national government and would continue without it. Even if the 50 States stood as separate entities, they would still operate schools and hospitals; they would find ways to build roads and bridges; scientific research would continue; energy and communications companies would emerge.

This is not to say Americans would be better off without the Federal Government. Their security and prosperity are vastly enhanced by the voluntary unity reflected in the bonds of the national Constitution. The point is simply that the Federal Government's principal role is to protect the security of the Nation, and to maintain an environment that supports the initiative and creativity possible only through the diversity of the several States and the bonds of civil society.

The reversal of this concept that developed over the past 100 years or so also has fiscal consequences. Federal Government resources cannot maintain the overreach of its governing ambitions. That is the message of Washington's current, catastrophic spending

[10] Letter from members of the Republican Governors Association [RGA], 29 January 2015.
[11] James Madison, *Federalist 45*.
[12] Ibid.

path. To restore fiscal sustainability, Congress sooner or later will have to consider realigning the roles of different levels of government. It will have to reinstitute the practice of federalism.

This will remain a necessity even after Congress gains control of entitlement spending. Yet the fiscal concerns are only part of the reason. The increasing centralization of government smothers the energy of those "laboratories of democracy." The entire Nation will benefit from a restoration of that energy. As the governors wrote: "We firmly believe that increased state autonomy will reap benefits in critical areas such as education, healthcare, infrastructure, energy, environment, and employment * * *. [W]e encourage you to devolve back to the states the ability to run programs, make decisions, and develop innovative solutions. We are prepared to take back those powers reserved to the states and would like to work with you to determine programs, funding, and responsibility that could be shifted to the states."[13]

The budget resolution supports these aims. It promotes State flexibility in areas such as Medicaid and the Supplemental Nutrition Assistance Program. It encourages State and local initiative in education. It sheds the conceit that Washington knows best what is right for the people. The very structure of this report reflects a distinction between those activities required of the Federal Government from those best suited to States and localities and the private sector.

Restoring Congressional Budgeting

The congressional budget process, enacted in 1974, has rarely worked as designed. Deadlines in the Congressional Budget Act are missed far more often than made, rules are often skirted, loopholes in spending disciplines exploited. Since 1998, the House and Senate have failed nine times to agree on a budget resolution, the cornerstone of the process. Still, the practice unquestionably has worsened in recent years. Congress has not completed a budget resolution since 29 April 2009. Instead, lawmakers have manufactured ad hoc procedures that have done next to nothing to stabilize the government's catastrophic long-term fiscal outlook. Worse, the budgetary mismanagement has become the new norm; what were once vices are now habits. The budget calendar is not merely ignored, it is deliberately breached, rendering the fiscal year irrelevant and leading to a stream of omnibus spending bills of varying durations negotiated by a handful of leaders—undermining the committee system and depriving lawmakers of the deliberation so central to the legislative process.

This unraveling does have profound consequences. The first and most obvious is that without regular budget resolutions, Congress has abandoned any serious attempt to manage fiscal policy. It is true the Budget Control Act of 2011 established caps on discretionary spending, and applied the automatic enforcement regime of sequestration. At the same time, however, it did nothing to rein in direct spending, the greatest threat to the government's fiscal stability. None of the other manufactured procedures employed since then has accomplished much along these lines either.

[13] RGA, op. cit.

Equally troubling is the effect on Congress's ability to govern. The failure in budgeting is the most visible and regular evidence of Congress's decline as a governing institution:

> The importance of conflicts over the size and distribution of the budget—failure to pass a budget on time or at all has become a sign of inability to govern—testifies to the overriding importance of budgeting. Nowadays, the State of the Union and the state of the budget have become essentially equivalent.[14]

Thus, the collapse of budgeting hastens the erosion of congressional governing. The more Congress tolerates its fiscal ineptitude, the more inept it becomes at legislating in general.

Yet as discouraging as these conditions may be, they *can* be corrected. The restoration of congressional budgeting can start, and is essential to, the regeneration of Congress as a governing institution. This can follow two tracks.

First, it is imperative that the 114th Congress reinstitute, as far as possible, the "regular order" of budgeting envisioned in the Congressional Budget Act. The existing process is far from perfect. It is complicated, time-consuming, and often frustrating. The estimating conventions underlying budget procedures reflect a distinct bias in favor of higher spending and larger government.

Nevertheless, if employed the process does provide a general schedule for spending and tax bills. The budget resolution represents an agenda and work plan in legislative form unmatched by any other procedure. It gives coherence to the legislature's many fiscal measures that did not exist before the Congressional Budget Act was adopted. With the creation of the budget resolution, Congress's budget became the working blueprint for fiscal policy, embracing lawmakers' consensus vision of governing.

Returning to the regular order also offers lawmakers an opportunity to learn for themselves, directly, whether the process truly is "broken," and if so by how much. "I could easily argue that the budget process isn't broken at all," remarked former House Budget Committee Chairman Jim Nussle at a September 2011 committee hearing on process reform. "[T]oday the budget process is not even being used or at best is simply being ignored."[15] That state of affairs has only worsened since then. Congress has not passed a budget resolution since April 2009—nearly six years ago. Legislators have no sense of how major authorizing bills fit in the overall scheme of the budget—because no such scheme exists.

"Before you search for new budget procedures to 'fix' the current process," Nussle advised, "actually give the current process a try. Prove that Congress and the President can follow the current process and rules before you decide that a new process or rule will somehow do the trick."[16]

Doing so over the next two years will also inform lawmakers about how to fix the process—or perhaps whether they need an entirely new one. Recently, various Members and experts in the pol-

[14] Aaron B. Wildavsky and Naomi Caiden, *The New Politics of the Budgetary Process—Third Edition* (New York: Addison-Wesley Educational Publishers Inc., 1997).

[15] Jim Nussle, Perspectives on Budget Process Reform, testimony to the Committee on the Budget, U.S. House of Representatives, 22 September 2011.

[16] Ibid.

icy community have offered a range of proposals built on a kind of problem-solving model. That is, proponents identify a specific weakness in the process—say, the difficulty Congress has in passing annual spending bills on time—and then offer a solution, such as a two-year budget and appropriations cycle. Some argue that the President should be more involved in budget development at the beginning of the process, as a possible means of heading off crisis-style confrontations late in the year.

Many of these proposals focus on practical matters—how to make budget procedures more efficient and workable, or how to enhance enforcement of budget levels. All this is perfectly reasonable. A budget process, no matter how skillfully designed, is pointless if lawmakers cannot or will not use it, or if it fails to achieve real fiscal control.

Nevertheless, lawmakers should consider thinking more broadly. The process designed in 1974 was complicated to begin with; it merely added new procedures onto existing spending and tax practices. Since then, Congress has enacted additional layers of complexity, such as the Balanced Budget and Emergency Deficit Control Act of 1985, the Budget Enforcement Act of 1990, and the Budget Control Act of 2011—among others. Given all this, it may be time to dismantle the entire process and build a new one. The lessons of the past 40 years of congressional budgeting will certainly inform that development. Still, in thinking about a new process, lawmakers should step back and ask a threshold question: What is the congressional budget process for?

The obvious first answer is fiscal control. That, however, is part of a more fundamental act: the act of governing. Because budgeting truly is governing, the budget process should be seen as a principal means of exercising constitutional government.

The Constitution does not prescribe how big government should be, but it does establish a framework for limiting government. One of the best ways to determine that limit is to limit spending—one of the best measures of the size and scope of government.

The budget also is Congress's main instrument for policymaking, the legislature's essential authority. As Madison wrote: "This power of the purse may, in fact, be regarded as the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people, for obtaining a redress of every grievance, and for carrying into effect every just and salutary measure."[17] Any new budget process should enhance Congress's policymaking role.

The process also must reinforce the balance of powers, one of the most critical protections of liberty. For nearly a half century after enactment of the 1921 Budget and Accounting Act—which attempted to straddle the separation of powers by establishing an executive-centered budget process modeled after Great Britain's—the presidency grew increasingly powerful. Starting in the 1950s, presidents began deliberately tying their budgets together with their legislative programs, increasing their ability to set the legislative agenda, and helping sustain what Schlesinger called "the imperial

[17] *The Federalist,* No. 58.

presidency."[18] The 1974 Congressional Budget Act was, in part, an attempt to restore the legislature's agenda-setting role. The new budget process should advance that effort.

Finally, budgeting should be an instrument for enhancing congressional oversight. There is no better way to get the attention of executive agencies than by controlling their funding. The budget process should encourage appropriations subcommittees and authorizing committees to use the tool of the budget aggressively, and to control the ever-expanding administrative state.

Conclusion

As described at the outset, this budget resolution expresses a vision; its contours are detailed throughout the text of this report. It is also an instrument for implementing that vision. Its allocations of spending authority implement the budget's priorities; its fiscal path—achieving balance within 10 years—restores a sound fiscal norm that long kept spending, and the size of government itself, in check.

To summarize some of the key elements of the budget, described in subsequent pages of this report, this resolution:

- Balances the budget within 10 years without raising taxes, and places the government on a path to paying off the debt.
- Calls for a fairer, simpler tax code to promote job creation and a healthy economy.
- Provides for a strong national defense through robust funding of troop training, equipment, and compensation.
- Repeals the Affordable Care Act in full, including all its spending, taxes, regulations, and mandates.
- Promotes real reform of health care centered on patients, not Washington.
- Strengthens Medicare through fundamental, structural reforms.
- Encourages State innovation and flexibility in Medicaid, nutrition assistance, education, and other programs.
- Calls for regulatory reform to improve transparency, efficiency, effectiveness, and accountability.

In pursuit of these budgetary guidelines, the resolution seeks to compel the necessary transformation of government programs; to restore the principle of federalism; and to support a robust economy in which all Americans—whatever their vocation or income level—can thrive and pursue their destinies.

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[18] Arthur M. Schlesinger Jr., *The Imperial Presidency,* (New York: Houghton Mifflin Company, 2004).

TABLE 1.—FISCAL YEAR 2016 BUDGET RESOLUTION TOTAL SPENDING AND REVENUE

[In millions of dollars]

Fiscal year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
SUMMARY												
Total spending:												
BA	3,718,694	3,706,405	3,833,114	4,038,606	4,260,257	4,407,753	4,615,040	4,758,854	4,899,127	5,116,099	19,557,077	43,353,949
OT	3,788,614	3,721,234	3,810,712	4,003,966	4,211,606	4,372,459	4,597,808	4,720,658	4,843,823	5,079,120	19,536,132	43,149,999
On-budget:												
BA	2,934,975	2,873,969	2,944,013	3,091,040	3,248,109	3,327,968	3,462,962	3,529,073	3,586,467	3,715,272	15,092,105	32,713,848
OT	3,009,033	2,893,883	2,927,040	3,062,131	3,205,489	3,298,907	3,452,463	3,497,911	3,538,398	3,685,230	15,097,576	32,570,485
Off-budget:												
BA	783,719	832,437	889,101	947,567	1,012,148	1,079,785	1,152,078	1,229,781	1,312,660	1,400,826	4,464,971	10,640,102
OT	779,581	827,352	883,672	941,835	1,006,117	1,073,552	1,145,344	1,222,746	1,305,425	1,393,890	4,438,556	10,579,514
Revenues:												
Total	3,459,531	3,587,670	3,715,285	3,864,756	4,025,170	4,204,151	4,389,325	4,590,782	4,803,620	5,029,396	18,652,412	41,669,686
On-budget	2,666,755	2,763,328	2,858,131	2,974,147	3,099,410	3,241,963	3,388,688	3,550,388	3,722,144	3,905,648	14,361,771	32,170,602
Off-budget	792,776	824,342	857,154	890,609	925,760	962,188	1,000,637	1,040,394	1,081,476	1,123,748	4,290,641	9,499,084
Recommended Change in Revenues:												
Total	0	0	0	0	0	0	0	0	0	0	0	0
On-budget	0	0	0	0	0	0	0	0	0	0	0	0
Off-budget	0	0	0	0	0	0	0	0	0	0	0	0
Surplus/Deficit(−):												
Total	−345,541	−151,654	−95,136	−139,187	−187,118	−169,211	−185,329	−105,439	12,501	32,887	−918,636	−1,333,227
Macroeconomic Fiscal Impact on the Deficit	−16,458	−18,090	291	22	−683	−903	23,153	24,437	52,704	82,611	−34,917	147,086
On-budget	−342,278	−130,555	−68,909	−87,984	−106,079	−56,944	−63,775	52,477	183,746	220,418	−735,805	−399,883
Off-budget	13,195	−3,010	−26,518	−51,226	−80,357	−111,364	−144,707	−182,352	−223,949	−270,142	−147,915	−1,080,430
Debt Held by the Public (end of year)	13,838,000	14,040,000	14,145,000	14,338,000	14,560,000	14,742,000	15,128,000	15,300,000	15,162,000	15,235,000		
Debt Subject to Limit (end of year)	19,047,763	19,393,542	19,641,396	19,947,774	20,261,172	20,505,542	20,906,471	21,075,678	20,916,009	20,904,522		
BY FUNCTION												
National Defense (050):												
BA	531,334	582,506	607,744	620,019	632,310	644,627	657,634	670,997	683,771	698,836	2,973,913	6,329,778
OT	564,027	572,025	586,422	604,238	617,553	630,610	648,269	656,389	663,936	683,350	2,944,265	6,226,819
International Affairs (150):												
BA	38,342	39,623	40,539	41,437	42,390	42,861	44,081	45,070	46,098	47,148	202,331	427,589
OT	42,923	40,821	39,736	39,214	39,564	40,108	40,868	41,633	42,470	43,349	202,258	410,686

TABLE 1.—FISCAL YEAR 2016 BUDGET RESOLUTION TOTAL SPENDING AND REVENUE—Continued

[In millions of dollars]

Fiscal year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
General Science, Space and Technology (250):												
BA	28,381	28,932	29,579	30,227	30,904	31,584	32,293	33,003	33,742	34,488	148,023	313,132
OT	29,003	28,924	29,357	29,798	30,388	30,957	31,637	32,338	33,059	33,795	147,471	309,257
Energy (270):												
BA	−3,581	1,410	1,189	1,196	1,259	1,309	1,335	1,375	1,332	−964	1,473	5,860
OT	654	649	234	307	472	728	863	1,000	1,037	−1,215	2,316	4,729
Natural Resources & Environment (300):												
BA	35,350	36,047	36,385	37,206	38,171	38,367	39,221	40,108	40,962	39,095	183,159	380,912
OT	38,113	38,268	37,674	37,747	38,304	38,685	39,361	40,319	40,486	38,471	190,105	387,427
Agriculture (350):												
BA	20,109	23,064	21,987	20,907	19,835	19,296	19,245	19,821	20,020	20,256	105,901	204,538
OT	21,164	23,194	21,396	20,275	19,386	18,849	18,830	19,391	19,553	19,851	105,416	201,891
Commerce & Housing Credit (370):												
On-budget:												
BA	−3,269	−12,373	−10,252	−8,801	−6,903	−6,522	−5,742	−4,965	−3,991	−3,370	−41,598	−66,189
OT	−16,617	−26,620	−24,998	−28,587	−27,479	−21,769	−22,819	−23,306	−23,635	−23,845	−124,301	−239,674
Off-budget:												
BA	−3,487	−3,347	−3,409	−3,619	−3,822	−3,886	−3,928	−3,972	−4,016	−4,159	−17,684	−37,645
OT	−3,488	−3,347	−3,409	−3,620	−3,822	−3,887	−3,929	−3,973	−4,017	−4,160	−17,686	−37,652
Transportation (400):												
BA	36,743	69,381	70,298	76,397	77,763	79,149	80,613	82,128	83,709	85,335	330,582	741,516
OT	79,181	69,500	73,623	76,051	76,767	78,369	79,946	81,336	82,724	83,983	375,122	781,481
Community & Regional Development (450):												
BA	7,082	7,688	8,089	8,381	8,409	8,305	8,304	8,359	8,447	8,579	39,649	81,641
OT	19,928	16,753	15,383	13,789	12,567	12,095	10,937	9,345	8,890	8,930	78,420	128,617
Education, Training, Employment, and Social Services (500):												
BA	80,620	84,746	87,029	85,514	87,901	88,908	90,148	91,237	92,744	94,400	425,810	883,247
OT	90,389	90,513	87,366	85,290	87,669	89,276	90,467	91,646	93,101	94,734	441,227	900,451
Health (550):												
BA	416,475	360,678	358,594	367,103	387,076	388,981	398,136	408,454	425,381	433,945	1,889,926	3,944,823
OT	426,860	364,823	360,468	367,916	377,341	389,025	398,233	408,529	425,477	434,143	1,897,408	3,952,815
Medicare (570):												
BA	577,726	580,837	580,782	639,293	680,575	726,644	808,204	825,577	834,148	927,410	3,059,213	7,181,196
OT	577,635	580,777	580,741	639,213	680,481	726,548	808,100	825,379	834,037	927,292	3,058,847	7,180,203

Income Security (600):												
BA	512,364	479,836	481,994	483,293	516,193	502,001	518,690	525,230	532,515	550,057	2,473,680	5,102,173
OT	513,709	475,234	471,951	477,470	510,603	496,856	518,542	519,391	521,105	543,361	2,448,967	5,048,222
Social Security (650):												
On-budget:												
BA	33,878	36,535	39,407	42,634	46,104	49,712	53,547	57,455	61,546	65,751	198,558	486,569
OT	33,919	36,535	39,407	42,634	46,104	49,712	53,547	57,455	61,546	65,751	198,599	486,610
Off-budget:												
BA	896,078	944,535	1,002,680	1,064,126	1,130,310	1,199,245	1,271,338	1,347,673	1,427,813	1,511,114	5,037,729	11,794,912
OT	891,941	939,450	997,251	1,058,395	1,124,279	1,193,013	1,264,605	1,340,639	1,420,579	1,504,179	5,011,316	11,734,331
Veterans Benefits and Services (700):												
BA	166,677	164,843	163,009	174,862	179,735	183,969	196,283	192,866	189,668	203,517	849,126	1,815,429
OT	170,121	164,387	162,385	174,048	178,778	183,019	195,255	191,834	188,553	202,383	849,719	1,810,763
Administration of Justice (750):												
BA	52,156	55,450	55,169	56,854	58,585	60,498	63,032	64,917	66,844	68,632	278,214	602,137
OT	56,006	57,547	56,659	56,572	58,392	59,992	62,485	64,355	66,264	68,051	285,177	606,325
General Government (800):												
BA	23,593	22,761	22,817	23,252	23,947	24,192	24,981	25,695	26,010	26,968	116,370	244,216
OT	23,576	23,202	23,279	23,084	23,602	24,309	25,114	25,840	25,878	26,825	116,743	244,709
Net Interest (900):												
On-budget:												
BA	366,527	414,768	477,731	531,032	578,654	612,121	642,388	667,089	684,301	695,929	2,368,713	5,670,541
OT	366,527	414,768	477,731	531,032	578,654	612,121	642,388	667,089	684,301	695,929	2,368,713	5,670,541
Off-budget:												
BA	−92,252	−91,570	−92,376	−94,506	−95,251	−95,817	−94,894	−92,787	−89,298	−83,567	−465,956	−922,318
OT	−92,252	−91,570	−92,376	−94,506	−95,251	−95,817	−94,894	−92,787	−89,298	−83,567	−465,956	−922,318
Allowances (920):												
BA	−33,462	−29,863	−32,175	−34,261	−39,009	−42,221	−46,013	−49,123	−50,652	−48,913	−168,770	−405,692
OT	−17,275	−24,277	−28,249	−31,078	−35,136	−38,438	−42,205	−45,430	−47,736	−48,058	−136,015	−357,882
Government-Wide Savings (930):												
BA	27,465	−15,712	−32,429	−41,554	−50,240	−55,831	−63,954	−71,850	−78,889	−113,903	−112,470	−496,897
OT	18,416	−3,005	−20,148	−32,383	−42,168	−50,276	−57,849	−65,124	−71,689	−93,929	−79,288	−418,155
Undistributed Offsetting Receipts (950):												
On-budget:												
BA	−73,514	−83,832	−90,115	−90,594	−92,193	−96,623	−99,437	−104,343	−111,213	−117,896	−430,248	−959,760
OT	−73,514	−83,832	−90,115	−90,594	−92,193	−96,623	−99,437	−104,343	−111,213	−117,896	−430,248	−959,760
Off-budget:												
BA	−16,620	−17,181	−17,794	−18,434	−19,089	−19,757	−20,438	−21,133	−21,839	−22,562	−89,118	−194,847
OT	−16,620	−17,181	−17,794	−18,434	−19,089	−19,757	−20,438	−21,133	−21,839	−22,562	−89,118	−194,847

TABLE 1.—FISCAL YEAR 2016 BUDGET RESOLUTION TOTAL SPENDING AND REVENUE—Continued

[In millions of dollars]

Fiscal year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
Overseas Contingency Operations/ Global War on Terrorism (970):												
BA	94,000	26,666	26,666	26,666	26,666	26,666	0	0	0	0	200,664	227,330
OT	44,304	33,716	26,758	26,117	25,862	24,776	9,956	2,869	278	0	156,757	194,636
Across the Board Adjustment (990):												
BA	−21	−22	−23	−23	−24	−24	−25	−26	−26	−27	−113	−241
OT	−17	−20	−21	−22	−23	−23	−24	−25	−25	−26	−103	−226

Notes:

1. Only on-budget amounts for fiscal years 2016-2025 are entered into the budget resolution legislative text. Off-budget amounts are shown for display purposes only.
2. The Office of Management and Budget and the Congressional Budget Office do not separately track outlays for the Global War on Terrorism (GWOT) once funds have been appropriated. The budget, therefore, shows in function 970 GWOT outlays that result from new budget authority occurring in fiscal years 2016-2025 only. Outlays resulting from GWOT activity prior to fiscal year 2016 are included in budget functions 050 and 150.

TABLE 2.—FISCAL YEAR 2016 BUDGET RESOLUTION DISCRETIONARY SPENDING

[In millions of dollars]

Fiscal year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
SUMMARY												
Total spending:												
BA	1,110,582	1,060,530	1,078,106	1,095,980	1,114,158	1,132,646	1,124,781	1,143,903	1,163,349	1,183,126	5,459,356	11,207,161
OT	1,172,280	1,127,059	1,117,857	1,132,371	1,147,422	1,163,133	1,170,379	1,176,793	1,187,230	1,211,974	5,696,989	11,606,499
Base Defense (050):												
BA	523,091	574,067	599,071	611,079	623,087	635,096	647,848	660,970	673,469	687,356	2,930,395	6,235,134
OT	555,724	563,440	577,586	595,199	608,294	621,075	638,488	646,364	653,639	671,938	2,900,243	6,131,747
Base Non Defense:												
BA	493,491	459,797	452,369	458,235	464,405	470,884	476,933	482,933	489,880	495,770	2,328,297	4,744,697
OT	572,252	529,904	513,512	511,055	513,267	517,282	521,936	527,560	533,314	540,036	2,639,989	5,280,116
BY FUNCTION												
National Defense (050):												
BA	523,091	574,067	599,071	611,079	623,087	635,096	647,848	660,970	673,469	687,356	2,930,395	6,235,134
OT	555,724	563,440	577,586	595,199	608,294	621,075	638,488	646,364	653,639	671,938	2,900,243	6,131,747

International Affairs (150):												
BA	38,893	39,637	40,498	41,366	42,286	43,210	44,181	45,155	46,170	47,208	202,680	428,604
OT	44,218	42,211	41,501	41,079	41,482	42,016	42,578	43,377	44,251	45,169	210,491	427,882
General Science, Space and Technology (250):												
BA	28,274	28,832	29,479	30,127	30,804	31,484	32,193	32,903	33,642	34,388	147,516	312,125
OT	28,898	28,822	29,257	29,698	30,288	30,857	31,537	32,238	32,959	33,695	146,964	308,250
Energy (270):												
BA	2,054	2,110	2,169	2,221	2,295	2,350	2,411	2,470	2,533	2,590	10,849	23,203
OT	2,435	2,284	2,243	2,290	2,375	2,433	2,498	2,561	2,622	2,688	11,627	24,429
Natural Resources & Environment (300):												
BA	34,366	35,256	36,284	37,357	38,429	39,524	40,692	41,831	43,025	44,260	181,693	391,024
OT	36,796	36,971	37,048	37,666	38,669	39,700	40,828	41,918	42,496	43,672	187,151	395,764
Agriculture (350):												
BA	6,073	6,229	6,409	6,593	6,781	6,968	7,169	7,365	7,576	7,790	32,085	68,953
OT	5,979	6,141	6,324	6,504	6,689	6,873	7,072	7,266	7,471	7,684	31,637	68,003
Commerce & Housing Credit (370):												
On-budget:												
BA	−13,410	−16,367	−16,546	−15,510	−13,141	−12,370	−11,196	−10,054	−9,054	−8,478	−74,974	−126,127
OT	−13,067	−16,159	−16,462	−15,566	−13,227	−12,459	−11,287	−10,146	−9,152	−8,575	−74,481	−126,099
Off-budget:												
BA	267	277	288	299	310	321	334	346	358	371	1,441	3,171
OT	266	277	288	298	310	320	333	345	357	370	1,439	3,164
Transportation (400):												
BA	31,049	31,800	32,656	33,535	34,444	35,360	36,304	37,264	36,688	37,656	163,484	346,756
OT	78,107	68,491	72,712	75,345	76,185	77,851	79,470	80,868	80,694	81,906	370,840	771,629
Community & Regional Development (450):												
BA	6,958	7,045	7,199	7,348	7,509	7,682	7,856	8,033	8,216	8,394	36,059	76,238
OT	19,577	16,283	14,037	11,996	10,565	10,081	8,591	7,908	8,083	8,268	72,458	115,389
Education, Training, Employment, and Social Services (500):												
BA	88,248	92,897	94,491	96,297	98,241	100,227	102,273	104,164	106,241	108,321	470,174	991,400
OT	91,356	96,048	93,128	94,795	96,633	98,594	100,539	102,404	104,413	106,434	471,960	984,344
Health (550):												
BA	57,726	58,920	60,297	61,690	63,145	64,602	66,127	67,650	69,241	70,842	301,778	640,240
OT	58,409	58,958	59,792	60,302	61,592	62,827	64,296	65,794	67,331	68,903	299,053	628,204
Medicare (570):												
BA	6,605	6,994	7,424	7,888	8,368	8,875	9,412	9,967	10,547	11,145	37,279	87,225
OT	6,556	6,969	7,356	7,814	8,291	8,794	9,326	9,878	10,456	11,047	36,986	86,487
Income Security (600):												
BA	61,414	62,035	62,909	63,908	65,548	67,096	68,664	70,242	71,806	73,260	315,814	666,882
OT	63,626	62,685	62,928	63,555	64,825	66,229	67,708	69,218	70,758	72,174	317,619	663,706

TABLE 2.—FISCAL YEAR 2016 BUDGET RESOLUTION DISCRETIONARY SPENDING—Continued

[In millions of dollars]

Fiscal year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
Social Security (650):												
On-budget:												
BA	0	0	0	0	0	0	0	0	0	0	0	0
OT	41	0	0	0	0	0	0	0	0	0	41	41
Off-budget:												
BA	5,026	5,175	5,345	5,518	5,699	5,881	6,072	6,266	6,462	6,665	26,763	58,109
OT	5,089	5,190	5,316	5,487	5,668	5,849	6,039	6,232	6,428	6,630	26,750	57,928
Veterans Benefits and Services (700):												
BA	68,602	70,540	72,735	74,992	77,320	79,678	82,135	84,626	87,179	89,826	364,189	787,633
OT	68,316	69,857	72,097	74,198	76,474	78,841	81,279	83,723	86,267	88,853	360,942	779,905
Administration of Justice (750):												
BA	51,019	52,562	54,296	56,089	57,934	59,805	61,756	63,732	65,757	67,648	271,900	590,598
OT	51,279	52,625	54,091	55,778	57,450	59,312	61,249	63,212	65,223	67,128	271,224	587,349
General Government (800):												
BA	16,724	16,134	16,093	16,433	17,057	17,202	17,874	18,556	19,054	19,726	82,441	174,853
OT	16,682	16,555	16,578	16,239	16,689	17,275	17,935	18,608	18,790	19,504	82,743	174,855
Allowances (920):												
BA	−27,758	−27,069	−29,787	−31,883	−36,240	−40,404	−43,857	−46,986	−48,549	−50,852	−152,737	−383,385
OT	−14,628	−22,704	−26,536	−29,263	−33,180	−36,961	−40,595	−43,876	−46,223	−48,425	−126,311	−342,391
Government-Wide Savings (930):												
BA	31,382	−13,188	−29,847	−36,010	−42,360	−46,582	−53,441	−60,571	−66,986	−74,962	−90,023	−392,565
OT	22,333	−1,581	−18,166	−27,139	−34,488	−41,127	−47,436	−53,945	−59,886	−67,063	−59,041	−328,498
Overseas Contingency Operations/ Global War on Terrorism (970):												
BA	94,000	26,666	26,666	26,666	26,666	26,666	0	0	0	0	200,664	227,330
OT	44,304	33,716	26,758	26,117	25,862	24,776	9,956	2,869	278	0	156,757	194,636
Across the Board Adjustment (990):												
BA	−21	−22	−23	−23	−24	−24	−25	−26	−26	−27	−113	−241
OT	−17	−20	−21	−22	−23	−23	−24	−25	−25	−26	−103	−226

TABLE 3.—FISCAL YEAR 2016 BUDGET RESOLUTION MANDATORY SPENDING

[In millions of dollars]

Fiscal year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
SUMMARY												
Total spending:												
BA	2,608,112	2,645,875	2,755,008	2,942,626	3,146,099	3,275,107	3,490,258	3,614,952	3,735,778	3,932,973	14,097,721	32,146,789
OT	2,616,334	2,594,175	2,692,855	2,871,595	3,064,184	3,209,326	3,427,428	3,543,865	3,656,592	3,867,146	13,839,143	31,543,500
On-budget:												
BA	1,829,686	1,818,891	1,871,540	2,000,877	2,139,960	2,201,524	2,344,586	2,391,782	2,429,938	2,539,183	9,660,953	21,567,967
OT	1,842,108	1,772,290	1,814,787	1,935,545	2,064,045	2,141,943	2,288,456	2,327,696	2,357,952	2,480,256	9,428,776	21,025,078
Off-budget:												
BA	778,426	826,985	883,468	941,750	1,006,139	1,073,583	1,145,672	1,223,169	1,305,840	1,393,790	4,436,767	10,578,822
OT	774,226	821,885	878,068	936,050	1,000,139	1,067,383	1,138,972	1,216,169	1,298,640	1,386,890	4,410,367	10,518,422
BY FUNCTION												
National Defense (050):												
BA	8,243	8,439	8,673	8,940	9,223	9,531	9,786	10,027	10,302	11,480	43,518	94,644
OT	8,303	8,585	8,836	9,039	9,259	9,535	9,781	10,025	10,297	11,412	44,022	95,072
International Affairs (150):												
BA	−551	−14	41	71	104	−349	−100	−85	−72	−60	−349	−1,015
OT	−1,295	−1,390	−1,765	−1,865	−1,918	−1,908	−1,710	−1,744	−1,781	−1,820	−8,233	−17,196
General Science, Space and Technology (250):												
BA	107	100	100	100	100	100	100	100	100	100	507	1,007
OT	105	102	100	100	100	100	100	100	100	100	507	1,007
Energy (270):												
BA	−5,635	−700	−980	−1,025	−1,036	−1,041	−1,076	−1,095	−1,201	−3,554	−9,376	−17,343
OT	−1,781	−1,635	−2,009	−1,983	−1,903	−1,705	−1,635	−1,561	−1,585	−3,903	−9,311	−19,700
Natural Resources & Environment (300):												
BA	984	791	100	−151	−258	−1,157	−1,472	−1,723	−2,063	−5,164	1,466	−10,112
OT	1,317	1,297	625	81	−365	−1,015	−1,467	−1,599	−2,011	−5,200	2,955	−8,337
Agriculture (350):												
BA	14,036	16,835	15,578	14,314	13,054	12,328	12,076	12,456	12,444	12,466	73,816	135,585
OT	15,185	17,053	15,072	13,771	12,697	11,976	11,758	12,125	12,082	12,167	73,779	133,888
Commerce & Housing Credit (370):												
On-budget:												
BA	10,141	3,994	6,294	6,709	6,238	5,848	5,454	5,089	5,063	5,108	33,376	59,938

TABLE 3.—FISCAL YEAR 2016 BUDGET RESOLUTION MANDATORY SPENDING—Continued

[In millions of dollars]

Fiscal year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
OT	−3,550	−10,461	−8,536	−13,021	−14,252	−9,310	−11,532	−13,160	−14,483	−15,270	−49,820	−113,575
Off-budget:												
BA	−3,754	−3,624	−3,697	−3,918	−4,132	−4,207	−4,262	−4,318	−4,374	−4,530	−19,125	−40,816
OT	−3,754	−3,624	−3,697	−3,918	−4,132	−4,207	−4,262	−4,318	−4,374	−4,530	−19,125	−40,816
Transportation (400):												
BA	5,694	37,581	37,642	42,862	43,319	43,789	44,309	44,864	47,021	47,679	167,098	394,760
OT	1,074	1,009	911	706	582	518	476	468	2,030	2,077	4,282	9,852
Community & Regional Development (450):												
BA	124	643	890	1,033	900	623	448	326	231	185	3,590	5,403
OT	351	470	1,346	1,793	2,002	2,014	2,346	1,437	807	662	5,962	13,228
Education, Training, Employment, and Social Services (500):												
BA	−7,628	−8,151	−7,462	−10,783	−10,340	−11,319	−12,125	−12,927	−13,497	−13,921	−44,364	−108,153
OT	−967	−5,535	−5,762	−9,505	−8,964	−9,318	−10,072	−10,758	−11,312	−11,700	−30,733	−83,893
Health (550):												
BA	358,749	301,758	298,297	305,413	323,931	324,379	332,009	340,804	356,140	363,103	1,588,148	3,304,583
OT	368,451	305,865	300,676	307,614	315,749	326,198	333,937	342,735	358,146	365,240	1,598,355	3,324,611
Medicare (570):												
BA	571,121	573,843	573,358	631,405	672,207	717,769	798,792	815,610	823,601	916,265	3,021,934	7,093,971
OT	571,079	573,808	573,385	631,399	672,190	717,754	798,774	815,501	823,581	916,245	3,021,861	7,093,716
Income Security (600):												
BA	450,950	417,801	419,085	419,385	450,645	434,905	450,026	454,988	460,709	476,797	2,157,866	4,435,291
OT	450,083	412,549	409,023	413,915	445,778	430,627	450,834	450,173	450,347	471,187	2,131,348	4,384,516
Social Security (650):												
On-budget:												
BA	33,878	36,535	39,407	42,634	46,104	49,712	53,547	57,455	61,546	65,751	198,558	486,569
OT	33,878	36,535	39,407	42,634	46,104	49,712	53,547	57,455	61,546	65,751	198,558	486,569
Off-budget:												
BA	891,052	939,360	997,335	1,058,608	1,124,611	1,193,364	1,265,266	1,341,407	1,421,351	1,504,449	5,010,966	11,736,803
OT	886,852	934,260	991,935	1,052,908	1,118,611	1,187,164	1,258,566	1,334,407	1,414,151	1,497,549	4,984,566	11,676,403
Veterans Benefits and Services (700):												
BA	98,075	94,303	90,274	99,870	102,415	104,291	114,148	108,240	102,489	113,691	484,937	1,027,796
OT	101,805	94,530	90,288	99,850	102,304	104,178	113,976	108,111	102,286	113,530	488,777	1,030,858
Administration of Justice (750):												
BA	1,137	2,888	873	765	651	693	1,276	1,185	1,087	984	6,314	11,539
OT	4,727	4,922	2,568	794	942	680	1,236	1,143	1,041	923	13,953	18,976

General Government (800):												
BA	6,869	6,627	6,724	6,819	6,890	6,990	7,107	7,139	6,956	7,242	33,929	69,363
OT	6,894	6,647	6,701	6,845	6,913	7,034	7,179	7,232	7,088	7,321	34,000	69,854
Net Interest (900):												
On-budget:												
BA	366,527	414,768	477,731	531,032	578,654	612,121	642,388	667,089	684,301	695,929	2,368,713	5,670,541
OT	366,527	414,768	477,731	531,032	578,654	612,121	642,388	667,089	684,301	695,929	2,368,713	5,670,541
Off-budget:												
BA	−92,252	−91,570	−92,376	−94,506	−95,251	−95,817	−94,894	−92,787	−89,298	−83,567	−465,956	−922,318
OT	−92,252	−91,570	−92,376	−94,506	−95,251	−95,817	−94,894	−92,787	−89,298	−83,567	−465,956	−922,318
Allowances (920):												
BA	−5,704	−2,794	−2,388	−2,378	−2,769	−1,817	−2,156	−2,137	−2,103	1,939	−16,033	−22,307
OT	−2,647	−1,573	−1,713	−1,815	−1,956	−1,477	−1,610	−1,554	−1,513	367	−9,704	−15,491
Government-Wide Savings (930):												
BA	−3,917	−2,524	−2,582	−5,544	−7,880	−9,249	−10,513	−11,279	−11,903	−38,941	−22,447	−104,332
OT	−3,917	−1,424	−1,982	−5,244	−7,680	−9,149	−10,413	−11,179	−11,803	−26,866	−20,247	−89,657
Undistributed Offsetting Receipts (950):												
On-budget:												
BA	−73,514	−83,832	−90,115	−90,594	−92,193	−96,623	−99,437	−104,343	−111,213	−117,896	−430,248	−959,760
OT	−73,514	−83,832	−90,115	−90,594	−92,193	−96,623	−99,437	−104,343	−111,213	−117,896	−430,248	−959,760
Off-budget:												
BA	−16,620	−17,181	−17,794	−18,434	−19,089	−19,757	−20,438	−21,133	−21,839	−22,562	−89,118	−194,847
OT	−16,620	−17,181	−17,794	−18,434	−19,089	−19,757	−20,438	−21,133	−21,839	−22,562	−89,118	−194,847

COMPARISON WITH THE PRESIDENT'S BUDGET

With its higher spending, higher taxes, and relentless deficits and debt, the President's fiscal year 2016 budget lacks credibility and any sense of fiscal responsibility. It is difficult to take seriously. Further, it has no real meaning. Since adoption of the Congressional Budget Act in 1974, the only budget that matters is Congress's. The congressional budget resolution establishes the framework for fiscal policy, and for the spending and tax bills Congress enacts. It is the one comprehensive budget plan for the Federal Government with any actual force; the President's budget is merely a set of proposals. With a congressional budget resolution in place, the President's budgetary actions are piecemeal: He only signs or vetoes separate spending and tax bills.

That said, the President's budget reflects a view that is contrary to sound and prudent fiscal management. It calls for higher spending, ever higher taxes and makes no serious effort to balance the budget or reduce deficits and debt. The President's budget does nothing to tame direct spending costs and make the government's benefits programs sustainable for the long run.

For that reason, a few major comparisons between the House budget resolution and the President's budget are in order. They reflect the difference in the visions of governing that each represents.

It should be noted that in the comparison below, figures for the House budget resolution are based on the January baseline projections by the Congressional Budget Office [CBO]. For the President's budget, the CBO used its newly revised March baseline, released on 12 March 2015. The January figures projected deficits roughly $431 billion higher over 10 years than did the March baseline. Consequently, achieving balance based on the January estimates was more difficult than it would have been had the March figures been available while the House budget was being developed.

HOUSE REPUBLICAN BUDGET [a]	**PRESIDENT'S BUDGET** [b]
Achieves balance within 10 years.	Never balances; deficits climb in the second half of the decade, reaching $800 billion in 2025 and rising.
Reduces spending by $5.5 trillion over 10 years.	Spends $6.4 billion more than the House budget over 10 years.

HOUSE REPUBLICAN BUDGET [a]	PRESIDENT'S BUDGET [b]
Calls for growth-promoting tax reform that lowers income tax rates and broadens the tax base. The budget contains no tax increases.	Increases taxes by $1.8 trillion over 10 years, mainly by limiting certain deductions and exclusions, and increasing the rate on capital gains and dividends, among other things.
Reduces publicly held debt from the current 74 percent of gross domestic product [GDP] today to 55 percent of GDP in 2025, and provides a path to retiring the government's debt.	Maintains debt held by the public at the historically high levels of around three fourth of economic output—the highest level in 65 years—and adds trillions of dollars to the national debt.
Restores the principle of federalism, encouraging the initiative of State and local governments in addressing more of the Nation's domestic policy concerns.	Advances the failed notion that Washington knows best, dictating how individuals should live, how State and local governments should serve their constituents, and how businesses should serve their customers.
Reduces spending by $2 trillion by repealing the Affordable Care Act, the failing attempt to nationalize Health care in America.	Maintains the conceit of centralized, Washington-based, one-size-fits-all health care.
Saves $148 billion over 10 years by strengthening Medicare and transitioning to a premium support model. Achieves another $913 billion in health savings, partly by allowing greater State flexibility in Medicaid. Saves $1.1 trillion in other direct spending.	Increases Medicaid spending by $85 billion over 10 years. Imposes $408 billion in new Medicare cuts to hospitals and skilled nursing facilities, with no meaningful restructuring of the program.
Spends more than the President for national defense in fiscal year 2016 and over 10 years.	Claims defense spending increases with no plan for adjusting the current statutory caps on spending. Hence these defense increases are illusory.

a. Figures based on CBO's January 2015 baseline.
b. Figures based on CBO's March 2015 baseline.

TABLE 4.—SUMMARY OF FISCAL YEAR 2016 BUDGET RESOLUTION

[As a percentage of GDP]

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Average 2016–2025
Deficit(+)/Surplus(−):											
Committee Recommendation	+1.8%	+0.8%	+0.5%	+0.7%	+0.8%	+0.7%	+0.8%	+0.4%	−0.0%	−0.1%	+0.6%
CBO	+2.5%	+2.5%	+2.6%	+3.0%	+3.3%	+3.5%	+3.9%	+3.8%	+3.6%	+4.0%	+3.3%
President's Budget	+2.0%	+2.0%	+2.1%	+2.4%	+2.6%	+2.9%	+2.9%	+2.9%	+2.9%	+2.9%	+2.6%
Debt Held by the Public:											
Committee Recommendation	74.0%	72.0%	69.0%	67.0%	65.0%	63.0%	62.0%	60.0%	57.0%	55.0%	n.a.
CBO	73.8%	73.4%	73.3%	73.7%	74.3%	75.0%	76.1%	76.9%	77.7%	78.7%	n.a.
President's Budget	73.5%	72.7%	72.2%	72.1%	72.1%	72.3%	72.5%	72.7%	72.9%	73.1%	n.a.
Outlays:											
Committee Recommendation	20.3%	19.1%	18.6%	18.7%	18.8%	18.7%	18.8%	18.5%	18.2%	18.3%	18.8%
CBO	20.8%	20.7%	20.7%	21.1%	21.4%	21.6%	22.0%	21.9%	21.8%	22.3%	21.4%
President's Budget	21.0%	21.0%	21.1%	21.4%	21.5%	21.6%	21.7%	21.9%	22.0%	22.1%	21.6%
Revenues:											
Committee Recommendation	18.5%	18.4%	18.1%	18.1%	18.0%	18.0%	18.0%	18.0%	18.1%	18.2%	18.1%
CBO	18.4%	18.2%	18.1%	18.1%	18.0%	18.1%	18.1%	18.2%	18.2%	18.3%	18.2%
President's Budget	19.0%	19.0%	19.0%	19.0%	19.0%	18.8%	18.8%	18.9%	19.0%	19.2%	19.0%

TABLE 5.—FISCAL YEAR 2016 HOUSE BUDGET RESOLUTION VS. THE PRESIDENT'S BUDGET

[In millions of dollars]

Fiscal year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
SUMMARY												
Total spending:												
BA	3,718,694	3,706,405	3,833,114	4,038,606	4,260,257	4,407,753	4,615,040	4,758,854	4,899,127	5,116,099	19,557,077	43,353,949
OT	3,788,614	3,721,234	3,810,712	4,003,966	4,211,606	4,372,459	4,597,808	4,720,658	4,843,823	5,079,120	19,536,132	43,149,999
On-budget:												
BA	2,934,975	2,873,969	2,944,013	3,091,040	3,248,109	3,327,968	3,462,962	3,529,073	3,586,467	3,715,272	15,092,105	32,713,848
OT	3,009,033	2,893,883	2,927,040	3,062,131	3,205,489	3,298,907	3,452,463	3,497,911	3,538,398	3,685,230	15,097,576	32,570,485
Off-budget:												
BA	783,719	832,437	889,101	947,567	1,012,148	1,079,785	1,152,078	1,229,781	1,312,660	1,400,826	4,464,971	10,640,102
OT	779,581	827,352	883,672	941,835	1,006,117	1,073,552	1,145,344	1,222,746	1,305,425	1,393,890	4,438,556	10,579,514

TABLE 5.—FISCAL YEAR 2016 HOUSE BUDGET RESOLUTION VS. THE PRESIDENT'S BUDGET—Continued

[In millions of dollars]

Fiscal year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
Revenues:												
Total	3,459,531	3,587,670	3,715,285	3,864,756	4,025,170	4,204,151	4,389,325	4,590,782	4,803,620	5,029,396	18,652,412	41,669,686
On-budget	2,666,755	2,763,328	2,858,131	2,974,147	3,099,410	3,241,963	3,388,688	3,550,388	3,722,144	3,905,648	14,361,771	32,170,602
Off-budget	792,776	824,342	857,154	890,609	925,760	962,188	1,000,637	1,040,394	1,081,476	1,123,748	4,290,641	9,499,084
Surplus/Deficit(−):												
Total	−345,541	−151,654	−95,136	−139,187	−187,118	−169,211	−185,329	−105,439	12,501	32,887	−918,636	−1,333,227
Macroeconomic Fiscal Impact	−16,458	−18,090	291	22	−683	−903	23,153	24,437	52,704	82,611	−34,917	147,086
On-budget	−342,278	−130,555	−68,909	−87,984	−106,079	−56,944	−63,775	52,477	183,746	220,418	−735,805	−399,883
Off-budget	13,195	−3,010	−26,518	−51,226	−80,357	−111,364	−144,707	−182,352	−223,949	−270,142	−147,915	−1,080,430
Debt Held by the Public (end of year)	13,838,000	14,040,000	14,145,000	14,338,000	14,560,000	14,742,000	15,128,000	15,300,000	15,162,000	15,235,000	n.a.	n.a.
Debt Subject to Limit (end of year)	19,047,763	19,393,542	19,641,396	19,947,774	20,261,172	20,505,542	20,906,471	21,075,678	20,916,009	20,904,522	n.a.	n.a.
PRESIDENT'S FY2016 BUDGET AS RE–ESTIMATED BY CBO												
Total Spending:												
BA	4,041,544	4,161,721	4,390,213	4,621,735	4,857,900	5,086,153	5,295,484	5,567,810	5,845,825	6,107,622	22,073,113	49,976,007
OT	3,958,645	4,143,196	4,339,080	4,573,920	4,803,655	5,036,382	5,276,532	5,525,365	5,786,203	6,060,581	21,818,496	49,503,559
On-budget:												
BA	3,255,201	3,327,408	3,499,239	3,671,830	3,842,839	4,002,266	4,137,887	4,331,167	4,525,063	4,698,213	17,596,517	39,291,113
OT	3,176,604	3,313,951	3,453,391	3,629,820	3,794,704	3,958,813	4,125,757	4,295,745	4,472,764	4,658,696	17,368,470	38,880,245
Off-budget:												
BA	786,343	834,313	890,974	949,905	1,015,061	1,083,887	1,157,597	1,236,643	1,320,762	1,409,409	4,476,596	10,684,894
OT	782,041	829,245	885,689	944,100	1,008,951	1,077,569	1,150,775	1,229,620	1,313,439	1,401,885	4,450,026	10,623,314
Revenues:												
Total	3,578,493	3,742,096	3,904,343	4,063,096	4,229,247	4,368,872	4,572,670	4,790,679	5,017,336	5,259,609	19,517,275	43,526,441
On-budget	2,783,118	2,911,598	3,032,807	3,154,504	3,283,622	3,384,769	3,547,148	3,723,593	3,906,595	4,101,653	15,165,649	33,829,407
Off-budget	795,375	830,498	871,536	908,592	945,625	984,103	1,025,522	1,067,086	1,110,741	1,157,956	4,351,626	9,697,034
Surplus/Deficit(−):												
Total	−380,152	−401,100	−434,737	−510,824	−574,408	−667,510	−703,862	−734,686	−768,867	−800,972	−2,301,221	−5,977,118
On-budget	−393,486	−402,353	−420,584	−475,316	−511,082	−574,044	−578,609	−572,152	−566,169	−557,043	−2,202,821	−5,050,838
Off-budget	13,334	1,253	−14,153	−35,508	−63,326	−93,466	−125,253	−162,534	−202,698	−243,929	−98,400	−926,280
Debt Held by the Public (end of year)	13,844,000	14,332,000	14,844,000	15,432,000	16,078,000	16,813,000	17,583,000	18,381,000	19,213,000	20,078,000	n.a.	n.a.
Debt Subject to Limit (end of year)	19,060,317	19,697,451	20,363,558	21,072,783	21,816,056	22,622,736	23,413,605	24,216,375	25,034,547	25,824,625	n.a.	n.a.

DIFFERENCE

Total Spending:												
BA	−322,850	−455,316	−557,099	−583,129	−597,643	−678,400	−680,444	−808,956	−946,698	−991,523	−2,516,036	−6,622,058
OT	−170,031	−421,962	−528,368	−569,954	−592,049	−663,923	−678,724	−804,707	−942,380	−981,461	−2,282,364	−6,353,560
On-budget:												
BA	−320,226	−453,439	−555,226	−580,790	−594,730	−674,298	−674,925	−802,094	−938,596	−982,941	−2,504,412	−6,577,265
OT	−167,571	−420,068	−526,351	−567,689	−589,215	−659,906	−673,294	−797,834	−934,366	−973,466	−2,270,894	−6,309,760
Off-budget:												
BA	−2,624	−1,876	−1,873	−2,338	−2,913	−4,102	−5,519	−6,862	−8,102	−8,583	−11,625	−44,792
OT	−2,460	−1,893	−2,017	−2,265	−2,834	−4,017	−5,431	−6,874	−8,014	−7,995	−11,470	−43,800
Revenues:												
Total	−118,962	−154,426	−189,058	−198,340	−204,077	−164,721	−183,345	−199,897	−213,716	−230,213	−864,863	−1,856,755
On-budget	−116,363	−148,270	−174,676	−180,357	−184,212	−142,806	−158,460	−173,205	−184,451	−196,005	−803,878	−1,658,805
Off-budget	−2,599	−6,156	−14,382	−17,983	−19,865	−21,915	−24,885	−26,692	−29,265	−34,208	−60,985	−197,950
Surplus/Deficit(−):												
Total	−34,611	−249,446	−339,601	−371,637	−387,290	−498,299	−518,533	−629,247	−781,368	−833,859	−1,382,585	−4,643,891
On-budget	−51,208	−271,798	−351,675	−387,332	−405,003	−517,100	−514,834	−624,629	−749,915	−777,461	−1,467,016	−4,650,955
Off-budget	139	4,263	12,365	15,718	17,031	17,898	19,454	19,818	21,251	26,213	49,515	154,150
Debt Held by the Public (end of year)	−6,000	−292,000	−699,000	−1,094,000	−1,518,000	−2,071,000	−2,455,000	−3,081,000	−4,051,000	−4,843,000	n.a.	n.a.
Debt Subject to Limit (end of year)	−12,554	−303,909	−722,162	−1,125,009	−1,554,884	−2,117,194	−2,507,134	−3,140,697	−4,118,538	−4,920,103	n.a	n.a.

ECONOMIC ASSUMPTIONS OF THE BUDGET RESOLUTION

A Subpar Recovery

Although the economy recently has shown welcome signs of improvement, it is still languishing in the weakest recovery of the modern era—and the expansionist government policies of the current administration are among the reasons.

The U.S. economy technically emerged from recession nearly 6 years ago, but the subsequent recovery has been subpar. Over the past 5 years, real growth in gross domestic product [GDP] has averaged slightly more than 2.0 percent annually. According to the Congressional Budget Office [CBO], U.S. economic output has been growing at less than half the typical rate exhibited during other recoveries since World War II.

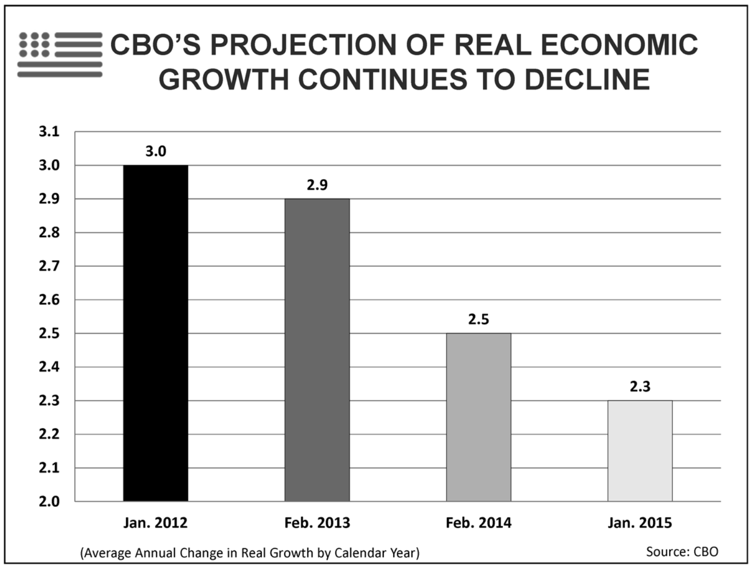
This trend has surprised most economic forecasters. Back in 2010, CBO expected real GDP to grow by a relatively brisk 3.0 percent annual average over the budget window. In 2013, that average slipped to 2.9 percent. In CBO's latest economic forecast, average real GDP growth fell to just 2.3 percent. CBO has significantly lowered its expectation of long-term growth in potential GDP as well, due mainly to negative developments in the labor market. CBO expects slower growth in the potential labor force later this decade, which is linked to the aging of the population and the retirement of the baby-boom generation. With a smaller labor force, there will also be less business investment and slower growth in the country's capital stock. This "new normal"—if that is what it is—is especially troubling, because without more robust growth the economy will struggle to support the 80 million retirees expected over the next two decades, as well as the working age population. Standards of living will suffer, especially for middle-income earners.

Government policies will also play a role in this trend. The heavy spending promoted by the current administration drains economic resources that otherwise would be available for growth-producing activities. In addition, the recent sharp increase in government debt—which now stands at near-record post-World War II levels—will crowd out additional capital investment in the long term. Meanwhile, CBO projects the Affordable Care Act—the President's nationalized health program—will create incentives for people to work fewer hours over the medium and longer term.[19] The overall picture that CBO's latest economic forecast paints is that sluggish economic growth has evolved from mainly a cyclical issue to a longer-term structural problem. The clear downward trend in the economic forecast in recent years has raised the hurdle signifi-

[19] Congressional Budget Office, *The Budget and Economic Outlook: 2014 to 2024,* February 2014, Appendix C.

cantly for those trying to correct the fiscal imbalance over the next decade. This is important because CBO's annual economic assumptions are adopted for the budget resolution. As discussed in the next section, however, a meaningful change in fiscal policy can repay in budgetary dividends.

FIGURE 4



The Current Economic Situation

Real GDP grew by 2.4 percent (measured on a year-over-year basis) in 2014. That represented a slight pick-up from the 2.2 percent growth posted in 2013. On the other hand, real GDP growth over the past 5 years has averaged just 2.2 percent annually, well below the 3.2 percent historical trend rate of growth in the U.S. Sluggish economic growth has contributed to the government's fiscal problems. It leads to lower revenue levels than would otherwise occur while government spending (e.g. on welfare programs) is higher. According to CBO, if real GDP growth is just 0.1 percentage point lower per year, the budget deficit would be higher by $326 billion over 10 years. Likewise, stronger economic growth would greatly improve the fiscal outlook.

Nonfarm payroll employment increased by 295,000 in the latest month (February 2015), modestly higher than the average monthly increase over the past year and the 288,000 average monthly gain over the past quarter. The unemployment rate stands at 5.5 percent, down 1.1 percentage point from the rate at the start of 2014 (6.6 percent). When discouraged workers, marginally employed, and underemployed persons are counted, however, the unemployment rate is 11 percent.[20]

[20] Bureau of Labor Statistics U–6 Index, Table A–15.

Although job gains have been trending up of late, and the unemployment rate has continued to decline, other aspects of the labor market are not as robust. The labor force participation rate, for instance, actually fell in February, to 62.8 percent, and remains near the lowest level since 1978. Long-term unemployment also remains a problem. Of the roughly 8.7 million people who are currently unemployed, 2.7 million (more than 30 percent) have been unemployed for more than 6 months. Prior to the recession, only about 18 percent of the unemployed were out of work for that long. Long-term unemployment has genuinely corrosive consequences. For individuals, it erodes their job skills, further detaching them from employment opportunities. At the same time, it undermines the long-term productive capacity of the economy.

Young people and minorities have been particularly harmed by weak labor market conditions and a lack of quality employment opportunities. Those in the very early stages of their career—young people aged 20 to 24 years old—have an unemployment rate of 10 percent, nearly double the rate for the total population. (Teenagers 16 to 19 years old face an unemployment rate of 17 percent.) Likewise, African Americans have an unemployment rate greater than 10 percent, and in the 5 years since the economic recovery began in mid-2009 have seen their real median income fall by nearly 8 percent.

For most of the working population, wage gains have been subpar. Average hourly earnings of private-sector workers have increased by just 1.6 percent over the past year. Prior to the recession, average hourly earnings were tracking close to 4 percent. Likewise, average income levels have remained flat in recent years. Real median household income is just under $52,000, one of the lowest levels since 1995.

Oil prices have plunged over the past 6 months. Since mid-2014, crude oil prices have dropped from just above $100 per barrel to less than $50 per barrel today. This has led to a downward slide in headline inflation rates. For instance, the price index for personal consumption expenditures [PCE] has increased less than 1 percent over the past 12 months. The so-called core PCE index (which excludes energy and food prices), the Federal Reserve's preferred inflation gauge, has increased 1.3 percent over the past year. That level of inflation remains below the Federal Open Market Committee's 2 percent objective for inflation over the longer run.

After years of extremely loose monetary policy stance (which includes holding interest rates near zero for close to 8 years), the Federal Reserve has signaled it is in a position to begin normalizing policy. The Fed wrapped up its large-scale monthly asset-purchase program last October and, with the economy improving, it has suggested it will begin to raise interest rates sometime this year. With such indications, market interest rates would typically be expected to creep upward, but the yield on the 10-year Treasury note has actually declined in recent months. The 10-year Treasury has averaged just under 2 percent so far this year, one of the lowest levels since the early part of 2013.

A portion of the decline in interest rates has been likely due to a "flight to quality" on the part of global bond investors as economic prospects outside the U.S., particularly in Europe and

Japan, have soured of late. With the economic outlook cloudy in some major economies in Europe and parts of Asia, many global central banks have signaled their intention to keep interest rates low and their overall monetary policy loose—in contrast to the Federal Reserve's disposition. This divergence in central bank policy stances on interest rates, as well as the differing economic outlook between the U.S. and the rest of the world, has caused the U.S. dollar to appreciate *vis a vis* other foreign currencies. The U.S. dollar has appreciated more than 10 percent on a trade-weighted basis since the middle of last year. The dollar's appreciation tends to dampen the competitiveness of U.S. exporters as their goods tend to become more expensive for foreign consumers. Nevertheless, a stronger dollar helps U.S. importing producers by lowering input costs.

The U.S. stock market has continued to post gains over the past year. The S&P 500 is up about 13 percent from its year-earlier level.

The Economic Outlook

The administration's economic forecast is less optimistic than it was last year but it remains more upbeat than either CBO or the Blue Chip consensus of private-sector forecasters—who also are less optimistic than last year. The administration expects real GDP to grow by 3.1 percent this year, 3.0 percent in 2016, and 2.8 percent in 2017. CBO—upon whose economic assumptions the budget resolution is based—expects real GDP to grow by 2.8 percent in 2015, 3.0 percent in 2016, and 2.7 percent in 2017. The Blue Chip consensus expects real GDP growth of 3.2 percent in 2015, 2.9 percent in 2016, and 2.7 percent in 2017. Over the 10-year window of the budget resolution, the administration's Office of Management and Budget [OMB] expects real GDP growth to average 2.5 percent, higher than CBO and the Blue Chip, who both forecast a 2.3-percent growth average over this period.

Similar to other forecasts, the administration expects the unemployment rate to decline gradually in the coming years. According to OMB, the unemployment rate will average 5.4 percent in 2015, declining to 5.1 percent in 2016 and 4.9 percent in 2017. The administration sees the unemployment rate rising during the subsequent years before leveling off at 5.2 percent. (By comparison, the unemployment rate was 4.6 percent in 2007, the year before the financial crisis.) That path is somewhat better than the CBO forecast. CBO expects the unemployment rate to average 5.5 percent in 2015, declining to 5.4 percent in 2016 and 5.3 percent in 2017, and then leveling off at 5.5/5.4 percent later in the decade. The Blue Chip consensus sees a near-term decline in the unemployment rate similar to OMB, but its longer-term unemployment rate is higher than OMB and similar to CBO. According to the Blue Chip, the unemployment rate will decline to 5.5 percent in 2015 and reach 5.1 percent by 2016, before rising and leveling off at 5.4 percent.

The administration expects inflation to decline to 1.4 percent in 2015 from 2014's low level of 1.6 percent before gradually rising to above 2.0 percent in the next few years. Later in the decade, OMB expects the consumer price index [CPI] to grow at about 2.3 percent annually. CBO and Blue Chip expect a similar path for price inflation, although both expect inflation to be lower than OMB in 2015.

OMB expects interest rates will rise to more normal levels in the coming years. The 10-year Treasury note, which was about 2.5 percent in 2014, is projected to rise to about 2.8 percent in 2015 and 3.3 percent in 2016. OMB expects the 10-year Treasury to hit 4.5 percent in 2020 and remain there in later years. CBO expects interest rates to rise to that level sooner. CBO sees the 10-year Treasury hitting 4.6 percent in 2020 and then flatlining at that level in the subsequent years. The Blue Chip consensus also sees a gradual increase in interest rates over the next several years, with the 10-year Treasury note reaching 4.5 percent in 2020 and then remaining at that level in subsequent years.

TABLE 6.—ECONOMIC PROJECTIONS: ADMINISTRATION, CBO, AND PRIVATE FORECASTERS

[Calendar years]

	Estimated 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Year to Year, Percent Change												
Real GDP:												
Administration Budget	2.2	3.1	3.0	2.8	2.6	2.4	2.3	2.3	2.3	2.3	2.3	2.3
CBO (Jan. 2015)	2.2	2.8	3.0	2.7	2.2	2.1	2.2	2.2	2.2	2.1	2.1	2.1
Blue Chip (Oct. 2014 and Jan. 2015)	2.4	3.2	2.9	2.7	2.5	2.4	2.4	2.3	2.3	2.3	2.3	2.3
Consumer Price Index:												
Administration Budget	1.7	1.4	1.9	2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3
CBO (Jan. 2015)	1.6	1.1	2.2	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Blue Chip (Oct. 2014 and Jan. 2015)	1.6	0.8	2.2	2.3	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Annual Average, Percent												
Unemployment Rate:												
Administration Budget	6.2	5.4	5.1	4.9	4.9	5.0	5.1	5.2	5.2	5.2	5.2	5.2
CBO (Jan. 2015)	6.2	5.5	5.4	5.3	5.4	5.5	5.5	5.5	5.4	5.4	5.4	5.4
Blue Chip (Oct. 2014 and Jan. 2015)	6.2	5.5	5.1	5.2	5.2	5.3	5.3	5.4	5.4	5.4	5.4	5.4
3-Month Treasury Bill:												
Administration Budget	*	0.4	1.5	2.4	2.9	3.2	3.3	3.4	3.4	3.5	3.5	3.5
CBO (Jan. 2015)	*	0.2	1.2	2.6	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Blue Chip (Oct. 2014 and Jan. 2015)	*	0.4	1.7	2.9	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
10-Year Treasury Note:												
Administration Budget	2.6	2.8	3.3	3.7	4.0	4.3	4.5	4.5	4.5	4.5	4.5	4.5
CBO (Jan. 2015)	2.5	2.8	3.4	3.9	4.2	4.5	4.6	4.6	4.6	4.6	4.6	4.6
Blue Chip (Oct. 2014 and Jan. 2015)	2.5	2.7	3.4	4.2	4.4	4.4	4.5	4.5	4.5	4.5	4.5	4.5

*0.05 percent or less.

Sources: Congressional Budget Office, Office of Management and Budget, and Blue Chip Economic Indicators

TABLE 7.—ECONOMIC ASSUMPTIONS OF THE FISCAL YEAR 2016 BUDGET RESOLUTION

[Calendar years]

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Year to Year, Percent Change												
Real GDP:												
CBO (Jan. 2015)	2.2	2.8	3.0	2.7	2.2	2.1	2.2	2.2	2.2	2.1	2.1	2.1
Consumer Price Index:												
CBO (Jan. 2015)	1.6	1.1	2.2	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4

TABLE 7.—ECONOMIC ASSUMPTIONS OF THE FISCAL YEAR 2016 BUDGET RESOLUTION—Continued

[Calendar years]

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual Average, Percent												
Unemployment Rate:												
CBO (Jan. 2015)	6.2	5.5	5.4	5.3	5.4	5.5	5.5	5.5	5.4	5.4	5.4	5.4
3-Month Treasury Bill:												
CBO (Jan. 2015)	*	0.2	1.2	2.6	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.4
10-Year Treasury Note:												
CBO (Jan. 2015)	2.5	2.8	3.4	3.9	4.2	4.5	4.6	4.6	4.6	4.6	4.6	4.6

*0.05 percent or less.

TABLE 8.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 2014–2018[1]

[Billions of dollars]

Function	Corporations					Individuals					Total 2014–18
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	
National Defense:											
Exclusion of benefits and allowances to armed forces personnel	....	....	....	....	....	5.8	6.0	6.5	6.9	7.1	32.4
Exclusion of military disability benefits	....	....	0.2	0.3	0.3	0.3	0.3	1.3			
Deduction for overnight-travel expenses of national guardand reserve members	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.4
Exclusion of combat pay	....	....	....	....	....	1.3	1.3	1.4	1.4	1.4	6.8
International Affairs:											
Exclusion of certain allowances for Federal employees abroad	....	....	....	....	....	2.0	2.1	2.2	2.3	2.3	10.7
Exclusion of foreign earned income:											
Housing	....	....	....	....	....	1.4	1.5	1.6	1.7	1.8	7.9
Salary	....	....	....	....	....	7.1	7.5	7.9	8.3	8.8	39.7
Inventory property sales source rule exception	3.0	3.0	3.1	3.1	3.1	....	....	....	....	....	15.3
Deduction for foreign taxes instead of a credit	0.2	0.3	0.3	0.3	0.3	....	....	....	....	....	1.2
Interest expense allocation:											
Unavailability of symmetric worldwide method*	−1.5	−1.5	−1.5	−1.5	−1.4	....	....	....	....	....	−7.4
Separate grouping of affiliated financial companies	0.5	0.5	0.5	0.5	0.5	....	....	....	....	....	2.5
Apportionment of research and development expenses for determination of foreign tax credits	0.2	0.2	0.2	0.2	0.2	....	....	....	....	....	1.1
Special rules for interest-charge domestic international sales corporations	1.3	1.4	1.5	1.6	1.7	....	....	....	....	....	7.4
Tonnage tax	0.1	0.1	0.1	0.1	0.1	....	....	....	....	....	0.5
Deferral of active income of controlled foreign corporations	83.4	82.1	82.7	84.5	85.3	....	....	....	....	....	418.0
Deferral of active financing income[2]	2.5	....	....	....	....	....	....	....	....	....	2.5
General Science, Space, and Technology:											
Expensing of research and experimental expenditures	4.6	5.0	5.8	6.4	6.6	0.1	0.1	0.1	0.1	0.1	28.9
Energy:											
Credit for energy-efficient improvements to existing homes	....	....	....	....	....	0.6	....	....	....	....	0.6
Credit for holders of clean renewable energy bonds (Code sections 54 and 54C)[3,4]	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.1	0.1	0.5
Exclusion of energy conservation subsidies provided by public utilities	....	....	....	....	....	(5)	(5)	(5)	(5)	(5)	0.1
Credit for holders of qualified energy conservation bonds[3,4]	....	....	....	....	....	(5)	(5)	(5)	(5)	(5)	0.2
Energy credit (section 48)	0.5	0.5	0.5	0.5	0.4	0.1	0.1	0.1	0.1	0.1	2.9
Solar	0.4	0.4	0.4	0.4	0.3	0.1	0.1	0.1	0.1	(5)	2.3
Geothermal	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Fuel Cells	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Microturbines	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Combined heat and power	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

TABLE 8.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 2014–2018[1]—Continued

[Billions of dollars]

Function	Corporations					Individuals					Total 2014–18
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	
Small wind	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Geothermal heat pump systems	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Credits for electricity production from renewable resources (section 45):											
Wind	1.1	2.3	2.9	3.3	3.4	0.1	0.1	0.2	0.2	0.2	13.8
Closed-loop biomass	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.1
Geothermal	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.1
Qualified hydropower	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.1
Small irrigation power	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.1
Municipal solid waste	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.3
Open-loop biomass	0.3	0.4	0.4	0.4	0.4	(5)	(5)	(5)	(5)	(5)	1.9
Special rule to implement electric transmission restructuring	1.8	−0.2	−0.2	−0.2	−0.2	....	....	....	....	....	1.0
Credits for investments in clean coal facilities	0.2	0.2	0.2	0.2	0.2	....	....	....	....	....	1.0
Coal production credits:											
Refined coal	(5)	(5)	(5)	(5)	(5)	....	....	....	....	....	0.1
Indian coal	(5)	(5)	(5)	(5)	(5)	....	....	....	....	....	0.1
Credits for alternative technology vehicles:											
Other alternative fuel vehicles	(5)	(5)	(5)	(5)	(5)	....	....	....	....	....	0.1
Residential energy-efficient property credit	....	....	....	....	....	1.1	1.2	1.3	0.7	....	4.3
Credit for plug-in electric vehicles	(5)	(5)	(5)	(5)	(5)	0.2	0.2	0.2	0.2	0.2	1.1
Credit for investment in advanced energy property	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	1.3
Exclusion of interest on State and local government qualified private activity bonds for energy production facilities	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.2
Expensing of exploration and development costs, fuels:.											
Oil and gas	0.9	0.9	0.9	1.0	1.0	0.2	0.2	0.3	0.3	0.3	6.0
Other fuels	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.5
Excess of percentage over cost depletion, fuels:											
Oil and gas	1.0	1.5	1.6	1.6	1.6	(5)	(5)	(5)	(5)	(5)	7.4
Other fuels	0.2	0.2	0.2	0.3	0.3	(5)	(5)	(5)	(5)	(5)	1.3
Amortization of geological and geophysical expenditures associated with oil and gas exploration	0.1	0.1	0.1	0.1	0.1	(5)	(5)	(5)	(5)	(5)	0.7
Amortization of air pollution control facilities	0.4	0.4	0.4	0.3	0.3	....	....	....	....	....	1.8
Depreciation recovery periods for energy-specific items:											
Five-year MACRS for certain energy property (solar, wind, etc.)	0.3	0.3	0.3	0.3	0.2	(5)	(5)	(5)	(5)	(5)	1.4

10-year MACRS for smart electric distribution property	0.2	0.2	0.2	0.2	0.2	....	....	....	....	....	1.0
15-year MACRS for certain electric transmission property	0.2	0.2	0.2	0.2	0.2	....	....	....	....	....	1.0
15-year MACRS for natural gas distribution line	0.2	0.2	0.2	0.1	0.1	....	....	....	....	....	0.8
Exceptions for publicly traded partnership with qualified income derived from certain energy-related activities	....	....	....	....	....	1.1	1.1	1.2	1.2	1.2	5.8
Natural Resources and Environment:											
Special depreciation allowance for certain reuse and recycling property	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.1
Expensing of exploration and development costs, nonfuel minerals	0.1	0.1	0.1	0.1	0.1	(5)	(5)	(5)	(5)	(5)	0.5
Excess of percentage over cost depletion, nonfuel minerals	0.1	0.1	0.1	0.1	0.1	(5)	(5)	(5)	(5)	(5)	0.5
Expensing of timber-growing costs	0.2	0.3	0.3	0.3	0.3	(5)	(5)	(5)	(5)	(5)	1.5
Special rules for mining reclamation reserves	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.2
Special tax rate for nuclear decommissioning reserve funds	0.2	0.2	0.2	0.3	0.3	....	....	....	....	....	1.2
Exclusion of contributions in aid of construction for water and sewer utilities	(5)	(5)	(5)	(5)	(5)	....	....	....	....	....	0.2
Exclusion of earnings of certain environmental settlement funds	(5)	(5)	(5)	(5)	(5)	....	....	....	....	....	0.1
Amortization and expensing of reforestation expenditures	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	1.2
Special tax rate for qualified timber gain (including coal and iron ore)	....	....	....	....	....	0.5	0.5	0.5	0.5	0.5	2.6
Treatment of income from exploration and mining of natural resources as qualifying income under the publicly-traded partnership rules	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.5
Agriculture:											
Expensing of soil and water conservation expenditures	(5)	(5)	(5)	(5)	(5)	0.1	0.1	0.1	0.1	0.1	0.4
Expensing of the costs of raising dairy and breeding cattle	(5)	(5)	(5)	(5)	(5)	0.2	0.2	0.2	0.2	0.2	0.9
Exclusion of cost-sharing payments	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.1
Exclusion of cancellation of indebtedness income of farmers	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.4
Income averaging for farmers and fishermen	....	....	....	....	....	(5)	(5)	(5)	(5)	(5)	0.2
Five-year carryback period for net operating losses attributable to farming	(5)	(5)	(5)	(5)	(5)	0.1	0.1	0.1	0.1	0.1	0.4
Expensing by farmers for fertilizer and soil conditioner costs	(5)	(5)	(5)	(5)	(5)	0.1	0.1	0.1	0.1	0.1	0.4
Cash accounting for agriculture	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.1
Commerce and Housing:											
Housing:											
Deduction for mortgage interest on owner-occupied residences	....	....	....	....	....	67.8	74.8	81.6	87.8	93.2	405.2
Deduction for property taxes on real property	....	....	....	....	....	31.9	34.0	36.4	38.8	41.0	182.1
Exclusion of capital gains on sales of principal residences	....	....	....	....	....	24.1	27.4	30.8	32.5	34.4	149.3
Exclusion of interest on State and local government qualified private activity bonds for owner-occupied housing [6]	0.3	0.3	0.4	0.4	0.4	0.9	0.9	0.9	1.0	1.1	6.6
Deduction for premiums for qualified mortgage insurance	....	....	....	....	....	0.6	....	....	....	....	0.6
Credit for low-income housing	6.8	7.3	7.8	8.3	8.6	0.3	0.3	0.3	0.4	0.4	40.5
Credit for rehabilitation of historic structures	0.7	0.7	0.8	0.9	0.9	0.2	0.2	0.2	0.2	0.2	4.9
Credit for rehabilitation of structures, other than historic structures	(5)	(5)	(5)	(5)	(5)	0.1	0.1	0.1	0.1	0.1	0.5
Exclusion of interest on State and local government qualified private activity bonds for rental housing	0.3	0.3	0.3	0.3	0.3	0.7	0.7	0.7	0.8	0.8	5.2

TABLE 8.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 2014–2018[1]—Continued

[Billions of dollars]

Function	Corporations					Individuals					Total 2014–18
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	
Depreciation of rental housing in excess of alternative depreciation system	0.5	0.5	0.5	0.5	0.5	4.3	4.2	4.2	4.2	4.3	23.7
Other business and commerce:											
Exclusion of interest on State and local government small-issue qualified private activity bonds	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.3	2.0
Carryover basis of capital gains on gifts	....	....	....	....	....	−3.5	−4.6	16.1	15.5	12.7	36.1
Deferral of gain on non-dealer installment sales	6.9	6.9	6.8	6.7	6.7	2.7	2.1	1.7	1.4	1.2	43.0
Deferral of gain on like-kind exchanges	11.7	13.6	13.8	14.2	14.7	5.2	6.1	6.2	6.4	6.7	98.6
Expensing under section 179 of depreciable business property	2.5	0.9	1.0	0.9	0.8	4.5	1.7	2.0	1.8	1.5	17.6
Amortization of business startup costs	....	(5)	(5)	0.1	0.1	(5)	(5)	0.1	0.1	0.1	0.5
Reduced rates on first $10,000,000 of corporate taxable income	3.8	4.0	4.2	4.2	4.2	....	....	....	....	....	20.4
Exemptions from imputed interest rules	(5)	(5)	(5)	(5)	(5)	0.6	0.6	0.6	0.7	0.7	3.2
Expensing of magazine circulation expenditures	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.1
Special rules for magazine, paperback book, and record returns	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.2
Completed contract rules	0.8	0.9	0.9	0.9	1.0	0.1	0.1	0.1	0.1	0.1	5.0
Cash accounting, other than agriculture	0.3	0.3	0.3	0.3	0.3	1.8	1.8	1.9	1.9	2.0	10.8
Credit for employer-paid FICA taxes on tips	0.8	0.9	0.9	1.0	1.0	0.6	0.6	0.6	0.7	0.7	7.7
Deduction for income attributable to domestic production activities	12.2	12.5	13.2	13.6	13.6	4.6	4.7	5.0	5.2	5.2	89.9
Credit for the cost of carrying tax-paid distilled spirits in wholesale inventories	(5)	(5)	(5)	(5)	(5)	....	....	....	....	....	0.1
Reduced rates of tax on dividends and long-term capital gains	....	....	....	....	....	96.5	120.3	134.3	138.1	143.5	632.8
Surtax on net investment income*	....	....	....	....	....	−28.0	−32.6	−34.7	−36.6	−38.9	−170.8
Exclusion of capital gains at death	....	....	....	....	....	31.5	33.2	34.9	36.7	38.5	174.8
Expensing of costs to remove architectural and transportation barriers to the handicapped and elderly	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.1
Exclusion for gain from certain small business stock	....	....	....	....	....	0.8	0.9	1.0	1.0	1.1	4.9
Distributions in redemption of stock to pay various taxes imposed at death	....	....	....	....	....	(5)	(5)	(5)	(5)	(5)	0.2
Inventory methods and valuation:											
Last in first out	1.5	1.5	1.6	1.6	1.6	0.3	0.3	0.3	0.3	0.3	9.2
Lower of cost or market	0.1	0.1	0.1	0.1	0.1	(5)	(5)	(5)	(5)	(5)	0.4
Specific identification for homogeneous products	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.1
Exclusion of gain or loss on sale or exchange of brownfield property	(5)	(5)	(5)	(5)	(5)	....	....	....	....	....	0.1
Income recognition rule for gain or loss from section 1256 contracts	(5)	0.1	0.1	0.1	0.1	1.0	1.0	1.0	1.0	1.0	5.1
Net alternative minimum tax attributable to net operating loss limitation*	−0.5	−0.5	−0.5	−0.5	−0.5	−0.1	−0.1	−0.1	−0.1	−0.1	−3.0

Exclusion of interest on State and local qualified private activity bonds for green buildings and sustainable design projects	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.1
Depreciation of buildings other than rental housing in excess of alternative depreciation system	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	2.2
Depreciation of equipment in excess of the alternative depreciation system [7]	−23.7	−21.0	−5.2	6.3	14.8	−9.7	−8.6	−2.1	2.6	6.1	−40.7
Financial institutions:											
Exemption of credit union income	2.1	2.2	2.4	2.5	2.7	....	....	....	....	....	11.9
Insurance companies:											
Exclusion of investment income on life insurance and annuity contracts	2.7	2.7	2.8	2.8	2.9	27.4	28.1	28.9	29.5	30.3	158.1
Small life insurance company taxable income adjustment	(5)	(5)	(5)	(5)	(5)	....	....	....	....	....	0.2
Special treatment of life insurance company reserves	2.7	2.9	3.2	3.3	3.3	....	....	....	....	....	15.4
Special deduction for Blue Cross and Blue Shield companies	0.4	0.4	0.4	0.4	0.4	....	....	....	....	....	2.1
Tax-exempt status and election to be taxed only on investment income for certain small property and casualty insurance companies	0.1	0.1	0.1	0.1	0.1	....	....	....	....	....	0.4
Interest rate and discounting period assumptions for reserves of property and casualty insurance companies	2.1	2.3	2.6	2.6	2.6	....	....	....	....	....	12.2
Proration for property and casualty insurance companies	0.4	0.4	0.4	0.4	0.4	....	....	....	....	....	2.0
Transportation:											
Exclusion of employer-paid transportation benefits (parking, van pools, and transit passes)	....	....	....	....	....	4.9	5.0	5.2	5.5	5.7	26.3
Deferral of tax on capital construction funds of shipping companies	0.1	0.1	0.1	0.1	0.1	....	....	....	....	....	0.5
Exclusion of interest on State and local government qualified private activity bonds for highway projects and rail-truck transfer facilities	(5)	(5)	(5)	(5)	0.1	0.1	0.1	0.1	0.1	0.1	0.5
Exclusion of interest on State and local government qualified private activity bonds for high-speed intercity rail facilities	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	0.1
Exclusion of interest on State and local government qualified private activity bonds for private airports, docks, and mass-commuting facilities	0.2	0.2	0.3	0.3	0.3	0.6	0.7	0.7	0.7	0.7	4.7
Community and Regional Development:											
Empowerment zone tax incentives	0.1	0.1	(5)	(5)	(5)	0.1	(5)	(5)	(5)	(5)	0.4
Renewal community incentives	(5)	(5)	(5)	(5)	(5)	....	....	....	....	....	0.2
New markets tax credit	1.0	1.0	1.1	1.1	1.0	(5)	(5)	(5)	(5)	(5)	5.2
District of Columbia tax incentives	(5)	(5)	(5)	(5)	(5)	0.1	0.1	0.1	0.1	0.1	0.6
Credit for Indian reservation employment	(5)	(5)	(5)	(5)	....	(5)	(5)	(5)	(5)	....	0.1
Exclusion of interest on State and local government qualified private activity bonds for sewage, water, and hazardous waste facilities	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.4	2.2
Recovery zone economic development bonds [3,4]	(5)	(5)	(5)	(5)	(5)	0.2	0.2	0.2	0.2	0.2	0.9
Eliminate requirement that financial institutions allocate interest expense attributable to tax-exempt interest	0.5	0.5	0.5	0.5	0.5	....	....	....	....	....	2.6

TABLE 8.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 2014–2018[1]—Continued

[Billions of dollars]

Function	Corporations					Individuals					Total 2014–18
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	
Disaster Relief:											
National disaster relief	[Estimate contained in other provisions]										
Education, Training, Employment, and Social Services:											
Education and training:											
Deduction for interest on student loans	....	....	....	....	....	1.7	1.8	1.9	1.9	2.1	9.4
Exclusion of earnings of Coverdell education savings accounts	....	....	....	....	....	0.1	0.1	0.1	0.1	0.2	0.6
Exclusion of scholarship and fellowship income	....	....	....	....	....	2.6	2.7	2.9	3.0	3.2	14.4
Exclusion of income attributable to the discharge of certain student loan debt and NHSC and certain state educational loan repayments	....	....	....	....	....	0.2	0.2	0.2	0.2	0.2	1.0
Exclusion of employer-provided education assistance benefits	....	....	....	....	....	1.2	1.2	1.2	1.2	1.2	6.0
Exclusion of employer-provided tuition reduction benefits	....	....	....	....	....	0.3	0.3	0.3	0.3	0.3	1.5
Parental personal exemption for students aged 19 to 23	....	....	....	....	....	4.7	4.8	5.0	5.2	5.5	25.2
Exclusion of interest on State and local government qualified private activity bonds for student loans	0.1	0.2	0.2	0.2	0.2	0.4	0.4	0.4	0.4	0.5	2.9
Exclusion of interest on State and local government qualified private activity bonds for private nonprofit and qualified public educational facilities	0.9	1.0	1.0	1.0	1.1	2.3	2.6	2.6	2.8	2.9	18.3
Credit for holders of qualified zone academy bonds [3,4]	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	1.3
Deduction for charitable contributions to educational institutions	0.3	0.3	0.4	0.4	0.4	6.0	6.2	6.4	6.6	6.8	33.9
Credits for tuition for post-secondary education [4]	....	....	....	....	....	23.0	24.3	24.3	24.4	14.2	110.1
Exclusion of tax on earnings of qualified tuition programs:											
Prepaid tuition programs	....	....	....	....	....	([5])	0.1	0.1	0.1	0.1	0.3
Savings account programs	....	....	....	....	....	0.7	0.9	1.1	1.3	1.5	5.6
Qualified school construction bonds [3,4]	([5])	([5])	([5])	([5])	([5])	0.9	1.0	1.1	1.2	1.3	5.5
Employment:											
Exclusion of employee meals and lodging (other than military)	....	....	....	....	....	2.0	2.1	2.1	2.2	2.3	10.7
Exclusion of benefits provided under cafeteria plans [8]	....	....	....	....	....	34.5	36.7	38.4	40.5	42.9	193.0
Exclusion of housing allowances for ministers	....	....	....	....	....	0.7	0.8	0.8	0.8	0.8	3.9
Exclusion of miscellaneous fringe benefits	....	....	....	....	....	7.3	7.5	7.7	7.8	8.0	38.3
Exclusion of employee awards	....	....	....	....	....	0.3	0.3	0.3	0.3	0.3	1.6
Exclusion of income earned by voluntary employees' beneficiary associations	....	....	....	....	....	3.1	3.2	3.2	3.3	3.3	16.1
Special tax provisions for employee stock ownership plans (ESOPs)	0.9	0.9	0.9	0.9	1.0	([5])	([5])	([5])	([5])	([5])	4.6
Deferral of taxation on spread on acquisition of stock under incentive stock option plans*	−1.1	−1.1	−1.2	−1.2	−1.1	0.4	0.4	0.4	0.3	0.3	−3.9
Deferral of taxation on spread on employee stock purchase plans*	−0.1	−0.1	−0.2	−0.2	−0.2	([5])	([5])	([5])	0.1	0.1	−0.6

Disallowance of deduction for excess parachute payments (applicable if payments to a disqualified individual are contingent on a change of control of a corporation and are equal to or greater than three times the individual's annualized includible compensation) [9]*	−0.2	−0.2	−0.2	−0.2	−0.2	....	....	....	....	....	−1.2
Limits on deductible compensation [9]*	−0.7	−0.8	−0.8	−0.9	−0.9	....	....	....	....	....	−4.1
Work opportunity tax credit	0.8	0.8	0.6	0.3	0.1	0.1	0.1	0.1	....	....	3.0
Social services:											
Credit for children under age 17 [4]	....	....	....	....	....	57.3	57.3	57.0	57.1	56.8	285.5
Credit for child and dependent care and exclusion ofemployer-provided child care [4,10]	....	....	....	....	....	4.6	4.6	4.7	4.8	4.8	23.5
Credit for employer-provided dependent care	([5])	([5])	([5])	([5])	([5])	([5])	([5])	([5])	([5])	([5])	0.1
Exclusion of certain foster care payments	....	....	....	....	....	0.4	0.4	0.4	0.4	0.4	2.0
Adoption credit and employee adoption benefits exclusion	....	....	....	....	....	0.4	0.4	0.4	0.4	0.4	2.2
Deduction for charitable contributions, other than foreducation and health [11]	1.0	1.0	1.1	1.1	1.1	34.8	36.2	37.3	38.5	39.8	192.0
Credit for disabled access expenditures	([5])	([5])	([5])	([5])	([5])	([5])	([5])	([5])	([5])	([5])	0.3
Health:											
Exclusion of employer contributions for health care, health insurance premiums, and long-term care insurance premiums [12]	....	....	....	....	....	143.0	150.6	155.8	163.6	172.0	785.1
Exclusion of medical care and TRICARE medical insurance for military dependents, retirees, and retiree dependents not enrolled in Medicare	....	....	....	....	....	2.5	2.4	2.4	2.4	2.4	12.2
Exclusion of health insurance benefits for military retirees and retiree dependents enrolled in Medicare	....	....	....	....	....	0.7	0.8	0.8	0.9	0.9	4.1
Deduction for health insurance premiums and long-term care insurance premiums by the self-employed	....	....	....	....	....	5.4	5.6	6.0	6.5	5.8	29.4
Deduction for medical expenses and long-term care expenses	....	....	....	....	....	9.9	11.0	12.4	12.7	13.9	59.9
Exclusion of workers' compensation benefits (medical benefits)	....	....	....	....	....	4.8	4.9	5.0	5.1	5.2	25.1
Health savings accounts	....	....	....	....	....	1.6	1.9	2.3	2.6	3.1	11.5
Exclusion of interest on State and local government qualified private activity bonds for private nonprofit hospital facilities	0.6	0.7	0.7	0.7	0.7	1.6	1.8	1.8	2.0	2.0	12.5
Deduction for charitable contributions to health organizations	1.8	1.9	1.9	2.0	2.0	3.0	3.2	3.3	3.4	3.5	25.9
Credit for orphan drug research	0.7	0.8	0.9	1.0	1.1	([5])	([5])	([5])	([5])	([5])	4.5
Tax credit for small businesses purchasing employer insurance	0.1	0.2	0.2	0.2	0.2	0.8	1.3	1.2	0.9	1.1	6.2
Subsidies for insurance purchased through health benefit exchanges [4]	....	....	....	....	....	15.5	35.8	74.3	92.4	100.1	318.1
Medicare:											
Exclusion of Medicare benefits:											
Hospital insurance (Part A)	....	....	....	....	....	31.8	33.2	36.6	38.4	40.8	180.7
Supplementary medical insurance (Part B)	....	....	....	....	....	22.7	23.7	25.8	27.2	28.6	128.1
Prescription drug insurance (Part D)	....	....	....	....	....	6.5	7.4	9.0	9.2	9.3	41.4
Income Security:											
Exclusion of workers' compensation benefits (disability and survivors payments)	....	....	....	....	....	2.6	2.7	2.9	3.0	3.2	14.4
Exclusion of damages on account of personal physical injuries or physical sickness	....	....	....	....	....	1.6	1.7	1.7	1.7	1.7	8.4
Exclusion of special benefits for disabled coal miners	....	....	....	....	....	([5])	([5])	([5])	([5])	([5])	0.1

TABLE 8.—TAX EXPENDITURE ESTIMATES BY BUDGET FUNCTION, FISCAL YEARS 2014–2018[1]—Continued

[Billions of dollars]

Function	Corporations					Individuals					Total 2014–18
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	
Exclusion of cash public assistance benefits	....	....	....	....	....	3.4	3.7	4.2	4.3	4.2	19.7
Net exclusion of pension contributions and earnings:											
Plans covering partners and sole proprietors (sometimes referred to as "Keogh plans")	....	....	....	....	....	5.8	8.7	10.0	11.4	16.2	52.1
Defined benefit plans	....	....	....	....	....	26.0	41.3	50.4	61.2	69.4	248.3
Defined contribution plans	....	....	....	....	....	44.9	62.3	81.2	98.9	111.7	399.0
Individual retirement arrangements:											
Traditional IRAs	....	....	....	....	....	11.8	12.8	13.9	15.0	16.0	69.5
Roth IRAs	....	....	....	....	....	4.9	5.5	6.1	6.6	7.2	30.2
Credit for certain individuals for elective deferrals and IRA contributions	....	....	....	....	....	1.2	1.2	1.2	1.2	1.2	6.0
Exclusion of other employee benefits:											
Premiums on group term life insurance (excludes payroll taxes)	....	....	....	....	....	3.1	3.2	3.4	3.5	3.6	16.8
Premiums on accident and disability insurance	....	....	....	....	....	3.9	4.1	4.2	4.4	4.6	21.3
Additional standard deduction for the blind and the elderly	....	....	....	....	....	2.7	2.9	3.0	3.3	3.5	15.3
Deduction for casualty and theft losses	....	....	....	....	....	0.4	0.4	0.5	0.5	0.5	2.3
Earned income credit [4]	....	....	....	....	....	69.2	70.4	71.1	72.2	69.9	352.8
Phase out of the personal exemption for the regular income tax, and disallowance of the personal exemption and the standard deduction against the alternative minimum tax*	....	....	....	....	....	−14.3	−15.3	−16.4	−17.6	−18.6	−82.2
Exclusion of survivor annuities paid to families of public safety officers killed in the line of duty	....	....	....	....	....	([5])	([5])	([5])	([5])	([5])	0.1
Exclusion of disaster mitigation payments	([5])	([5])	([5])	([5])	([5])	([5])	([5])	([5])	([5])	([5])	0.2
Social Security and Railroad Retirement:											
Exclusion of untaxed Social Security and railroad retirement benefits	....	....	....	....	....	37.4	39.3	41.5	44.1	46.8	209.1
Veterans' Benefits and Services:											
Exclusion of veterans' disability compensation	....	....	....	....	....	6.5	6.8	7.8	7.6	7.2	35.9
Exclusion of veterans' pensions	....	....	....	....	....	0.2	0.2	0.2	0.2	0.2	0.9
Exclusion of veterans' readjustment benefits	....	....	....	....	....	1.6	1.6	1.8	1.9	1.9	8.8
Exclusion of interest on State and local government qualified private activity bonds for veterans' housing	([5])	([5])	([5])	([5])	([5])	([5])	([5])	([5])	([5])	([5])	0.3
General Purpose Fiscal Assistance:											
Exclusion of interest on public purpose State and local government bonds	9.3	9.7	9.8	10.1	10.3	23.8	25.6	26.0	26.7	29.1	179.6
Deduction of nonbusiness State and local government income taxes, sales taxes, and personal property taxes	....	....	....	....	....	56.5	59.2	63.0	66.9	70.7	316.4
Build America bonds [3,4]	....	....	....	....	....	3.2	3.2	3.2	3.2	3.2	16.0

Interest:											
Deferral of interest on savings bonds	....	....	....	....	....	1.2	1.2	1.3	1.3	1.3	6.3

Note: Details may not add to totals due to rounding. An "*" indicates a negative tax expenditure for the 2014–2018 period.

[1] Reflects legislation enacted by June 30, 2014.
[2] Does not include provision that permits look-through of payments between related foreign corporations.
[3] Estimate includes an outlay to State and local governments. For the purposes of this table outlays are attributed to individuals.
[4] Estimate includes refundability associated with the following outlay effects:

	Corporations					Individuals					Total 2014–18
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018	
Credit for holders of clean renewable energy bonds	....	....	....	....	....	([5])	([5])	([5])	([5])	([5])	0.2
Credit for holders of qualified energy conservation bonds	....	....	....	....	....	([5])	([5])	([5])	([5])	([5])	0.2
Recovery zone economic development bonds	....	....	....	....	....	0.2	0.2	0.2	0.2	0.2	0.8
Credit for holders of qualified zone academy bonds	....	....	....	....	....	0.1	0.1	0.1	0.1	0.1	0.3
Credits for tuition for post-secondary education	....	....	....	....	....	7.5	8.3	8.7	9.2	9.1	42.8
Qualified school construction bonds	....	....	....	....	....	0.9	1.0	1.1	1.2	1.3	5.4
Credit for children under age 17	....	....	....	....	....	33.1	33.7	34.3	35.3	35.2	171.6
Credit for child and dependent care and exclusion of employer-provided child care	....	....	....	....	....	0.9	0.9	0.9	0.9	0.9	4.5
Subsidies for insurance purchased through health benefit exchanges	....	....	....	....	....	13.4	30.4	64.2	80.3	86.9	275.3
Earned income credit	....	....	....	....	....	60.6	61.8	62.2	63.0	60.5	308.1
Build America bonds	....	....	....	....	....	3.2	3.2	3.2	3.2	3.2	16.0

[5] Positive tax expenditure of less than $50 million.
[6] Estimate includes effect of credit for interest on certain home mortgages (Section 25).
[7] Includes bonus depreciation and general acceleration under MACRS.
[8] Estimate includes amounts of employer-provided health insurance purchased through cafeteria plans and employer-provided child care purchased through dependent care flexible spending accounts. These amounts are also included in other line items in this table.
[9] Estimate does not include effects of changes made by the Emergency Economic Stabilization Act of 2008.
[10] Estimate includes employer-provided child care purchased through dependent care flexible spending accounts.
[11] In addition to the general charitable deduction, the tax expenditure accounts for the higher percentage limitation for public charities, the fair market value deduction for related-use tangible personal property, the enhanced deduction for inventory, the fair market value deduction for publicly traded stock and exceptions to the partial interest rules.
[12] Estimate includes employer-provided health insurance purchased through cafeteria plans.

MACROECONOMIC FEEDBACK EFFECTS OF PRO–GROWTH POLICIES

Economic growth is one of the major determinants of revenue and spending levels—and therefore the size of budget deficits—over a given period. According to the Congressional Budget Office [CBO], if growth in real gross domestic product is just 0.1 percentage point higher than expected over its 10-year window, revenue would be $288 billion higher, spending would be nearly $37 billion lower, and the cumulative deficit would fall by $326 billion.

Conversely, as noted in the previous section, the lowering of economic growth projections raises significant difficulties in trying to restore fiscal balance. It poses a challenge for this budget resolution, which, as is customary, generally adopts CBO's economic assumptions. It also creates a disadvantage for congressional budgets compared with those of the President. The administration enjoys the luxury of using its own economic projections, rather than those of the nonpartisan CBO. In addition, the President's budget is a "post-policy" presentation; that is, it incorporates any beneficial fiscal or economic effects the administration claims will result from its policies—something congressional budgets usually have not done.

CBO has written extensively on the risks to the economy of deficits and debt, and how reducing deficits and debt would benefit the economy. Other policies likely to boost economic growth include fundamental tax reform, increasing domestic energy production, and the restoration of incentives for people to work, save, and invest.

CBO's analysis of the fiscal path of this year's House budget resolution estimates that reducing budget deficits, thereby bending the curve on debt levels, would be a net positive for economic growth. According to that analysis, the fiscal year 2016 budget would increase real economic output per person by 1.5 percent, or about $1,000, in 2025, and by 6.5 percent, or about $5,000, in 2040 when compared with CBO's extended baseline. The analysis concludes that deficit reduction creates long-term economic benefits because it increases the pool of national savings and boosts investment, thereby raising economic growth and job creation.[21]

The greater economic output that stems from a large deficit-reduction package would have a sizeable impact on the Federal budget. For instance, higher output would lead to greater revenues through the increase in taxable incomes. Lower interest rates and

[21] Congressional Budget Office, *Budgetary and Economic Outcomes Under Paths for Federal Revenues and Noninterest Spending Specified by Chairman Price, March 2015,* March 2015: http://www.cbo.gov/sites/default/files/cbofiles/attachments/49977-PriceBudgetResolution.pdf.

a reduction in the stock of debt would lead to lower government spending on net interest expenses.

CBO also estimates the fiscal path of this budget resolution—which provides 10-year savings of $5.468 trillion from policy changes and debt service compared to current policy—would result in positive economic feedback effects that would further lower the deficit by approximately $147 billion.[22] The budget resolution incorporates these macroeconomic feedback effects into the budget figures, recognizing that deficit reduction repays in economic dividends that add to the savings.

[22] Ibid.

FUNCTIONAL PRESENTATION

For decades, the budget resolution and accompanying report have presented the function-by-function breakdown in a manner that evolved mostly from practical and accounting considerations. The arrangement has changed little since enactment of the Congressional Budget Act of 1974.

This resolution retains those conventional categories, as do the summary tables in the report. The narrative discussion below, however, takes a different approach. While keeping the content of the functional categories intact, it arranges them differently to reflect two important considerations: the crucial role of federalism in the United States' governing system, and the increasing burden of direct spending (commonly called "mandatory" spending) benefits programs.

The standard budget resolution format presents a range of government activities largely without distinguishing those of principal importance to the national government from those that may draw greater initiative from States and localities or the private sector. While National Defense and International Affairs appear first—as is appropriate for two of the Federal Government's main responsibilities—the sequencing of the remaining functions seems to lack any logic other than their function numbers. There is no reason, for example why Energy (Function 270) should appear before Health (Function 550), or Veterans Benefits and Services (Function 700), or Administration of Justice (Function 750).

The narratives below are arranged to make such a distinction. The presentation retains the content of each functional category, just as in the conventional format, but organizes the functional discussions in four broader categories as described below. The aim is to provoke a re-evaluation of the roles of different layers of government, and to group together the government's major domestic benefits programs, reflecting their substantial and growing impact on the budget. Put another way, the format encourages lawmakers and the public to *think* differently about the budget by *looking at it* differently.

The groupings are as follows:

Principal Federal Responsibilities. The first grouping consists of those activities clearly associated with the national level of government. Everyone would place national defense and international affairs in this group, as directed by the Constitution itself. That simplistic division, however, fails to acknowledge several other categories for which the Federal Government also has the central responsibility. These include veterans' benefits (an aspect of the compensation for military service), Federal courts and law enforcement, and general government, the last of which mainly finances the Legislative and Executive branches of the Federal Government. Also included here are the Global War on Terrorism and Related Activities, which finance both military and diplomatic activities in the Middle East. The overall grouping, using the formal functional titles, is as follows:

- National Defense
- International Affairs
- The Global War on Terrorism and Related Activities
- Veterans Benefits and Services
- Administration of Justice
- General Government
- Government-Wide Policy

Domestic Priorities. This second set of functions draws together mainly the discretionary spending for activities that may be best administered or initiated by State and local governments or the private sector—and most of which would exist even if there were no Federal Government. This does *not* suggest they are of lesser priority; indeed, their importance is so immediate and direct that they benefit most from the initiative of those closest and most directly involved. This arrangement aims to encourage greater flexibility for States and localities and the private sector to drive these activities. (In the conventional format, these are Functions 250 through 650.) Although the discussion here focuses on the discretionary spending in these categories, two sections—Energy and Transportation—reflect both the discretionary and direct spending components. This is because in these areas, the two forms of spending are intertwined in ways unlike those of other functional categories.

- General Science, Space, and Technology
- Energy (both discretionary and direct)
- Natural Resources and Environment
- Agriculture
- Commerce and Housing Credit
- Transportation (both discretionary and direct)
- Community and Regional Development
- Education, Training, Employment, and Social Services
- Health
- Income Security
- Other Domestic Discretionary (mainly the administration of the Social Security and Medicare Programs)

Direct (Mandatory) Spending Programs. This group reflects solely the direct spending components of Functions 250 through 650 in the conventional format. The aim is to show the magnitude of these programs—mostly for social insurance and safety net programs—in the overall budget.

- Social Security
- Medicare
- Medicaid, the Affordable Care Act, and Related Programs
- Farm Support
- Banking, Housing, and the Postal Service
- Student Loans, Social Services, and Related Programs
- Income Support, Nutrition, and Related Programs
- Federal Lands and Other Resources

- Other Direct Spending (science, natural resources, and community and regional development)

Financial Management (Functions 900, 920, and 950). This final grouping consists of those functions that round out the budget overall financing.

- Net Interest
- Allowances
- Undistributed Offsetting Receipts

Principal Federal Responsibilities

The two most obvious responsibilities of the national government are providing for the common defense of all the constituent States, and conducting diplomacy on behalf of the Nation as a whole. Related to these two is the supplemental spending for the Global War on Terrorism and Related Activities. As part of the compensation for military service, the government also offers a range of benefits specifically for veterans. The category called Administration of Justice mainly reflects funding for Federal law enforcement agencies—such as the Federal Bureau of Investigation and the Drug Enforcement Administration, and border security, among others—as well as the Federal judiciary. The vast majority of funding for the General Government function supports the Executive and Legislative Branches of the Federal Government. Included in this grouping as well are several government-wide savings policies.

NATIONAL DEFENSE

Function Summary

Russian aggression, the growing threats of the Islamic State in the Middle East, North Korea's and Iran's nuclear and missile programs, and continued threats in the Asia-Pacific, including Chinese investments in high-end military capabilities and cyber warfare, shape the parameters of an increasingly complex and challenging security environment. As General Odierno, the current Chief of Staff of the Army, testified: "In my 38 years of service, I have never seen a more dynamic and rapidly changing security environment than the one we face now. We no longer live in a world where we have the luxury of time and distance to respond to threats facing our Nation. Instead, we face a diverse range of threats operating across domains and along seams—threats that are rapidly changing and adapting in response to our posture." [23] General Martin E. Dempsey, Chairman of the Joint Chiefs of Staff, has testified previously that "our current security challenges are more formidable and complex than those we faced in downturns following war in Korea, Vietnam, and the Cold War. There is no foreseeable 'peace dividend' on our horizon. The security environment is increasingly competitive and dangerous." [24]

National Defense has carried the bulk of sequestration's effects after the enactment of the Budget Control Act [BCA]. Compared to the planned defense spending requested by then-Secretary Robert

[23] Testimony of General Raymond T. Odierno, Chief of Staff of the Army, before the Senate Armed Services Committee, "Impact of the Budget Control Act of 2011 and Sequestration on National Security," 28 January 2015.

[24] General Martin E. Dempsey, Testimony to the Senate Armed Services Committee, 12 February 2013.

M. Gates in 2011, the automatic enforcement procedures of the BCA through sequestered discretionary caps will cull almost $1 trillion in arbitrary defense cuts, resulting in erosion of critical warfighting capabilities, modernization, and readiness across all the services. Budgetary prescriptions have been shaping national defense strategy, resulting in higher risks for service members and the Nation.

The United States faces serious, complex threats that grow more dangerous in the midst of uncertainty and doubts about the Nation's security posture. The President's fiscal year 2016 budget compounds this uncertainty by irresponsibly ignoring current law and requesting a defense base budget $38 billion above the caps for rhetorical gain without a plan to avoid the BCA's guaranteed sequester.

The House budget resolution, in contrast, prioritizes national defense and the needs of the warfighter by providing needed dollars through the creation of the deficit-neutral "Defense Readiness and Modernization Fund." In total with $90 billion, the House Budget estimate for Overseas Contingency Operations funding for the Department of Defense [DOD], the fiscal year 2016 budget provides more than $613 billion total for defense spending—higher than the President's budget request for the fiscal year.

The Defense Readiness and Modernization Fund provides the mechanism for Congress to responsibly allocate in a deficit-neutral way the resources the military needs to secure the safety and liberty of U.S. citizens from threats at home and abroad. The Defense Readiness and Modernization Fund will provide the Chairman of the House Committee on the Budget the ability to increase allocations to support legislation that would provide for DOD warfighting capabilities, modernization, training and maintenance associated with combat readiness, activities to reach full auditability of DOD's financial statements, and/or implementation of military and compensation reforms.

The legislative text includes a policy statement supporting National Defense and the need to replace the defense discretionary sequester. Ultimately, this budget fully supports U.S. troops, both at home and abroad, especially as the security environment becomes increasingly dangerous, complex and unpredictable. It is now more critical than ever to ensure the U.S. military has all the resources it needs as it continues to engage in ever-evolving threats in the Middle East and around the globe.

The resolution specifies $531.3 billion in budget authority and $564.0 billion in outlays in fiscal year 2016, per current law (see Function 050 in the summary tables). These amounts include funding to compensate, train, maintain, and equip the military forces of the United States. More than 95 percent of the funding in this function goes to Department of Defense military activities. The remainder funds the atomic energy defense activities of the Department of Energy, and other defense-related activities (primarily in connection with homeland security).

Most defense funding comes through annually appropriated, or "discretionary" spending, which in this resolution totals $523.1 billion in budget authority and $555.7 billion in outlays in fiscal year 2016. This is the established level provided for in the Budget Control Act, as required by current law. Direct spending in 2016 for this category—which includes allowances, offsetting receipts and retirement payments—is $8.2 billion in budget authority and $8.3 billion in outlays in fiscal year 2016. The 10-year totals for budget authority and outlays are $6.3 trillion and $6.2 trillion, respectively.

Funding for the Department of Defense's non-enduring activities in Afghanistan and Iraq is carried in a separate function called Global War on Terrorism and Related Activities/Overseas Contingency Operations.

Illustrative Policy Options

Policy development in this area rests with the Committee on Armed Services and the Appropriations Subcommittee on Defense. They will develop the policies to maintain robust national defense capabilities while responsibly managing taxpayer resources. Some illustrative areas of particular concern include the following.

Military Compensation and Benefits. The current compensation and benefits system for military personnel, retirees, and their families is unsustainable. In fiscal year 2014, military pay and benefit costs, including health care costs and retirement accrual payments, represented approximately *half* of the DOD budget [25] and, according to the Congressional Budget Office, these costs are expected to rise. If personnel costs continue on the current trajectory, spending on military personnel compensation and benefits will consume the entire defense budget by 2039.[26]

This problem is compounded by the BCA spending caps running through 2021. Under current law, if compensation costs continue to grow as expected, they will inevitably crowd out critical defense spending on readiness and procurement. Recognizing this serious dilemma, the fiscal year 2013 National Defense Authorization Act [27] established the Military Compensation and Retirement Modernization Commission [MCRMC] to conduct a comprehensive review of military compensation and retirement systems and ultimately make recommendations to: ensure the long-term viability of the All-Volunteer Force; enable quality of life for military personnel that fosters successful recruitment, retention, and careers; and modernize and achieve fiscal sustainability for the compensation and retirement systems.[28] In January 2015, the MCRMC released its final report including significant military retirement and health care reforms. This budget encourages the committees of jurisdiction to consider such reforms to sustain the long-term fiscal health of these programs.

Force Structure. Even with proposed increases to the Department's budget, the President continues with significant reductions to force structure, including cuts in the end strength of the Army and Marine Corps, with the Army slated to be smaller than at any

[25] "Pay & Benefit Costs FY14 Chart," Office of Secretary of Defense briefing to the House Armed Services Committee staff, 5 February 2015.

[26] Harrison, Todd. "Rebalancing Military Compensation: An Evidence-Based Approach," *Center for Strategic and Budgetary Assessments,* 12 July 2012.

[27] Public Law 112–239, as amended by the Fiscal Year 2014 National Defense Authorization Act, Public Law 113–66.

[28] Fiscal Year 2013 National Defense Authorization Act, Public Law 112–239, 2 January 2013.

time since before World War II. While the ground component should not continue to be sized for prolonged counterinsurgency operations, the level of reductions contemplated by the President's request entails significant risk in an environment that, as noted, is extremely challenging and uncertain.

Any reductions in military end strength should be accompanied by reductions in the civilian and contractor workforce, which has ballooned in recent years and is now approximately the same size as the active-duty military, a ratio that is out of balance. Reductions by the Secretary of Defense should focus on performance while retaining vital functions that directly support the uniformed force.

The Modernization Challenge. A decade of war and years of delayed and failed acquisition programs have resulted in an impending need to simultaneously procure replacements for a range of weapons systems in each of the services. For example, the services have programs prepared to begin replacing during this budget window: (1) the air-superiority and strike-aircraft fleets of the Air Force, Navy, and Marine Corps; (2) a substantial share of the Navy's surface combatants; and (3) the bomber and submarine legs of the Nation's nuclear-deterrent force. As investments are made to equip, modernize and sustain the requirements of the armed services, there is a need to ensure such investments extend to Reserve and National Guard forces as well. These programs represent only some of the more prominent defense capabilities that will make claims on the defense-acquisition budget within the budget window.

Defense acquisition has consistently exceeded planned budgets. In 2014, the Government Accountability Office [GAO] reported that the total acquisition cost of DOD's fiscal year 2013 portfolio of 80 programs grew by almost $13 billion, or about 1 percent, from the previous year. The budget encourages a continued review to improve the affordability of defense acquisition.

Improving Defense Efficiency. The Department of Defense, like all government agencies, has a responsibility to the taxpayer to effectively manage the resources available to it.

The Department should continue to focus its spending on activities that directly strengthen U.S. military capabilities, instead of compliance to arbitrary political goals, including greater renewable energy utilization. The DOD is required to obtain 25 percent of its electricity from renewable sources by 2025. The budget anticipates this mandate is repealed to allow the Services the flexibility to determine when and how renewable energy can be best used to meet strategic military objectives.

The inability of the Defense Department to receive a clean audit degrades the public's confidence in the Department's ability to effectively manage taxpayer resources. As GAO noted in its 2015 High Risk List, as "current budget constraints and fiscal pressures continue, the reliability of DOD's financial information and ability to maintain effective accountability for its resources will be increasingly important to the Federal Government's ability to make sound resource allocation decisions." DOD anticipates full auditability by the end of fiscal year 2017. The budget anticipates DOD's full attention to meeting its auditability goals and continued Department efforts to reduce waste and bureaucracy to effectively allocate existing resources.

INTERNATIONAL AFFAIRS

Function Summary

The international affairs budget is critical in advancing U.S. strategic priorities and interests, especially those relating to economic opportunities, national security, and American values. Since 2001, funding for the international affairs base budget (excluding Global War on Terrorism/Overseas Contingency Operations funding) has increased by 45 percent, adjusting for inflation. Yet more spending has not yielded better results. Duplicative programs, programs unrelated to vital U.S. national interests, and inefficiencies are prevalent in the budget and should be addressed. This budget resolution represents a thorough re-evaluation of accounts in this category and prioritizes programs that are both integral to the core mission and that effectively and efficiently achieve desired outcomes.

For this budget category (Function 150 in the summary tables), the budget resolution proposes a total of $38.3 billion in budget authority and $42.9 billion in outlays for fiscal year 2016. This funding covers the following: international development, food security, and humanitarian assistance; international security assistance; the conduct of foreign affairs; foreign-information and exchange activities; and international financial programs. The primary agencies responsible for executing these programs are the Departments of Agriculture, State, and the Treasury; the U.S. Agency for International Development [USAID]; and the Millennium Challenge Corporation. Over 10 years the budget totals are $427.6 billion in budget authority and $410.7 billion in outlays.

The majority of the funding is discretionary spending, which is $38.9 billion in budget authority and $44.2 billion in outlays for fiscal year 2016. Direct spending in this function—totaling −$551 million in budget authority and −$1.3 billion in outlays for fiscal year 2016—includes loan guarantee programs, payments to the Foreign Service Retirement and Disability Fund, and foreign-military sales programs. The negative figures reflect receipts from foreign-military sales and financing programs.

As with National Defense, funding for the State Department and USAID's incremental, non-enduring civilian activities in the frontline states of the global war on terrorism is reflected in the Global War on Terrorism and Related Activities/Overseas Contingency Operations category.

Illustrative Discretionary Spending Policy Options

Committees of jurisdiction—the Committees on Foreign Affairs and Agriculture, as well as the Appropriations Subcommittee on State, Foreign Operations, and Related Programs—should continue effective oversight of international affairs programs to ensure that resources are used efficiently to achieve desired results that ultimately support U.S. national interests. While the final policy choices will lie with the committees, some options worthy of consideration might include the following.

Reform International Food Aid. One of the areas where the international affairs budget fails to use taxpayer dollars efficiently and effectively is the U.S. international food aid program, including Food for Peace (Public Law 480 Title II), which provides emergency food assistance abroad and supports development programs in developing nations. Its failings result primarily from enduring program constraints, including the cargo preference (which dictates at least 50 percent of food aid must be shipped on U.S.-flagged vessels). Other impediments include the requirement that 100 percent of food commodities be produced in the U.S., and monetization requirements, the practice of selling U.S. commodities on foreign markets to fund development projects. Several bipartisan efforts have called for reforming food aid programs. These include H.R. 1983, the Food Aid Reform Act sponsored by House Committee on Foreign Affairs Chairman Edward R. Royce (R–CA) and Representative Karen R. Bass (D–CA). Their measure would eliminate the U.S.-only commodity requirement and allow USAID the flexibility to purchase local and regional commodities (known as Local and Regional Procurement, or LRP). According to the Foreign Affairs Committee, the average savings for local and regional procurement versus U.S. procurement and shipping is about 20 percent.[29] In 2015 Senators Robert P. Corker (R-Tenn.) and Christopher A. Coons (D-Del.) reintroduced the Food for Peace Reform Act, which would eliminate monetization, allow for cost-effective procurement, and provide shipping flexibility.

According to a 2011 Government Accountability Office report, *Funding Development Projects through the Purchase, Shipment, and Sale of U.S. Commodities Is Inefficient and Can Cause Adverse Market Impacts,* the practice of monetization loses an average of 25 cents of every dollar spent on food aid. In recent budget requests, the Obama Administration has also called for similar food aid reforms. The current food assistance program is not only a poor value for the taxpayer dollar, but could also actually harm the people it is trying to help, either by dumping U.S. products on local markets or by taking too long to get food to people in need. This budget therefore endorses the reforms highlighted above to get maximum benefit out of every dollar spent on this program.

Reduce Funding for Broadcasting Board of Governors. This budget calls for overhauling the governing structure and organization of the Broadcasting Board of Governors [BBG], with a reduction in funds until such changes are made. The BBG, which became an independent entity in 1998, is responsible for directing and overseeing all U.S. international broadcasting services, such as Voice of America. BBG is mostly known for its programs that educate the world on American culture, society, and governance, in addition to promoting democratic principles such as human rights and religious freedom. While international broadcasts can be an effective tool in executing America's foreign policy objectives, the BBG fails

[29] "Food Aid Reform," *House Committee on Foreign Affairs,* 2013, http://foreignaffairs.house.gov/sites/republicans.foreignaffairs.house.gov/files/06–11–13%20Food%20Aid%20Reform%20Fact%20Sheet%20PDF.pdf

to efficiently implement its mission due to egregious mismanagement, lack of accountability, and program overlap. According to Foreign Affairs Committee Chairman Royce: "For many years, our international broadcasting has been broken and ineffective."[30] In July 2014, the House passed H.R. 4490, the United States International Communications Reform Act of 2014, a bipartisan reform bill that addresses these problems to improve the management and effectiveness of BBG programs. In their fiscal year 2016 budget Views and Estimates letter, the House Committee on Foreign Affairs reiterates the critical need to reform the BBG: "Until the BBG structure is reformed, higher funding levels would simply lead to more wasteful spending and inefficient bureaucracy."[31] Consequently, this budget supports a reduction in funding for the BBG until significant reforms are made as to safeguard taxpayer dollars from continued waste at the hands of governmental mismanagement.

Eliminate Contributions to the Clean Technology Fund and the Strategic Climate Fund. The Clean Technology and Strategic Climate Funds were created by the Obama Administration in 2010. They provide foreign assistance to support energy-efficient technologies intended to reduce energy use and mitigate climate change. Given the record-high levels of deficits, the explosive growth in U.S. government debt, and the heavy reliance on foreign financing, the Federal Government is borrowing funds abroad to provide financial assistance in this area, which is not a core U.S. foreign-policy function. In addition, the government should not attempt to pick winners and losers in terms of which technologies and companies to favor and advance abroad. Therefore, the budget recommends eliminating both programs.

Reduce Education Exchange Programs. Function 150 includes two education exchange accounts intended to encourage mutual understanding between Americans and citizens around the world through scholarship and leadership programs: Educational and Cultural Exchange Programs and the Open World Leadership Center. Although their mission is laudable, exchange programs are a non-essential component of the foreign-affairs budget and should be reduced accordingly. When reduction decisions for these accounts are made, the priority should go to programs that are in line with U.S. strategic interests and that receive matching foreign-government contributions, such as the Fulbright program.

Reduce Contributions to International Organizations and Programs. The United States makes voluntary contributions to several multilateral organizations and programs. These contributions often duplicate funding provided in the Contributions to International Organizations [CIO] account, which provides funding for the obligatory payments to international organizations with which the United States has signed treaties. Further, United States contribu-

[30] House Committee on Foreign Affairs Press Release, "Chairman Royce Applauds House Passage of Legislation to Reform U.S. International Broadcasting," 28 July 2014, http://foreignaffairs.house.gov/press-release/chairman-royce-applauds-house-passage-legislation-reform-us-international-broadcasting.

[31] Letter to the House Committee on the Budget from the House Committee on Foreign Affairs, 20 February 2015.

tions to the United Nations Development Program [UNDP], which has been flagged by the Special Inspector General for Afghanistan Reconstruction [SIGAR] as problematic, flow through this account. According to SIGAR, UNDP's oversight and management of the Law and Order Trust Fund for Afghanistan, to which the United States and other donors have contributed more than $3 billion since 2002, is weak,[32] making taxpayer dollars susceptible to fraud, waste, and abuse. Although this budget fully funds the CIO account, it does not support voluntary contributions for the International Organizations and Programs account, including contributions to the UNDP.

Eliminate Funding for Peripheral Foreign-Affairs Institutions. The United States funds multiple independent agencies and quasi-private institutions through the foreign-affairs budget. Included in this list are the Inter-American Foundation, the African Development Foundation, the East-West Center, and the Asia Foundation. These institutions all engage in activities that overlap the State Department and USAID activities. Consolidating and eliminating funding for multiple institutions that perform similar tasks will make U.S. engagement with the world more efficient and cost-effective. Further, some of these organizations already receive private funding and could continue on with non-government funds.

Task MCC as Lead Agency on Foreign-Development Assistance. The United States has two primary foreign-development assistance programs: USAID's Development Assistance program and the Millennium Challenge Corporation [MCC]. Funding for foreign aid and helping other nations rise toward prosperity keep the United States safe and strengthens the economy by establishing new trading partners and markets. Such development assistance is worthwhile, however, only if it produces results for the aid recipients.

America's experience with having two development-assistance programs has shown that MCC's model has been more effective in achieving results. MCC's emphasis on outcomes rather than inputs should be the foundation of all U.S. development-assistance programs. Other elements of MCC's model that should be extended throughout U.S. development-assistance programs include:

- Strict requirements on recipient countries to prove strong commitments to good governance, economic freedom, and investment in their citizens in order to be considered for aid.
- A willingness of the U.S. government to terminate assistance if an aid recipient starts to fail on these critical commitments.
- Country ownership, which requires the country to plan its own aid projects and lead implementation.
- Strict timelines for aid projects.

These principles are critical to ensuring the long-term sustainability of projects once U.S. assistance concludes. Further, MCC's model is resulting in the "MCC Effect," in which countries are independently making reforms in favor of good governance, economic

[32] Letter from John F. Sopko, Special Inspector General for Afghanistan Reconstruction, to Helen Clark, UNDP Administrator, September 12, 2014, http://www.sigar.mil/pdf/special%20projects/SIGAR–14–98–SP.pdf.

freedom, and other MCC requirements, to qualify for a compact. For example, in July 2007 the MCC signed a compact with Lesotho only after the country passed the Legal Capacity of Married Persons Act in 2006 that ensured married women, who had previously been legally categorized as minors, were granted basic economic, financial, and social rights.[33] In 2010, USAID announced a reform agenda, USAID Forward, and claims to be in the process of adopting more accountable policy standards, country ownership, and timetables. Although some changes have been made to the agency's practices, success continues to remain elusive. MCC's model is more effective and efficient in delivering foreign aid. It also generates the most benefits for the taxpayer dollar. For these reasons, this budget proposes MCC to be the lead agency on foreign-development assistance.

International Religious Freedom. The United States should promote freedom of religion or belief around the world, given the importance of religious freedom to human rights, economic development, stability, and democracy. The independent U.S. Commission on International Religious Freedom [USCIRF] has provided important oversight and recommendations in this regard, including redirecting and conditioning aid. It calls for budget justifications to take into account the findings and recommendations of USCIRF. Additionally, the Office of International Religious Freedom continues to serve as an important voice on these issues in the State Department and should be supported.

THE GLOBAL WAR ON TERRORISM AND RELATED ACTIVITIES/OVERSEAS CONTINGENCY OPERATIONS

Function Summary

This function reflects non-enduring funding for the execution of Global War on Terrorism and other closely related activities, also known as Overseas Contingency Operations. The funding is entirely discretionary, with no direct spending components.

This resolution calls for $94.0 billion in budget authority and $44.3 billion in new outlays in fiscal year 2016 (shown in Function 970 in the summary tables). This function provides funding for Department of Defense military operations and for the incremental civilian activities in Afghanistan, Pakistan, and Iraq led by the Department of State and the U.S. Agency for International Development [USAID].

Policy Assumptions

Defense Activities. Russian aggression and the growing threats of the Islamic State of Iraq and the Levant in the Middle East shape the parameters of an increasingly complex and challenging security environment. Secretary of Defense Ashton B. Carter announced a review to consider slowing down the planned drawdown of U.S. troops in the Middle East. This resolution assumes $90.0 billion as a placeholder estimate of the budgetary resources necessary to ful-

[33] Millennium Challenge Corporation, "One Step Closer to Achieving Gender Equality in Lesotho," 2013, https://www.mcc.gov/pages/press/story/story-one-step-closer-to-achieving-gender-equality-in-lesotho.

fill the Department of Defense's war policy, with final decisions still pending assessment.

Combined with the base resources for National Defense, the fiscal year 2016 budget provides more than $613 billion in total defense spending. The House budget resolution provides for higher total defense resources than the President's request in fiscal year 2016, the President's 5-year plan and the President's 10-year levels.

Civilian Activities. This function also includes $4.0 billion as a placeholder funding estimate for the activities of civilian agencies—primarily the State Department and the USAID—as part of the integrated civil-military strategy for securing American objectives in the frontline states.

Funding provided in this budget, if enacted, will occur 15 years after the 9/11 terrorist attacks on the United States, which triggered wars in Afghanistan and Iraq. Consistent with the administration's plan, this budget supports phasing out the Global War on Terrorism and Related Activites/Overseas Contingency Operations designation for these programs and assumes a transition to base budget funds of any continuing aid in future years.

In fiscal year 2015, Senate Democrats designated base requirements in the State, Foreign Operations, and Related Programs appropriations bill as war funding to provide additional funding for non-defense discretionary programs under the spending cap. As part of a review of base requirements in cap adjusted funds, the House Budget Committee will direct the Government Accountability Office to conduct an extensive review of all cap adjusted activities.

VETERANS BENEFITS AND SERVICES

Function Summary

For years, bureaucratic mismanagement and continuous failure to provide veterans timely access to health care and benefits have plagued the Department of Veterans Affairs [VA]. In 2015, for the first time ever, VA health care was added to the High-Risk List of the Government Accountability Office [GAO]. According to GAO, "these risks to the timeliness, cost-effectiveness, quality, and safety of veterans' health care, along with other persistent weaknesses we have identified in recent years, raise serious concerns about VA's management and oversight of its health care system." [34] Management failures of the agency peaked when, in 2014, reports starting breaking across the Nation that VA medical centers were manipulating wait-list documents to hide long delays veterans faced before receiving health care. The VA hospital scandal led to the immediate resignation of then-Secretary of Veterans Affairs Eric K. Shinseki. In response to the scandal, the House Committee on Veterans' Affairs held several oversight hearings and ultimately enacted the Veterans Access, Choice, and Accountability Act of 2014 [VACAA] [35] to address these problems. VACAA provided $15 billion in emergency resources to fund internal health care needs within

[34] Government Accountability Office, *High-Risk Series: An Update,* February 2015.
[35] Public Law 113–146

the department and provided veterans enhanced access to private-sector health care under the new Veterans Choice Program.

In its fiscal year 2016 budget, the President requests an increase of approximately $5 billion, or about 8 percent, above last year's levels for VA's discretionary budget, primarily for health care purposes. The justification for this request is inadequate. According to the bipartisan House Committee on Veterans' Affair fiscal year 2016 budget Views and Estimates letter, the Committee's "understanding of VA's budget submission and resource needs is incomplete."[36] While the Veterans Affairs Committee supports the President's request at this time, they maintain "the right to modify these views as more information becomes available."[37]

As Congress continues to operate under discretionary spending caps pursuant to the Budget Control Act of 2011, all agency budget submissions should receive congressional scrutiny to ensure that every taxpayer dollar requested is thoroughly justified and used effectively and efficiently. Exposing funds to mismanagement is not an option during times of fiscal restraint. Moreover, continuing to throw more money at a dysfunctional agency that refuses to be transparent and accountable, without significant reforms, is a disservice to all veterans who should be America's top priority.

The Budget Committee will continue to closely monitor the VA's progress to ensure resources provided by Congress are sufficient and efficiently used to provide benefits and services to veterans.

Funding for these activities is reflected in the Veterans Benefits and Services category (Function 700 in the summary tables). It includes resources for the Department of Veterans Affairs, which provides benefits to veterans, their families, and survivors who meet various eligibility rules. Benefit programs include veterans' medical care, disability compensation and pensions, education and rehabilitation benefits, and housing programs. While the vast majority of this function funds the VA, this category also includes other government agencies and programs that serve veterans, such as 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.

The resolution calls for $166.7 billion in budget authority and $170.1 billion in outlays in fiscal year 2016 for Veterans benefits and services. Discretionary spending is $68.6 billion in budget authority and $68.3 billion in outlays in fiscal year 2016. This spending level reflects the Congressional Budget Office's estimate of veterans discretionary programs needs for fiscal year 2016 and is a five percent increase above last year's level. Direct spending in 2016 is $98.1 billion in budget authority and $101.8 billion in outlays. The 10-year totals for budget authority and outlays are $1.8 trillion and $1.8 trillion respectively.

Consistent with the administration's request, this resolution accommodates up to $63.3 billion for fiscal year 2017 in discretionary advance appropriations for medical care, consistent with the Veterans Health Care Budget and Reform Transparency Act of 2009.

[36] Committee on Veterans' Affairs, Fiscal Year 2016 Views and Estimates, 20 February 2015.
[37] Ibid.

Pursuant to the bipartisan House Committee on Veterans' Affairs Views and Estimates letter, this budget calls for "modest savings proposals that have advanced out of the Committee on a bipartisan basis in past times of severe fiscal constraint." [38] An example might be extending the cost-of-living adjustment [COLA] provision that would round down the annual growth in this tax-free benefit to the nearest whole dollar. This minor change has been included in several of President Obama's budget proposals, including the administration's request for fiscal year 2016. It was also included as a recommendation in the bipartisan House and Senate Veterans' Affairs Committees' letter to the Joint Select Committee on Deficit Reduction in 2011.

ADMINISTRATION OF JUSTICE

Function Summary

With the risk of terrorism as well as a tidal wave of debt, Federal taxpayer money for the Departments of Justice and Homeland Security should be focused on administering justice, arresting and prosecuting terrorists, investigating crimes, and seeking punishment for those guilty of unlawful behavior. Local law enforcement is the responsibility of the States and communities, and they should determine the best course of action in deterring crime. The reauthorization of the Department of Homeland Security, the first since the Department's creation in 2002, should be a top priority in the 114th Congress. The Department needs clear guidance from Congress in facing the Nation's continuing security threats. This budget provides $52.2 billion in total budget authority and $56.1 billion in outlays focused on core Federal Government responsibilities and reducing duplication, excess, and unnecessary spending.

According to the Government Accountability Office [GAO], from fiscal year 2005 through 2011, more than $30 billion was disbursed to more than 200 Department of Justice programs authorized through three sources: Community Oriented Policing Services, the Office of Justice Programs, and the Office on Violence Against Women.[39] The GAO has determined that many of these grants were awarded without consideration of overlap or duplication with other grant programs, leading to significant waste.

The principal activities of the Administration of Justice category (Function 750 in the summary tables) include Federal law-enforcement programs, litigation and judicial activities, correctional operations, and border security. It includes most of the Department of Justice [DOJ] and several components of the Department of Homeland Security [DHS]. Other agencies funded here include Federal Bureau of Investigation; the Drug Enforcement Administration; the Bureau of Alcohol, Tobacco, Firearms and Explosives; the United States Attorneys; legal divisions within the Department of Justice; the Legal Services Corporation; the Federal Judiciary; and the Federal Bureau of Prisons.

The vast majority of this category's funding is discretionary, provided by the Appropriations Subcommittees on Commerce, Justice,

[38] Ibid.

[39] Government Accountability Office, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue,* February 2012.

Science and Related Activities, and Homeland Security. The Committee on the Judiciary and the Committee on Homeland Security have the main authorizing duties for this category. The resolution calls for $51 billion in discretionary budget authority and $51.3 billion in outlays for fiscal year 2016. The small amount of direct spending in the category—which funds certain immigration activities, the Crime Victims Fund, the Assets Forfeiture Fund, and the Treasury Forfeiture Fund among other functions—totals $1.1 billion in budget authority and $4.7 billion in outlays. The 10-year overall totals for the function are $602.1 billion in budget authority and $606.3 billion in outlays.

Illustrative Policy Options

In developing policies to meet their budget targets, the committees of jurisdiction cited above should give priority to those activities that are most essential for the Federal Government in this area. This does not necessarily require more funding in each area. It simply means addressing those Federal responsibilities first. The proposals below indicate policy options that might be considered.

DISCRETIONARY SPENDING

Consolidate Justice Grants. In 2010, DOJ awarded nearly $3.9 billion in grants, including $4.0 billion provided in the 2009 stimulus bill. The Congressional Research Service and GAO have identified overlap and duplication within many of these grant programs, and it is clear that they address law-enforcement issues that are primarily State and local responsibilities. This option streamlines grants into three categories—first responder, law enforcement, and victims—while eliminating waste, inefficiency, and bureaucracy.

Eliminate Unnecessary Headquarters Funding for DHS, DOJ, and Judiciary. Underperforming information technology projects, representational fees for receptions, and new construction funds should be reduced in agency headquarters' management and operations programs. The budget recommends additional scrutiny of cost overruns of DHS's St. Elizabeth's project, the largest Federal building project in the District of Columbia since the Pentagon. Additionally, no funding shall be provided for the Office of Public Advocate, or any similar or successor position, in Immigration and Customs Enforcement.

Eliminate the Legal Services Corporation. It is the duty of State and local governments to provide legal services to those individuals unable to provide it for themselves. Local jurisdictions are more in tune to their citizens' needs and can provide more responsive service than the Federal Government. Critics have argued that despite restrictions already in place upon the Legal Services Corporation, their activities too often focus on social activist causes rather than advocating for those needing legal help the most.

DIRECT SPENDING

Extend Customs User Fees. Continuing the policy of the Emergency Unemployment Compensation Extension Act of 2014, the budget assumes the Bureau of Customs and Border Protection continues to collect customs user fees through 2025. With the passage of the Emergency Unemployment Compensation Extension Act of 2014, authority to collect these fees expires in 2024.

GENERAL GOVERNMENT

Function Summary

A government that seeks greater efficiency in its programs should demand no less from its own operations. Yet many activities funded through the General Government category (Function 800 in the summary tables) have seen steady growth since 2008. Spending in this function has increased by roughly 30 percent since fiscal year 2007.

This category mainly provides funding for the Legislative and Executive Branches of the Federal Government. On the legislative side, these funds will support the operations of Congress, including the Congressional Budget Office, the Library of Congress, and the Government Accountability Office. In the executive branch, the category finances the Executive Office of the President; general tax administration and fiscal operations of the Department of the Treasury (including the Internal Revenue Service); the Office of Personnel Management; the real-property and personnel costs of the General Services Administration; general-purpose fiscal assistance to States, localities, the District of Columbia, and U.S. territories; and other general government activities.

Most of this funding will come through annual appropriations (discretionary spending), which in fiscal year 2016 totals $16.7 billion in budget authority and $16.7 billion in outlays. Budget authority for direct spending in this area will total $6.9 billion, with $6.9 billion in accompanying outlays. Over 10 years, the budget anticipates $244.2 billion in total budget authority and $244.7 billion in outlays.

Illustrative Discretionary Spending Policy Options

The resolution aims to eliminate identified waste across all Federal Government branches and agencies. Funding for Federal operations and mismanagement of properties are just a few areas where savings should be achieved. These are the kinds of practical guidelines the committees of jurisdiction might apply in developing policies that might achieve these aims. This resolution also urges the Office of Management and Budget and relevant agencies to make the implementation of the data aggregation and transparency initiatives in the Digital Accountability and Transparency Act a top priority.

Some options worthy of consideration are described below.

Decrease Costs of the Government Printing Office [GPO] by Increasing the Use of Electronic Copies. The GPO prints thousands of pages of government documents each year—most of which have gained a ubiquitous online presence. This resolution supports greater selectivity in the material GPO prints, allowing users to rely more heavily on increased electronic access to materials.

Terminate the Election Assistance Commission. This independent agency was created in 2002 as part of the Help America Vote Act to provide grants to States to modernize voting equipment. Its mission has been fulfilled. The National Association of Secretaries of State, the association of State officials responsible for administering elections, has passed resolutions stating the EAC has served its purpose, and funding is no longer necessary. The EAC should be eliminated and any valuable, residual functions transferred to the Federal Election Commission.

Accompany Pro-Growth Tax Reform with Responsible Reductions to the Internal Revenue Service. The Internal Revenue Service [IRS] has more than 90,000 employees and spends in excess of $11 billion annually. Additionally, the Internal Revenue Code now contains approximately four million words, and each year taxpayers and businesses spend more than 6 billion hours complying with filing requirements.[40] The ongoing investigation related to the IRS targeting American citizens demonstrates that the massive budget has not resulted in the IRS serving taxpayers better; rather, it has created a bloated bureaucracy with space for inefficiency and abuse.

The President's budget makes the tax code more complex and proposes to increase the IRS budget. This resolution calls for simplifying the burdensome tax code through tax reform (see the "Revenue and Tax Reform" section of this report), naturally reducing the agency's size by promoting policies that lead to less reliance on the IRS. As outlined in a 2012 GAO report, simplifying the tax code may reduce accidental errors in tax filing and improve voluntarily compliance.[41] A simplified tax code would have the dual benefits of reducing both the time taxpayers devote to complying with an overly complex code and the taxpayer dollars needed to administer and enforce it.

Scale Back Funding to the Legislative and Executive Branches. This budget aims to scale back government where it has expanded needlessly or beyond its proper role. That includes within government operations and offices themselves. The resolution recommends treating the Legislative and Executive branch appropriations no differently than the other Federal agencies and programs, and scaling back costs where possible.

GOVERNMENT–WIDE POLICY

Function Summary

This category includes various policies that produce government-wide savings in multiple categories rather than in a single, specific budget function. The resolution calls for spending of $27.5 billion and $18.4 billion in budget authority and outlays, respectively, in fiscal year 2016. The 10-year totals for budget authority and outlay savings are −$496.9 billion and −$418.2 billion, respectively. (The figures appear in Function 930 in the summary tables.) As is true elsewhere, specific policies will be determined by the appropriate committees of jurisdiction.

[40] National Taxpayer Advocate, "2013 Annual Report to Congress," December 2013.
[41] GAO, "Opportunities to Improve the Taxpayer Experience and Voluntary Compliance," April 2012.

Illustrative Policy Options

DISCRETIONARY SPENDING

The total base discretionary budget authority for fiscal year 2016 assumed in the resolution is $1.016 trillion—the same level required by the discretionary spending caps within the Budget Control Act [BCA] and the automatic enforcement procedures established by that law. The resolution offers approximately $31.4 billion in fiscal year 2016 non-defense discretionary savings in several budget functions should Congress choose to enact additional deficit reduction that year. Because these additional savings would cause the resolution to display a lower total base discretionary level than contemplated by the BCA, $31.4 billion in non-defense discretionary spending is added back to Function 930 to make the total budget-resolution base discretionary level match the amount specified in the BCA.

Over the 10-year budget window, the resolution assumes $392.6 billion in savings beyond what is contemplated in the BCA. Much of these assumed savings can be accomplished by the illustrative policy options presented in the various budget function summaries in this report. Additional illustrative options to achieve further discretionary savings are presented below.

Federal-Employee Attrition. The budget includes discretionary savings by assuming a 10-percent reduction in certain agencies of the Federal civilian workforce through attrition, whereby the administration would be permitted to hire one employee for every three who leave government service. National-security positions would be subject to exemption. This could save up to $59 billion over 10 years.

Reform Civil Service Pensions. The policy described in the Income Security section of this report would increase the share of Federal retirement benefits funded by the employee. This policy has the effect of reducing the personnel costs for the employing agency. The budget assumes savings from a reduction in agency appropriations associated with the reduction in payments that agencies make into the Civil Service Retirement and Disability Fund for Federal employee retirement.

DIRECT SPENDING

Reduce Improper Payments/Program Integrity. This budget calls for program integrity savings by assuming that Continuing Disability Reviews [CDRs] and Supplemental Security Income Redeterminations are fully funded and that additional steps are taken to reduce improper payments in the Medicare, Medicaid, Unemployment Insurance programs, the Earned Income Tax Credit, and other programs. By ensuring that all benefits are targeted toward the appropriate households, this budget will reduce fraud and improper payments in these programs. This could save up to $33 billion over 10 years—about the same amount identified in the President's budget.

Align the G-Fund Investment Return with an Appropriate Risk Profile. The resolution assumes savings by correctly aligning the rate of return on U.S. Treasury securities within the Federal Employee Retirement System's Thrift Savings Plan with its investment risk profile. Securities within the G-Fund are not subject to risk of default. Payment of principal and interest is guaranteed by the U.S. Government. Yet the interest rate paid is equivalent to a long-term bond. As a result, those who participate in the G Fund are rewarded with a long-term rate on what is essentially a short-term security. This could save up to $32 billion over 10 years.

Assume Savings in Budget Control Act Continue. The BCA established an automatic enforcement mechanism—commonly known as a sequester—to ensure a promised level of savings from that law was actually realized. These savings were first implemented in 2013 and are scheduled to last through 2024. The resolution proposes to extend the savings created by the BCA for an additional year, although the budget calls on Congress to replace the automatic sequester with specific, targeted reforms.

Domestic Priorities

The budget resolution provides funding for a range of priority activities and services that are domestic in nature. Although all of them are of national importance—that is why they appear in the Federal budget in the first place—they bear a special connection to the States and localities that constitute the Nation, as well as the vast array of non-government institutions throughout the country. K–12 education, for instance, is a quintessentially local priority. Because most Americans do most of their traveling in or near their own communities, their own roads and bridges are a fundamental local concern. Health care is provided mainly through local hospitals and private physicians. All these activities, and many others, would exist even if there were no Federal Government. Washington did not create them; States and localities and the private sector did. These are also the main sources of the initiative and creativity that drives these domestically centered arrangements. The concept of federalism on which America was founded recognizes that fact, and encourages the diversity of approaches best furnished by layers of government or non-government institutions closer to the people served. In grouping these activities together, the discussion below seeks to encourage greater flexibility for States and localities and the private sector to find new, better, and more efficient ways to provide these services. While the Federal Government can help in these areas, its role should be to support, not to dominate.

The activities presented here are mainly the discretionary spending components in Function 250 through 650 in the conventional budget format. In two areas, however—Energy (Function 270) and Transportation (Function 400)—both the discretionary and direct spending components are presented. This is because in these two categories, discretionary and direct spending are uniquely intertwined.

GENERAL SCIENCE, SPACE, AND TECHNOLOGY

Function Summary: Discretionary Spending

The largest component of this category—about half of total spending—is for the space-flight, research, and supporting activities of the National Aeronautics and Space Administration [NASA]. The function also contains general science funding, including the budgets for the National Science Foundation [NSF] and the Department of Energy's Office of Science.

The budget resolution reduces excess and unnecessary spending, while supporting core government responsibilities. The resolution preserves basic research, providing stable funding for NSF to conduct its authorized activities in science, space and technology basic research, development, and science, technology, engineering, and math [STEM] education while shifting the focus back to basic research. The budget provides continued support for NASA and recognizes the vital strategic importance of the United States remaining the pre-eminent space-faring Nation. This budget aligns funding in accordance with the NASA core principles to support robust space capability, to allow for exploration beyond low Earth orbit, and to support the Nation's scientific and educational base.

The vast majority of this category's funding is discretionary, provided by the House Committee on Science, Space, and Technology and the Appropriations Subcommittee on Commerce, Justice, Science and Related Activities. The resolution calls for $28.3 billion in discretionary budget authority and $28.9 billion in outlays in fiscal year 2016.The 10-year totals for budget authority and outlays are $312.1 billion and $308.2 billion, respectively.

Illustrative Discretionary Spending Policy Options

The committees of jurisdiction will determine policies to align with the spending levels in the resolution. The options below are offered as illustrations of the kinds of proposals that can help meet the budget's fiscal guidelines.

Restore Core Government Responsibilities. In fiscal year 2015, an enacted level of $64.8 billion dollars was dedicated to research government-wide. More than half of that was dedicated to applied research. The unique role of the Federal Government is in supporting basic research, and funding should be distributed accordingly. For example, spending for the Department of Energy's Office of Science includes some areas, such as biological and environmental research, that could potentially crowd out private investment. In addition, the National Science Foundation has been criticized in the past for grants financing studies such as teaching mountain lions to use a treadmill, the creation of a new communication network for fossil enthusiasts, and a study on perceived gender bias on Wikipedia. The resolution's levels support preserving the Federal scientific community's original role as a venue for groundbreaking discoveries and a driver of innovation and economic growth, while responsibly paring back applied and commercial research and development.

Reduce Expenses for the Department of Homeland Security's Directorate of Science and Technology. The committee recommends reductions in management and administrative expenses for the Department of Homeland Security's Directorate of Science and Technology, while shifting funding resources to frontline missions and capabilities.

ENERGY

Function Summary

The Obama Administration incorrectly believes that climate change is a greater threat to Americans than terrorism,[42] which may be why the administration wastes billions of taxpayer dollars

[42] Brian Hughes, "Josh Earnest: Climate Change a greater threat to Americans than terrorism," NewsFeeding.Net, 10 February 2015.

annually subsidizing green energy projects. According to the Congressional Budget Office's fiscal year 2016 baseline, the administration is expected to spend more than $4.2 billion on energy conservation efforts and research, development and commercialization of low or zero carbon energy sources.[43]

Just as troubling as the administration's wasteful subsidization of green energy projects is the President's recent veto of bipartisan legislation to develop the Keystone XL pipeline. This legislation would expand existing pipeline that runs from the Western Canadian Sedimentary Basin through the southern United States to provide more economically efficient transportation of oil. A January 2014 report prepared by the U.S. Department of State concluded that a total of 42,100 jobs throughout the United States would be supported by the construction of the proposed pipeline.

Meanwhile, from 2009 to 2013, The White House provided more than $67 billion in subsidies to green energy companies through tax credits and loan guarantees alone.[44] Despite the excessive subsidies, solar power and wind energy combined only grew from 0.9 percent to 2 percent of domestic energy consumption over the same time period.[45]

Many of the administration's loan-guarantee projects have failed: Abound Solar, which received $400 million in loan guarantees, was cited by the Colorado Department of Public Health and Environment for hazardous waste left from its failed solar panels.[46] Another grant recipient, A123, was given permission to hand out as much as $3.7 million in bonuses to top executives as a part of its bankruptcy proceedings.[47] This is particularly problematic, because unlike the private sector where the company would eventually be required to account to its investors for these payouts, taxpayers have no way of holding the Federal Government accountable for each investment.

None of this is to say that the search for newer technologies and low-carbon sources of energy is without merit—only that these activities are best suited for the private sector. This administration prefers to pick winners and losers in the market, which crowds out disfavored energy sources even if they are more reliable and come at significantly lower costs. The President was so concerned about low cost energy pushing consumers away from his preferred, more expensive options that he named Steven Chu as his first Secretary of energy less than a year after Chu said: "[s]omehow we have to figure out how to boost the price of gasoline to the levels in Europe."[48]

After 6 years, the verdict is in: increased oil and natural gas production by private sector companies on private land has made the U.S. the world's number one energy producer, while at least $67

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[43] Budget run of CBO's FY 2016 Baseline.

[44] Terry M. Dinan, "CBO Testifies on Federal Financial Support for Fuels and Energy Technologies," Congressional Budget Office, 13 March 2013.

[45] Energy Information Administration, "Primary Energy Consumption by Source." http://www.eia.gov/totalenergy/data/monthly/pdf/sec1_7.pdf.

[46] Sandoval, Michael, "Bankrupt Abound Solar to Bury Unused Solar Panels in Cement," The Heritage Foundation, 26 February 2013.

[47] Paul Chesser, "A123's Executives Get Their Richly Undeserved Bonuses," National Legal and Policy Center, 13 November 2012.

[48] Neil King Jr. and Stephen Power, "Times Tough for Energy Overhaul," *The Wall Street Journal,* 12 December 2008.

billion of taxpayer money later, the Nation is no closer to cost-effective zero carbon energy. Technological breakthroughs will continue to occur, such as the combination of horizontal drilling and hydraulic fracturing in the mid-2000s, but the Federal Government must resist the temptation to intervene at taxpayers' expense.

Discretionary spending in this category includes some of the civilian energy and environmental programs of the Department of Energy [DOE]. It also includes funding for the basic operations of the Nuclear Regulatory Commission. A large majority of the DOE discretionary budget is allocated to commercial and applied research and development [R&D] for new energy technologies—activities that are better left to the private sector. It also includes Electricity Delivery and Energy Reliability, as well as operations and maintenance accounts for some of DOE's direct spending programs, like the Power Marketing Administrations.

According the National Science Foundation [NSF], private sector companies in the U.S. spent more than $302 billion on R&D in 2012. While these efforts focus on more than just energy, detailed NSF surveys indicate that funding for more efficient fuel consumption, electric vehicles, energy efficiency, and fossil fuel R&D total billions of dollars of private sector capital per year. As a result, DOE's research and development should focus solely on breakthrough innovations. This is the principal aim of the budget resolution's $2.1 billion in fiscal year 2016 budget authority. Related outlays are and $2.4 billion.

Direct spending in this category includes the remaining civilian energy and environmental programs of the DOE. It also includes the Rural Utilities Service of the Department of Agriculture, the Tennessee Valley Authority [TVA], and the Federal Energy Regulatory Commission. (It does not include DOE's national security activities—the National Nuclear Security Administration—which are in Function 050, or its basic research and science activities, which are in Function 250.)

For fiscal year 2016, the budget resolution provides $2.1 billion in discretionary budget authority, with $2.4 billion in related outlays (shown in Table 2, Function 270). Direct spending figures (shown in Table 3, Function 270) are −$5.6 billion in budget authority and −$1.8 billion in outlays. The negative balances reflect the incoming repayment of loans and receipts from the sale of electricity produced by Federal entities, which are accounted for as "negative spending," as well as rescissions of unobligated balances in green energy loan programs. Over 10 years, the resolution provides discretionary budget authority of $23.2 billion and $24.4 billion in outlays. Ten-year totals for direct spending are −$17.3 billion in budget authority and −$19.7 billion in outlays.

Illustrative Discretionary Spending Policy Options

In the House, discretionary spending energy programs (Function 270 in Table 2) fall under the jurisdiction of the Committee on Energy and Commerce. Funding for these programs comes from the Appropriations Subcommittees on Energy and Water Development, and Related Agencies, and Interior, Environment, and Related Agencies. They will determine specific policy options to meet the budget's fiscal guidelines.

A central aim of their policies should be to ensure that private sector capital is not crowded out by government overreach and bureaucratic waste. They should also protect taxpayers from poor government decision-making that wastes Federal dollars and increases energy prices. Finally, streamlining R&D activities across the Department of Energy will increase efficiency and consolidate operations, leading to reduced costs. The following illustration reflects this approach.

Reduce Funding for Commercial Research and Development. The resolution supports maintaining current funding levels for basic R&D activities within the DOE, while significantly reducing funding for applied R&D. Focusing on basic R&D will allow DOE to zero in on cutting edge discoveries that may lead to major improvements in the society, such as the internet, while leaving research on the application and commercialization of new technologies to the private sector.

Illustrative Direct Spending Policy Options

In the process of transforming policy in this area, the Committee on Energy and Commerce can be guided in part by seeking to reverse the damage caused by the excesses of the administration's energy policies. They can also evaluate each program's merit by asking a simple question: If this program did not exist, would there be a private sector industry or entity that would fund similar activities? If the answer is "yes," the program should be viewed as ripe for reform, or even elimination. The options below indicate some possible directions.

Rescind Unobligated Balances from Stimulus Green Energy Programs. The budget recommends rescinding unobligated balances in DOE's loan portfolio. Since 2009, these programs have spawned numerous failures, such as Solyndra and Abound Solar. The government cannot undo the harm that has been done or reclaim taxpayer dollars from failed entities, but it can reclaim all of the spending authority the administration has not yet obligated to ensure that taxpayers are not exposed to further risk for renewable-energy projects that would not otherwise be market-viable.

Rescind Funding for Biomass Research & Development. The Biomass Research and Development program is a joint initiative of Department of Agriculture and DOE, intended to "carry out research on and development and demonstration of (A) biofuels and biobased products; and (B) the methods, practices, and technologies, for the production of biofuels and biobased products." [49]

Unreasonable mandates in the Renewable Fuel Standard have already forced private sector gasoline refiners and importers to spend billions of dollars of their own money to assist uneconomic biofuels in getting to market. Adding millions of dollars of taxpayer funds only perpetuates the problem and exposes taxpayers to the financial burdens.

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[49] U.S. Department of Agriculture, "Biomass Research and Development Initiative Competitive Grants Program." https://www.cfda.gov/index?s=program&mode=form&tab=core&id=416c795f6d234174f72d346d328d0464.

Repeal Stimulus-Driven Borrowing Authority Specifically for Green Transmission. The $3.25 billion borrowing authority in the Western Area Power Administration's Transmission Infrastructure Program provides loans to develop new transmission systems aimed solely at integrating renewable energy. This authority was inserted into the stimulus bill without the opportunity for debate. Of most concern, the authority includes a bailout provision that would require American taxpayers to pay outstanding balances on projects that private developers fail to repay. The budget rescinds the program's unobligated funds, saving taxpayers more than a billion dollars.

NATURAL RESOURCES AND ENVIRONMENT

Function Summary: Discretionary Spending

America's bountiful environment—her breathtaking parks and forests, diverse wildlife, rivers and lakes, and land, water, and mineral resources—represent an extraordinary national heritage worthy of preservation and responsible stewardship. Yet over the years the Federal Government has contorted the aims of preservation into a justification for ever more centralized regulation.

For instance, the primary role of the Environmental Protection Agency [EPA] is to ensure that the air Americans breathe and the water they drink is clean and unpolluted. For too long, however, rather than prioritizing human health and the environment, the EPA has viewed itself as an energy policy authority, regulating low-cost, reliable energy sources out of the market and mandating increased use of uncompetitive and less reliable ones.

The Obama Administration's Clean Power Plan, which not only regulates power plants but also expands EPA's reach into State power markets generally, is a perfect example. EPA estimates the plan will cost energy providers up to $8.8 billion in annual compliance costs by 2030, a large share of which will likely be passed on to taxpayers in the form of higher energy prices. Private researchers believe the impact could be even more profound, because EPA did not include the costs of new transmission infrastructure, intermittent resource integrations or the costs of stranded assets in their estimate. The budget recommends withholding any funding to implement this program as well as other unnecessary, costly regulatory regimes, such as the soon-to-be-proposed ozone standards and the stream buffer rule.

The National Association of Manufacturers released a study earlier this year indicating that tightening the ozone standard to 65 parts per billion, the low end of the range being considered by the EPA, could cut U.S. gross domestic product by $140 billion per year.[50] Similarly, the stream buffer rule would cause a dramatic decline in domestic coal production, which according to a 2012 study released by the National Mining Association, will cause between $14 billion and $20 billion per year in lost production.[51]

[50] NERA Economic Consulting, *Economic Impact of a 65 ppb National Ambient Air Quality Standard for Ozone,* February 2015.

[51] *Economic Analysis of Proposed Stream Protection Rule Stage I Report,* Environ International Corporation, 5 March 2012.

The budget focuses on paring back unnecessary spending used to carry out overreaching regulatory expansion. This budget also emphasizes core government responsibilities, while reducing spending in areas of duplication or non-core functions. Pursuant to these guidelines, the resolution provides $34.4 billion in discretionary budget authority for fiscal year 2016, with $36.8 billion in related outlays (see Function 300 in Table 2). These funds will finance programs within the Departments of Interior, Agriculture, Commerce, and Transportation, as well as the Army Corps of Engineers, and the Environmental Protection Agency [EPA].

Some of the larger spending programs subject to appropriations are the EPA's clean water and drinking water programs, as well as the agency's environmental programs and management account, the Army Corps construction, operations and maintenance accounts, accounts responsible for operation of the National Park Service and the Wildland Fire Management accounts in the U.S. Forest Service and the Department of the Interior.

The Forest Service and the Interior Department have used a large amount of their overall budget allocations toward wildfire suppression in the Western region of the U.S. The frequency and severity of these wildfires pose a risk to the citizens, water, and wildlife of the region. Borrowing for wildfires is detrimental to the long-term planning of these agencies. This budget acknowledges the need to minimize the adverse effects of fire transfers on the budget of other fire and non-fire programs, and the necessity to responsibly budget for wildfires.

Illustrative Discretionary Spending Policy Options

While the actual policies will be determined by the committees of jurisdiction—the House Committee on Natural Resources is the primary authorizer and the House Committee on Appropriations' Subcommittees on Energy and Water Development, and Related Agencies, and Interior, Environment and Related Agencies are responsible for annual funding—they may be guided by the budget's effort to focus on core government activities and reduce duplication and waste. Options that may help meet budget targets include those described below.

Bring Numerous Environmental Programs in Line with the President's Request. The Obama Administration has made repeated attempts to increase EPA funding, but even the administration has identified areas where funding could be reduced. The budget reduces funding for numerous environmental programs down to the level requested by the administration.

Cut Waste, Fraud, and Abuse. An examination of the Citizens Against Government Waste *Pig Book,* Senator Coburn's *Wastebook,* numerous Government Accountability Office and Inspector General reports, and documents provided by other House committees exposes numerous instances of waste, fraud, and abuse that can be removed from the Federal ledger. The most offensive example is providing pay for EPA employees suspended for numerous reasons, including watching pornography during work hours.

Streamline Climate-Change Activities Across Government. This budget resolution reduces spending for numerous climate-change-related activities within this function, primarily by reducing overlapping or unproductive policies. It also recommends better coordination of programs and funds to eliminate duplicative and unnecessary spending.

AGRICULTURE

Function Summary: Discretionary Spending

Discretionary funding in the agricultural function supports agricultural research, education, and economics, funding for direct and guaranteed farm operating and ownership loans, operating budgets of the Farm Service Agency, Foreign Agricultural Service, and Risk Management Agency, marketing and information services, animal and plant health inspection services, Department of Agriculture administration, and a variety of other programs and activities.

The budget provides for discretionary spending in the agriculture function in fiscal year 2016 of $6.1 billion in budget authority and $6.0 billion in outlays. The budget assumes discretionary spending of $69.0 billion in budget authority and $68.0 billion in outlays in this area over the 10 years covering 2016–25 (Function 350, Table 2).

Illustrative Discretionary Spending Policy Options

Funding for discretionary programs and activities in this function will be determined by the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee of the Appropriations Committee. The budget recommends that a higher priority be given to competitive grant-based agricultural research. This type of research funding, in contrast to formula-based and other types, is most likely to spur agricultural productivity growth, which is important to enhancing the international competiveness of U.S. agriculture over the longer term. Also, continued attention should be given to streamlining and, where possible, consolidating operations and activities across U.S. Department of Agriculture agencies, including in its large network of county field offices.

COMMERCE AND HOUSING CREDIT

Function Summary: Discretionary Spending

Supporting commerce—maintaining an environment that allows ingenuity and free enterprise to flourish—is a worthy and important role of government. This includes providing necessary oversight and regulation of business and commerce. As in many other areas, however, the Federal Government has too often taken the approach that more money, more red tape, and more bureaucracy can answer every problem. A fundamental government role is to maintain competitive markets that encourage innovation and creativity, promote efficiency, and, thus, stimulate an expanding range of products and services at lower costs for consumers.

One example is the recent ruling of the Federal Communications Commission [FCC] to re-classify the Internet as a telecommunications service, rather than an information service, pursuant to the highly regulatory Title II of the 1934 Communications Act. The reclassification empowers the government to regulate rates and prioritize content, which will inevitably lead to increased fees and taxes on the consumer. This budget rejects the FCC's "Net Neutrality" rules and generally opposes the government's attempt to intervene in the free market.

This resolution envisions a Federal system that supports commerce and regulates in an efficient manner, providing sufficient oversight where necessary without wasting taxpayer monies or stifling free enterprise. Additionally, as it is risky for the Federal Government to be in the business of picking winners and losers, subsidies to commercial entities should be minimized where possible.

These kinds of activities on the Federal level are supported through the Commerce and Housing Credit category (Function 370 in the summary tables), where the government funds programs through the Departments of Commerce and Housing and Urban Development. Entities funded with discretionary dollars in this function include the Patent and Trademark Office, the majority of the Small Business Administration, and regulatory agencies such as the Securities and Exchange Commission.

On a unified basis, for fiscal 2016, the budget resolution provides −$13.1 billion in discretionary budget authority and −$12.8 billion in outlays (Table 2). The negative discretionary budget authority and outlay figures mainly reflect the subsidy rates applied to certain loan and loan guarantee programs scored under the guidelines of the Federal Credit Reform Act, such as Federal Housing Administration and Government National Mortgage Association (Ginnie Mae) programs. This accounting method is further discussed in the section of this report titled "Banking, Commerce, Postal Service, and Related Programs."

Illustrative Discretionary Spending Policy Options

The main committees responsible for funding programs in this area are the Committee on Financial Services, Committee on Energy and Commerce, and the Committee on Oversight and Government Reform (U.S. Postal Service). As they make final policy determinations, the committees of jurisdiction should aim to reduce unwarranted subsidies to big businesses, reform inefficient government bureaucracy, and create a climate that supports rather than stifles commerce and free enterprise. Options worthy of consideration include those cited below.

Eliminate Corporate Welfare within the Department of Commerce. Subsidies to businesses distort the economy, impose unfair burdens on taxpayers, and are especially problematic given the fiscal problems facing the U.S. Government. With potential savings of roughly $7 billion over 10 years, programs that should be considered for elimination include the following:

- The Hollings Manufacturing Extension Program, which subsidizes a network of nonprofit extension centers that provide technical, financial, and marketing services for small and medium-size businesses. These services are largely available in the private market. The program already obtains two-thirds of its funding from non-Federal sources, and was originally intended to be self-supporting.

- Trade Promotion Activities at the International Trade Administration [ITA]. This agency, within the Department of Commerce, provides trade-promotion services for U.S. companies. The fees it charges for these services do not cover the cost of these activities. Businesses can obtain similar services from State and local governments and the private market. The ITA should be eliminated or should charge for the full cost of these services.

Tighten the Belts of Government Agencies. Duplication, hidden subsidies, and large bureaucracies are symptomatic of many agencies within Function 370. For example, the Securities and Exchange Commission [SEC] now has more than 4,000 employees. Although its funding has grown by more than 60 percent since 2007, the President has consistently requested additional increases in his annual budget submission. This resolution questions the premise that more funding for the SEC means better, smarter regulation, and recommends reforming the agency so it can perform its duties more efficiently.

Another example is the Federal Trade Commission's budget, which has increased 50 percent since 2008. This budget calls for assessing the ever-growing budgets of Federal agencies, determining what levels are necessary to effectively and efficiently execute their missions, and adjusting funding accordingly.

TRANSPORTATION

Function Summary

Congress created the Highway Trust Fund in 1956 (under the Highway Revenue Act) as a mechanism to ensure that the revenue raised from gasoline taxes would "not be diverted" to purposes other than the interstate highway system. In recent years, however, the trust fund has consistently spent beyond its own resources, requiring infusions of additional cash from general revenues.

Federal motor fuel taxes, at 18.4 cents per gallon for gasoline and 24.4 cents per gallon for diesel, have not changed since 1993. The Congressional Budget Office [CBO] projects new Federal fuel-economy standards will further reduce revenue by 21 percent in 2040 when they are fully phased in. To illustrate the effect of a 21-percent drop, the CBO estimates that if all cars on the road now met the stricter efficiency standards, it would mean a $57-billion cumulative reduction in revenue between now and 2022.

Though gas-tax receipts have plateaued, spending continues to grow. From 1999–2008, outlays outpaced receipts in the trust fund on average by almost $1 billion a year. The spending-revenue gap has further deteriorated under the current administration, widening to more than $9 billion a year. Over the next decade, the CBO anticipates the discrepancy will continue expanding under current spending levels and policy from $12 billion in annual cash deficits in fiscal year 2015 to $164 billion in fiscal year 2024.[52] Spending has also been diverted to non-highway projects, such as bike trails.

Continuing on the present course will lead to one of two outcomes. Under current law, the Highway Trust Fund cannot incur negative balances, so spending will automatically decrease and the Department of Transportation [DOT] will have to ration and delay reimbursements to States to maintain a "prudent balance" in the fund. Alternately, Congress will need to provide additional bailouts (i.e. transfers from the general fund) with borrowed funds.

The corrosion of the Highway Trust Fund is a major concern reflected in the Transportation category of the budget (Function 400 in the summary tables). The function also includes ground, air, water, and other transportation funding. The major agencies and programs within this function are the Department of Transportation (which includes the Federal Aviation Administration; the Federal Highway Administration; the Federal Transit Administration; highway, motor-carrier, rail, and pipeline-safety programs; and the Maritime Administration); the Department of Homeland Security (including the Federal Air Marshals, the Transportation Security Administration [TSA], and the U.S. Coast Guard); the aeronautical activities of the National Aeronautics and Space Administration; and the National Railroad Passenger Corporation, or Amtrak.

For these programs and agencies, the budget resolution calls for $37 billion in budget authority and $79 billion in outlays in fiscal year 2016. Discretionary budget authority in 2016 is $31 billion, with outlays of $78 billion (see Table 2); direct spending is $6 billion in budget authority and $1 billion in outlays (Table 3). Over 10 years, budget authority totals $742 billion, with outlays of $781 billion.

The large discrepancy between discretionary budget authority and outlays here result from the split treatment of the transportation trust funds, such as the Highway Trust Fund, through which funding is provided as a type of mandatory budget authority, while outlays—controlled by annual limitations on obligations set in appropriations acts—are treated as discretionary spending. Because of this unique budgeting regime, the discussion below examines both categories of transportation spending.

Basic transportation policies in this area fall under the jurisdiction of the Committee on Transportation and Infrastructure and the Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies. Policies for the Transportation Security Administration and Federal Air Marshals are determined by the Committee on Homeland Security and the Appropriations Subcommittee on Homeland Security. These committees will determine the policy choices in their jurisdictions.

The budget supports maintaining essential funding for surface transportation, aviation, and safety—offset by reductions in other

[52] Congressional Budget Office, *The Highway Trust Fund and the Treatment of Surface Transportation Programs in the Federal Budget,* June 2014: http://www.cbo.gov/sites/default/files/45416-TransportationScoring.pdf.

transportation activities of lower priority to the Federal Government.

Illustrative Direct Spending Policy Options

Ensure the Solvency of the Highway Trust Fund. The Highway Trust Fund [HTF] has required large general fund contributions totaling $63.1 billion since 2008. In addition, $27.5 billion was provided in the 2009 stimulus bill to the Federal Highway Administration. Though it included some needed reforms, the most recent surface transportation reauthorization bill, the Moving Ahead for Progress in the 21st Century Act [MAP–21], included $18.8 billion in general fund transfers, although the amount was offset for the first time in the history of surface transportation authorization bills. The budget resolution once again includes a reform to ensure that any future general fund transfer to the HTF is fully offset.

Despite these large recent infusions, CBO estimates the Highway Trust Fund still faces insolvency by the end of fiscal year 2015 under current law. Instead of continuing to rely on general-fund transfers, the Congress needs to address the systemic factors that have been driving the trust fund's bankruptcy. Congress also needs to continue to reform the critical surface-transportation infrastructure and safety programs to put them on sound financial footing.

With the Highway Trust Fund projected by CBO to run negative balances in fiscal year 2016 under current levels of spending, existing law and cash-management practices would force the Department of Transportation to limit payments. Congress needs to reform this critically important trust fund to put it on a sound financial footing without further bailouts that increase the deficit.

The budget recommends sensible reforms to avert the bankruptcy of the Highway Trust Fund by aligning spending from the Trust Fund with incoming revenues. The budget also includes a provision to ensure any future general-fund transfers will be fully offset, while at the same time providing flexibility through a deficit-neutral reserve fund for a surface-transportation reauthorization.

Further, the budget recognizes the need to explore innovative financing mechanisms to support surface-transportation infrastructure and safety programs—for example, with further public-private sector partnerships demonstrated in the Transportation Infrastructure Finance and Innovation Act program. The budget also recommends giving States more flexibility to fund the highway projects they feel are most critical. One possible reform could include a pilot program for States to fund their transportation priorities with State revenues, opt out of the Federal fuel taxes, and forgo Federal allocations.

Phase Out Subsidies for Essential Air Service. Essential Air Service [EAS] is a classic example of a temporary government program that has become immortal. EAS funding—originally intended to provide transitional assistance to small communities to adjust to the airline deregulation in the late 1970s—has not only continued but has grown rapidly in recent years.

Illustrative Discretionary Spending Policy Options

Eliminate Funding for Amtrak Operating Subsidies. The budget supports eliminating operating subsidies that have insulated Amtrak from making the structural reforms necessary to start producing returns. The 1997 Amtrak authorization law required Amtrak to operate free of subsidies by 2002. The budget supports continued reforms for Amtrak as well as reductions in headquarters and administrative costs.

Eliminate TIGER Grants. The Transportation Investment Generating Economic Recovery [TIGER] Program was a stimulus bill measure established as a competitive grant program. Though the program was intended to drive funding to critical transportation needs for the country, however, more than 60 percent of the grants support local transit or enhancement projects. With grantee selection based on unclear metrics, including "livability," the Department of Transportation has failed to provide more information to the public regarding documentation of its review process as requested by the Government Accountability Office.[53]

Reductions in Transportation Security Agency Funding. Enhanced operational efficiencies can be obtained without compromising security priorities. The budget maintains the efficiencies realized through risk-based security initiatives and encourages TSA to continue to look for new approaches to airport security. The budget also offers continued support for the Screening Partnership Program, TSA's privatized screening program. Applications for private screening that meet security requirements and could improve cost-efficiency goals should be approved expeditiously.

Prioritize Rail Safety. The budget supports the vital role of the Federal Railroad Administration in ensuring freight and passenger-rail safety, while reducing spending on non-essential transportation programs.

COMMUNITY AND REGIONAL DEVELOPMENT

Function Summary: Discretionary Spending

Federal funding for economic and community development in both urban and rural areas appears in this category. It includes Community Development Block Grants; the non-power activities of the Tennessee Valley Authority; the regional commissions, including the Appalachian Regional Commission; the Economic Development Administration; and partial funding for the Bureau of Indian Affairs. Homeland Security spending in this function includes the State- and local-government grant programs of the Department of Homeland Security, as well as part of the funding for the Federal Emergency Management Agency.

While supporting these programs related to emergency preparedness and critical needs, this resolution urges streamlining non-essential community and regional initiatives that are not core functions of the Federal Government.

[53] See "Eliminate TIGER Program," by the Reason Foundation, 17 February 2015: http://reason.org/news/show/eliminate-tiger-program.

The majority of this category's funding is discretionary and provided by the Appropriations Subcommittees on Financial Services; Energy and Water; Agriculture; Interior, Environment, and Related Agencies; and Homeland Security. Relevant authorizing committees for this category include the Financial Services Committee, the Committee on Transportation and Infrastructure, and the Committee on Homeland Security.

The resolution calls for $7 billion in discretionary budget authority and $19.6 billion in outlays in fiscal year 2016. The 10-year totals for discretionary budget authority and outlays are $76.2 billion and $115.4 billion, respectively. The large gap between budget authority and outlays in the function totals and discretionary levels results mainly from the spend-out of budget authority provided in the stimulus bill.

Illustrative Discretionary Spending Policy Options

As elsewhere, the committees of jurisdiction will make final policy determinations. The proposals below indicate policy options that might be considered.

Eliminate Non-Core Programs. At a time when shrinking spending is imperative for the government's fiscal well-being, this resolution recommends taking a hard look at community and regional programs, focusing on those that deliver funds for non-core Federal Government functions, and consolidating and streamlining programs wherever possible. Among programs that should be considered in this review is the Community Development Fund [CDF]. Historically, about 80 percent to 90 percent of funding for the CDF is spent on the Community Development Block Grant program [CDGB]. CDBG is an annual formula grant directed to State and local governments to address a broad array of initiatives. In 2015, $3.1 billion was appropriated for CDBG. Currently, there is no maximum community poverty rate to be eligible for funds, nor is there an exclusion for communities with high average income.

Focus Department of Homeland Security Urban Area Security Initiative Grants to Tier 1 Cities. Urban Area Security Initiative grants to more than 30 cities have not produced measurable results for the most critical cities. This option would limit the grants to Tier 1, or the top 10 cities, on a risk-based formula basis.

Federal Emergency Management Agency Reforms. The budget supports implementation of Federal Emergency Management Agency reforms passed by Congress to improve service delivery and cost efficiencies in State and local programs, while at the same time proposing further steps to eliminate overlap and inefficiencies The budget also acknowledges the need to look at reforms in disaster-relief assistance to ensure those State and local governments most in need are receiving the assistance required. From 1953 to 1992, presidents made 1,153 total disaster declarations—including Major Disasters Declarations, Emergency Declarations, and Fire Management Assistance Declarations—for an average of 29 declarations per year.[54] The past three administrations alone have made more than 2,400 declarations to date, including a single-year high of 242

[54] Federal Emergency Management Agency, "Disaster Declarations by Year," Feb. 2015.

made by the current administration in 2011. The disaster declaration is intended as a process to help State and local governments receive Federal assistance when the severity and magnitude of the disaster exceeds State and local resources, and when Federal assistance is absolutely necessary.

When disaster relief decisions are not made judiciously, limited resources are diverted away from communities that are truly in need.

This budget supports Government Accountability Office recommendations and takes a closer look at: (1) reducing Federal expenditures by updating disaster-declaration-eligibility indicators—such as per capita thresholds and other major disaster metrics—by, for example, adjusting for inflation; and (2) providing more scrutiny on cost-share levels and waivers. For example, preparedness programs such as the Emergency Management Performance Grants have shown greater buy-in by State and local governments; demonstrated better performance in delivering resources to first responders; and ensured efficient and effective response operations. These types of reforms will increase transparency in the way that disaster declaration decisions are made and in accurately measuring a State's capacity to respond to a disaster.

EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

Function Summary: Discretionary Spending

One of the Federal Government's most important goals should be creating and supporting a climate of opportunity for all Americans. A key component of this endeavor is ensuring that all Americans have access to a high-quality education. Additionally, a well-educated workforce is one of the key drivers of strong economic growth.

Thus, education is a national priority, and of great interest to Washington policymakers. The question is how best to advance it. In recent years, the primary approach to furthering educational opportunity has been through creating more Federal programs and spending more dollars. While pursued with the best of intentions, the approach also has stripped local entities of the opportunity to make decisions about how educational systems and programs will be measured. Higher spending has not led to higher achievement.

Principally, Federal support for K–12 education—which constitutes roughly 40 percent of the discretionary funding in this category (Function 500 in Table 2 of this report)—should aim to do just that: It should *support,* not seize control from State and local entities. Real gains in education result from the diversity and creativity of State and local educators, and the trend toward centralizing rules and standards in Washington risks smothering effectiveness and innovation. This does not mean the Federal Government has no interest in education. It means only that Washington should focus on supporting the initiatives of local educators, not dictating them.

In addition to high-quality educational opportunities, Americans of all ages must have access to skills- and job-training that will equip them to compete in the rapidly changing global economy. Federal training programs—also a major component of discretionary funding in this function—are notorious for their failure as well as their duplication. As described further below, dozens of Federal training programs have created a labyrinth of bureaucracy that consistently fails to result in substantial numbers of job placements. In addition to reforming training programs so they serve Americans more effectively, Congress must make every dollar count by eliminating wasteful, duplicative, and ineffective programs.

For fiscal 2016, the budget resolution in this category provides $86.2 billion in discretionary budget authority and $91.3 billion in outlays, which primarily goes to the Departments of Education, Labor, and Health and Human Services.

Illustrative Discretionary Spending Policy Options

The main committees responsible for funding programs in this area are the Committee on Education and the Workforce and the Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies. They will make final policy determinations for discretionary funding, and should aim to support America's students and workforce without overstepping the Federal Government's boundaries or usurping power from State and local entities. Options worthy of consideration include the following.

Reform Job-Training Programs. The Bureau of Labor Statistics reports that 8.7 million Americans are unemployed. Yet they also report 4.9 million job openings. This gap is due in part to the failure of the Nation's workforce-development programs to successfully match workers' skills with employers' needs. In the 113th Congress, the Committee on Education and the Workforce made laudable progress toward consolidating these programs with enactment of the Workforce Innovation and Opportunity Act.

This budget builds on these efforts by calling for further consolidation of duplicative Federal job-training programs and improved coordination of job training programs with the recently reformed workforce development system. This budget will also improve these programs' accountability by tracking the types of training provided, the costs per trainee, employment after training, and whether the trainee secures a job in his or her preferred field. A streamlined approach with increased oversight and accountability will not only provide administrative savings, but will improve access, choice, and flexibility to enable workers and job seekers to respond quickly and effectively to whatever specific career challenges they face. In addition, the budget recommends a 15-percent State flexibility allotment under the Workforce Innovation and Opportunity Act.

Make the Pell Grant Program Sustainable. After years of decisions to raise the Pell Grant award levels, the program is now facing a shortfall. Instead of confronting the program's cost drivers, previous Congresses began to increasingly rely on mandatory funding to solve its discretionary shortfalls. Instead of making necessary, long-term reforms, lawmakers repeatedly resorted to short-term funding patches—a temporary answer that will not prevent another severe funding cliff for the program in the future.

The reforms should enable the program to continue helping low-income students gain access to higher education. The budget recommends making responsible adjustments so that Pell Grants will continue to remain available for future students. These include:

- Roll back certain recent expansions to the needs analysis to ensure aid is targeted to the truly needy. The Department of Education attributed 14 percent of program growth between 2008 and 2011 to recent legislative expansions to the needs-analysis formula. The biggest cost drivers come from changes made in the College Cost Reduction and Access Act [CCRAA] of 2007, such as the expansions of the level at which a student qualifies for an automatic zero Expected Family Contribution and the income-protection allowance. These should be returned to pre–CCRAA levels.
- Eliminate administrative fees paid to participating institutions. The government pays participating schools $5 per grant to administer and distribute Pell awards. Schools already benefit significantly from the Pell program because the aid makes attendance at those schools more affordable.
- Consider a maximum-income cap. Currently there is no fixed upper-income limit for a student to qualify for Pell. Figures are simply plugged into a formula to calculate the amount for which the student qualifies. The higher the income level of the student and the student's family, the smaller the grant he or she receives.
- Eliminate eligibility for less-than-half-time students. Funding should be reserved for students with a larger commitment to their education.
- Consider reforms to Return of Title IV Funds regulations. Simple changes to this policy, such as increasing the amount of time a student must attend class to withdraw without debt owed for back assistance, will increase the likelihood of students completing their courses and reduce incentives for fraud.
- Adopt a sustainable maximum-award level. The Department of Education attributed 25 percent of recent program growth to the $619 increase in the maximum award done in the stimulus bill that took effect in the 2009–10 academic year. To get program costs back to a sustainable level, the budget recommends maintaining the maximum award for the 2015–2016 award year throughout the budget window. This award would be fully funded through discretionary spending.

Encourage Higher Education Policies That Promote Innovation. Federal higher-education policy should focus not solely on financial aid but on policies that maximize innovation and ensure a robust menu of institutional options from which students and their families can choose. Such policies should include reexamining the data made available to students to make certain they are armed with information that will assist them in making their postsecondary decisions. Additionally, the Federal Government should remove regulatory barriers in higher education that act to restrict flexibility and innovative teaching, particularly as it relates to non-traditional models such as online coursework.

Eliminate Administrative Fees Paid to Schools in the Campus-Based Student-Aid Programs. Under current law, participating higher-education institutions are allowed to use a percentage of Federal program funds for administrative purposes. The budget suggests prohibiting these funds from being used for administrative costs. Schools already benefit significantly from participating in Federal student-aid programs.

Reform Federal Primary and Secondary Education Programs. The current structure for K–12 programs at the Department of Education is fragmented and ineffective. Moreover, many programs are duplicative or are highly restricted, serving only a small number of students. Given the budget constraints, Congress must focus resources on programs that truly help students. The budget calls for the reorganization and streamlining of K–12 programs to increase efficiency and empower State and local entities. This includes providing students and families with choice and flexibility in their educational decisions, in part by making more Federal aid dollars portable. Additionally, ineffective and duplicative programs should be eliminated so that Federal dollars are spent not on funding bureaucracy but on efforts that improve academic outcomes. H.R. 5, The Student Success Act, both emphasizes choice and flexibility and identifies opportunities for consolidation and increased efficiencies.

As efforts to consolidate and streamline are undertaken, this budget recommends the committees of jurisdiction prioritize funding for students with disabilities provided under the Individuals with Disabilities Education Act [IDEA]. IDEA funding has consistently fallen short of the 40-percent Federal contribution threshold established in statute, and Congress should refocus efforts to support existing commitments before entertaining new programs or initiatives.

Encourage Private Funding for Cultural Agencies. Federal subsidies for the National Endowment for the Arts, the National Endowment for the Humanities, and the Corporation for Public Broadcasting can no longer be justified. The activities and content funded by these agencies go beyond the core mission of the Federal Government. These agencies can raise funds from private-sector patrons, which will also free them from any risk of political interference.

Eliminate the Corporation for National and Community Service. Programs administered out of this agency provide funding to students and others who work in certain areas of public service. Participation in these programs is not based on need. The United States has a long history of robust volunteer work and other efforts that provide services to communities and individuals. Americans' generosity in contributing their time and money to these efforts is extraordinary and should be encouraged. The Federal Government already has aid programs focused on low-income students, and the oxymoronic act of paying "volunteers" is not a core Federal responsibility, especially in times of high deficits and debt. Further, it is much more efficient to have such efforts operate at the State and local level by the community that receives the benefit of the service.

Promote State, Local, and Private Funding for Museums and Libraries. The Federal Institute of Museum and Library Services is an independent agency that makes grants to museums and libraries. This is not a core Federal responsibility. This function can be funded at the State and local level and augmented significantly by charitable contributions from the private sector.

HEALTH

Function Summary: Discretionary Spending

Federal policies should foster innovation in health care, not stifle it. America should maintain its world leadership in medical science by encouraging competitive forces to work through the marketplace in delivering cures and therapies to patients. Yet too often the bureaucracy and red-tape in Washington hold back medical innovation and prevent new lifesaving treatments from reaching patients. This resolution recognizes the valuable role of the National Institutes of Health [NIH] and the indispensable contributions to medical research coming from outside Washington. The House Committee on Energy and Commerce is taking an unprecedented, comprehensive look at the discovery, development, and delivery process of health care treatments to accelerate the pace of cures through the 21st Century Cures initiative,[55] and this budget supports those goals.

In addition to the NIH, programs and agencies that receive discretionary funding in this category (Function 550 in Table 2) include Project Bioshield, the Food Safety and Inspection Service, and the Food and Drug Administration. The resolution's discretionary totals for fiscal year 2016 are $57.7 billion in budget authority and $58.4 billion in outlays. The 10-year discretionary totals are $640.2 billion in budget authority and $628.2 billion in outlays.

Illustrative Discretionary Spending Policy Options

The actual policy choices in this area will be determined by the House Committee on Energy and Commerce, the House Committee on Oversight and Government Reform, and the House Committee on Appropriations Subcommittees on Labor, Health and Human Services, Education, and Related Agencies; Agriculture, Rural Development, Food and Drug Administration, and Related Agencies; and the Legislative Branch. These panels may be guided by the principles and policy options described below.

Foster Medical Research, Innovation, and Development. Medical breakthroughs and discoveries are made every day, and the pace of medical innovation will only continue to grow due to advancements in fields such as genomic medicine, biomedical research, and molecular medicine, to name a few. The NIH and the Centers for

[55] House Committee on Energy and Commerce. 21st Century Cures Initiative. http://energycommerce.house.gov/cures.

Disease Control and Prevention [CDC] do excellent work to foster fundamental creative discoveries, cures, and therapies, and to protect America from health, safety and security threats. The budget resolution supports a level of funding for these agencies that enables them to continue their important work.

Strengthen Oversight and Program Integrity Measures. Federal grant programs fund a variety of health care services provided by State and local governments. Every dollar made available through these programs should be used transparently, and in the most effective manner possible for its intended purpose. This budget resolution supports increased program integrity measures to prevent fraud and abuse in health care programs.

For example, the budget supports greater program integrity measures for Title X Family Planning Grants. While this resolution supports the long-standing policy to ban Federal taxpayer dollars from funding elective abortions, greater measures should be taken. As an example, Title X family planning funding could be limited from going to an entity unless that entity certifies it will not perform elective abortions.

Limit Federal Funding for Members of Congress and Their Staffs. Currently, Federal contributions to the Federal Employee Health Benefits Program grow by the average weighted rate of change in these programs. This budget supports restricting the growth in these plans to inflation. This proposal assumes discretionary savings of $38.9 billion between 2016 and 2025 for adopting this policy.[56]

Restrict Federal Funding for Advertising Against American-Made Products and Wasteful Government Priorities Such as Pickleball. This budget repeals funding from the Prevention and Public Health Fund, created as part of the Affordable Care Act. As the Committee on Energy and Commerce has uncovered, the administration has used dollars in this fund to promote Pickleball and free pet neutering, and for massage therapy, kickboxing, and Zumba.

Additionally, this budget does not support the use of taxpayer dollars to advertise against American-made products. Following the passage of the American Recovery and Reinvestment Act, the CDC was allocated taxpayer dollars to award grants for wellness efforts. These funds were used, however, to run ads attacking and singling out legal American products and industries—which the administration claimed contributed to bad health. The CDC does excellent work on early detection, prevention, and treatment for breast and cervical cancer, on immunizations, flu vaccines, and many other worthy efforts. The agency should receive sufficient funding for these activities, but no government agency should receive American taxpayer dollars to advertise against American-made products.

Make Government More Efficient and Responsive. The budget supports better targeting of Federal spending to achieve the country's goals. For example, the budget supports prudent investments to improve mental health care and awareness. GAO recently did a study that identified more than 100 distinct programs supporting individuals with serious mental illness and found that interagency

[56] There are also direct spending savings in this area.

coordination for programs is lacking.[57] Federal dollars should not be squandered on antiquated programs that fail to meet patients' needs. Any research conducted and grants awarded by the Federal Government should be firmly rooted in evidence-based practice. Programs and resources in this area should focus on psychiatric care for patients and families most in need of services.

INCOME SECURITY

Function Summary: Discretionary Spending

Programs that subsidize food and housing for low-income Americans remain largely unreformed nearly 2 decades after the success of the Personal Responsibility and Work Opportunity Act. This budget proposes to improve work incentives for these programs and increase State flexibility.

Discretionary spending components of Function 600 include The Special Supplemental Nutrition Program for Women, Infants, and Children [WIC], the Low Income Housing Energy Assistance Program [LIHEAP], the housing assistance programs, and the Child Care and Development Block Grant. For these programs the budget resolution provides $61.4 billion in budget authority in fiscal year 2016, and $63.6 billion in outlays. The figures appear in Table 2, Function 600.

Illustrative Discretionary Spending Policy Options

The main committees responsible for funding programs are the Committee on Agriculture; the Committee on Financial Services; and the Appropriations Subcommittees on Labor, Health and Human Services, Education, and Related Agencies, and on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies. They will make final policy determinations for discretionary funding, and should aim to provide State flexibility and expand work incentives. Some potential policy options following these guidelines might include the following.

Reform Supplemental Nutrition Assistance Program [SNAP] Outreach Funding. This budget assumes that outreach funding for the SNAP program is reduced, and the reduction is shifted toward programs that facilitate upward mobility, such as properly reformed job-training programs.

Make Responsible Reforms to Housing-Assistance Programs. This resolution supports taking actions that would make housing-assistance programs more sustainable and work to direct Federal dollars to serve those most in need. Despite dramatic funding increases, the Worst Case Housing Needs Report to Congress by the Department of Housing and Urban Development [HUD] suggests the number of families who are severely rent-burdened or live in substandard conditions remains alarmingly high. Reforms are needed to ensure assistance is available to those most in need and is struc-

[57] *Report to the Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, House of Representatives, HHS Leadership Needed to Coordinate Federal Efforts Related to Serious Mental Illness,* United States Government Accountability Office December 2014, *available at* http://energycommerce.house.gov/sites/republicans.energycommerce.house.gov/files/114/Analysis/20150205GAOReport.pdf.

tured in a way that best enables upward mobility. One reform could include the gradual expansion of the Moving to Work program to high-performing public housing authorities. Moving to Work gives public housing authorities more flexibility in how they spend funds so that they can serve families more efficiently and effectively.

Continue Support for Efforts to End Chronic Homelessness. Thanks to efforts at the Federal as well as State and local levels, chronic homelessness in the U.S. has declined by 21 percent since 2010. Yet much remains to be done. This resolution urges HUD to refocus efforts to accomplish the Administration's laudable goal of helping to end chronic homelessness by 2017.

OTHER DISCRETIONARY SPENDING

Discretionary spending under the Medicare Program consists primarily of administration and management costs. The budget resolution totals for fiscal year 2016 are $6.6 billion in discretionary budget authority, with $6.5 billion in outlays. The 10-year totals in the budget resolution are $87.2 billion in discretionary budget authority and $86.5 billion in outlays (Function 570 in Table 2). This also includes the budget for the Medicare Payment Advisory Commission, a non-partisan, independent agency established by the Balanced Budget Act of 1997 to advise Congress on Medicare payment policies and analyze issues affecting beneficiaries, such as access to care, quality of care, health care outcomes, and so on.

The budget assumes that program integrity funding is accomplished within existing Budget Control Act cap levels for fiscal year 2016 through fiscal year 2025. By providing full funding to combat waste, fraud and abuse, and reduce improper payments, this saves $4.7 billion over the 10-year window.

For administering the Social Security programs, the budget provides $5.0 billion in discretionary budget authority and $5.1 billion in outlays for fiscal year 2016. The 10-year totals for discretionary budget authority and outlays are $58.1 billion and $57.9 billion, respectively (Function 650 in Table 2). The program is overseen by the Social Security Administration.

Direct Spending

Uncontrolled direct spending[58] has come to dominate the Federal budget, and its share of total outlays continues to grow. Most of this spending (often referred to as "mandatory" spending) lies in the government's health programs—mainly Medicare, Medicaid, and now the Affordable Care Act. Social Security represents another major component. Apart from these, however, there are numerous other benefits programs financed through essentially permanent authorizations without limit. These include farm assistance, food stamps, a range of income support programs, tuition assistance for college students, and many others. This section discusses solely the direct spending in these areas as a way to reinforce the urgency of getting this spending under control.

SOCIAL SECURITY

Function Summary: Direct Spending

The prevailing attitude among many in Congress—and in the broader policy community—is to deny the inevitable crisis facing the Social Security Program. This position ignores the unalterable fact that absent structural reform, Social Security will fail to fulfill its promises to the Nation's retired and disabled persons—and that outcome will occur sooner than expected.

Social Security benefits are financed through payroll taxes credited to two trust funds: one for its Old-Age and Survivors Insurance [OASI] Program, and the second for Disability Insurance [DI]. Under current law, both trust funds face insolvency within the next 20 years—one in less than 2 years—depleting their capacity to pay full benefits. The Social Security Program already is running a cash deficit, meaning the program is paying more to beneficiaries annually than it collects in revenue. If not for balances of Treasury securities in the trust funds, built up from previous surpluses, the program would be unable to meet all its benefit payments.

With each year Congress delays, the policy changes needed to correct the program's fiscal trajectory will become too large and wrenching to adopt. That will lead to sudden, steep reductions in benefits.

For these reasons, the House adopted a rule for the 114th Congress prohibiting legislation that improves the financial condition of DI at the expense of the OASI trust fund. The rule provides an exemption, however, for legislation that improves the financial condition of both trust funds.

[58] The Balanced Budget and Emergency Deficit Control Act (Public Law 99–177) defines "direct spending" as budget authority provided in law other than appropriations acts; entitlement authority; and the Supplemental Nutrition Assistance Program (formerly food stamps).

This budget calls for a bipartisan way forward by amending a current law trigger that would require the President and Congress to begin the process of reforming Social Security. The lack of bipartisan congressional action on a long-term solution to the problem facing Social Security has resulted in many members of Congress offering their own solutions. One such proposal would be a bipartisan commission that would be required to study the structural deficiencies within the current Social Security system and report back with specific legislative proposals for Congress and the President to consider.

Social Security benefits are reflected in the direct spending of budget Function 650. It is the largest budget function in terms of outlays, with total outlays in fiscal year 2014 of $840 billion.[59] Under this budget, these benefits total $896.7 billion in budget authority in fiscal year 2016, and $891.9 billion in outlays. Over 10 years, the totals are $11.8 trillion in budget authority and $11.7 trillion in outlays. With respect to the budget resolution, these benefits are treated as off budget and do not appear in the legislative text. In this report, they appear as off-budget direct spending in Table 3.

Disability Insurance

The more urgent problem lies with Disability Insurance. Under current law, its trust fund is expected to go bankrupt in 2016. If lawmakers do not enact reforms to ensure the long-term solvency of the Disability Insurance program, an immediate 19-percent reduction in benefits will be required when the trust fund becomes bankrupt.[60]

The Obama Administration has proposed diverting funds to DI from the OASI trust fund.[61] While the proposal could provide short-term relief for the Disability Insurance program, it would do so at the direct expense of OASI's long-term solvency. This would necessitate earlier cuts to Social Security benefits for current and future retirees. Equally important, it would fail to address the underlying causes of DI's financing problem.

The Disability Insurance program has seen huge growth over the past decades in terms of number of beneficiaries and the benefit amount paid to each beneficiary. The Congressional Budget Office in 2012 reported that the share of working-age adults receiving Disability Insurance benefits rose from 1.3 percent to 4.5 percent. On the other hand, tax revenues paid into the DI trust fund have remained relatively flat as a share of taxable payroll. Benefits payments account for nearly all program spending.

The growth in the number of individuals receiving Disability Insurance benefits has contributed heavily to the worsening financial condition of the DI trust fund. Between 1990 and 2013, the total number of individuals receiving DI benefits grew from 4.3 million to 11.3 million, an increase of 155.8 percent.[62] Demographic

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[59] Congressional Budget Office: *The Budget and Economic Outlook: 2015–2025.*
[60] Social Security & Medicare Trustees Reports, 2014.
[61] Office of Management and Budget Fiscal Year 2016 Request. H. Doc. 114–3, Vol. 1. Table S–9.
[62] Congressional Research Service, *Social Security Disability (DI) Trust Fund: Background and Solvency Issue,* August 21, 2014.

changes, characteristics of the working-age population, and fraud have contributed to expansion of the DI program.

Principles for Disability Insurance Reform

The Social Security Disability Insurance program provides an essential income safety net for those with disabilities and their families. Due in large part to the predictable consequence of demographic factors and policy decisions, however, DI program revenues will be unable to cover the full costs of benefits in 2016, according to the Social Security Trustees, unless Congress acts.

The demographic factors include the aging of the baby boomers into their most disability-prone years and the increased number of women in the workforce now eligible for benefits should they become severely disabled. In addition, policymakers have expanded the ways in which applicants qualify for benefits. The prolonged economic downturn has also resulted in increased application rates and benefit awards over the life of the program. At the same time, those on disability are in many ways prevented from improving their situation. If they work too much, they see their benefits cut off.

Congress and the President should develop bipartisan legislation to secure the future of the DI program. This legislation should be rooted in principles that:

1. Ensure benefits continue to be paid to individuals with disabilities and their family members that rely on them.
2. Prevent a 19-percent across the board benefit cut.
3. Make the Disability Insurance program work better.
4. Promote opportunity for those trying to return to work.

Additionally, consistent with the House rule, reforms should begin to improve the financial situation of the Social Security Program.

Reducing Fraud and Promoting Disability Insurance Program Integrity

The vast majority of Disability Insurance payments are legitimate payments to individuals with disabilities. These benefits are an integral part of government's role in providing a social safety net for the Nation's most vulnerable citizens. Like many government programs, however, DI is vulnerable to fraud. A recent Government Accountability Office [GAO] report on DI benefits concluded that enhanced program integrity policies are necessary to address this problem—particularly physician-assisted fraud. The report noted: "The occurrence of fraud has the potential to undermine confidence in the Social Security Administration's ability to award benefits only to deserving individuals." [63]

Additionally, while the Committee on Ways and Means would make the final determination, this budget would require that:

[63] Government Accountability Office. SSA Disability Benefits, *Enhanced Policies and Management Focus Needed to Address Potential Physician-Assisted Fraud,* November 2014. GAO–15–19.

1. Evidence submitted by unlicensed or sanctioned physicians, and health care provided, be prevented from consideration when determining eligibility.

2. New and stronger criminal and civil penalties be established to deter fraud conspirators from continuing to engage in illegal activity.

3. The Commissioner of the Social Security Administration update the outdated medical-vocational regulatory guidelines used for determining disability.

4. The Commissioner to conduct quality reviews of hearing dispositions in sufficient numbers to ensure compliance with law, regulations, and other guidance issued.

5. The Commissioner determine standard qualifications for all decision makers involved in the disability determination process.

These policies form the foundation of the Stop Disability Fraud Act of 2014 (H.R. 5260), legislation introduced in the 113th Congress by Rep. Sam Johnson (R–TX), Chairman of the Ways and Means Subcommittee on Social Security. The goal of this policy option is to provide maximum integrity and transparency to the DI program. This procedure provides an important first step in recognizing the necessity to offer positive solutions in the near-term to solve the long-term fiscal challenges of the Disability Insurance Program.

Illustrative Policy Option

Eliminate the Ability to Receive Both Unemployment Insurance and Disability Insurance. This option would eliminate concurrent receipt of unemployment and disability insurance. This is a clear example of duplication in the federal budget. This policy option would give the Social Security Administration [SSA] the authority to identify fraud and act on individuals from obtaining benefits from both programs. This policy option is consistent with a similar policy proposal the President has made in his budget requests. In acknowledging the President desire to act, this budget takes the first step in preventing across the board benefit reductions to the Social Security program. This policy option could save up to $4.4 billion.

OASI's Looming Insolvency

Although the OASI trust fund is projected to remain solvent through 2034, its financial condition is more fragile than that estimate suggests.

Any value in the balances of the Social Security Trust Fund is derived from dubious government accounting. The trust fund is not a real savings account. From 1983 to 2010, more tax revenues were collected by the trust fund than what it paid out in Social Security benefits. Given this surplus, the government borrowed all of these dedicated funds and spent them on other government programs unrelated to Social Security. The trust fund holds Treasury securities, but the ability to redeem these securities is completely dependent on the Treasury's ability to raise money through taxes or borrowing.

Moreover, as noted earlier, the program is now running a cash deficit; it is paying out more in benefits than it collects in payroll taxes. This trend will worsen as 10,000 baby boomers are reaching retirement age every day. To pay full benefits, the government must pay back the money it owes Social Security. In testimony before the House Budget Committee, Congressional Budget Office Director Douglas W. Elmendorf stated: "[O]n a unified budget basis, taking account of just the tax revenues, the dedicated tax revenues, and the benefits, [Social Security] is contributing [to] the deficit now. If one instead looks at just the balance in the Social Security Trust Fund, * * * the annual balance is positive now, but will be negative within about a half dozen years." [64]

Social Security's fiscal condition warrants a long-term solution that keeps the promise made to the Nation's current and future retirees.

This budget calls for a bipartisan path forward in addressing the long-term structural problems within Social Security. The path will require all parties to first acknowledge the fiscal realities of this critical program. Short-term policy proposals that merely delay addressing Social Security's long-term fiscal challenges are no longer acceptable. Neither borrowing between the OASI and DI trust funds, nor reallocating the apportionment of payroll tax revenues to each fund is long-term solutions to Social Security's fiscal challenges. In testimony before the House Budget Committee, CBO Director Elmendorf acknowledged this reality: "If you want to help both programs you're not going to accomplish that by moving money around just between them." [65]

The President's Fiscal Commission elevated the debate, suggesting a more progressive benefit structure to ensure that the majority of benefits go to the Nation's most vulnerable. The Commission also acknowledged the reality of increasing longevity and proposed reforms to alleviate the demographic problems that are undermining Social Security's finances.

Certain details of the commission's Social Security proposals, particularly on the tax side, are questionable. This budget does not endorse taking more money from families and businesses. Nonetheless, the Commission outlined a number of bold positive solutions that would strengthen the long-term solvency of Social Security. This budget seeks to build on the President's Fiscal Commission by requiring the President to put forward specific solutions to fix Social Security's long-term fiscal problem. The budget also puts the onus on Congress to offer legislation ensuring the long-term solvency of this program, and endorses policy options to combat fraud in the Disability Insurance program. Any policy proposal offered regarding the Disability Insurance program should first and foremost strengthen the long-term integrity of the program for the Nation's disabled community.

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[64] U.S. House, Committee on the Budget. *The Congressional Budget Office's Budget and Economic Outlook,* hearing on 13 February 2013 (Serial No. 113–1). Washington: Government Printing Office, 2013.

[65] U.S. House, Committee on the Budget. *The Congressional Budget Office's Budget and Economic Outlook,* hearing on 27 January 2013.

Starting the Process

This budget requires the President and Congress to begin the process of reforming Social Security by altering a current-law trigger that, in the event the Social Security program is not sustainable, requires the President, in conjunction with the Social Security Board of Trustees, to submit a plan for restoring the balance to the fund. This provision would then require congressional leaders to put forward their positive solutions to ensure of the long-term solvency of the Social Security Program. The Committee on Ways and Means would make the final determination on policy decisions. This provision would require that:

- If in any year the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund, in its annual Trustees' Report, determined that the 75-year actuarial balance of the Social Security Trust Funds in the 75th year is in deficit, the Board of Trustees should, no later than the 30th of September of the same calendar year, submit to the President recommendations for statutory reforms necessary to achieve a positive 75-year actuarial balance and a positive annual in the 75th year.
- No later than the 1st of December of the same calendar year in which the Board of Trustees submits its recommendations, the President shall promptly submit implementing legislation to both Houses of Congress including recommendations necessary to achieve a positive 75-year actuarial balance and a positive annual balance in the 75th year.
- Within 60 days of the President's submitting legislation, the committees of jurisdiction to which the legislation has been referred shall report the bill, which shall be considered by the full House or Senate under expedited procedures.

MEDICARE

Function Summary: Direct Spending

With the creation of the Medicare Program in 1965,[66] the United States made a commitment to help fund the medical care of American seniors. President Kennedy said such a program was needed to protect not only the poor, but also those who had worked for years and who could suddenly lose all their savings because of costly health problems. For a majority of seniors, this had become a dire reality. Most had been priced out of the health insurance market, which already followed an employment-based model, and left many with the terrible choice of exhausting their own life savings, burdening working-age children with costly medical bills, or denying themselves necessary medical care. The Medicare Program lifted this burden, providing access to affordable health care for America's seniors.

Letting government break its promises to current and future generations of seniors is unacceptable. It is irresponsible, however, to ignore the current projected spending path of Medicare, which is

[66] Title XVIII of the Social Security Act of 1965.

leading the program toward bankruptcy. Without reform, Medicare benefits will either be dramatically reduced or program spending will continue to consume an ever-larger portion of the Federal budget.

Between 1970 and 2014, gross Federal spending for Medicare rose from 0.7 percent of gross domestic product [GDP] to 3.0 percent. In its latest long—term budget projections, the Congressional Budget Office estimated Medicare spending will continue to rise in the coming decades and is expected to reach 4.6 percent of GDP by 2039, net of offsetting receipts.[67] Medicare's trustees project that Medicare's Hospital Insurance Trust Fund will be bankrupt by 2030.[68] As discussed further below, this projection may in fact be optimistic because it relies in part on spending reduction policies by the Affordable Care Act that may be unsustainable. Medicare's untenable fiscal situation threatens the government's ability to keep its commitment to America's seniors.

In addition, placing Medicare on a sustainable path is an indispensable part of restoring the Federal Government's fiscal balance. The reforms outlined in this budget protect and preserve Medicare for current and future generations.

A number of factors contribute to the rising spending in Medicare. The aging of the baby-boom generation, as 10,000 baby boomers are reaching retirement age everyday, is the greatest contributing factor. While the population of Medicare beneficiaries grows, the relative number of workers subsidizing program costs through dedicated payroll taxes declines. In 1965, there were approximately 4.5 workers per beneficiary; today there are only 3 workers per beneficiary—and that ratio continues to decrease with time. Other challenges include increased costs per beneficiary due to rising health care inflation. Thanks to increased life expectancies, beneficiaries also spend more time in the Medicare program. When the program was originally created, life expectancy was 70 years for the average American. Today, the average life expectancy is approximately 79 years, while the Medicare age of eligibility has remained static at 65 years.

Medicare's unsustainable fiscal situation threatens the government's ability to keep its commitment to America's seniors. The program's fundamentally flawed structure (described further below) is driving up health care costs, threatening to bankrupt the system and ultimately the Nation. Unless the Medicare program undergoes reforms to improve its fiscal solvency, the program will end up causing exactly what it was created to avoid: millions of American seniors without adequate health security and a younger working generation saddled with enormous debts due to spending levels that cannot be sustained.

The budget resolution reflects Medicare benefits in the direct spending portion of Function 570 (see Table 3). The function includes all four program components: the Medicare Part A Hospital Insurance Program, Part B Supplementary Medical Insurance Pro-

[67] Congressional Budget Office, *The 2014 Long-Term Budget Outlook,* 15 July 2014: https://www.cbo.gov/sites/default/files/45471-Long-TermBudgetOutlook_7–29.pdf.

[68] 2014 Annual Report Of The Boards Of Trustees Of The Federal Hospital Insurance And Federal Supplementary Medical Insurance Trust Funds, 28 July 2014: http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/downloads/tr2014.pdf.

gram, Part C Medicare Advantage Program, and Part D Prescription Drug Benefit. The function also reflects premiums paid by beneficiaries for voluntary program services, namely Parts B and D. For fiscal year 2016, the net direct spending totals in the resolution are $571.1 billion in budget authority and $571.1 billion in outlays. Over 10 years, Medicare direct spending is projected at $7.1 trillion in budget authority and $7.1 trillion in outlays.

Each section of the program has its own financial structure. Part A, the hospital insurance benefit, is financed primarily by a 2.9 percent payroll tax, which is shared equally between employer and employee. Revenues are credited to the Hospital Insurance Trust Fund. For Part B, premiums paid by beneficiaries cover about one-quarter of outlays, and the Treasury's General Fund covers the rest. Medicare Advantage, or Part C, is financed through beneficiary premiums and payments to private insurance plans from Parts A and B, respectively. For Part D, the prescription drug benefit, premiums are set—similarly to Part B—to cover about one-quarter of the cost of basic coverage, and general funds cover most of the remaining cost. Even though the program has two dedicated sources of revenues, the 2.9 percent payroll tax and beneficiary premiums, these funds are insufficient to fully support program outlays. According to the 2014 Medicare Trustees Report, general revenues were needed to fund 41 percent of Medicare program costs in 2013.[69]

Illustrative Direct Spending Policy Options

The President's fiscal year 2016 budget proposes more than $431 billion in cuts to the Medicare Program, without providing any options for true structural reform that would strengthen and preserve the program. As the Medicare program celebrates its 50th anniversary, this budget pursues a responsible course to ensure the sustainability of the Medicare program for the next 50 years. Although the committees of jurisdiction—including Ways and Means and Energy and Commerce—will make the final determinations on specific Medicare reforms, the options described below offer a clear and reliable path toward solvency.

Premium Support. Under the current Medicare structure, the Federal Government, not the patient, is the customer. With its notoriously diminished sensitivity to market forces, the government has been slow to innovate and respond to transformations within the health care delivery system. Controlling costs in an open-ended fee-for-service system has proved impossible without limiting access or sacrificing quality. Over the program's entire history, in a vain attempt to get control of the waste in the system, Washington has made across-the-board payment reductions to providers without regard to quality or patient outcomes—a strategy that has proved unsuccessful. Costs have continued to grow, seniors continue to lose access to quality care, and the program remains on a path to bankruptcy. Inaction will not protect Medicare; it will only hasten the program's demise.

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[69] Ibid.

Reform aimed at empowering patients—combined with a strengthened safety net for the poor and the sick—will not only ensure the fiscal sustainability of this program, the Federal budget, and the U.S. economy, but also guarantee that Medicare can fulfill the promise of health security for America's seniors. Hence, this budget resolution fully supports transitioning the Medicare program to a premium support system.

Starting in 2024, seniors (those who first become eligible by turning 65 on or after 1 January 2024) would be given a choice of private plans competing alongside the traditional fee-for-service Medicare program on a newly created Medicare exchange. Medicare would provide a premium support payment either to pay for or offset the premium of the plan chosen by the senior, depending on the plan's cost.

The Medicare recipient of the future would choose, from an array of guaranteed-coverage options, a health plan that best suits his or her needs. This is not a voucher program. A Medicare premium support payment would be paid, by Medicare, directly to the plan or the fee-for-service program to subsidize its cost. The program would operate in a manner similar to that of the Medicare prescription drug benefit. The Medicare premium support payment would be adjusted so that the sick would receive higher payments if their conditions worsened; lower-income seniors would receive additional assistance to help cover out-of-pocket costs; and wealthier seniors would assume responsibility for a greater share of their premiums.

This approach to strengthening the Medicare Program, which is based on a long history of bipartisan reform plans, including the 1999 Breaux-Thomas Commission and the Domenici-Rivlin 2010 Report, would ensure security and affordability for seniors now and into the future.[70,71] In September 2013, the Congressional Budget Office analyzed illustrative options of a premium support system. CBO found that a program in which the premium support payment was based on the average bid of participating plans would result in savings for affected beneficiaries as well as the Federal Government. Moreover, it would set up a carefully monitored exchange for Medicare plans. Health plans that chose to participate in the Medicare exchange would agree to offer insurance to all Medicare beneficiaries, to avoid cherry-picking, and to ensure that Medicare's sickest and highest-cost beneficiaries receive coverage.[72]

This reform also ensures affordability by fixing the currently broken subsidy system and letting market competition work as a real check on widespread waste and skyrocketing health care costs. Putting patients in charge of how their health care dollars are spent will force providers to compete against each other on price and quality.

The resolution envisions giving seniors the freedom to choose plans best suited for them, guaranteeing health security through-

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[70] National Bipartisan Commission on the Future of Medicare, *Building a Better Medicare for Today and Tomorrow,* 16 March 1999: http://thomas.loc.gov/medicare/bbmtt31599.html.

[71] Bipartisan Policy Center, *Restoring America's Future,* November 2010: http://bipartisanpolicy.org/wp-content/uploads/sites/default/files/BPC%20FINAL%20REPORT%20FOR%20PRINTER%2002%2028%2011.pdf.

[72] Congressional Budget Office, *A Premium Support System for Medicare: Analysis of Illustrative Options,* 18 September 2013: http://www.cbo.gov/sites/default/files/09–18-PremiumSupport.pdf.

out their retirement years. To further ensure Medicare's long-term sustainability, the budget includes additional reforms starting in 2024, at which point the age of eligibility for Medicare would begin to rise gradually to correspond with Social Security's retirement age.

A Unified Deductible and Supplemental Insurance Reform. Challenges to the program's fiscal solvency still remain prior to the implementation of premium support. This budget strengthens the Medicare program through another bipartisan proposal to modernize the outdated fee-for-service benefit to have a single deductible and by reforming supplemental insurance policies beginning in 2018. This proposal, which was also supported by a number of bipartisan commissions including Breaux-Thomas, Rivlin-Domenici, and Simpson-Bowles, would allow the Medicare benefit to operate more like private health insurance coverage.[73,74,75] With this reform, Medicare will have a single, annual deductible for medical costs and include a catastrophic cap on annual out-of-pocket expenses—an important aspect of the private health insurance market to safeguard the sickest and poorest beneficiaries that is currently absent from Medicare. These reforms build in further protections for beneficiaries and for the preservation of the Medicare program for future generations.

A Long-Term "Doc Fix." In recent years, Medicare's physician reimbursement formula—the "sustainable growth rate"—has threatened steep reductions in payments for physicians, creating an unstable reimbursement environment and, in some cases, limiting access for beneficiaries by discouraging physicians from taking on additional Medicare patients. Congress has patched over the problem seventeen times over the past decade—a practice known as the "doc fix." These measures only temporarily solve the problem, but a permanent fix is required to stabilize the program. Although the President's budget failed to identify a way to pay for a permanent fix of the sustainable growth rate, this budget fully accounts for the cost of a permanent reform to physician payments in a responsible manner—preserving access for Medicare beneficiaries and restoring certainty to the reimbursement system for patients and physicians.

Ending the Raid on the Medicare Trust Fund. Supporters of the Affordable Care Act insist the law can both shore up the Medicare Trust Fund and pay for a new health care entitlement program. In 2012 testimony before the House Budget Committee, Richard S. Foster, then Medicare's chief actuary, stated the truism that the same dollar could not be spent twice.[76] This budget calls for directing any potential Medicare savings in current law toward shoring up Medicare, not paying for new entitlements. The budget also re-

[73] National Bipartisan Commission on the Future of Medicare, op. cit, 16 March 1999; Bipartisan Policy Center, op. cit. November 2010.

[74] Bipartisan Policy Center, op. cit. November 2010.

[75] The National Commission on Fiscal Responsibility and Reform, *The Moment of Truth,* December 2010: http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf.

[76] House Committee on the Budget, *The Fiscal Consequences of the New Health Care Law: House Budget Committee Witnesses Testify on the Law's True Budgetary Impact,* 26 January 2011: http://budget.house.gov/healthcare/hearing1262011.htm.

peals the health care law's new rationing board, the Independent Payment Advisory Board.

Medical Liability Insurance Reform. This budget also advances commonsense curbs on abusive and frivolous lawsuits. Medical lawsuits and excessive verdicts increase health care costs, result in reduced access to care, and contribute to the practice of defensive medicine. When mistakes happen, patients have a right to fair representation and fair compensation. The current tort litigation system, however, too often serves the interests of lawyers while driving up costs. The budget supports several changes to laws governing medical liability.

Means-Testing Premiums for High-Income Seniors. This budget also advances a bipartisan proposal to further means-test premiums in Medicare Parts B and D for high-income seniors, with the same provisions the President proposed in his fiscal year 2014 budget.

Graduate Medical Education. This budget recognizes that all Americans benefit from a strong physician workforce, and yet the country faces a significant physician shortage. Recent projections estimate a shortfall of up to 90,000 physicians nationwide by 2025. By this time, only half of the baby-boom generation will have aged into the Medicare Program, and demand for physicians will far outpace supply. Unlike the President's fiscal year 2016 budget, which proposes deep cuts to graduate medical education, this budget provides for reform of this program to better match the Nation's health care needs.

Payment Reforms to Promote Quality and Patient Outcomes. The budget promotes payment reforms that would create incentives and reward providers for delivering high-quality, responsive, and coordinated care in the most clinically appropriate setting based on a patient's individual medical needs.

MEDICAID, THE AFFORDABLE CARE ACT, AND RELATED PROGRAMS

Function Summary: Direct Spending

One of the worst conceits of Washington is that it can centrally manage the entire health care sector. The American health care system is made up of innovative entrepreneurs willing to take risks to find cures and therapies, hardworking medical professionals who commit themselves to medicine because they are dedicated to patients, and millions of patients who hold nothing more dear than their health.

Innovation should be applauded. America's scientists and engineers should be left to find cures and therapies, not wading through regulatory guidance. The practice of medicine should be respected. Doctors should be allowed to use their time to care for patients, not be forced to spend their time doing paperwork. Finally, patients should be at the center of the health care system. Patients' health care information, concerns, and decisions should be left between them and their doctors—and their health care goals should be the driving force behind America's health care policies.

While no one objects to ensuring health care for as many Americans as possible, government-run health care is not the answer. It distorts the medical market, drives up prices, requires tedious regulations, and undermines Americans' liberty in this most important and intimate realm: their health. Health care decisions should be made by patients and doctors, not by Washington. Yet for decades, Federal policymakers have moved relentlessly in the opposite direction—and their strategy has proved a costly failure.

The products of this concept include Medicare (discussed in Function 570), Medicaid, and now the Affordable Care Act [ACA].[77] Of these, Medicaid constitutes the majority of direct spending in this function (Function 550 in Table 3). The direct spending totals for fiscal year 2016 are $358.75 billion in budget authority and $368.45 billion in outlays. Over 10 years, the budget projects about $3.3 trillion in budget authority and $3.3 trillion in outlays.

Medicaid is a crucial component of the American safety net. It provides a vital level of security for low-income Americans who struggle with long-term illnesses and disabilities. These are Americans who are unable to perform substantial gainful activities. Medicaid is often the only option for people in these difficult circumstances, and the program aims to provide these individuals with a pillar of a stable foundation: health care.

Medicaid is also a crucial program for low-income children, parents, pregnant women, and seniors. The American social safety net should catch these individuals when they fall; for those who are able bodied, it should serve as a springboard to help them get back up.

For many, though, Medicaid's promises are empty, its goals are unmet, and its dollars are wasted. Sick individuals cannot get appointments, new beneficiaries cannot find doctors, and Medicaid cards are little more than pieces of plastic. Doctors who provide services to Medicaid patients are severely under-reimbursed, a problem that does not get easier to solve by adding more individuals to the system. Without reform, Medicaid will not be able to deliver on its promise to provide a sturdy health care safety net for the country's most vulnerable.

Additionally, Medicaid spending is not sustainable. The program turns 50 this year, but its next 50 years are highly uncertain. By 2030, Medicaid, along with Medicare, Social Security, and net interest payments, will take up every dollar of Federal Government revenue. That means that if these three programs stay on their current paths, America will no longer be able to afford its other priorities—national defense, education, transportation, and other safety net programs. The government will have to either sharply constrain these programs and their intended beneficiaries, or put very large sums on the country's credit card, which already has reached its limit. The options will be less severe if the problems are addressed earlier. The budget is committed to this aim.

According to the CBO, Medicaid spending has increased by more than 2000 percent, and 240 percent of GDP, since 1980. The in-

[77] The Affordable Care Act, as described in this report, consists of the two related measures enacted in March 2010 that constituted the health care legislation: the Patient Protection and Affordable Care Act (Public Law 111–148), and the Health Care and Education Reconciliation Act of 2010 (Public Law 111–152).

creases in just the past 15 years have totaled 155 percent in dollars and 42 percent as a share of GDP. CBO projects Federal spending on this program to be $335 billion in fiscal year 2015. This amount is expected to grow by 75 percent over the next 10 years, reaching $588 billion by fiscal year 2025.[78]

This number, however, masks the full cost of Medicaid, because it represents only the Federal share of spending. States also pay a significant share of Medicaid costs, and their spending on the program is expected to follow these upward trends, too. According to the Centers for Medicare and Medicaid Services, total State Medicaid spending will rise from about $216.0 billion in fiscal year 2015 to $342.5 billion in fiscal year 2022.[79]

Medicaid's current structure gives States a perverse incentive to expand the program and little incentive to save. For every dollar that a State government spends on Medicaid, the Federal Government pays an average of 57 cents (and between 90 and 100 cents of every dollar for those who are newly eligible under the Affordable Care Act).[80] Expanding Medicaid coverage during boom years is tempting for States because State governments pay less than half the cost. Conversely, there is little incentive to restrain Medicaid's growth because State governments only save 43 cents for every dollar worth of coverage they rescind.

The President's health care law exacerbates this dynamic by adding even more liabilities to an already strained program. CBO estimates the new law will increase Federal Medicaid and State Children's Health Insurance Program spending by $920 billion over the 2016–25 period.[81] This sharp increase is due to the millions of new beneficiaries the Affordable Care Act will drive into these programs. In fact, CBO estimates that in 2025, 16 million new enrollees will be added to the Medicaid Program as a result of the ACA.

Illustrative Direct Spending Policy Options

For all the reasons given above, the resolution calls for major reforms of the Medicaid program and repeal of the Affordable Care Act. Regarding the latter, it should be emphasized that repeal is a necessary first step, but it is still only the first step in fixing a broken program. The status quo prior to the ACA is not acceptable. Instead, repeal is intended to clear the way to a more sound and patient-centered approach to health care in America. The budget resolution includes a policy statement that describes the contours of such a patient-centered approach.

The House committees responsible for the program changes in these areas are Energy and Commerce, Ways and Means, Education and the Workforce, Judiciary, Natural Resources, House Administration, and three of the Committee on Appropriations' Subcommittees: Agriculture, Rural Development, Food and Drug Administration and Related Agencies; Labor, Health and Human Services, Education and Related Agencies; and Legislative Branch. They will determine the exact parameters of structural Medicaid

[78] Congressional Budget Office, *The Budget and Economic Outlook: 2015 to 2025,* p. 166–67.
[79] Office of the Actuary, Centers for Medicare and Medicaid Services, *2013 Actuarial Report on the Financial Outlook for Medicaid.*
[80] Congressional Budget Office, op. cit. p. 68-69.
[81] Ibid. p. 117.

reform, as well as those for other policies flowing from the fiscal assumptions in this budget resolution. Nevertheless, the need for meaningful Medicaid reform and other measures to slow the growth of Federal spending are critical, and one set of potential approaches is outlined below.

Provide State Flexibility on Medicaid. One way to strengthen and secure the Medicaid benefit is to convert the Federal share of Medicaid spending into State Flexibility Funds that each State could tailor to meet its needs. Governors and State legislatures are closer to patients in their States and know better than Washington bureaucrats where there is unmet need in the system and where there are opportunities to cut down on waste, fraud, and abuse.

State Flexibility Funds would end the misguided one-size-fits-all approach that ties the hands of State governments trying to make their Medicaid programs as effective as possible. State Flexibility Funds would provide each State with the freedom and flexibility to tailor a Medicaid program that fits the needs of its unique population.

There are great examples from across the country that demonstrate the ability of States to use the existing, though limited, flexibility in Medicaid's waiver program to promote innovative reforms that produce cost savings and quality improvements. For example, through its *Healthy Indiana Plan* (which Indiana implemented prior to the ACA), Indiana provided residents who did not qualify for Medicaid with access to health benefits such as physician services, prescription drugs, inpatient and outpatient hospital care, and disease management.

All States should have the flexibility to adapt their Medicaid programs to fit their particular needs—to expand coverage for populations in their States who need it; to implement work requirements for able-bodied, working-age Medicaid beneficiaries; to promote personal responsibility and healthy behaviors; and to encourage a more holistic approach to care that considers not only Medicaid beneficiaries' health conditions but also their economic, social, and family concerns. State legislators and governors know their people better than far-away Washington and should have the flexibility they need to provide the best care to their residents.

This reform also would improve the health care safety net for low-income Americans by giving States the ability to offer their Medicaid populations more options and better access to care. Medicaid recipients, like all other Americans, should be able to choose their own doctors and make their own healthcare decisions, instead of having Washington make those decisions for them.

The budget resolution proposes to transform Medicaid from an open-ended entitlement into a State Flexibility program like SCHIP. Medicaid and SCHIP would be unified under the proposal. This budget includes a reserve fund to provide for extension of Federal spending for SCHIP.

This kind of reform would ease the fiscal burdens imposed on State budgets, contribute to the long-term stabilization of the Federal Government's fiscal path, and preserve the Medicaid safety net.

Repeal the Medicaid Expansions in the New Health Care Law. The recently enacted health care law called for major expansions in the Medicaid program as of 2014. The Federal Government will pay a significantly larger share of the Medicaid expenses for individuals who are newly eligible for Medicaid due to the ACA, dramatically increasing outlays. Newly eligible beneficiaries will also add pressure to already-strained State budgets beginning in 2016 when the Federal matching rate begins to decrease and the new health care law forces States to bear some of the expansion costs.

According to CBO, there will be 11 million new individuals in the Medicaid program in 2015, and by 2020 there will be 16 million new individuals in the program because of the ACA. These new beneficiaries add additional pressure to an already strained system, adding more people to a group that already struggles to find doctors willing to take them on as patients or find time for their appointments.

Not only does this expansion magnify the challenges to both State and Federal budgets, it also binds the hands of local governments in developing solutions that meet the unique needs of their citizens. The health care law would exacerbate the already crippling one-size-fits-all enrollment mandates that have resulted in below-market reimbursements, poor health care outcomes, and restrictive service availability.

The budget calls for repealing the Medicaid expansions contained in the health care law and removing the law's burdensome programmatic mandates on State governments. Adopting this option would save $904 billion over 10 years.

Repeal the Exchange Subsidies Created by the New Health Care Law. According to CBO estimates, the ACA's health insurance exchange subsidies will cost American taxpayers $1.1 trillion over the next 10 years. The subsidies cost a lot more than that, however; they cost Americans the freedom to make their own decisions about their own health care coverage.

The President's health care law pairs these subsidies with new bureaucratic controls and a new tax on individuals without health coverage.[82] Together these provisions will undermine the competitive forces of the marketplace and gradually crowd out the private insurance market, resulting in worse health care quality and health outcomes for Americans.

The government is also in charge of determining who is eligible for government-provided subsidies and who will be subject to the full cost of these expensive, new government-controlled plans. Eligibility determinations are subject to a maze of rules and regulations. Subsidies for individuals and families are based on the Federal Poverty Level. Because the law does not account for two-income households, subsidies are reduced for families where both parents work and earn income. As a result, the subsidy calculations create a disincentive for couples to marry or remain married under the ACA because they cannot afford to pay their premiums at current rates. These subsidies also are often miscalculated, lead-

[82] The ACA's authors wrote this provision as a mandate requiring people to purchase health insurance or pay a tax penalty. The Supreme Court in 2012 ruled the provision was unconstitutional as a mandate, but that the very same provision could stand as a tax.

ing to individuals and families owing the IRS huge payments at tax time.

This budget stands for the principles that health care entities should not be forced to be complicit in abortion, individuals should be free to make their own decisions about health insurance, organizations should not be forced to finance activities or make health decisions that violate their religious or moral beliefs, and a single-payer health system—which the ACA will eventually foster—is wrong for America. What type of health insurance and how much health care Americans can get is a decision that should involve the individual and his or her doctor—not one that should be trusted to bureaucrats in Washington. This budget recommends repealing the new health care law in its entirety.

Repeal of the insurance subsidies and other exchange-related spending would save roughly $1.1 trillion over 10 years. CBO's $1.1 trillion estimate for the spending associated with exchange subsidies combines a mix of both outlays and revenues. Function 550 reflects only the savings that would result from repealing the Federal outlay portion of this spending.[83] This budget assumes full repeal of all of the new health care law's tax increases as part of comprehensive tax reform.

Limit Federal Employee Health Benefit Growth for Retired Members of Congress and Their Staffs and Base Retirement Benefits on Length of Service. Currently, Federal contributions to the Federal Employees Health Benefits Program grow by the average weighted rate of change in these programs. This budget supports restricting the growth in these plans to inflation for retirees.[84] This proposal assumes direct spending savings of $21.7 billion for adopting a policy like this. The budget also proposes basing Federal employee retirees' health benefits on length of service. This option would reduce premium subsidies for retirees who had relatively short Federal careers and result in $1.2 billion in savings.

FARM SUPPORT AND RELATED PROGRAMS

Function Summary: Direct Spending

While agriculture has experienced high market prices and incomes since 2009, net farm income in 2015 is expected to fall sharply from 2013's record-high level. The recently-passed Agricultural Act of 2014—otherwise known as the Farm Bill—made a number of reforms to agricultural policies, most notably by eliminating Direct Payments which had cost taxpayers almost $91 billion over the past 18 years and were paid regardless of market conditions. Significant declines in market prices over the past year are expected to result in increased levels of assistance under the Farm

[83] The insurance premium subsidies are provided in the form of refundable tax credits. This means some recipients receive the subsidy as a reduction in their tax liabilities. If all or part of the credit exceeds the individual's tax liability, that portion—the "refundable" part of the credit—is delivered as a payment and categorized as an outlay. Most of the subsidies are provided in the latter way. See Congressional Budget Office, *Insurance Coverage Provisions of the Affordable Care Act—CBO's January 2015 Baseline,* January 2015: http://www.cbo.gov/sites/default/files/cbofiles/attachments/43900–2015–01–ACAtables.pdf.

[84] The budget also restricts growth of the FEHB program for current Congress Members and their staffs. This cost-savings proposal is shown in the discretionary spending section of Function 550.

Bill's new price- and revenue-based programs. While it is important to continue to reform agricultural programs, weather and market challenges continue to highlight the importance of maintaining a strong safety net for farmers.

Direct spending programs in the agriculture function include direct assistance and loans to food and fiber producers, export assistance, agricultural research, and other programs.

The committee appreciates the Agriculture Committee's effort in the Farm Bill to reduce overall direct spending in this area. The budget resolution calls for direct spending in this function of $14.0 billion in budget authority and $15.2 billion in outlays in fiscal year 2016. The 10-year direct spending totals for budget authority and outlays are $135.6 billion and $133.9 billion, respectively. The figures appear in Function 350 of Table 3.

Illustrative Direct Spending Policy Options

Specific policies affecting direct spending in this function will be determined by the Agriculture Committee. Among the options it may wish to consider are the following.

Reform Agricultural Programs. The budget proposes that additional savings be found in this area. Under this option, mandatory agricultural outlays, other than food and nutrition programs, will be reduced by $23 billion relative to the currently anticipated levels from fiscal year 2016 through fiscal year 2025. These savings could be achieved by continuing to reform agricultural programs. These proposed savings are coupled with significant benefits that will be realized from other provisions in this budget, including regulatory relief, fundamental tax reform, and stronger economic growth as the burden of federal deficits is lifted from the economy.

BANKING, COMMERCE, POSTAL SERVICE, AND RELATED PROGRAMS

Function Summary: Direct Spending

As with its annually appropriated programs, the Federal Government has used direct spending in commerce and housing in a way that moves from healthy and productive support for industry to over-subsidizing corporations and unfairly exposing taxpayers to risk. One example is Fannie Mae and Freddie Mac, which were placed into Federal conservatorship in 2008 and remain a part of the Federal Government. As a result, taxpayers remain exposed to Fannie's and Freddie's more than $5 trillion of outstanding commitments.

On a unified basis, the resolution provides $6.4 billion in direct spending budget authority and −$7.3 billion in outlays in this area in fiscal year 2016 (shown in Function 370 of Table 3, Commerce and Housing Credit). Reforms will be determined by the Committee on Financial Services, the Committee on Energy and Commerce, and the Committee on Oversight and Government Reform. Criteria the committees may wish to apply include promoting free enterprise and economic growth in a responsible way, scaling back corporate welfare, and protecting taxpayers from the risk of future bailouts.

Illustrative Direct Spending Policy Options

ON-BUDGET DIRECT SPENDING

Terminate Corporation for Travel Promotion. In 2010, Congress established a new annual payment to the travel industry and created a new government agency, the Corporation for Travel Promotion (now called Brand USA), to conduct advertising campaigns encouraging foreign travelers to visit the United States. This budget recommends ending these subsidies and eliminating the new agency because it is not a core responsibility of the Federal Government to pay for and conduct advertising campaigns for any industry. Moreover, the travel industry can and should pay for the advertising from which it benefits.

Reform the Universal Service Fund. The Universal Service Fund [USF] provides subsidized telecommunications services through four main programs: High-Cost Support, Schools and Libraries, Lifeline Program, and Rural Health Care. The USF is funded through mandatory contributions by carriers, who pass these costs to consumers as fees on subscribers' telephone bills. This budget resolution aims to reform burdensome programs and has identified the Lifeline Program, which provides phone service subsidies to low-income Americans, as one example. The Lifeline Program, under the jurisdiction of the Federal Communications Commission, costs taxpayers an estimated $2 billion a year while being plagued by fraud, waste, and abuse. Reforming this program will significantly reduce the burden on taxpayers.

Restrict FDIC Authority Provided by Dodd-Frank to Bail Out Bank Creditors. Dodd-Frank expands and centralizes power in Washington, exacerbating the root causes of the 2008 crisis. It contains layer upon layer of new bureaucracy sewn together by complex regulations, yet it fails to address key problems, such as Fannie Mae and Freddie Mac, that contributed to the worst financial unraveling in recent history. Although the law is dubbed "Wall Street Reform," it actually intensifies the problem of too-big-to-fail by giving large, interconnected financial institutions advantages that small firms will not enjoy.

Although the proponents of Dodd-Frank went to great lengths to denounce bailouts, the law only sustains them. The Federal Deposit Insurance Corporation [FDIC] now has the authority to access taxpayers' dollars to bail out the creditors of large, "systemically significant" financial institutions. The resolution calls for ending this regime, now enshrined into law, which paves the way for future bailouts. House Republicans put forth an enhanced bankruptcy alternative that—instead of rewarding corporate failure with taxpayer dollars—would place the responsibility for large, failing firms in the hands of the shareholders who own them, the managers who run them, and the creditors who finance them.

The resolution also supports cancelling the ability of the Bureau of Consumer Financial Protection (created by Dodd-Frank) to fund its operations by spending from the Federal Reserve's yearly remittances to the Treasury Department. Dodd-Frank was written to provide off-budget financing for the new bureau, which is housed within the Federal Reserve but enjoys complete autonomy. To preserve its independence as the Nation's monetary authority, the Federal Reserve is off budget, and its excess earnings from monetary operations are returned to the Treasury to reduce the deficit. Now, instead, Dodd-Frank requires diverting a portion of those remittances to pay for a new bureaucracy with the authority to write far-reaching rules on financial products and restrict credit to the very customers it seeks to "protect," outside the annual oversight of Congress through the appropriations process.

Privatize the Business of Government-Controlled Mortgage Giants Fannie Mae and Freddie Mac. In 2008, the Federal Government placed Fannie Mae and Freddie Mac[85] into conservatorship to prevent them from going bankrupt. The Treasury has already provided $187 billion in bailouts to Fannie and Freddie and, as mentioned above, taxpayers remain exposed to more than $5 trillion in Fannie's and Freddie's outstanding commitments as long as the entities remain in conservatorship. The Congressional Budget Office [CBO] has recorded Fannie and Freddie as explicit financial components of the Federal budget, accounting for their liabilities as liabilities of the government. In contrast, the administration does not fully account for taxpayer exposure to Fannie and Freddie, leaving them off budget. Despite recent dividend payments by Fannie and Freddie, both enterprises continue to assume outsize risks that place taxpayers in jeopardy in the event of future downturns in the housing market.

This budget suggests putting an end to corporate subsidies and taxpayer bailouts in housing finance. It envisions the eventual elimination of Fannie Mae and Freddie Mac, winding down their government guarantee, and ending taxpayer subsidies. In the interim, this resolution seeks to remove distortions to allow an influx of private capital and to advance various measures that would bring transparency and accountability to these two government-sponsored enterprises, which could include measures described in H.R. 2767, the Protecting American Taxpayers and Homeowners Act of 2013.

Incorporate Fair-Value Accounting Principles in the Credit Reform Act. As the exposure of taxpayers to Fannie and Freddie continues, taxpayers also are vulnerable to bailing out another housing giant, the Federal Housing Administration [FHA]. The capital ratio of the FHA's Mutual Mortgage Insurance fund has remained below the congressionally mandated 2 percent level since the financial crisis. Given the precarious financial condition of the FHA, the government should adopt measures to control the assumption of risk by the FHA as other government-backed entities (such as Fannie and Freddie) are wound down. Right now, the government accounts for the risks carried by the FHA differently from how it accounts for those of Fannie Mae and Freddie Mac. These differences simply encourage just such a shift in risk.

The cost of FHA-insured loans are scored by calculating the net present value of the cash flows associated with loans and discounting those flows using a risk-free marketable Treasury security rate. In contrast, the CBO uses fair-value accounting for Fannie

[85] Formally the Federal National Mortgage Association [FNMA] and the Federal Home Loan Mortgage Corporation [FHLMC].

Mae- and Freddie Mac-guaranteed loans. Fair-value accounting recognizes that adverse economic events such as market downturns can cause loan defaults to rise; hence it reflects the full financial risk incurred by taxpayers for backing these loans. In other words, the current budgetary treatment of FHA loans understates the full costs associated with them, thereby encouraging policymakers to shift risk from Fannie and Freddie to the FHA.

This resolution requires the CBO to provide supplemental estimates using fair-value scoring for federally backed mortgages and mortgage-backed securities, regardless of which Federal agency is acting as the insurer or guarantor.

As the government reforms its role in the U.S. housing markets, which this resolution supports, Fannie, Freddie, and FHA loans should be treated with parity and full transparency. The housing-finance system of the future, however, should allow private-market secondary lenders to fairly, freely, and transparently compete, with the knowledge that they will ultimately appropriate risk for the loans they guarantee. Their viability will be determined by the soundness of their practices and the value of their services.

OFF-BUDGET DIRECT SPENDING

Reform the Postal Service. Like Social Security, the U.S. Postal Service [USPS] is classified as off budget, meaning in part that its spending does not appear in the legislative text of the budget resolution.[86] Nevertheless, government financial support for what is supposed to be a self-sustaining operation represents a real cost to taxpayers.

The USPS is unable to meet its financial obligations through its own business-like operation, and desperately needs structural reforms. Since fiscal year 2007, the USPS has run annual operating losses; in fiscal year 2014 it defaulted on another $5.7-billion payment to prefund the retirement health care of its employees. In 2009, the Government Accountability Office [GAO] added the USPS to its "high-risk" list due to the Postal Service's "deteriorating financial situation," finding that the "USPS urgently needs to restructure to reflect changes in its customers' use of the mail, to align its costs with revenues, generate sufficient funding for capital investment, and manage its debt." [87] In its most recent high-risk report update, GAO still has the USPS on its list as needing attention by Congress and the administration.[88] As of the close of fiscal year 2014, the USPS had a total of approximately $124 billion in unfunded long-term debt, including accrued health-benefit compensation for postal retirees, workers' compensation, and debt owed to the Treasury.

The budget recommends giving the Postal Service the flexibility that any business needs to respond to changing market conditions, including declining mail volume, which is down more than 25 percent since 2006. Examples of the flexibility that should be considered have been included in several reform proposals approved by the House Committee on Oversight and Government Reform and

[86] The U.S. Postal Service was statutorily placed off budget in the 1989 Omnibus Budget Reconciliation Act.
[87] Government Accountability Office, *High-Risk Series: An Update,* February 2013.
[88] Government Accountability Office, *High-Risk Series: An Update,* February 2015.

by the administration, including calls to modify both the frequency and type of mail delivery. The budget also recognizes the need to reform compensation of postal employees who currently pay a smaller share of the costs of their health and life insurance premiums than do other Federal employees. Taken together, these reforms are estimated to save more than $40 billion over 10 years and would help restore the Postal Service's solvency.

STUDENT LOANS, SOCIAL SERVICES, AND RELATED PROGRAMS

Function Summary: Direct Spending

Supporting and investing in higher education is critical to the Nation's present and future. The Pew Research Center has documented some of the many benefits of attending college, including better employment prospects and higher wages.[89] Clearly, a strong higher education system benefits students, families, and the country as a whole.

Recognizing these benefits, the Federal Government has provided substantial support for higher education, particularly student loans, since the 1960s. The government's direct loan portfolio has grown from roughly $106 billion outstanding in fiscal year 2007 to more than $740 billion today. While support for higher education is an important goal of government, policies that were designed to help more Americans go to college have been accompanied by a few troubling trends. As the Federal Government has provided greater access to aid, colleges have consistently raised tuition and fees at a rate well above inflation. This has made college more expensive for many Americans, and thus less accessible—exactly the opposite of what the Federal policies were intended to do. Additionally, it has driven some students to take on crippling levels of debt to pay for skyrocketing tuition.

Another problem is that the way the government currently accounts for student loans (and most other Federal loan and loan guarantee programs) fails to take market risk into account. This tends to make student loans look less risky and less expensive than they really are, and provides the federal government a perverse incentive to issue more loans regardless of whether that's what's best for students. The unrealistic assumptions used in the current accounting methodology is what causes the spending for this section of the resolution—which is bound by the same estimating conventions—to be negative: in fiscal year 2016 −$7.6 billion in budget authority and −$967 million in outlays. As explained previously, these figures are misleading.

Rather than foster a system that drives up tuition and presents too many students with the difficult choice between crippling debt or stopping short of their highest educational attainment, this resolution envisions a framework that uses Federal dollars more efficiently, accounts for student loans in a way that reflects their true cost, and invests in a sustainable higher education system that is good for students, institutions of higher education, and taxpayers.

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[89] Pew Research Center, "The Rising Cost of Not Going to College," February 2014.

Student loans are a major component of direct spending in this category, shown as Function 500 in Table 3. In addition, the function reflects numerous other programs supporting higher education, and some others that fund social services.

Illustrative Direct Spending Policy Options

The transformation of programs in this area will be determined primarily by the Committee on Education and the Workforce. Committee members may be guided by some of the principles described above. Potential policy options might include the following.

Repeal New Funding from the Student Aid and Fiscal Responsibility Act [SAFRA] of 2010. During the debate on SAFRA, the Congressional Budget Office provided estimates showing that projected future savings from a government takeover of all Federal student loans decreased dramatically when "market risk" was taken into account. Since that time, the President's National Commission on Fiscal Responsibility and the Pew-Peterson Commission on Budget Reform have recommended the incorporation of fair-value accounting for all Federal loan and loan-guarantee programs to enable a true assessment of their cost to taxpayers.

SAFRA, however, exploited the higher non-adjusted savings projection to help subsidize the new health-care law and to increase spending on several education programs. Although much of the funding allocations have already been spent, Congress could cancel some of the future spending by repealing recent expansions to some Federal income-based repayment programs. The Income-Based Repayment program, created by the College Cost Reduction and Access Act of 2007 and accelerated by the administration, is still relatively new. Moreover, there are concerns that the expansions could disproportionately benefit graduate and professional students. Additionally, the President's budget submission for fiscal year 2016 contained an updated estimate showing a $22 billion decrease in the value of the federal loan portfolio, which is widely understood to be due in large part to expansions in Federal income-based repayment programs.[90] Congress should reform these programs to ensure they are meeting their intended goals and are designed in a way that protects taxpayer dollars before being expanded.

Accept the Fiscal Commission's Proposal to Eliminate In-School Interest Subsidies for Undergraduate Students. The Federal Government focuses aid decisions on family income prior to a student's enrollment and then provides a number of repayment protections and, in some cases, loan forgiveness after graduation. There is no evidence that in-school interest subsidies are critical to individual matriculation.

Simplify the Existing Higher Education Programs to Protect Students and Taxpayers. The way the current Federal aid system is set up, it is unduly complicated and contains some provisions that result in disparate treatment for some students. Given the numerous other repayment options available, and the disparate treatment

[90] See numbers provided in the following: Office of Management and Budget, Appendix: Budget of the U.S. Government—Fiscal Year 2016, p. 377.

inherent in its design, actions taken by the committee of jurisdiction to streamline, reform, and simplify the current system could include ending the Public Service Loan Forgiveness Program.

Terminate the Duplicative Social Services Block Grant. The Social Services Block Grant is an annual payment sent to States without a matching requirement to help achieve a range of social goals, including child care, health services, and employment services. Most of these are also funded by other Federal programs. States are given wide discretion to determine how to spend this money and are not required to demonstrate the outcomes of this spending, so there is no evidence of its effectiveness. The budget assumes eliminating this duplicative spending.

INCOME SUPPORT, NUTRITION, AND RELATED PROGRAMS

Function Summary

The welfare reforms of the late 1990s are a success story of modern domestic policy, but they did not go as far as many think. Reformers were not able to extend their work beyond cash welfare to other means-tested programs. If the government continues running unsustainable deficits and experiences a debt crisis, the poor and vulnerable will undoubtedly be the hardest hit, as the Federal Government's only recourse will be severe, across-the-board cuts.

Supporting work, encouraging innovation, and measuring program effectiveness are essential elements to reforming the Nation's safety net programs to create real pathways out of poverty for millions of low-income Americans. Yet, instead of promoting an effective and streamlined system designed to enhance upward mobility and self-sufficiency, the Federal Government continues to operate a patchwork of more than 80 welfare programs that lack any coordination in their efforts to help people escape poverty. Multiple programs, overlapping services, and differing benefit structures often create significant disincentives to work, keeping many trapped in a cycle of poverty for years. While reforms during the 1990s helped many cash welfare recipients find work and escape poverty, those reforms were limited in scope and affected only a small part of the safety net.

The goal of anti-poverty programs should be self-sufficiency, not extended dependency. To that end, this budget proposes to continue the successful welfare reforms of the 1990s by improving work requirements for means-tested programs to help more people escape poverty and move up the economic ladder. It focuses resources in programs that deliver real results, restraining spending to reasonable levels, reducing improper payments, and allowing states more ability to improve programs through policy innovation.

Most of the Federal Government's income-support programs are reflected in the direct spending components of Function 600, Income Security (Table 3). These include Federal-employee-retirement and disability benefits (including military retirees); general retirement and disability insurance (excluding Social Security)—mainly through the Pension Benefit Guaranty Corporation—and benefits to railroad retirees; unemployment compensation; food and nutrition assistance, including food stamps and school-lunch subsidies; and other income-security programs.

This last category includes: Temporary Assistance to Needy Families [TANF], the government's principal cash welfare program; Supplemental Security Income [SSI]; and spending for the refundable portion of the Earned Income Tax Credit. Agencies administering these and other programs in Function 600 include the Departments of Agriculture, Health and Human Services, Housing and Urban Development, the Social Security Administration (for SSI), and the Office of Personnel Management (for Federal retirement benefits).

For these programs, the resolution provides $450.9 billion in direct spending budget authority for fiscal year 2016, and $450.1 billion in outlays. The 10-year figures are $4.4 trillion in budget authority and $4.4 trillion in outlays. The figures appear in Function 600 of Table 3.

Illustrative Direct Spending Policy Options

The main committees responsible for funding programs under Function 600 are Ways and Means, Agriculture, Oversight and Government Reform, and Education and the Workforce. They will make final policy determinations on how to increase State flexibility, reduce improper payments, and reform programs to eliminate marriage penalties and work disincentives. Some potential policy options following these guidelines might include the following.

Protect Welfare Work Requirements. The Obama Administration, in contravention of current law, has claimed authority to waive the work requirements of the Temporary Assistance to Needy Families Program. This budget calls for rescinding any authority the Obama Administration thinks it has to provide for waivers of the TANF work requirement. It assumes that President Clinton and the Republican majority at the time were correct in requiring robust work requirements for the TANF program, which contributed to the largest sustained reduction in child poverty since the onset of the "Great Society." The budget also calls for eliminating the ability of States to avoid TANF work targets by spending more money than required on their state programs.

Convert the Supplemental Nutrition Assistance Program [SNAP] into State Flexibility Allotments. Spending on SNAP—formerly known as the Food Stamp Program—has increased dramatically over the past 15 years, growing more than fourfold since 2001. While this is partially due to the recession, SNAP spending remains near record levels even as the unemployment rate has fallen by a full percentage point in the past year. Various factors are driving this growth, but one major reason is that while the States have the responsibility of administering the program, they have little incentive to ensure it is well run.

The budget resolution envisions converting SNAP into an allotment tailored for each State's low-income population, indexed for inflation and eligibility. This option would make no changes to SNAP until 2021, providing States with time to structure their own programs. This proposal is estimated to save $125 billion over 10 years.

Reform Supplemental Security Income. Welfare programs typically pay benefits on a sliding scale. SSI is different, however, paying an average of $600 for each and every child in a household who receives benefits. This reform would create a sliding scale for children on SSI. Advocates for the disabled have expressed support in the past for such a step. In 1995, Jonathan M. Stein—the lead advocate attorney in the landmark 1990 Supreme Court Case expanding SSI eligibility for children and witness at a 27 October 2011 Ways and Means Subcommittee hearing on SSI—said the following about this proposal: "[W]e have a long list of reforms that we do not have time to get into, but we would say for very large families there should be some sort of family cap or graduated sliding scale of benefits."[91] Additionally, Congress should review mental-health categories in the children's SSI program, which have been the fastest-growing categories of eligibility. These reforms could save up to $6 billion over 10 years.

Opportunity Grant Pilot Projects. This proposal would create pilot projects that would encourage States to test a variety of work-based reforms across multiple programs. States would receive consolidated funding for satisfying key conditions such as requiring able-bodied recipients to engage in work or preparing for work; encouraging competition among service providers who have demonstrated records of success; and incorporating robust accountability and evaluation systems to determine what works to help families move up the income ladder. It is noteworthy that the President's fiscal year 2016 budget included a related—albeit more limited—pilot project proposal, which similarly targets goals of increasing mobility, streamlining programs, promoting self-sufficiency, and reducing poverty.

State Flexibility for Foster Care Program. Significant discussions are currently taking place among States, advocates, and Federal policymakers about proposals that would expand State flexibility in designing programs and privatization pilot projects meant to better prevent child abuse and neglect. Such proposals would also result in fewer children being removed from their homes, allowing more funds to be directed toward prevention efforts as well as reducing the cost of the Nation's foster care system.

Flexibility for National School Lunch Program Standards. The Healthy, Hungry Free Kids Act imposed new regulations on the school lunch program. No one disagrees with ensuring students have nutritious food, but the mandates on localities have the unintended consequence of reducing participation in the program. This budget calls for allowing schools more flexibility to meet nutrition standards.

Ensure that Certain Groups of Undocumented Workers Remain Ineligible for Federal Benefits. In his address to the Nation on 20 November 2014, the President said undocumented workers receiv-

[91] Committee on Ways and Means. U.S. House of Representatives, *Contract with America: Welfare Reform, Part 2,* Hearing, 2 February 1995 (Serial No. 104–44). Washington: Government Printing Office, 1995.

ing deferral of removal under his executive actions should not be granted the same benefits that citizens receive. As a result of his executive actions that same month, however, potentially millions of undocumented workers would become eligible for Federal benefits, according to Congressional Budget Office estimates. The budget resolution supports reversing the overreach of the President's November 2014 actions and ensures that undocumented workers do not create a bigger burden on an already strained public benefit system.

Reform Civil-Service Pensions. This budget adopts a policy proposed by the President's National Commission on Fiscal Responsibility. The policy calls for Federal employees, including members of Congress and staff, to make greater contributions toward their own defined benefit retirement plans. It would also end the "special retirement supplement," which pays Federal employees the equivalent of their Social Security benefit at an earlier age. This would achieve significant savings while recognizing the need for new Federal employees to transition to a defined contribution retirement system. The vast majority of private sector employees participate in defined contribution retirement plans. These plans put the ownership, flexibility, and portfolio risk on the employee as opposed to the employer. Similarly, Federal employees would have more control over their own retirement security under this option. This option would save up to $127 billion over 10 years.

Eliminate the Failed Troubled Asset Relief Program [TARP] Housing Subsidies. This resolution supports ending the loan-subsidy initiative, the Home Affordable Modification Program [HAMP], created by the Obama Administration as a part of TARP for distressed homeowners. In addition to serving far fewer households than planned, HAMP has experienced alarmingly high re-default rates.

FEDERAL LANDS AND OTHER RESOURCES

Function Summary: Direct Spending

The fiscal year 2016 budget resolution continues to support policies that will make America's natural resources available to producers who can provide a fair return to taxpayers. In addition to the receipts the Federal Government collects from royalties, rents, and bonus bids, increased economic activity on Federal land will create jobs and boost economic output.

Farm security and rural investment programs and the Fish and Wildlife Service's Federal aid in wildlife restoration programs are among the largest direct spending programs in this category. The remainder is distributed among numerous smaller programs. The direct spending budget totals for these programs are $984 million in budget authority and $1.3 billion in outlays for fiscal year 2016; over 10 years, the figures are $10.3 billion in budget authority and $8.3 billion in outlays. (See Function 300 in Table 3.)

Oil and gas production on Federal land has fallen significantly under the current administration, while production on private lands has more than offset the drop with increased production. For example, in fiscal year 2009, the U.S. produced 5.2 million barrels of oil per day, with production on Federal property accounting for 33 percent of the total.[92] By fiscal year 2013, the U.S. was producing 7.2 million barrels per day, but production on Federal lands was reduced to 23 percent of the total.[93]

Similarly, timber harvests on Federal land have been declining for decades since peaking in the late 1980s and early 1990s. In fiscal year 1988, 14.6 million board feet of timber were harvested on Federal land, with a total value of roughly $2.5 billion (in 2013 dollars).[94] In fiscal year 2014, only 2.4 million board feet were harvested, generating less than $150 million.[95] This dramatic reduction in economic activity in States and counties housing Federal lands within their borders has wreaked havoc on their ability to fund local services, such as schools.

A large part of the problem is that the administration is keeping Federal lands under lock and key, but a more fundamental problem is the Federal estate is far too large. The Federal Government owns "somewhere between 635–640 million acres of land—almost a third of the United States."[96] The Federal Government cannot properly manage all this land and, as a result, Federal agencies estimate a $22 billion maintenance backlog.[97] The budget resolution supports reducing the Federal estate, and giving States and localities more control over the resources within their boundaries. This will lead to increased resource production and allow States and localities to take advantage of the benefits of increased economic activity.

Illustrative Direct Spending Options

As it develops policies in these areas, the Committee on Natural Resources may wish to keep the factors above in mind. Some of the options that might emerge from these considerations include the following.

Reducing the Federal Estate and Maintaining Existing Land Resources. The President's budget seeks to turn certain Federal land acquisition accounts from discretionary to direct spending. The Federal Government is already struggling with a maintenance backlog on the millions of acres it controls—a backlog totaling between $17 billion and $22 billion—but the administration is seeking to acquire even more land. This budget keeps funding for land acquisition under congressional oversight and encourages reducing the Federal estate, giving States and localities more control over the land and resources within their borders.

Expand Access to Federal Land for Timber Harvest. Timber harvest rates on Federal land have been declining for nearly 30 years. As a result, the States and localities that depend on their share of the receipts have been shortchanged the funding they need for

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[92] Humphries, Marc, *U.S. Crude Oil and Natural Gas Production in Federal and Non-Federal Areas,* Congressional Research Service, 10 April 2014.
[93] Ibid.
[94] Hoover, Katie, *National Forest System Management: Overview, Appropriations, and Issues for Congress,* Congressional Research Service, 29 January 2015.
[95] Ibid.
[96] House Committee on Natural Resources, "Views and Estimates for Fiscal Year 2016," Chairman Rob Bishop.
[97] Ibid.

schools and other local needs. Increased timber harvests will create economic growth in localities throughout the country, increase receipts to the Federal Government, States, and localities, and reduce the need for funding replacement programs, such as Secure Rural Schools.

Expand Onshore and Offshore Energy Production. Despite the existence of abundant domestic resources, the Federal Government has adopted policies that hinder American production of oil and natural gas on Federal lands and in Federal waters. Breaking free of future dependence on energy supplies from countries whose interests differ from those of the U.S. requires producing more energy at home.

Unlocking domestic energy supplies in a safe, environmentally responsible manner will increase receipts from bonus bids, rental payments, royalties, and fees. The budget allows for further access in areas such as Alaska, the Outer Continental Shelf, including the Gulf of Mexico, and the Intermountain West.

Remove Barriers to Getting Domestically Produced Energy to Global Markets. America has become the world's largest energy producer, which has been, and continues to be, a boon to the U.S. economy. Getting access to overseas markets would lead to even more production and all of the jobs and economic growth that come with it—while protecting the vibrancy of the refining market in the U.S.

Exporting crude oil was prohibited by statute during the oil embargo in the 1970s. Rep. Joe L. Barton (R–TX) introduced legislation, H.R. 702, which would end the outdated crude oil export ban, providing domestic oil better access to global markets. This would increase hiring and economic activity in the domestic oil industry, while also putting downward pressure on global oil prices.

OTHER DIRECT SPENDING

General Science, Space, and Technology

Almost all the government's science and technology funding is discretionary. Nevertheless, there is a small amount of direct spending within the National Science Foundation that funds the Directorate for Education and Human Resources [EHR]. The EHR focuses on science, technology, engineering, and math [STEM] programs at all educational levels.

The resolution calls for $107 million in direct spendig budget authority and $105 million in outlays in fiscal year 2016.The 10-year totals are $1 billion for both budget authority and outlays. The figures appear in Table 3, Function 250.

Community and Regional Development

The main direct spending component of this function (Function 450 in Table 3) is the National Flood Insurance Program [NFIP]. The goal of the program is to provide affordable flood insurance to property owners and encourage communities to enact floodplain management regulations to mitigate the effects of flooding. Other direct spending programs within the function include activities such as Community Development Financial Institutions, Rural Energy for America, the Bureau of Indian Affairs and Indian Education, and activities of the Gulf Coast Restoration Trust Fund. The resolution calls for $124 million in direct spending budget authority and $351 million in outlays in fiscal year 2016. The 10-year totals for direct spending budget authority and outlays are $5.4 billion and $13.2 billion, respectively.

A potential savings option here is to reduce energy subsidies for commercial interests. The budget recommends spending reductions for rural green-energy loan guarantees. These loan guarantees come with Federal mandates that channel private investments into financing the administration's preferred interests at taxpayers' expense.

Financial Management

The remaining categories chiefly concern major non-programmatic financing mechanisms for the government. Net Interest, for example, represents payments resulting from the government's past borrowing. Allowances is a placeholder function for budgetary effects that the Congressional Budget Office has not yet assigned to other specific categories. Undistributed Offsetting Receipts represents payments to the government that are recorded as negative budget authority and outlays. These three functions round out the spending components of the budget overall.

NET INTEREST

Function Summary

One of the worst effects of large, chronic budget deficits is the high interest cost it produces. Interest payments yield no government services or benefits; they are simply excess costs resulting from a history of spending beyond the government's means. These costs are reflected in this category (Function 900 in Tables 1 and 3), which presents the interest paid for the Federal Government's borrowing less the interest received by the Federal Government from trust fund investments and loans to the public. It is a mandatory payment, in the true sense of the word, with no policy options and no discretionary components.

According to CBO, if government programs are not reformed, net interest payments are projected to nearly quadruple from $229 billion in 2014 to $827 billion by 2025. At this rate, interest costs are projected to grow at an annual average rate of approximately 12.4 percent—the fastest growing major component of the Federal budget outside of the newly created exchange subsidies in the Affordable Care Act. Net interest spending is projected to exceed the entire amount spent on the national defense base budget by 2021.

Reducing interest costs will require sustained spending restraint. This budget resolution provides such restraint, and it reduces net interest by $894.5 billion over ten years compared with the CBO baseline.

Summary of Net Interest Payments

The resolution calls for $274.3 billion of direct spending for net interest payments in fiscal year 2016. The proposed 10-year total for net interest payments are $4.7 trillion.

On-budget direct spending—or net interest payments unrelated to Social Security or the Postal Service—is $366.5 billion in fiscal year 2016 and $5.7 trillion over 10 years. The on-budget figure is larger than the budget Function 900 total because the former is offset by off-budget interest payments to the Social Security Trust Fund. These off-budget interest payments are presented as negative numbers because they reflect money coming into, rather than flowing out of, the Treasury.

Off-budget direct spending is −$92.3 billion in fiscal year 2016, and −$922.3 billion over 10 years.

ALLOWANCES

Function Summary

The Allowances categories represent place-holders for certain budgetary impacts that the Congressional Budget Office has yet to assign to a specific budget function. In the case of this resolution, there are two, presented as Function 920 and Function 990 in the summary tables. The particulars of the categories are described below.

Function 920

In August 2011, the President and Congress enacted the Budget Control Act [BCA] of 2011 (Public Law 112–25), which provided for significant spending reductions enforced by statutory spending caps and an automatic enforcement procedure. The BCA did not specify a distribution of spending reductions in specific budget functions other than for National Defense and Medicare (Function 570), even though the law does require reductions in non-defense and non-Medicare areas of the budget. At the time of its January 2015 baseline release, CBO did not provide forward-looking, function-level information on what non-defense and non-Medicare reductions are under the terms of the BCA. CBO has, instead, assigned the non-defense and non-Medicare reductions required by the BCA to Function 920.

The budget resolution recommends no changes in this function, leaving it instead at the CBO baseline levels. The CBO baseline for Function 920 includes a total of $406 billion and $358 billion in reductions for budget authority and outlays over 10-years, respectively, to reflect the impact of the BCA on non-defense and non-Medicare spending. The following two components are included in the baseline:

1. A reduction of $383.4 billion in budget authority and $342.4 billion in outlays for non-defense activities, needed to comply with the discretionary spending caps set by section 101 of the BCA;

2. A $22.3 billion and $15.5 billion reduction in budget authority and outlays, respectively, to non-Medicare and non-defense direct spending programs necessary to comply with the automatic-enforcement procedure (the sequester) mandated by the BCA.

Function 990

The CBO baseline for Function 990 includes a total of $241 million and $226 million in reductions for budget authority and outlays over 10-years, respectively, to reflect the impact of an across-the-board rescission affecting the Department of Homeland Security that was included in the Consolidated and Further Continuing

Appropriations Act, 2015 (Public Law 113–235). The budget resolution recommends no changes in this function, leaving it instead at the CBO baseline levels.

UNDISTRIBUTED OFFSETTING RECEIPTS

Function Summary

Offsetting receipts to the Treasury are recorded in this category as negative budget authority and outlays. Receipts appearing here are either intra-budgetary (a payment from one Federal agency to another, such as agency payments to the retirement trust funds) or proprietary (a payment from the public for some kind of business transaction with the government). The main types of receipts presented are the payments Federal agencies make to employee retirement and health care funds; payments made by companies for the right to explore and produce oil and gas on the Outer Continental Shelf; and payments by those who bid for the right to buy or use public property or resources, such as the electromagnetic spectrum. The category also contains an off-budget component that reflects the Federal Government's share of Social Security contributions for Federal employees.

All transactions in this area are recorded as direct spending and appear in Function 950 of Table 3. The resolution calls for −$90.1 billion in budget authority and outlays in fiscal year 2016 (the minus sign indicates receipts flowing into the Treasury). Over 10 years, budget authority and outlays total −$1.2 trillion.

On-budget amounts are −$73.5 billion in budget authority and outlays in fiscal year 2016, and −$959.8 billion in budget authority and outlays over ten years.

Off-budget amounts are −$16.6 billion in budget authority and outlays in fiscal year 2016, and −$194.8 billion in budget authority and outlays over ten years. The major program in the off-budget category is Federal agency matching payments for retirement contributions on behalf of Federal employees to the Federal Old Age and Survivors and Disability Insurance Trust Fund—or Social Security. The budget resolution recommends no policy changes to the off-budget portion of Function 950.

Illustrative Policy Options

Federal Fleet Sales. The President's Fiscal Commission recommended several ways to achieve savings. This resolution accepts many of their proposals, such as reducing the Federal auto fleet by 20 percent, excluding the Department of Defense and the U.S. Postal Service. In 2013, the Federal Government reported a worldwide inventory of more than 635,000 vehicles and spent $4.4 billion on its fleet. In addition, the 2009 stimulus bill provided $300 million to "green the Federal fleet" by purchasing 17,205 vehicles. This resolution builds on the Fiscal Commission's recommendation by proposing to sell a portion of the Federal fleet to reduce the deficit and to dispose of unneeded vehicles, saving hundreds of millions of dollars.

Federal Real-Property Sales. The Fiscal Commission highlighted potential budget savings from another area where the mismanagement of taxpayer-owned assets and the sheer amount of waste are staggering: federal real estate and other property. The Federal real-property inventory is so massive that the report accounting for it lags 2 years behind the current budget year. Complex procedural requirements, lack of organization, and delayed data reporting provide agencies very little incentive to dispose of unneeded properties and very few repercussions for holding onto these properties indefinitely. According to the most recent Federal Real Property Report, from fiscal year 2013, the Federal Government owns or leases more than 360,000 buildings and 485,000 structures.

The government has a poor track record for real-estate asset sales. The fiscal year 2013 report shows that of the 21,463 assets the Federal Government disposed of in that year, 5,412, or about 25 percent, were disposed of by way of demolition. Roughly 10 percent were disposed of through a sale. Many assets were simply given away at below-market value or even for free.

The resolution urges the Office of Management and Budget to pursue streamlining the asset-sale process; loosening regulations for the disposal and sale of Federal property to eliminate red tape and waste; setting enforceable targets for asset sales; and holding government agencies accountable for the buildings they oversee. If these actions are done correctly, taxpayers can recoup billions of dollars from selling unused government property.

Federal Land. Currently, the Federal Government owns nearly 650 million acres of land—almost 30 percent of the land area of the United States. In addition to Federal fleet and real-property sales, this resolution supports examining Federal land to see where cost savings can be achieved by selling unneeded acreage in the open market—excluding National Parks, wilderness areas, wildlife refuges, and wild and scenic rivers.

REVENUE AND TAX REFORM

The U.S. tax code is notoriously complex, patently unfair, and highly inefficient. Its complexity distorts decisions to work, save, and invest, which leads to slower economic growth, lower wages, and less job creation. This budget proposes to solve these problems by calling for a reformed tax code that is simpler and fairer, and that promotes growth. A revamped tax code could raise just as much revenue as the system in place today, but *without* the harmful tax policies embedded in current law (such as the Affordable Care Act). A restructured and more efficient tax code would also spark greater economic growth and create more jobs.

The budget resolution's revenue projections—$3.460 trillion in fiscal year 2016, and $41.670 trillion through 2025—are built on a tax reform model derived from the principles below.

The Challenge

The current tax code is needlessly complex. It is estimated that individuals, families, and employers spend more than 6 billion hours and more than $160 billion a year trying to negotiate a labyrinth of special rules, deductions, and tax schedules. Over the past decade alone, there have been 4,107 changes to the tax code, more than one per day. Many of the major changes over the years have involved carving out special preferences, exclusions, or deductions for various activities or groups. These loopholes exceed $1 trillion per year. To put that figure in perspective, that is nearly the same amount the government *collected* in individual income taxes last year.

As the tax code has grown in complexity, the IRS has increased its funding requests to support an army of tax examiners and agents. To cite just one example, the Treasury Department requested about $452 million in fiscal year 2015 simply to administer the tax elements of the Affordable Care Act over those 12 months. Nina E. Olson, the National Taxpayer Advocate [NTA], has consistently cited the complexity of the tax code as one of the most serious problems facing individuals and businesses. In the NTA's latest annual report to Congress submitted earlier this year, Olson said: "I believe we need fundamental tax reform, sooner rather than later, so the entire system does not implode." [98]

The large amount of tax preferences that pervade the code end up narrowing the tax base. A narrow tax base requires much higher tax rates to raise a given amount of revenue. Standard economic theory shows that high marginal tax rates dampen the incentives to work, save, and invest, which reduces economic output and job

[98] National Taxpayer Advocate, Annual Report to Congress, Volume 1: 2014: http://www.taxpayeradvocate.irs.gov/Media/Default/Documents/2014-Annual-Report/Volume-One.pdf.

creation. Lower economic output, in turn, mutes the intended revenue gain from higher marginal tax rates.

The top tax rate has actually risen and fallen dramatically throughout U.S. history, with little effect on tax revenue as a share of the economy. For instance, the top U.S. tax rate has been as high as 90 percent and as low as 28 percent, but income tax revenue has remained fairly steady despite these sharp rate swings. It turns out that the biggest driver of revenue to the Federal Government is not higher tax rates, but economic growth. A sizable majority of economists point out that a tax system with a broad tax base and low rates are keys to fostering economic growth and competitiveness. Legislators on both sides of the aisle agree on this basic principle.

One hallmark of the U.S. economy is the importance of smaller, unincorporated businesses. Roughly half of U.S. active business income and half of private sector employment are derived from business entities (such as partnerships, S corporations, and sole proprietorships) that are taxed on a "pass-through" basis, meaning the income flows through to the tax returns of the individual owners and is taxed at the individual rate structure rather than at the corporate rate. Small businesses, in particular, tend to choose this form for Federal tax purposes, and the top effective Federal tax rate on such small business income can reach nearly 45 percent. For these reasons, sound economic policy requires lowering marginal rates on these pass-through entities.

The U.S. corporate income tax rate (including Federal, State, and local taxes) sums to slightly more than 39 percent, the highest rate in the industrialized world. This tax discourages investment and job creation, distorts business activity, and puts American businesses at a competitive disadvantage against foreign competitors. Yet the tax itself raises relatively little revenue: only 10 percent of the total Federal tax take comes from taxing corporate income. Any tax that raises little revenue and creates a lot of economic distortions is particularly ripe for reform.

Elevated corporate tax rates hinder American competitiveness by making the U.S. a less desirable destination for investment and jobs. Business location and investment decisions are becoming ever more sensitive to country tax rates as global integration increases. Foreign investment is important to an economy because it is a key source of funding to finance innovation and jobs. To enhance their competitiveness, many countries have been lowering business taxes. But the U.S. risks falling behind as it maintains its high tax rate while other countries lower theirs. By deterring potential investment, the U.S. corporate tax restrains economic growth and job creation. The U.S. tax rate differential with other countries also fosters a variety of complicated multinational corporate behaviors intended to avoid the tax—profit shifting, corporate inversions, and transfer pricing—which have the effect of moving the tax base offshore, destroying American jobs, and decreasing corporate revenue.

The structure of U.S. international taxation is also out of sync with the international standard used by the majority of other countries, putting U.S. businesses operating abroad at a competitive disadvantage. Most countries operate under a so-called "territorial" system of international taxation, whereby their businesses operating abroad are only subject to the tax of the country where they do business. The U.S. has an antiquated "worldwide" system of international taxation, whereby U.S. multinationals operating abroad pay both the foreign-country tax and U.S. corporate taxes when profits are repatriated. They are essentially taxed twice. This puts them at an obvious competitive disadvantage.

Reforming the U.S. tax code to a more competitive international system that does not discriminate against any one type of income would boost the competitiveness of U.S. companies operating abroad and would also greatly reduce tax avoidance.

Solution: Pro-Growth Tax Reform

Given the many problems with the current system, Congress should enact legislation that provides for a comprehensive reform of the U.S. tax code to promote economic growth, create American jobs, and increase wages. While the Committee on Ways and Means will develop the particulars, these aims can be achieved through revenue-neutral fundamental tax reform that does the following:

- Simplifies the tax code to make it fairer to American families and businesses and reduces the amount of time and resources necessary to comply with tax laws.
- Substantially lowers tax rates for individuals and consolidates the current seven individual income tax brackets into fewer brackets.
- Repeals the Alternative Minimum Tax.
- Reduces the corporate tax rate.
- Transitions the tax code to a more competitive system of international taxation in a manner that does not discriminate against any particular type of income or industry.

Economists have shown that lowering overall rates and broadening the tax base would create greater economic growth and support more job creation by the private sector. A faster-growing economy would greatly help in reducing the budget deficit. According to CBO, raising real GDP growth by just 0.1 percentage point per year would reduce the deficit by $326 billion over the next decade.

In addition, Congress should reform our international tax system so that it levels the playing field for all U.S. businesses competing with foreign competitors, without picking winners and losers among industries. This non-discrimination principle, however, is not intended to prevent the adoption of reasonable anti-avoidance rules.

This resolution calls for comprehensive tax reform and lays out some principles, but does not embrace any particular plan. There are many good ideas on that front—growth-oriented tax plans that could strengthen the economy and support the Nation's funding priorities.

Congressman Woodall, for instance, has submitted a fundamental tax-reform plan for consideration by the Ways and Means Committee that would eliminate taxes on wages, corporations, self-employment, capital gains, and gift and death taxes in favor of a personal consumption tax that would provide the economic certainty that American businesses, entrepreneurs, and taxpayers desire.

Congressman Goodlatte has also submitted legislation that calls for fundamental, pro-growth tax reform. This legislation would shape the debate on tax reform by establishing a structure to provide for a tax system that encourages job creation and a healthy economy. Without prescribing any specific tax system, it calls for a low tax rate for all Americans, tax relief for working individuals, protection for the rights of taxpayers and a reduction in tax collection abuses. Additionally, under this legislation, a tax system would support savings and investment, and would not penalize marriage or families. Similar legislation has twice passed the House of Representatives in previous Congresses and the 114th Congress should consider enacting this legislation.

The committee report recognizes a number of possible solutions as Congress works to enact comprehensive tax reform. It should recognize the many factors businesses consider when they make property and capital investment decisions in the United States, such as: cash flow impact, macro-economic outlook, duration of investment, and costs of goods and services, and the regulatory environment.

It is no secret that Washington has a spending problem as opposed to a revenue problem. This is primarily due to the growing costs of health and retirement benefits. Therefore, this report discourages proposals offered by some members of Congress that seek to raise revenue to finance out of control spending. A carbon tax would significantly raise costs for individuals and businesses alike. Other proposals, such as a financial transaction tax or a bank excise tax, would discourage savings and investment and increase the costs of individual, family, and employee retirement accounts. This committee report recognizes that one way to relieve the ever increasing burden of entitlement costs is to encourage individuals and families to save. This report recognizes the importance of maintaining and strengthening the critical role of the private sector in helping all Americans achieve retirement security. Tax reform that encourages taxpayers to save is pro-growth economic policy and would consequently make individual and families less reliant on the Federal Government.

Congress should consider these and the full range pro-growth plans as it moves toward implementing the tax reform called for under this budget.

DIRECT SPENDING TRENDS AND REFORMS

Background

Direct spending remains the fastest growing part of the spending-driven debt crisis the Nation faces.

The Congressional Budget Office [CBO] reports that total non-interest mandatory spending in fiscal year 2014 was $2,099 billion and will grow to $3,861 billion by 2025, reflecting an average annual growth rate of 5.7 percent—faster than both CBO's projection of 2014 nominal economic growth of 4.0 percent and CBO's longer-term projection of economic growth of 4.2 percent. Within overall non-interest mandatory spending, the entitlements of Medicare and Social Security are projected to continue growing faster than the economy as a whole, with Social Security expected to grow from $845 billion in 2014 to $1.6 trillion in 2025 and Medicare expected to grow from $600 billion in 2014 to $1.2 trillion in 2025.

Over the next decade, the major means-tested entitlements are expected to grow by 4.6 percent per year—from $683 billion in 2015 to $1.1 trillion in 2025. Not only are these programs expected to grow in the future, but they have grown significantly over the past 40 years. The Congressional Research Service calculated that spending on low-income assistance programs was $2.66 billion in inflation-adjusted dollars in 1962, or approximately 2.6 percent of total Federal outlays and 0.5 percent of GDP. Just over the past 10 years, major means-tested entitlement programs have grown 6.8 percent per year, from $354 billion in 2005 to $623 billion in 2014.

There are a number of reasons for this growth. Most recently, the recession caused a significant amount of growth in spending on low-income programs. Spending is projected to remain at elevated levels for several programs—most notably, the Supplemental Nutrition Assistance Program, or SNAP (formerly known as food stamps). Over the past 10 years, the SNAP program grew at 8.7 percent annually, ballooning from $33 billion in 2005 to $76 billion in 2014. While this amount is projected to remain steady over the next 10 years, it remains at elevated levels compared to prerecession levels.

Other programs have also seen large increases. Supplemental Security Income was created as a needs-based program that provides cash benefits to aged, blind, or disabled persons with limited income and assets. When the program began, the majority of payments went toward the aged. As it matured, however, a much greater percentage of beneficiaries were under age 18 or between the ages of 18 to 64. Over the past decade, spending on SSI has grown by 3.7 percent per year.

The largest means-tested program in the Federal budget is Medicaid, the Federal-State low-income health program. Medicaid—and its related State Children's Health Insurance Program [SCHIP]—has grown from $187 billion in 2005 to $310 billion in 2014. Going forward, the Congressional Budget Office [CBO] projects federal Medicaid and CHIP spending to nearly double over the next 10 years, from $345 billion in fiscal year 2015 to $594 billion in fiscal year 2025. Absent reform, Medicaid will not be able to deliver on its promise to provide a sturdy health care safety net for society's most vulnerable. Because of the flawed incentives in this program, Medicaid grew at 6.3 percent a year over the past 10 years, and it is projected to grow 5.8 percent a year over the next 10 years. This level of growth is clearly unsustainable.

The Fiscal Year 2016 Budget

The fiscal year 2016 budget addresses both non-means-tested and means-tested direct spending. Most important, it addresses the primary drivers of debt and deficits: the governments health programs. For Medicare, this budget advances policies to put seniors, not the Federal Government, in control of their health care decisions. Future retirees would be able to choose from a range of guaranteed coverage options, with private plans competing alongside the traditional fee-for-service Medicare program. Medicare would provide a premium support payment to offset the premium of the plan chosen by the senior. The Medicare premium support payment would be adjusted so that the sick would receive higher payments if their conditions worsened; lower-income seniors would receive additional assistance to help cover out-of-pocket costs; and wealthier seniors would assume responsibility for a greater share of their premiums. Putting seniors in charge of how their health care dollars are spent will force providers to compete against each other on price and quality. This market competition will act as a real check on widespread waste and skyrocketing health care costs. As with previous budgets, this program will begin in 2024 and makes no changes to those in or near retirement.

For Medicaid, this budget converts the Federal share of Medicaid spending into allotments tailored to meet each State's needs. State Flexibility Funds would end the misguided one-size-fits-all approach that ties the hands of State governments trying to make their Medicaid programs as effective as possible. Moreover, this budget repeals the Medicaid expansions in the President's health care law.

For the Supplemental Nutrition Assistance Program, this budget also calls for converting the current program into a flexible allotment tailored to meet each State's needs.

Additionally, in keeping with a recommendation from the National Commission on Fiscal Responsibility and Reform, this budget calls for Federal employees—including Members of Congress and their staffs—to make greater contributions toward their own retirement.

This budget is premised on the belief that the prospect of upward mobility should be in the reach of every American, and that priority must be given to maximizing the effectiveness of anti-poverty programs across Federal, State, and local governments. Congress should work to remove the barriers and obstacles that prevent the most vulnerable Americans from taking advantage of economic and educational opportunities and from moving up the ladder of opportunity to join the middle class. By balancing the budget, implementing comprehensive tax reform, and reforming means-tested entitlement programs, this resolution is designed to accomplish exactly these goals.

Improving the Accuracy of Budget Estimates

In addition, the CBO should constantly strive to improve and update its estimating practices with respect to both fiscal and economic effects. This requires a willingness by the agency to advance its methodologies—as it has done in the past. For instance, in February of 2014, CBO estimated a significantly larger negative employment impact from the Affordable Care Act than it had previously done. It did so in part because of the work of University of Chicago Economist Casey B. Mulligan, who has done extensive work in the area.[99] Another example is the treatment of this budget resolution, which does reflect the positive impact of its overall deficit-reducing fiscal policy, though it is still based on CBO's independent analysis.

Inaccuracies in cost estimates for direct spending legislation are to some degree unavoidable. This is due, in part, to the nature of the process. CBO must provide estimates in a short period of time for legislation that is sometimes very complex. Moreover, the estimates often depend on a wide array of difficult-to-predict variables such as individuals' behavioral responses to changes in program benefits. Though CBO routinely uses probability-based scoring techniques to estimate the cost of major legislation, accurate cost estimates for direct spending legislation remain elusive. CBO endeavors to communicate to the Congress the uncertainty of the agency's estimates. The agency also monitors the budgetary effects of enacted legislation to help improve projections of spending and receipts under current law, as well as to improve cost estimates for new legislative proposals.

Members of Congress have an important role to play as well. The Budget Committees in the House and Senate have oversight responsibilities over CBO. The committees should make greater use of this responsibility, conducting regular review of CBO's estimating accuracy of previous and future direct spending legislation, as Rep. Foxx (R–NC) has proposed. The committees should work with CBO to provide the Congress with periodic analyses of such inaccuracies in CBO cost estimates and subsequent adjustments going forward.

[99] See Congressional Budget Office, *The Budget and Economic Outlook: 2014 to 2024,* February 2014, Appendix C.

TABLE 9.—HISTORICAL MEANS–TESTED AND NON MEANS–TESTED DIRECT SPENDING

[Outlays by fiscal year, billions of dollars]

	2005	2006	2007	2008	2009	2010	2011	2012	2013	Estimated 2014	Estimated 2015	Average annual growth 2006–2015
Means-Tested Programs:												
Health Care Programs:												
Medicaid	182	181	191	201	251	273	275	251	265	301	335	6.3%
Medicare Part D Low-Income Subsidies	0	11	17	17	19	21	24	20	22	22	24	([a])8.9%
Health insurance subsidies [b,c]	0	0	0	0	0	0	0	0	0	13	28	n.a.
Children's Health Insurance Program	5	5	6	7	8	8	9	9	9	9	10	7.3%
Subtotal	187	197	213	225	277	302	308	279	297	346	397	7.8%
Income Security:												
SNAP	33	35	35	39	56	70	77	80	83	76	78	9.1%
Supplemental Security Income	38	37	36	41	45	47	53	47	53	54	55	3.7%
Earned income and child tax credits [c]	49	52	54	75	67	77	78	77	79	82	83	5.3%
Family support and foster care [d]	31	30	31	32	33	35	33	30	32	31	31	0.3%
Child nutrition	13	14	14	15	16	17	18	19	20	20	21	5.1%
Subtotal	163	168	170	202	217	247	260	254	266	263	268	5.1%
Veterans' pensions	4	4	3	4	4	4	5	5	5	6	6	5.0%
Pell Grants [e]	0	0	0	1	2	4	14	12	16	8	11	n.a.
Subtotal, Means-Tested Programs	354	369	386	431	501	557	587	550	584	623	683	6.8%
Non-Means-Tested Programs [f]	1,094	1,188	1,242	1,349	1,787	1,553	1,648	1,710	1,752	1,757	1,847	5.4%
Total Mandatory Outlays [g]	**1,448**	**1,556**	**1,628**	**1,780**	**2,288**	**2,110**	**2,236**	**2,260**	**2,336**	**2,380**	**2,530**	5.7%
Memorandum:												
Pell Grants (Discretionary)	13	13	13	15	13	20	21	21	17	23	20	4.3%

Source: Congressional Budget Office; staff of the Joint Committee on Taxation.

Notes: The average annual growth rate over the 2006-2015 period encompasses growth in outlays from the amount recorded in 2005 through the amount projected for 2015.

Data on spending for benefit programs in this table exclude administrative costs that are classified as discretionary but generally include administrative costs classified as mandatory.

SNAP = Supplemental Nutrition Assistance Program; n.a. = not applicable.

Because October 1 fell on a weekend in 2006, 2007, and 2012, certain federal payments that were due on that date were instead made at the end of the preceding September and thus shifted into the previous fiscal year. Those shifts primarily affected outlays for Supplemental Security Income, veterans' compensation benefits and pensions, and Medicare.

a. The average annual growth rate reflects the program's growth from its inception in 2006 through 2015.

b. Differs from the amounts reported in Table 3-2 from The Budget and Economic Outlook: Fiscal Years 2015 to 2025 because it does not include payments to health insurance plans for risk adjustment (amounts paid to plans that attract less healthy enrollees) and reinsurance (amounts paid to plans that enroll individuals who end up with high costs). Spending for grants to states to establish exchanges is also excluded.

c. Does not include amounts that reduce tax receipts.

d. Includes the Temporary Assistance for Needy Families program, the Child Support Enforcement program, the Child Care Entitlement program, and other programs that benefit children.
e. Includes mandatory spending designed to reduce the discretionary budget authority needed to support the maximum award level set in the appropriation act plus mandatory spending that, by formula, increases the total maximum award above the amount set in the appropriation act.
f. Does not include offsetting receipts.
g. Does not include outlays associated with federal interest payments, which are not considered part of mandatory spending

TABLE 10.—PROJECTED MEANS–TESTED AND NON MEANS–TESTED DIRECT SPENDING

[Outlays by fiscal year, billions of dollars]

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Average annual growth 2016–2025
Means-Tested Programs:												
Health Care Programs:												
Medicaid	335	360	384	405	428	452	477	503	530	558	588	5.8%
Medicare Part D Low-Income Subsidies	24	28	28	28	32	34	37	44	46	46	54	8.4%
Health insurance subsidies [a,b]	28	55	75	86	89	91	97	102	105	109	112	15.1%
Children's Health Insurance Program	10	11	6	6	6	6	6	6	6	6	6	−5.9%
Subtotal	397	454	493	524	555	584	617	656	687	719	760	6.7%
Income Security:												
SNAP	78	78	76	75	74	74	74	73	74	74	75	−0.4%
Supplemental Security Income	55	60	57	54	61	63	64	71	68	65	72	2.7%
Earned income and child tax credits [b,c]	83	85	86	87	75	76	77	78	79	80	82	−0.1%
Family support and foster care [d]	31	32	32	32	33	33	33	34	34	34	35	1.0%
Child nutrition	21	22	23	24	25	26	27	28	29	31	32	4.3%
Subtotal	268	277	274	273	267	271	275	285	284	284	295	1.0%
Veterans' pensions	6	7	6	6	7	7	7	8	7	7	7	2.0%
Pell Grants [e]	11	6	7	9	9	9	9	9	10	10	10	−1.3%
Subtotal, Means-Tested Programs	683	744	781	811	838	871	909	957	988	1,019	1,072	4.6%
Non-Means-Tested Programs [f]	1,847	1,947	2,018	2,094	2,241	2,370	2,516	2,708	2,820	2,933	3,165	5.5%
Total Mandatory Outlays [g]	**2,530**	**2,691**	**2,799**	**2,905**	**3,079**	**3,241**	**3,425**	**3,666**	**3,808**	**3,952**	**4,237**	5.3%
Memorandum:												
Pell Grants (Discretionary) [h]	20	27	27	23	24	24	25	25	26	26	27	3.0%

Source: Congressional Budget Office; staff of the Joint Committee on Taxation.

Notes: The projections shown here are the same as those reported in Congressional Budget Office, The Budget and Economic Outlook: Fiscal Years 2015 to 2025 (January 2015). CBO recently updated its baseline projections as reported in Congressional Budget Office, Updated Budget Projections: 2015 to 2025 (March 2015). Some of the projections are different in the March baseline, but at the request of the committee staff, the projections shown are from the January baseline.

The average annual growth rate over the 2016-2025 period encompasses growth in outlays from the amount projected for 2015 through the amount projected for 2025.

Projections of spending for benefit programs in this table exclude administrative costs that are classified as discretionary but generally include administrative costs classified as mandatory.

SNAP = Supplemental Nutrition Assistance Program.

Because October 1 will fall on a weekend in 2016, 2017, 2022, and 2023, certain federal payments that are due on that date will instead be made at the end of the preceding September and thus be shifted into the previous fiscal year. Those shifts primarily affect outlays for Supplemental Security Income, veterans' compensation benefits and pensions, and Medicare.

a. Differs from the amounts reported in Table 3-2 from The Budget and Economic Outlook: Fiscal Years 2015 to 2025 because it does not include payments to health insurance plans for risk adjustment (amounts paid to plans that attract less healthy enrollees) and reinsurance (amounts paid to plans that enroll individuals who end up with high costs). Spending for grants to states to establish exchanges is also excluded.

b. Does not include amounts that reduce tax receipts.

c. Differs from the amounts reported on Table 3-2 from The Budget and Economic Outlook: Fiscal Years 2015 to 2025 because it does not include other tax credits that were included in that table.

d. Includes the Temporary Assistance for Needy Families program, the Child Support Enforcement program, the Child Care Entitlement program, and other programs that benefit children.

e. Includes mandatory spending designed to reduce the discretionary budget authority needed to support the maximum award level set in the appropriation act plus mandatory spending that, by formula, increases the total maximum award above the amount set in the appropriation act.

f. Does not include offsetting receipts.

g. Does not include outlays associated with federal interest payments, which are not considered part of mandatory spending.

h. The discretionary baseline does not represent a projection of expected costs for the discretionary portion of the Pell Grant program. As with all other discretionary programs, the budget authority is calculated by inflating the budget authority appropriated for fiscal year 2015. Outlays for future years are based on those amounts of budget authority and also reflect a temporary surplus of budget authority provided in 2015.

THE LONG–TERM BUDGET OUTLOOK

The growing probability of a debt crisis is the most urgent challenge the United States faces today. The source of the crisis is the drift toward ever-expanding government. To avert a future debt crisis, Congress needs to stop this encroachment and to revive community in American civil society.

This budget turns the tide. It makes $5.5 trillion in spending reductions over the next 10 years. It reforms government spending programs responsibly. It protects key priorities while eliminating waste. It avoids sudden and arbitrary cuts to current services, such as those the country would experience in a debt crisis.

These reductions are hardly draconian. Over the years, Congress has put two-thirds of the budget on auto-pilot, and spending in those areas grows each year. The Congressional Budget Office [CBO] has said the current laws and policies cannot be sustained. Yet any effort to restrain the growth in this spending is cast as "cut."

Under current policy, the Federal Government will spend $48.6 trillion over the next 10 years. Under this proposal, it will spend roughly $43.2 trillion. This budget does not make sudden cuts. Instead, it increases spending at a more manageable rate. For instance, on the current path, spending will rise by an annual average of 5.1 percent. Under this budget, it will rise by only 3.3 percent.

Washington cannot keep spending money it does not have. So this budget achieves balance in 2024 and maintains balance in 2025 by bringing spending down relative to the size of economy, to 18.2 percent of GDP in 2024 and 18.3 percent in 2025. To achieve this outcome, it puts in place fundamental reforms to protect and strengthen Medicare by gradually transitioning the program to a premium support model. Along with Medicaid and other spending reforms, these changes are critical to putting the nation on sound financial footing going forward.

The spending path assumed in this budget will result in a balanced budget in less than 10 years and, according to CBO, a growing surplus that will lead to a sharp reduction in the national debt. CBO says a small budget surplus of 0.1 percent of GDP in 2026 will eventually grow to 2.1 percent of GDP by 2040. At the same time, debt held by the public will decline from more than 74 percent of GDP today to 55 percent of GDP in 2025 to just 18 percent of GDP by 2040—a glide path to fully paying off the national debt.

Over the long term, the budget assumes revenue follows CBO's extended baseline and is allowed to grow from 18.3 percent of GDP in 2025 to 19 percent of GDP by 2035. After that, the budget holds revenue at 19 percent of GDP.

The United States has dealt with financial problems in the past. In 1997, a Democratic president and a Republican Congress passed the Balanced Budget Act of 1997, which inaugurated four years of balanced budgets. This budget follows that model. It incorporates ideas from both parties to address the most pressing issue of the day: America's national debt.

SECTION–BY–SECTION DESCRIPTION

The concurrent resolution on the budget for fiscal year 2016 establishes an overall budgetary framework. As required under the Congressional Budget Act of 1974 [Budget Act], the framework includes aggregate levels of new budget authority, outlays, revenues, the amount by which revenues should be changed, the surplus or deficit; new budget authority and outlays for each major functional category, debt held by the public, and debt subject to the statutory limit. This resolution also sets forth appropriate budgetary levels for fiscal years 2017 through 2025.

This resolution provides reconciliation instructions to authorizing committees to achieve specified deficit reduction targets. It includes rulemaking provisions necessary to enforce the resolution, procedures for adjusting the budget resolution, provisions to accommodate legislation not assumed in the budget, and specifies certain policy assumptions underlying the budget.

Section 1. Concurrent resolution on the budget for fiscal year 2016.

Subsection (a) establishes the budgetary levels for fiscal year 2016 and each of the nine ensuing fiscal years, 2017 through 2025. Section 301(a) of the Budget Act stipulates that the budget resolution establish budgetary levels for the fiscal year for which such resolution is adopted and at least for each of the four ensuing fiscal years.

In addition to the levels set forth in the fiscal year 2016 budget resolution, this report provides allocations of budget authority and outlays, as required under section 302 of the Budget Act, to the Committee on Appropriations. The Committee on Appropriations, in turn, suballocates this amount to its twelve subcommittees for spending on the various programs, projects, and activities within the jurisdiction of the subcommittees.

This report provides allocations to each of the authorizing committees, with jurisdiction over entitlements and other forms of mandatory spending. In addition to an allocation for fiscal year 2016, the authorizing committees receive an allocation of spending authority over the 10-year period provided for by this budget resolution on the budget and may not spend more than the allocation for the budget year or over the 10-year period.

Subsection (b) sets out the table of contents of the resolution.

TITLE I—RECOMMENDED LEVELS AND AMOUNTS

Section 101. Recommended levels and amounts.

Section 101, as required by section 301 of the Budget Act, establishes the recommended levels for revenue, the assumed change in revenue, total new budget authority, total budget outlays, surpluses or deficits, debt subject to the statutory limit, and debt held by the public.

The revenue level operates as a floor against which all revenue bills are measured pursuant to section 311 of the Budget Act. Similarly, the recommended levels of new budget authority and budget outlays serve as a ceiling for spending legislation. The surplus or deficit levels include only on-budget outlays and revenue and do not include most outlays and receipts related to the Social Security program and United States Postal Service operations.

Debt subject to the statutory limit aggregates generally refers to the portion of gross Federal debt issued by the Treasury to the public or another government fund or account, whereas debt held by the public is the amount of debt issued and held by entities or individuals other than the U.S. Government.

Section 102. Major functional categories.

Section 102, as required by section 301(a) of the Budget Act, establishes the budgetary levels for each major functional category for fiscal year 2016 and establishes these levels for each of fiscal years 2017 through 2025.

These major functional categories are:

050 National Defense
150 International Affairs
250 General Science, Space, and Technology
270 Energy
300 Natural Resources and Environment
350 Agriculture
370 Commerce and Housing Credit
400 Transportation
450 Community and Regional Development
500 Education, Training, Employment, and Social Services
550 Health
570 Medicare
600 Income Security
650 Social Security
700 Veterans Benefits and Services
750 Administration of Justice
800 General Government
900 Net Interest
920 Allowances
930 Government-Wide Savings
950 Undistributed Offsetting Receipts
970 Overseas Contingency Operations/Global War on Terrorism

TITLE II—RECONCILIATION

Section 201. Reconciliation in the House of Representatives.

Subsection (a) specifies a deadline of July 15, 2015 for the authorizing committees to submit reconciliation legislation to the Committee on the Budget. These instructions are optional procedures permitted under section 301(b) of the Budget Act.

Subsection (b) includes reconciliation instructions to 13 authorizing committees, pursuant to section 301 of the Budget Act, to achieve specified amounts of deficit reduction. The instructed committees have jurisdiction over direct spending programs for which savings are assumed in the budget resolution. The instructed committees are:

Committee on Agriculture
Committee on Armed Services
Committee on Education and the Workforce
Committee on Energy and Commerce
Committee on Financial Services
Committee on Homeland Security
Committee on the Judiciary
Committee on Natural Resources
Committee on Oversight and Government Reform
Committee on Science, Space, and Technology
Committee on Transportation and Infrastructure
Committee on Veteran's Affairs
Committee on Ways and Means

This resolution does not reconcile the corresponding Senate Committees, but assumes such instructions will be included in the Senate budget resolution and carried in the conference agreement nor does it include any instruction increasing the debt limit.

The committees are instructed to achieve specified deficit reduction targets rather than changes in budget authority, outlays, or revenue. While this instruction provides flexibility as to how the savings may be scored, the budget resolution assumes savings will be achieved through reductions in direct spending. The amounts reconciled are intended to serve as a floor on required savings, not a ceiling. The targets are for the total of the ten-year period of fiscal year 2016 through 2025. These targets will provide the committees maximum flexibility in their savings while ensuring the budget is balanced within the ten-year window.

The reconciled committees are directed to mark up legislation that meets their reconciliation target and submit legislation to the Committee of the Budget, consistent with section 310 of the Budget Act, instead of reporting it directly to the House. Other than submitting their legislation to the Committee on the Budget, committees are expected to follow regular order in complying with House and Committee rules related to markup procedures and reporting requirements. The Committee on the Budget will then combine the submissions and report the bill to the House. Under section 310(b) of the Budget Act, the Committee on the Budget must report the submissions without substantive revision. While the instructions are based on policy assumptions, committees may determine their own policies as long as they meet the reconciliation targets.

Section 202. Reconciliation procedures.

Subsection (a) authorizes the Chair of the Committee on the Budget to use the baseline underlying the Congressional Budget Office's Budget and Economic Outlook: 2015 to 2025 (January 2015) when making any estimates of any bill or joint resolution, or any amendment thereto or conference report thereon. It also authorizes the Chair of the Committee on the budget to determine whether to use any adjustments to the baseline, if made subsequent to the adoption of this concurrent resolution, when making such estimates.

Subsection (a) clarifies that this authority should be used only if the estimates used to determine compliance of measures with budgetary requirements included in this concurrent resolution are inaccurate because the adjustments made to the baseline are inconsistent with the assumptions underlying budgetary levels set forth in this concurrent resolution. Inaccurate adjustments may include selected adjustments for rulemaking, judicial actions, adjudication, and interpretative rules that have major budgetary effects and are inconsistent with the assumptions underlying the budgetary levels set forth in this concurrent resolution.

Subsection (a) also requires the Congressional Budget Office, upon the request of the Chair of the Committee on the Budget, to prepare an estimate based on the baseline determination made by the Chair.

Subsection (b) stipulates that the committees instructed to submit reconciliation legislation pursuant to section 201(b) of this concurrent resolution shall, in preparing their submissions, note and determine the most effective methods by which the President's health care law shall be repealed in its entirety.

Subsection (c) authorizes the Chair of the Committee on the Budget to file with the House appropriately revised allocations under section 302(a) of the Budget Act and revised functional levels and aggregates upon an authorizing committee's submission to the Committee on the Budget of a recommendation complying with its reconciliation instructions pursuant to section 310(b) of the Budget Act.

Subsection (c) also authorizes the Chair of the Committee on the Budget to file with the House appropriately revised allocations under section 302(a) of the Budget Act and revised functional levels and aggregates upon the submission of a conference report the House.

Subsection (c) stipulates that these revised allocations and aggregates shall be considered to be the allocations and aggregates established by the concurrent resolution on the budget pursuant to section 310 of the Budget Act.

Section 203. Additional guidance for reconciliation.

Section 203 authorizes the Chair of the Committee on the Budget to submit additional information to help guide the authorizing committees. This information may include suggested increases in the amount of deficit reduction reconciled to each authorizing committee.

TITLE III—SUBMISSIONS FOR THE ELIMINATION OF WASTE, FRAUD, AND ABUSE

Section 301. Submissions of Findings for the Elimination of Waste, Fraud, and Abuse.

Subsection (a) requires the House committees, named in this section and no later than October 1, 2015, to submit findings identifying changes in law within their jurisdictions that would achieve specified savings through the elimination of waste, fraud, and abuse.

Subsection (b) permits the Chair of the Committee on the Budget to use these recommendations in the development of future concurrent resolutions on the budget and requires such Chair to make these recommendations publically available and submit them for printing in the Congressional Record.

Subsection (c) stipulates that the Chair of the Committee on the Budget may submit for printing in the Congressional Record a specified level of savings for each committee.

Subsection (d) requires the following House committees to submit findings to the Committee on the Budget:

Committee on Agriculture
Committee on Armed Services
Committee on Education and the Workforce
Committee on Energy and Commerce
Committee on Financial Services
Committee on Foreign Affairs
Committee on Homeland Security
Committee on House Administration
Committee on the Judiciary
Committee on Oversight and Government Reform
Committee on Natural Resources
Committee on Science, Space, and Technology
Committee on Small Business
Committee on Transportation and Infrastructure
Committee on Veterans' Affairs
Committee on Ways and Means

Subsection (e) requires the Comptroller General of the Government Accountability Office, no later than August 1, 2015, to submit to the Committee on the Budget of the House a comprehensive report identifying instances in which the committees referred to in subsection (d) may make legislative changes to improve the economy, efficiency, and effectiveness of programs within their jurisdiction.

TITLE IV—BUDGET ENFORCEMENT

Section 401. Cost estimates for major legislation to incorporate macroeconomic effects.

Section 401 extends a House rule that requires estimates for major legislation include macroeconomic effects, to the Senate.

Subsections (a) and (b) direct the Congressional Budget Office and Joint Committee on Taxation, as applicable, to incorporate in the cost estimates for major legislation, to the extent practicable, the macroeconomic effects of such legislation during fiscal year 2016.

Subsection (c) stipulates that the macroeconomic estimates include, to the extent practicable, a qualitative assessment of the budgetary effects (including the variables referred to above) of major legislation in the 20-fiscal year period beginning after the last fiscal year of the most recently agreed to budget resolution and an identification of the assumptions and source data underlying the estimate.

Subsection (d) defines major legislation to include legislation that causes a gross budgetary effect in any fiscal year covered by the budget resolution equal to or greater than 0.25 percent of the current projected gross domestic product of the United States for that fiscal year. Under this subsection, the Chair of the Committee on the Budget of the House or Senate, as applicable for direct spending legislation, and the Chair or Vice Chair of the Joint Committee on Taxation, as applicable for revenue legislation, may designate major legislation for which estimates would incorporate macroeconomic effects.

Section 402. Limitation on measures affecting Social Security solvency.

Subsection (a) prohibits, during fiscal year 2016, the consideration of any legislation that reduces the actuarial balance of the Federal Old-Age and Survivors Insurance (OASI) Trust Fund by at least .01 percent of the present value of future taxable payroll for the 75-year period utilized in the most recent annual report of the Board of Trustees.

Subsection (b) provides an exception if legislation would improve the actuarial balance of the combined balance in the OASI Trust Fund and the Federal Disability Insurance Trust Fund for the 75-year period utilized in the most recent annual report of the Board of Trustees.

Section 403. Budgetary treatment of administrative expenses.

Subsection (a) provides that the administrative expenses of the Social Security Administration and the United States Postal Service are reflected in the allocation to the Committee on Appropriations even though both are technically off-budget. This language is necessary to ensure the Committee on Appropriations retains control over administrative expenses through the annual appropriations process. This budgetary treatment of administrative expenses is based on the long-term practice of the House and Senate Budget Committees.

Subsection (b) requires the administrative expenses to be included in the cost estimates for the relevant appropriations measure, which are used to determine if a measure exceeds the spending limits in the budget resolution and, as a result, subject to points of order.

Section 404. Limitation on transfers from the general fund of the Treasury to the Highway Trust Fund.

Section 404 stipulates that, for purposes of budget enforcement, transfers of funds from the general fund of the Treasury to the Highway Trust Fund are counted as new budget authority and outlays equal to the amount of the transfer in the fiscal year in which the transfer occurs.

Section 405. Limitation on advance appropriations.

Section 405 provides a limit on appropriations that would become effective in fiscal year 2017.

Subsection (a) prohibits the consideration of any general or continuing appropriations measure from making advance appropriations unless the appropriation is included in a list of exceptions.

Subsection (b) specifies the list of excluded accounts, which may receive advance appropriations, are referred to in this report or joint explanatory statement, as applicable, in the section designated as "Accounts Identified for Advance Appropriations."

Subsection (c) sets an overall limit for allowable advance appropriations for fiscal year 2017. It permits advance appropriations of up to $63.271 million for fiscal year 2017 for the veterans accounts referenced in subsection (b) and referred to in this report. It also allows up to $28.852 million in advance appropriations for other accounts referenced in subsection (b) and referred to in this report.

Subsection (d) defines an advance appropriation as any new discretionary budget authority provided in a bill, joint resolution, amendment, or conference report making general or continuing appropriations for a fiscal year following fiscal year 2016.

Section 406. Fair value credit estimates.

Subsection (a) requires, upon the request of the Chair or Ranking Member of the Committee on the Budget, estimates prepared by the Congressional Budget Office for any measure under the terms of title V of the Budget Act to include an estimate of the current actual or estimated market values representing the "fair value" of assets and liabilities affected by such measure.

Subsection (b) requires that, whenever the Congressional Budget Office prepares an estimate of the cost of legislation with a cost related to housing, residential mortgage, or student loan programs, under the Federal Credit Reform Act of 1990, the estimate include an estimate of the "fair value" of the assets and liabilities affected.

Subsection (c) permits the Chair of the Committee on the Budget to use these supplemental estimates to determine if legislation is within the levels of the budget resolution and complies with other budgetary controls.

Section 407. Limitation on Long-Term Spending.

Section 407 establishes a point of order against the consideration of any measure reported by an authorizing committee that increases direct spending by $5 billion over the long-term.

Subsection (b) states the applicable periods for this section are any of the four consecutive ten fiscal year periods beginning in fiscal year 2026.

Section 408. Allocations for Overseas Contingency Operations and the Global War on Terrorism.

Subsection (a) provides the Committee on Appropriations with two separate OCO/GWOT allocations for the purposes of Overseas Contingency Operations/Global War on Terrorism under section 302(a) of the Budget Act, which are included in this report in allocation tables.

Subsection (b) stipulates that, for purposes of enforcing the point of order under section 302(f) of the Budget Act, the "first fiscal year" and the "total of fiscal years" refers to fiscal year 2016 only. This separate allocation is the exclusive allocation for OCO/GWOT under section 302(a) of the Budget Act. It also stipulates that section 302(c) of the Budget Act does not apply to this separate allocation.

Subsection (c) stipulates that new budget authority or outlays counting toward the allocation shall be designated pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985.

Subsection (d) prohibits any adjustment under section 314(a) of the Budget Act if an adjustment would be made under section 251(b)(2)(A)(ii) of BBEDCA for fiscal year 2016.

Section 409. Adjustments for improved control of budgetary resources.

Subsection (a) authorizes the Chair of the Budget Committee to reduce the a committee's allocation (other than the Committee on Appropriations) and increase the Committee on Appropriations allocation of discretionary spending for fiscal year 2016 if a committee (other than Appropriations) reports legislation that decreases direct spending in any fiscal year and authorizes appropriations for the same purpose. This adjustment would be made upon enactment of the legislation.

Subsection (b) provides the Chair of the Committee on the Budget with the authority to determine and adjust, as applicable, the budgetary levels of this concurrent resolution on the budget.

Section 410. Concepts, aggregates, allocations and application.

Subsection (a) sets forth the allocation and aggregate adjustment procedures required to accommodate legislation provided in this resolution. It provides that the adjustments apply while the legislation is under consideration and become permanent upon enactment of the legislation. These adjustments must be printed in the Congressional Record. It also suspends section 202 of S. Con. Res. 21 (111th Congress), the fiscal year 2008 concurrent resolution on the budget. This rule precludes the Senate from reconciling a net reduction in revenue or any other measure that may be scored as increasing the deficit in either the budget year and four ensuing outyears or the current year, budget year, and the nine ensuing outyears.

Subsection (a) also stipulates that the Chair of the Committee on the Budget may adjust the allocations, aggregates, and other appropriate budgetary levels to reflect changes resulting from the Congressional Budget Office's most recently published or adjusted baseline. It also defines the "budget year" as the most recent fiscal year for which a concurrent resolution on the budget has been adopted.

Subsection (b) requires, for purposes of enforcing the budget resolution, aggregate and allocation levels resulting from adjustments made according to the terms of this resolution to have the same effect as if adopted in the originally adopted aggregates and allocations. For example, if the budget resolution is adjusted for legislation considered pursuant to a reserve fund, it is the adjusted levels that are enforced when subsequent legislation is considered by the House.

Section 411. Rulemaking powers.

Section 411 affirms that the adoption of the budget resolution is an exercise of the House's rulemaking power and that the House has the constitutional right to change these rules.

TITLE V—RESERVE FUNDS

Title V establishes ten reserve funds for health, tax reform, trade, education, retirement, and transportation legislation. In general, this empowers the Chair of the Committee on the Budget to adjust the levels in the budget resolution to accommodate specific legislation. In most cases, certain conditions must be met in order for the Chair to make the adjustment—the most frequent being the legislation be deficit neutral over some period. The most important levels that are typically adjusted include the revenue floor, the ceiling for budget authority, and the 302(a) allocations to individual committees. The deficit, debt, and functional categories may also be adjusted as appropriate.

Section 501. Reserve fund for the repeal of the President's health care law.

Section 501 permits the Chair of the Committee on the Budget to revise allocations of spending authority and other budgetary levels for a measure that fully repeals the Patient Protection and Affordable Care Act (Public Law 111–148) and the healthcare-related provisions of the Health Care and Education Reconciliation Act of 2010 [HCERA 2010] (Public Law 111–152). These are the health care bills enacted into law in 2010. These adjustments would not be available for legislation that only partially repeals these laws. The reserve fund is intended to apply to the health care provisions and would not apply to the repeal of the education-related provisions of HCERA 2010.

Legislation repealing the health care laws must solely achieve that purpose and may not include language which is extraneous to that purpose, whether such language has a budgetary effect or not.

The adjustments may be made for bills, amendments thereto, or conference reports. Multiple measures may take advantage of the reserve fund, as long as each is for the specified purpose.

An amendment (or a motion to recommit), if it qualifies under the terms of this reserve fund, may be offered to an unrelated measure, but should such a measure as amended be returned to the House as a conference report or an amendment between the Houses, no adjustments would be made if that measure contained text unrelated to the purpose of this reserve fund which is to repeal the laws referred to above.

Adjustments may be made for amendments meeting the criteria, but the adjustment would not cover provisions in the underlying bill unrelated to repealing these laws.

A measure receiving an adjustment under the terms of this reserve fund may be open for amendment, subject to the special rule providing for its consideration, but the amendment, if it does not meet the terms outlined in this section, must be compliant with the Budget Act and the Rules of the House without regard to the adjustments made to the underlying measure.

Section 502. Deficit-neutral reserve fund for promoting real health care reform.

Section 502 permits the Chair of the Committee on the Budget to revise allocations of spending authority, provided to committees of the House, and to adjust other budgetary levels for a measure that promotes real health care reform as long as the measure is deficit-neutral for the period of fiscal years 2016 through 2025. Those public laws are the health care bills enacted in 2010.

Section 503. Deficit-neutral reserve fund related to the Medicare provisions of the President's health care law.

Section 503 permits the Chair of the Committee on the Budget to revise allocations of spending authority provided to committees of the House, and to adjust other budgetary levels for a measure that repeals the Medicare spending cuts in the Patient Protection and Affordable Care Act (Public Law 111–148) or the Health Care and Education Reconciliation Act of 2010 (Public Law 111–152), as long as the measure is deficit-neutral for the period of fiscal years 2016 through 2025.

A measure that repeals only part of these Medicare spending reductions is also eligible for these adjustments. A series of bills, joint resolutions, amendments or conference reports may receive adjustments under this section, only limited by the cumulative amount of the Medicare spending reductions included in the public laws referenced, as estimated by the Chair of the Committee on the Budget.

Once the limit is reached through enacted measures, no more adjustments may be made under this reserve fund. The amount necessary to repeal the Medicare spending cuts is a limit on the adjustments that may be made under this section, but as measures are considered in the House that meet these terms, the amount is not reduced until such measure fulfilling this purpose is enacted.

Section 504. Deficit-neutral reserve fund for the State Children's Health Insurance Program.

Section 504 permits the Chair of the Committee on the Budget to revise the allocations of spending authority provided to applicable committees and adjust other budgetary levels in this resolution for a measure that extends the State Children's Health Insurance Program as long as such measure does not increase the deficit over the period of fiscal years 2016 through 2025.

Section 505. Deficit-neutral reserve fund for graduate medical education.

Section 505 permits the Chair of the Committee on the Budget to revise the allocations of spending authority provided to applicable committees and adjust other budgetary levels in this resolution for a measure that reforms, expands, access to, and improves, as determined by such Chair, graduate medical education programs as long as such measure does not increase the deficit over the period of fiscal years 2016 through 2025.

Section 506. Deficit-neutral reserve fund for trade agreements.

Section 506 permits the Chair of the Committee on the Budget to revise the allocations of spending authority provided to the Committee on Ways and Means and to adjust other budgetary levels in this resolution for legislation that implements a trade agreement, as long as such a measure does not increase the deficit in the period of fiscal years 2016 through 2025.

Section 507. Deficit-neutral reserve fund for reforming the tax code.

Section 507 permits the Chair of the Committee on the Budget to revise the allocations of spending authority provided to the Committee on Ways and Means and to adjust other budgetary levels in this resolution for legislation that reforms the Internal Revenue Code of 1986 as long as such legislation is deficit-neutral for the period of fiscal years 2016 through 2026.

Section 508. Deficit-neutral reserve fund for revenue measures.

Section 508 permits the Chair of the Committee on the Budget to revise the allocations of spending authority provided to the Committee on Ways and Means for legislation that causes a decrease in revenue. The Chair of the Committee on the Budget may adjust the allocations and aggregates in this resolution if the measure does not increase the deficit over the period of fiscal years 2016 through 2025. This allows the Committee on Ways and Means to report legislation that reduces revenue below the level provided for in this resolution but only if it decreases outlays by an equal or greater amount in the applicable period.

Section 509. Deficit-neutral reserve fund to reduce poverty and increase opportunity and upward mobility.

Section 509 permits the Chair of the Committee on the Budget to revise the allocations of spending authority provided to applicable committees and adjust other budgetary levels in this resolution for a measure reforming policies and programs to reduce poverty and increase opportunity and upward mobility as long as such a measure neither adversely impacts job creation nor increases the deficit in the period of fiscal years 2016 through 2025.

Section 510. Deficit-neutral reserve fund for transportation.

Section 510 permits the Chair of the Committee on the Budget to revise the allocations of spending authority and to adjust other budgetary enforcement levels in this resolution for any bill or joint resolution to maintain the solvency of the Highway Trust Fund, as long as such a measure does not increase the deficit in the period of fiscal years 2016 through 2025.

Section 511. Deficit-neutral reserve fund for Federal retirement reform.

Section 511 permits the Chair of the Committee on the Budget to revise the allocations of spending authority provided to applicable committees and adjust other budgetary levels in this resolution for a measure that reforms, improves and updates, as determined by the Chair of the Committee on the Budget, the Federal retirement system as long as such measure does not increase the deficit over the period of fiscal years 2016 through 2025.

Section 512. Deficit-neutral reserve fund for national defense.

Section 512 permits the Chair of the Committee on the Budget to revise the allocations of spending authority provided to applicable committees and adjust other budgetary levels in this resolution for any legislation that supports the activities specified below as long as such legislation is deficit-neutral (without counting any net revenue increases in that measure) for the periods of fiscal years 2016 through 2021 or fiscal years 2016 through 2025. The activities that may be supported in legislation under this reserve fund include: Department of Defense training and maintenance associated with combat readiness, temporary increases in end strength, modernization of equipment, auditability of financial statements, or military compensation recommendations.

Section 513. Deficit-neutral reserve fund for overseas contingency operations/global war on terrorism.

Section 513 permits the Chair of the Committee on the Budget to revise the allocations of spending authority provided to applicable committees and adjust other budgetary levels in this resolution for any legislation related to the support of Overseas Contingency Operations/Global War on Terrorism by the amounts provided in such legislation in excess of $73.5 billion but not to exceed $94 billion, as long as such measure does not increase the deficit (without counting any net revenue increases in that measure) over the period of fiscal years 2016 through 2025.

TITLE VI—ESTIMATES OF DIRECT SPENDING

Title VI is required under the Separate Orders of H. Res. 5 (114th Congress), which implements the Rules of the House of Representatives, and is a requirement for the consideration of a concurrent resolution on the budget in the 114th Congress. See section designated "Direct Spending Trends and Reforms" within this report for more information on Title V.

Section 601. Direct spending.

Subsection (a) provides the average and estimated average rate of growth in means-tested direct spending for the 10-year periods before and after fiscal year 2016, respectively. It also proposes reforms to the means-tested category of direct spending.

Subsection (b) provides the average and estimated average rate of growth in non-means-tested direct spending for the 10-year periods before and after fiscal year 2016, respectively. It also proposes reforms to the non-means-tested category of direct spending.

TITLE VII—RECOMMENDED LONG–TERM LEVELS

Section 701. Long-term budgeting.

Section 701 sets out recommended budgetary levels for certain budget aggregates for each of fiscal years 2030, 2035, and 2040 as a percentage of the gross domestic product of the United States as follows:

FEDERAL REVENUES

Fiscal Year 2030: 18.7 percent
Fiscal Year 2035: 19.0 percent
Fiscal Year 2040: 19.0 percent

BUDGET OUTLAYS

Fiscal Year 2030: 18.4 percent
Fiscal Year 2035: 17.8 percent
Fiscal Year 2040: 16.9 percent

DEFICITS

Fiscal Year 2030: −0.3 percent
Fiscal Year 2035: −1.2 percent
Fiscal Year 2040: −2.1 percent

DEBT

Fiscal Year 2030: 44.0 percent
Fiscal Year 2035: 32.0 percent
Fiscal Year 2040: 18.0 percent

TITLE VIII—POLICY STATEMENTS

Section 801. Policy statement on balanced budget amendment.

Subsection (a) sets out findings.

Subsection (b) states that the policy of this concurrent resolution on the budget is for Congress to pass a joint resolution establishing a Balanced Budget Amendment to the Constitution of the United States, requiring an annual balanced budget, and to send such joint resolution to the States for approval.

Section 802. Policy statement on the budget process and baseline reforms.

Subsection (a) sets out findings.

Subsection (b) states the policy of this concurrent resolution that Congress must restructure its procedures of budget decision making and reassert its role as the government's spending authority.

Subsection (c) stipulates that Congress must reform the budget process and remove the bias in the baseline against the extension of current tax laws.

Subsection (d) states that the Committee on the Budget intends to offer legislation during the 114th Congress that revises and rewrites the Congressional Budget and Impoundment Control Act of 1974.

Section 803. Policy statement on economic growth and job creation.

Subsection (a) sets out findings.

Subsection (b) states the policy on promoting economic growth and job creation assumed by this concurrent resolution on the budget urging reform of the current tax code and its overly burdensome regulations.

Section 804. Policy statement on tax reform.

Subsection (a) sets out findings.

Subsection (b) states the policy on comprehensive tax reform that promotes economic growth, creates American jobs, increases wages, and benefits American consumers, investors, and workers assumed by this concurrent resolution on the budget.

Section 805. Policy statement on trade.

Subsection (a) sets out findings.

Subsection (b) states that the policy of this concurrent resolution on the budget is to pursue international trade, global commerce, and a modern and competitive U.S. international tax system in order to promote job creation in the United States.

Section 806. Policy statement on Social Security.

Subsection (a) sets out findings.

Subsection (b) states the policy on Social Security assumed by this concurrent resolution on the budget to ensure sustainable solvency of the fund.

Subsection (c) states the policy on the Disability Insurance program assumed by this concurrent resolution on the budget to reform the program and to work towards fixing the looming insolvency before it occurs in 2016.

Subsection (d) states the policy on Social Security solvency must be assured and improved in any legislation Congress considers regarding the Disability Insurance program.

Section 807. Policy statement on replacing the President's health care law and promoting real health care reform.

Subsection (a) sets out findings.

Subsection (b) states the policy on replacing the President's health care law assumed by this concurrent resolution on the budget should be fully repealed and have Congress pursue real health care reforms.

Section 808. Policy statement on Medicare.

Subsection (a) sets out findings.

Subsection (b) states that the policy of this concurrent resolution on the budget is to preserve the program for those in or near retirement and strengthen the program for future beneficiaries.

Subsection (c) sets forth the assumptions of this concurrent resolution on the budget for the parameters of future Medicare reforms.

Section 809. Policy statement on medical discovery, development, delivery and innovation.

Subsection (a) sets out findings on medical discovery, development, delivery and innovation.

Subsection (b) states that the policy of this concurrent resolution on the budget is to support the work of medical innovators, including private-sector innovators, medical centers and the National Institutes of Health, and their research.

Section 810. Policy statement on Federal regulatory reform.

Subsection (a) sets out findings.

Subsection (b) states the policy on Federal regulation by this concurrent resolution on the budget that the public is currently burdened by excessive regulation and that Congress should enact legislation protecting the public from additional, unnecessary regulation.

Section 811. Policy statement on higher education and workforce development opportunity.

Subsection (a) sets out findings on higher education.

Subsection (b) states the policy on higher education affordability assumed by this concurrent resolution on the budget.

Subsection (c) sets out findings on workforce development.

Subsection (d) states the policy on workforce development assumed by this concurrent resolution on the budget.

Section 812. Policy statement on Department of Veterans Affairs.

Subsection (a) sets out findings.

Subsection (b) states that the policy of this concurrent resolution in the budget is to support the continued oversight efforts of the Department of Veterans by Congress and its committees.

Section 813. Policy statement on Federal accounting methodologies.

Subsection (a) sets out findings.

Subsection (b) states the policy on the Federal accounting methodologies in this concurrent resolution on the budget is to reform current budget and accounting practices to allow for greater transparency.

Section 814. Policy statement on scorekeeping for outyear budgetary effects in appropriations acts.

Subsection (a) sets out findings.

Subsection (b) states that the policy of this concurrent resolution on the budget is to more effectively allocate and accurately enforce budget targets by agreeing to a scorekeeping procedure for outyear budgetary effects in appropriations acts to more effectively allocate and accurately enforce budget targets. The Committee on the Budget tasks the relevant committees to consult and offer recommendations for implementation in fiscal year 2017.

Section 815. Policy statement on reducing unnecessary, wasteful, and unauthorized spending.

Subsection (a) sets out findings.

Subsection (b) states that each authorizing committee shall, as part of its annual Views and Estimates letter to the Committee on the Budget, submit recommendations for reductions in spending that result from that committee's oversight activities. Each Congressional Committee shall also annually review its programs to ensure they are operating efficiently and effectively.

Section 816. Policy statement on deficit reduction through the cancellation of unobligated balances.

Subsection (a) sets out findings.

Subsection (b) directs congressional committees through their oversight activities to identify and achieve savings through the cancellation or rescission of unobligated balances that neither abrogate contractual obligations of the Federal Government nor reduce or disrupt Federal commitments under programs such as Social Security, veterans' affairs, national security, and Treasury authority to finance the national debt.

Subsection (c) provides that Congress, with the assistance of the Government Accountability Office, the Inspectors General, and other appropriate agencies should make it a high priority to review unobligated balances and identify savings for deficit reduction.

Section 817. Policy statement on agency fees and spending.

Subsection (a) sets out findings.

Subsection (b) states that the policy of this concurrent resolution on the budget is for Congress to reassert is constitutional prerogative to control spending and conduct oversight.

Section 818. Policy statement on responsible stewardship of taxpayer dollars.

Subsection (a) sets out findings.

Subsection (b) states that the policy of this concurrent resolution on the budget is to identify any savings that can be achieved through greater productivity and efficiency gains in the operation and maintenance of House services and resources.

Section 819. Policy statement on "No Budget, No Pay".

Section 819 states that the policy of this concurrent resolution on the budget is that Congress should agree to a concurrent resolution on the budget every year pursuant to section 301 of the Budget Act. Section 819 further states that if, by April 15, a House of Congress has not agreed to a concurrent resolution in the budget, the payroll administrator should withhold compensation for Members of Congress, consistent with the provisions of Public Law 113–3, the No Budget, No Pay Act of 2013.

Section 820. Policy statement on national security funding.

Subsection (a) sets out findings.

Subsection (b) states that the policy of the concurrent resolution on the budget is to provide additional funding for Overseas Contingency Operations/Global War on Terrorism over the next decade, in excess of the President's Five Year Defense Plan.

Subsection (c) prioritizes national defense funding and the needs of our military and soldiers through the creation of the "Defense Readiness and Modernization Fund."

Subsection (d) encourages the immediate reevaluation of Federal Government spending priorities to ensure the continued strength of our national security, while ensuring the availability funding despite the current sequester for national defense funding.

THE CONGRESSIONAL BUDGET PROCESS

The spending and revenue levels established in the budget resolution are implemented through two parallel, but separate, mechanisms: allocations to the authorizing and appropriations committees, and, when necessary, reconciliation directives to the authorizing committees.

As required under section 302(a) of the Congressional Budget Act of 1974, the direct spending levels in the budget resolution are allocated to each of the authorizing committees in each House of Congress with direct spending authority. The resolution's discretionary spending levels are allocated to the Committee on Appropriations.

These allocations are included in the report accompanying the budget resolution, and are enforced through points of order (see the section of this report titled: "Enforcing the Budget Resolution"). Amounts provided under "current law" encompass programs that affect direct spending—for example, health, retirement, and other programs that have spending authority or offsetting receipts. Amounts subject to discretionary action refer to programs that require subsequent legislation to provide the necessary spending authority. Amounts provided under "reauthorizations" reflect amounts assumed to be provided in subsequent legislation reauthorizing expiring direct spending programs.

Section 302 of the Congressional Budget Act of 1974, as modified by the Balanced Budget Act of 1997, requires that allocations of budget authority be provided in the report accompanying a budget resolution for the 1st fiscal year for which it is adopted and at least the 4 ensuing fiscal years (except for the Committee on Appropriations, which receives an allocation for only the budget year). This budget resolution provides allocations of budget authority and outlays for fiscal year 2016 and each of the 9 ensuing fiscal years, fiscal years 2017 through 2025.

Authorizing Committees

The report (or the joint statement of managers for a conference report) accompanying the concurrent resolution on the budget allocates to the authorizing committees an amount of new budget authority along with the attendant outlays required to fund the direct spending within each authorizing committee's jurisdiction. If increases in spending are required within a committee's jurisdiction, then the committee may be allocated additional budget authority. This occurs when the budget resolution assumes a new or expanded direct spending program. Such spending authority must be provided through subsequent legislation and is not controlled through the annual appropriations process.

302(A) ALLOCATIONS

Because the spending authority for authorizing committees is multi-year or permanent, the allocations established in the budget resolution are for the fiscal year for which it is adopted and the nine ensuing fiscal years. This budget resolution provides allocations for authorizing committees for fiscal year 2016, commencing on 1 October 2015, and the 9 ensuing fiscal years, fiscal years 2017 through 2025.

Unlike the Committee on Appropriations, each authorizing committee is provided a single allocation of new budget authority (divided between current law and expected policy action) not provided through annual appropriations. These committees are not required to file 302(b) allocations. Bills first effective in fiscal year 2016 are measured against the level for that year included in the fiscal year 2016 budget resolution and also the 10 fiscal year period, fiscal years 2016 through 2025.

Committee on Appropriations

The report accompanying the concurrent resolution on the budget allocates to the Committee on Appropriations a lump sum of discretionary budget authority assumed in the resolution and corresponding outlays for a single fiscal year.

302(A) ALLOCATIONS

Unlike authorizing committees, the spending authority for the Committee on Appropriations is a lump sum of discretionary budget authority established in the budget resolution for the fiscal year for which it is adopted and corresponding outlays. Therefore, this budget resolution provides allocations to the Committee on Appropriations for fiscal year 2016, commencing on 1 October 2015.

302(B) ALLOCATIONS

Once a 302(a) allocation is provided to the Committee on Appropriations by the budget resolution for the fiscal year for which a budget resolution is adopted, the Committee on Appropriations is required to divide this allocation among its subcommittees. Although the number of subcommittees has varied over time, for fiscal year 2016 there are 12. The amount each subcommittee receives constitutes its suballocation pursuant to section 302(b) of the Congressional Budget Act of 1974.

Each appropriation bill reported by a subcommittee that provides budget authority for programs within its jurisdiction for the fiscal year for which a budget resolution is adopted must not breach this 302(b) suballocation. The sum of the suballocations must equal the 302(a) allocation provided, though an additional 302(b) suballocation may be made and assigned to the full Committee on Appropriations. This additional suballocation must be an amount in the form of a positive whole number.

Under section 302(c) of the Congressional Budget Act of 1974, appropriations acts may not be considered on the floor of the House before these 302(b) suballocations are made.

In general, unless enacted, bills and conference reports cease to exist at the end of each Congress (in the House of Representatives).

Concurrent resolutions that have been enacted also cease to exist at the end of each Congress, but when a new Congress convenes, concurrent resolutions are extended through the organizing resolution of the new Congress. In this way, the Budget Resolution is extended into the new Congress. The budget year, thus, may change, but for purposes of enforcement, the first fiscal year for the budget resolution remains the same.

TABLE 11.—ALLOCATION OF SPENDING AUTHORITY TO HOUSE COMMITTEE ON APPROPRIATIONS

[In millions of dollars]

	2016
Base Discretionary Action:	
BA	1,016,582
OT	1,139,891
Global War on Terrorism:	
BA	73,500
OT	32,640
Current Law Mandatory:	
BA	952,580
OT	940,993

TABLE 12.—RESOLUTION BY AUTHORIZING COMMITTEE

[On-budget amounts in millions of dollars]

	2016	2016–2025
Agriculture:		
Current Law:		
BA	13,649	651,197
OT	12,470	645,581
Resolution Change:		
BA	−3,878	−201,097
OT	−2,417	−198,219
Total:		
BA	9,771	450,100
OT	10,053	447,362
Armed Services:		
Current Law:		
BA	156,087	1,806,890
OT	160,284	1,805,025
Resolution Change:		
BA	0	0
OT	0	0
Total:		
BA	156,087	1,806,890
OT	160,284	1,805,025
Financial Services:		
Current Law:		
BA	14,268	113,856
OT	2,536	−49,508
Resolution Change:		
BA	−8,085	−64,850
OT	−7,461	−64,652
Total:		
BA	6,183	49,006
OT	−4,925	−114,160
Education & Workforce:		
Current Law:		
BA	−6,156	14,318
OT	−8,973	1,594
Resolution Change:		
BA	−9,953	−228,200

TABLE 12.—RESOLUTION BY AUTHORIZING COMMITTEE—Continued

[On-budget amounts in millions of dollars]

	2016	2016–2025
OT	−3,890	−207,324
Total:		
BA	−16,109	−213,882
OT	−12,863	−205,730
Energy & Commerce:		
Current Law:		
BA	407,178	5,377,268
OT	415,257	5,378,310
Resolution Change:		
BA	−57,435	−2,143,334
OT	−51,944	−2,132,928
Total:		
BA	349,743	3,233,934
OT	363,313	3,245,382
Foreign Affairs:		
Current Law:		
BA	25,725	229,558
OT	25,141	226,094
Resolution Change:		
BA	0	0
OT	0	0
Total:		
BA	25,725	229,558
OT	25,141	226,094
Oversight & Government Reform:		
Current Law:		
BA	113,388	1,342,994
OT	112,012	1,323,034
Resolution Change:		
BA	−10,730	−229,285
OT	−10,567	−229,194
Total:		
BA	102,658	1,113,709
OT	101,445	1,093,840
Homeland Security:		
Current Law:		
BA	2,034	23,810
OT	2,046	24,015
Resolution Change:		
BA	−195	−5,365
OT	−102	−4,799
Total:		
BA	1,839	18,445
OT	1,944	19,216
House Administration:		
Current Law:		
BA	41	351
OT	12	106
Resolution Change:		
BA	0	0
OT	0	0
Total:		
BA	41	351
OT	12	106
Natural Resources:		
Current Law:		
BA	5,788	59,667
OT	6,530	63,511
Resolution Change:		
BA	−1,805	−31,956
OT	−1,475	−31,475

TABLE 12.—RESOLUTION BY AUTHORIZING COMMITTEE—Continued

[On-budget amounts in millions of dollars]

	2016	2016–2025
Total:		
BA	3,983	27,711
OT	5,055	32,036
Judiciary:		
Current Law:		
BA	24,716	117,355
OT	14,214	122,710
Resolution Change:		
BA	−14,599	−61,929
OT	−999	−60,125
Total:		
BA	10,117	55,426
OT	13,215	62,585
Transportation & Infrastructure:		
Current Law:		
BA	70,799	722,559
OT	16,435	185,131
Resolution Change:		
BA	−48,635	−148,602
OT	−55	−1,080
Total:		
BA	22,164	573,957
OT	16,380	184,051
Science, Space & Technology:		
Current Law:		
BA	108	1,017
OT	106	1,017
Resolution Change:		
BA	0	0
OT	0	0
Total:		
BA	108	1,017
OT	106	1,017
Small Business:		
Current Law:		
BA	0	0
OT	0	0
Resolution Change:		
BA	0	0
OT	0	0
Total:		
BA	0	0
OT	0	0
Veterans Affairs:		
Current Law:		
BA	3,229	97,502
OT	7,204	103,084
Resolution Change:		
BA	−31	−1,925
OT	−31	−1,925
Total:		
BA	3,198	95,577
OT	7,173	101,159
Ways & Means:		
Current Law:		
BA	1,034,496	15,146,759
OT	1,034,176	15,145,626
Resolution Change:		
BA	−50,544	−1,123,009
OT	−51,215	−1,122,264

TABLE 12.—RESOLUTION BY AUTHORIZING COMMITTEE—Continued

[On-budget amounts in millions of dollars]

	2016	2016–2025
Total:		
BA	983,952	14,023,750
OT	983,961	14,023,362

RECONCILIATION

Section 310 of the Congressional Budget Act of 1974 (2 U.S.C. 641) sets out a special procedure that allows a concurrent resolution on the budget to direct one or more authorizing committees to produce legislation that changes direct spending, revenue, or the debt limit to bring these levels into compliance with budget resolution policies. Reconciliation directives must be included in a concurrent resolution on the budget adopted by both Houses to be valid.

In general, reconciliation directives include the amount of budgetary change to be achieved; the time period over which such budgetary change should be measured; and a deadline by which the authorizing committees must report legislation. When more than one authorizing committee receives reconciliation directives, each committee considers a bill to comply with these directives as it would any other bill, but the legislative text and other materials are submitted to the Committee on the Budget instead of being reported to the House. The Committee on the Budget then incorporates all submissions together, without any substantive revision, into a single bill and reports it to the House. If the reconciliation directive instructs only a single authorizing committee, then that committee's bill is reported directly to the House and is not submitted to the Committee on the Budget.

In the House, the Committee on Rules reports a special rule governing the consideration of a reconciliation bill. Typically, the rule will allow for 2 or 3 hours of general debate equally divided. The Committee on the Budget determines whether an authorizing committee is in compliance with its reconciliation directives and relies solely on the Congressional Budget Office's estimates when determining compliance. Under section 310 of the Congressional Budget Act of 1974, authorizing committees must comply with reconciliation directives. If an authorizing committee does not comply with its directives, the Committee on Rules may make in order amendments that achieve required budgetary changes pursuant to section 311(d)(5) of the Congressional Budget Act of 1974.

A reconciliation bill is a privileged measure in the Senate. Distinct from most Senate bills, debate is limited to 20 hours and only requires a simple majority to pass (51 votes) rather than the 60 votes otherwise required for cloture.

In the Senate, the "Byrd Rule" (section 313 of the Congressional Budget Act of 1974) limits the content of a reconciliation bill. Under the Byrd Rule, provisions that are considered extraneous can be stricken from the bill unless 60 Senators vote to waive it. If a provision is found to violate the Byrd Rule, it is removed from the bill or conference report unless 60 Senators vote to waive it.

This Concurrent Resolution on the Budget for Fiscal Year 2016, as reported by the Committee on the Budget, provides for such reconciliation legislation. It instructs 13 authorizing committees to submit changes in law necessary to achieve specified amounts of deficit reduction. Each authorizing committee must submit legislative text and associated material to the Committee on the Budget by 15 July 2015.

For a detailed description of the reconciliation directives included in this concurrent resolution on the budget, see Title II of the Section-by-Section Description.

STATUTORY CONTROLS OVER THE BUDGET

Since 1985, a series of statutory budget controls has been superimposed over the congressional budget process through the enactment of, and subsequent amendments to, the Balanced Budget and Emergency Deficit Control Act of 1985 [BBEDCA]. This law has been amended several times and generally serves as the primary vehicle for statutory controls over the budget.

The Balanced Budget and Emergency Deficit Control Act Of 1985

The Balanced Budget and Emergency Deficit Control Act of 1985 [BBEDCA] initially was intended to reduce deficits by establishing annual maximum deficit limits. These limits were enforced through "sequestration," which involved automatic across-the-board spending reductions required by Presidential order if the deficit targets were exceeded. Under BBEDCA, a Presidential sequestration order must occur within 15 days after the end of a session of Congress. Sequestration remained in force for laws enacted through the end of fiscal year 2002.

The Budget Enforcement Act of 1990

The Budget Enforcement Act [BEA] of 1990 replaced the maximum spending limits originally in BBEDCA with annual limits on discretionary spending and controls over increases in the deficit, calculated by adding together for each fiscal year increases in direct spending and decreases in revenues, termed "pay-as-you-go."

The BEA established separate limits for discretionary appropriations, separated out into three separate categories: domestic, defense, and international affairs. These discretionary categories were through fiscal year 1993, and then combined into a single limit on all appropriations for fiscal years 1994 and 1995.

Under pay-as-you-go, if the cumulative effect of legislation enacted through the end of a session of Congress increased the deficit, the amount of that deficit increase for the fiscal year following that session would cause a sequestration of direct spending by that amount. As with the Maximum Deficit Amounts before it, most spending defined as "direct" was exempt from any reductions. Other spending programs had limitations on the reductions. For example, spending decreases in the Medicare program, under pay-as-you-go, was limited to 4 percent of the program costs.

The Omnibus Budget Reconciliation Act of 1993

The Omnibus Budget Reconciliation Act [OBRA] of 1993 extended a single limit on discretionary spending through fiscal year

1998. Any breach of the cap would cause a sequestration (again, an across-the-board cut in all nonexempt discretionary programs). Programs under these spending limits were held harmless for changes in inflation, emergencies, estimating differences, and changes in concepts and definitions. OBRA 1993 also extended the pay-as-you-go enforcement procedures for legislation enacted through fiscal year 1998.

The Balanced Budget Act of 1997

The Balanced Budget Act of 1997 [BBA 1997] again revised and extended the levels of discretionary spending limits. As amended by OBRA 1993, these limits would have expired at the end of fiscal year 1998. BBA 1997 modified the discretionary spending limits for fiscal year 1998 and extended them through fiscal year 2002. Similarly, the pay-as-you-go requirements were extended for legislation enacted through the end of fiscal year 2002. The sequestration enforcement mechanism lasted through the end of fiscal year 2006 for such legislation, but it was turned off by P.L. 107–312, enacted December 2, 2002.

BBA 1997 also made numerous technical changes in both the congressional budget process and sequestration procedures that enforce the discretionary spending limits and pay-as-you-go requirements.

BBA 1997 established separate limits on defense and non-defense discretionary spending for fiscal years 1998 and 1999. These limits were combined into a single limit on discretionary spending in fiscal years 2000, 2001, and 2002. Separate discretionary spending limits were designed to prevent Congress and the President from using savings in one category to offset an increase in another.

BBA 1997 repealed automatic adjustments in the caps for changes in inflation and estimating differences between OMB and CBO on budget outlays. It retained adjustments for emergencies, estimating differences in budget authority, continuing disability reviews and added adjustments for the International Monetary Fund, international arrearages, and an Earned Income Tax Credit compliance initiative.

The adjustments are made in the President's final sequestration report issued 15 days after the end of a session of Congress.

Subsequently, additional spending categories for certain transportation and conservation spending were added and provided for specific spending amounts for these programs. While the transportation spending limit was ostensibly a cap on funding, it also served the purpose of calculating the levels of spending that flowed from the Highway Trust Fund.

The Statutory Pay-As-You-Go Act of 2010

No further legislation was enacted to re-establish statutory controls on spending and revenue until 2010, when on 10 February of that year, the Statutory Pay-As-You-Go Act of 2010 was signed as part of Public Law 111–139, which raised the statutory limit on the public debt. The measure amended sections of BBEDCA, including the sequester base, but it did not establish new discretionary spending limits.

The Budget Control Act of 2011

Enacted on August 2, 2011, the Budget Control Act [BCA] of 2011, enacted on 2 August 2011, set statutory controls on spending, primarily making BBEDCA permanent in its entirety, and re-established discretionary spending limits for fiscal years 2012 through 2021. These discretionary spending limits for fiscal years 2012 and 2013 were divided into "security" and "non-security" categories.[1] The remaining years were set as a single discretionary general category. The BCA also authorized an increase in the public debt limit.

The BCA also included additional procedures that had the effect of altering the caps under section 251(c) of BBEDCA, in particular, by extending the security/non-security categories through the end of the period.

The Congressional Budget Office estimated that the discretionary spending caps under the BCA would reduce the deficit, including savings from debt service, by $917 billion over the 10 fiscal year period covering 2012 through 2021.

The BCA also established a Joint Select Committee on Deficit Reduction tasked with reporting legislation to reduce the federal deficit by an additional $1.5 trillion over a 10-year period ending in fiscal year 2021, which would have been considered under procedures limiting amendment and debate. Under the BCA, if legislation reported by the Joint Committee reducing the deficit by at least $1.2 trillion was not enacted, then a sequestration would be ordered, adjusting the discretionary caps downward and calculating an amount of reductions in direct spending necessary to achieve this amount (or a portion thereof if legislation from the Joint Committee achieving some deficit reduction was enacted). The Joint Committee failed to report any proposals reducing the deficit by any amount, and no legislation to that purpose was enacted by the required 15 January 2012 deadline. As a result, the Joint Committee ceased to exist and the automatic spending reduction process was triggered.

This process established new caps and definitions of security and nonsecurity (now effectively defense and nondefense, though the previous terms are still used) and replaced the statutory discretionary caps. These categories have replaced the discretionary general category through 2021.

This process had two components: sequestration and reducing the discretionary spending limits. To achieve the $1.2 trillion in deficit reduction, spending reductions, calculated by OMB, were scheduled to occur absent a change in law.

Because the Joint Committee did not achieve any deficit reduction, the calculation begins with a spending reduction of the full $1.2 trillion from fiscal year 2013 through fiscal year 2021. According to the BCA formula, this number is then reduced by 18 percent

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[1] Section 102 of the act defines the "security" category as comprising discretionary appropriations for the Department of Defense, the Department of Homeland Security, the Department of Veterans Affairs, the National Nuclear Security Administration, the intelligence community management account, and all budget accounts in Function 150, International Affairs. All other discretionary appropriations were grouped together in the non-security category. These were replaced with "revised" security and nonsecurity" limits on spending for programs which fall inside Function 050, Defense, and outside that function.

to account for the reduced cost of debt service attributable to the lower level of spending. The remaining amount is then divided by nine to account for each of fiscal years 2013 through 2021. This amount is then divided by two to evenly distribute reductions between defense and nondefense accounts.

The spending reductions are then further divided between direct spending and discretionary spending within the defense and nondefense accounts.

The implementation of the spending reductions is distinct from the calculation of the amounts. Once the amount is calculated, the BCA requires reductions through sequestration and reductions to the revised discretionary spending limits.

The sequestration order affected both discretionary and mandatory spending for fiscal year 2013. As a result, discretionary amounts appropriated for fiscal year 2013 were sequestered by the calculated amount without regard for the amount appropriated—i.e., it was not sequestered as a function of the discretionary spending limit for that fiscal year. In addition, for fiscal years 2013 through 2021, a direct spending sequester of nonexempt accounts is ordered.

This is distinct from the spending reductions for the discretionary spending limits for fiscal years 2014 through 2021: these reductions occur through revising the spending limits downward for each of those fiscal years.

The American Taxpayer Relief Act of 2012

As part of an agreement to make permanent most tax policies first enacted in 2001 and 2003 but scheduled to expire at the end of 2012,[2] the American Taxpayer Relief Act [ATRA] of 2012 included certain budget process provisions. ATRA reduced the BCA fiscal year 2013 sequester by $24 billion—from $109.33 billion to $85.33 billion for that fiscal year.

It postponed the BCA sequester (under section 251A of BBEDCA) by two months, from January 2, 2013 to March 1, 2013. It also postponed the BBEDCA sequester (a separate sequestration under section 251(a) of BBEDCA, which normally occurs 15 days after the end of a session of Congress) until 17 March 2013. This BBEDCA sequester enforces the spending limit categories rather than requiring a sequester of a nominal amount for fiscal year 2013 as under the BCA—and applied regardless of where spending is relative to the spending limits. It also reset discretionary spending limit categories for fiscal years 2013 and 2014, lowering the total by $4 billion and $8 billion respectively.

The President ordered the fiscal year 2013 BCA sequester, as required by law, on 1 March 2013.

The Bipartisan Budget Act of 2013

As a result of the budget conference negotiations between House Chairman Ryan and Senate Chairman Murray, the Bipartisan

[2] These tax policies were temporary because they were enacted under the budget reconciliation process. Section 313 of the Congressional Budget Act—known as the "Byrd Rule"—prohibits spending and tax legislation enacted in reconciliation from increasing the projected deficit outside the 10-year budget window compared to what it would have been without those tax policies. Consequently those tax relief policies were required to expire.

Budget Act [BBA] of 2013 increased the discretionary spending limits for fiscal years 2014 and 2015 by amending section 251 of BBEDCA. The BBA 2013 agreement provided $63 billion in sequester relief over 2 years, split evenly between defense and non-defense programs. BBA 2013 set defense discretionary spending at $520.5 billion and non-defense discretionary spending at $491.8 billion for fiscal year 2014. For fiscal year 2015, defense discretionary spending was set at $521.3 billion, and non-defense discretionary spending was set at $492.4 billion.

The sequester relief was fully offset by reductions in direct spending elsewhere in the budget. BBA 2013 included dozens of specific deficit-reduction provisions with mandatory savings and non-tax revenue totaling approximately $85 billion. This included $28 billion in reductions stemming from a provision requiring the President to sequester the same percentage of mandatory budgetary resources in 2022 and 2023 as will be sequestered in 2021 under current law.

ENFORCING BUDGETARY LEVELS

The Concurrent Resolution on the Budget

The concurrent resolution on the budget establishes allocations of spending authority and aggregate levels of both spending authority and revenues that are binding on Congress when it considers subsequent spending and tax legislation. Legislation breaching the levels set forth in the budget resolution is subject to points of order on the floor of the House of Representatives and the Senate. The concurrent resolution is established pursuant to the Congressional Budget Act of 1974, which includes various requirements as to its content and enforcement. While a budget resolution sets levels of spending, revenue, deficits and debt, it may also include special procedures in order to enforce Congressional budgetary decisions.

The levels established in the budget resolution are not self-enforcing. Members of the House must raise points of order against legislation that breaches the allocations and aggregate spending levels established in the budget resolution. If a point of order is sustained, the House may not further consider the measure.

SECTION 302(F)

Section 302(f) of the Congressional Budget Act of 1974 prohibits the consideration of legislation that exceeds a committee's allocation of budget authority. For authorizing committees, this section measures the budget effects of legislation in the fiscal year for which a concurrent resolution on the budget is adopted, and the period of that first fiscal year and no fewer than the four ensuing fiscal years (though the nine ensuing fiscal years is now typical). For appropriations bills, however, the test measures the budget effects in the first fiscal year.

SECTION 303

Section 303 prohibits the consideration of spending and revenue legislation before the House has passed a concurrent resolution on the budget for a fiscal year. Legislation that changes revenue or increases budget authority in a fiscal year for which a budget resolution has not been adopted, violates section 303(a). Section 303(a) does not apply to budget authority and revenue provisions first effective in a year following the first fiscal year to which a budget resolution would apply, or to appropriation bills after 15 May.

SECTION 311

Section 311 prohibits the consideration of legislation that would exceed the aggregate spending limits of budget authority and outlays, or cause revenue levels to fall below the revenue floor, established by the concurrent resolution on the budget. If a measure would cause budget authority or outlays to be greater than the ceiling established for the first fiscal year of a budget resolution, a section 311 violation occurs.

Additionally, if a measure would cause revenue to be lower than the revenue floor in the first fiscal year or the period of years of the budget resolution, a section 311 violation occurs. Section 311 does not apply to measures that provide budget authority but do not breach a committee's 302(a) allocations.

SECTION 314(F)

This section, established by the Budget Control Act of 2011, prohibits the consideration of any bill, joint resolution, amendment, or conference report that would cause the statutory spending category limits set out in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 (as adjusted by procedures set out in section 251A of that Act) to be exceeded. This budget resolution includes language that would prevent this section's application if the appropriation measure is not in violation of the section 302(a) allocation.

Budget-Related Provisions in the House

In addition to budget controls in the Congressional Budget Act of 1974, as applied through the concurrent resolution on the budget, there are additional budget controls found in the Rules of the House of Representatives and in the Separate Orders of the House.

CLAUSE 8 OF RULE XIII

This clause requires the Congressional Budget Office and Joint Committee on Taxation to incorporate the macroeconomic effects of major legislation into the official cost estimates used for budget enforcement and other rules of the House.

CLAUSE 7 OF RULE XXI

This clause prohibits the consideration of a concurrent resolution on the budget containing reconciliation directives (section 310 of the Congressional Budget Act of 1974) that would cause a net increase in direct spending.

CLAUSE 10 OF RULE XXI

This clause prohibits the consideration of legislation that increases direct spending over a 6-year period or an 11-year period. If such spending is increased in those time periods, then it must be offset by corresponding spending decreases. If an amendment is offered to a measure that decreases direct spending in either of those periods, then the amendment must also decrease net spending by at least the same amount.

CLAUSE 4 OF RULE XXIX

This clause specifies that the Chair of the Committee on the Budget is responsible for providing authoritative guidance concerning the impact of a legislative proposition related to the levels of new budget authority, outlays, direct spending, and new entitlement authority.

SECTION 3 OF THE SEPARATE ORDERS OF HOUSE RESOLUTION 5 OF THE 114TH CONGRESS

House Resolution 5 adopted the rules from the 113th Congress and incorporated additional provisions related to the budget process.

Section 3(d) maintains the requirement, from the 112th and 113th Congresses, that each general appropriations bill include a "spending reduction" account. This "spending reduction account" provides a recitation of the amount by which, through the amendment process, the House has reduced spending in other portions of the bill and indicate that those savings be counted toward spending reduction. It also provides that any amendment increasing spending relative to the underlying bill must include an offset of an equal or greater value.

Section 3(h) carries forward the requirement from the 113th Congress that a concurrent resolution on the budget include a section related to means-tested and nonmeans-tested direct spending programs. Additionally, the Chair of the Committee on the Budget must submit for printing in the *Congressional Record* a statement defining these terms prior to the consideration of such concurrent resolution. This requirement also applies to any amendments to or conference reports on a concurrent resolution on the budget.

Section 3(q) prohibits the consideration of any legislation that reduces the actuarial balance of the Federal Old-Age and Survivors Insurance Trust Fund unless such legislation improves the overall financial health of the combined Social Security Trust Funds.

ACCOUNTS IDENTIFIED FOR ADVANCE APPROPRIATIONS

Accounts Identified for Advance Appropriations for Fiscal Year 2017

(SUBJECT TO A GENERAL LIMIT OF $28,852,000,000)

Financial Services

Postal Service

Labor, Health and Human Services, and Education

Employment and Training Administration
Education for the Disadvantaged
School Improvement
Career, Technical, and Adult Education
Special Education

Transportation, Housing and Urban Development

Tenant-based Rental Assistance
Project-based Rental Assistance

Veterans Discretionary Accounts Identified for Advance Appropriations for Fiscal Year 2017

(SUBJECT TO A SEPARATE LIMIT OF $63,271,000,000)

Military Construction, Veterans Affairs

Veterans Medical Services
Veterans Medical Support and Compliance
Veterans Medical Facilities

VOTES OF THE COMMITTEE

Clause 3(b) of House Rule XIII requires each committee report to accompany any bill or resolution of a public character, ordered to include the total number of votes cast for and against on each roll call vote, on a motion to report and any amendments offered to the measure or matter, together with the names of those voting for and against. Listed below are the roll call votes taken in the Committee on the Budget on the Concurrent Resolution on the Budget for Fiscal Year 2016.

On March 18–19, 2015 the Committee met in open session, a quorum being present.

Mr. Rokita asked unanimous consent that the Chair be authorized, consistent with clause 4 of House Rule XVI, to declare a recess at any time during the Committee meeting.

There was no objection to the unanimous consent request.

Chairman Price asked unanimous consent to dispense with the first reading of the budget aggregates, function levels, and other appropriate matter; that the aggregates, function totals, and other appropriate matter be open for amendment; and that amendments be considered as read.

There was no objection to the unanimous consent requests.

The committee adopted and ordered reported the Concurrent Resolution on the Budget for Fiscal Year 2016. The Committee on the Budget took the following votes:

1. An amendment offered by Representatives Van Hollen, Pascrell, McDermott, Lee, Pocan, Norcross, and Moulton establishing a deficit-neutral reserve fund to boost paychecks of the middle class and those working to get into the middle class by providing tax relief for working Americans. It also expresses a sense of the House that Congress should enact legislation that incentivizes companies to give workers annual raises that, on average, keep pace with increases in the cost of living.

The amendment was not agreed to by a roll call vote of 13 ayes to 22 noes.

ROLLCALL VOTE NO. 1

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)			
DIAZ–BALART (FL)		X		RYAN (OH)	X		

ROLLCALL VOTE NO. 1—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

2. An amendment offered by Representatives Pocan, Van Hollen, Pascrell, Castor, McDermott, Lee, Dingell, Norcross, and Moulton expressing a sense of the House rejecting an increase in taxes on the middle class.

The amendment was not agreed to by a roll call vote of 14 ayes to 22 noes.

ROLLCALL VOTE NO. 2

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		

ROLLCALL VOTE NO. 2—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

3. An amendment offered by Representatives Norcross, Van Hollen, Pascrell, McDermott, Pocan, Lujan Grisham, and Moulton to assume pre-sequester levels for non-defense and defense spending.

The amendment would increase budget authority and outlays for Function 050. Budget authority would increase by $38.290 billion for fiscal year 2016. Outlays would increase by the following amounts: $24.314 billion for fiscal year 2016, $7.964 billion for fiscal year 2017, $3.063 billion for fiscal year 2018, $1.417 billion for fiscal year 2019, and $1.110 billion for fiscal year 2020.

The amendment would also increase budget authority and outlays for Function 920. Budget authority would increase by $36.509 billion for fiscal year 2016. Outlays would increase by the following amounts: $19.240 billion for fiscal year 2016, $11.099 billion for fiscal year 2017, $3.432 billion for fiscal year 2018, $1.132 billion for fiscal year 2019, and $0.986 billion for fiscal year 2020.

The amendment would also decrease budget authority and outlays for Function 970. Budget authority would decrease by $36.003 billion for fiscal year 2016. Outlays would decrease by the following amounts: $22.862 billion for fiscal year 2016, $7.489 billion for fiscal year 2017, $2.880 billion for fiscal year 2018, $1.332 billion for fiscal year 2019, and $1.044 billion for fiscal year 2020.

The amendment was not agreed to by a roll call vote of 14 ayes to 22 noes.

ROLLCALL VOTE NO. 3

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

4. An amendment offered by Representatives Moulton, Van Hollen, McDermott, Lee, Pocan, Dingell, and Lieu to increase discretionary budget authority and outlays for Function 700 to reflect the President's budget. The amendment also makes all discretionary programs at the Department of Veterans Affairs subject to advance appropriations.

The amendment would increase discretionary budget authority and outlays for Function 700. Budget authority would increase by the following amounts: $1.856 billion for fiscal year 2016 and $4.434 billion for fiscal year 2017. Outlays would increase by the following amounts: $0.933 billion for fiscal year 2016, $2.756 billion for fiscal year 2017, $1.456 billion for fiscal year 2018, $0.561 billion for fiscal year 2019, $0.243 billion for fiscal year 2020, and $0.197 billion for fiscal year 2021.

The amendment would adjust the aggregate levels of revenue by eliminating tax deductions for U.S. businesses with international operations, increasing taxes on high-income individuals, and making reforms to the tax code by eliminating certain business expense deductions.

The amendment was not agreed to by a roll call vote of 14 ayes to 21 noes.

ROLLCALL VOTE NO. 4

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)							
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

5. An amendment offered by Representatives Lujan Grisham, Van Hollen, Pascrell, Castor, McDermott, Lee, Pocan, and Dingell expressing a sense of the House relating to Medicare.

The amendment was not agreed to by a roll call vote of 11 ayes to 20 noes.

ROLLCALL VOTE NO. 5

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)			
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)			
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)				LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)			
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)							
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

6. An amendment offered by Representatives Dingell, Van Hollen, Pascrell, Castor, McDermott, Lee, Pocan and Lujan Grisham to increase Medicaid funding.

The amendment would increase mandatory budget authority and outlays for Function 550. Budget authority and outlays would each increase by the following amounts: $0 billion for fiscal year 2016, $45 billion for fiscal year 2017, $66 billion for fiscal year 2018, $76 billion for fiscal year 2019, $87 billion for fiscal year 2020, $97 billion for fiscal year 2021, $113 billion for fiscal year 2022, $129 billion for fiscal year 2023, $140 billion for fiscal year 2024, and $161 billion for fiscal year 2025.

The amendment is offset with tax increases, which include eliminating tax deductions for U.S. businesses with international operations, increasing taxes on high-income individuals, and making reforms to the tax code by eliminating certain business expense deductions, which would offset a portion of the budget outlays.

The amendment was not agreed to by a roll call vote of 12 ayes to 20 noes.

ROLLCALL VOTE NO. 6

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)			
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)				LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)			
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)							
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

7. An amendment offered by Representatives Pascrell, Van Hollen, Castor, McDermott, Lee, Pocan and Dingell to increase spending to keep health care coverage affordable.

The amendment would increase mandatory budget authority and outlays for Function 550 each by the following amounts: $36 billion for fiscal year 2016, $49 billion for fiscal year 2017, $56 billion for fiscal year 2018, $58 billion for fiscal year 2019, $59 billion for fiscal year 2020, $62 billion for fiscal year 2021, $65 billion for fiscal year 2022, $68 billion for fiscal year 2023, $71 billion for fiscal year 2024, and $74 billion for fiscal year 2025.

The amendment would increase revenues by eliminating tax deductions for U.S. businesses with international operations, increasing taxes on high-income individuals, and making reforms to the tax code by eliminating certain business expense deductions.

The amendment was not agreed to by a roll call vote of 13 ayes to 22 noes.

ROLLCALL VOTE NO. 7

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)			
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

8. An amendment offered by Representatives Moore, Van Hollen, Pascrell, Ryan, McDermott, Lee, Pocan, Lujan Grisham, Dingell and Lieu to increase spending on the Supplemental Nutrition Assistance Program.

The amendment would increase mandatory budget authority and outlays for Function 600 each by the following amounts: $24.2 billion for fiscal year 2021, $24.5 billion for fiscal year 2022, $24.9 billion for fiscal year 2023, $25.4 billion for fiscal year 2024, and $26.0 billion for fiscal year 2025.

The amendment is offset with tax increases, which include eliminating tax deductions for U.S. businesses with international operations, increasing taxes on high-income individuals, and making reforms to the tax code by eliminating certain business expense deductions.

The amendment was not agreed to by a roll call vote of 13 ayes to 22 noes.

ROLLCALL VOTE NO. 8

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)			
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

9. An amendment offered by Representatives Lee, Van Hollen, Pascrell, Moore, McDermott, Pocan, Lujan Grisham, and Norcross expressing a sense of the House relating to poverty.

The amendment was not agreed to by a roll call vote of 12 ayes to 22 noes.

ROLLCALL VOTE NO. 9

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)			
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)			
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

10. An amendment offered by Representatives Castor, Van Hollen, Yarmuth, Pascrell, McDermott, Lee, Pocan, Dingell, Lieu, Norcross, and Moulton relating to funding for the National Institutes of Health.

The amendment would increase mandatory budget authority and outlays for Function 550. Budget authority would increase by the following amounts: $1.819 billion for fiscal year 2016, $2.514 billion for fiscal year 2017, $3.162 billion for fiscal year 2018, $3.865 billion for fiscal year 2019, $4.584 billion for fiscal year 2020, $5.356 billion for fiscal year 2021, $6.194 billion for fiscal year 2022, $7.063 billion for fiscal year 2023, $7.967 billion for fiscal year 2024, and $8.933 billion for fiscal year 2025.

Outlays for Function 550 would increase by the following amounts: $0.915 billion for fiscal year 2016, $1.264 billion for fiscal year 2017, $2.303 billion for fiscal year 2018, $3.120 billion for fiscal year 2019, $3.845 billion for fiscal year 2020, $4.665 billion for fiscal year 2021, $5.434 billion for fiscal year 2022, $6.246 billion for fiscal year 2023, $7.098 billion for fiscal year 2024, and $8.002 billion for fiscal year 2025.

The amendment would increase revenues by eliminating tax deductions for U.S. businesses with international operations, increasing taxes on high-income individuals, and making reforms to the tax code by eliminating certain business expense deductions.

The amendment was not agreed to by a roll call vote of 12 ayes to 22 noes.

ROLLCALL VOTE NO. 10

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)			
HARTZLER (MO)		X		LUJAN GRISHAM (NM)			
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

11. An amendment offered by Representatives McDermott, Van Hollen, Pascrell, Lee, Pocan, Dingell, and Norcross to increase mandatory budget authority and outlays for Function 550 to ensure Medicaid and Medicare beneficiaries have access to primary care.

The amendment would increase mandatory budget authority and outlays for Function 550 by $5.4 billion each year for the period of fiscal years 2016 through 2025.

The amendment would adjust the aggregate levels of revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, closing loopholes in the international corporate tax system, raising taxes on high-income individuals, and reforming the tax code by repealing certain business expense deductions.

The amendment was not agreed to by a roll call vote of 12 ayes and 21 noes.

ROLLCALL VOTE NO. 11

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)				RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)			
HARTZLER (MO)		X		LUJAN GRISHAM (NM)			
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

12. An amendment offered by Representatives Yarmuth, Van Hollen, Pascrell, Moore, McDermott, Lee, Pocan, Lieu, and Moulton to adjust revenue and Function 920 levels to reflect adoption of

H.R. 15, the Border Security, Economic Opportunity, and Immigration Modernization Act (113th Congress), which was the House companion to the Senate's Comprehensive Immigration Reform bill that was proposed in the last session of Congress.

The amendment would increase aggregate levels of revenue by the following amounts: $2.1 billion for fiscal year 2016, $11.5 billion for fiscal year 2017, $28.0 billion for fiscal year 2018, $39.1 billion for fiscal year 2019, $45.0 billion for fiscal year 2020, $47.7 billion for fiscal year 2021, $55.3 billion for fiscal year 2022, $65.0 billion for fiscal year 2023, $77.7 billion for fiscal year 2024, and $87.6 billion for fiscal year 2025.

The amendment would increase budget authority and outlays for Function 920 each by the following amounts: $4.6 billion for fiscal year 2016, $6.8 billion for fiscal year 2017, $14.0 billion for fiscal year 2018, $19.8 billion for fiscal year 2019, $24.6 billion for fiscal year 2020, $26.6 billion for fiscal year 2021, $32.2 billion for fiscal year 2022, $37.4 billion for fiscal year 2023, $44.4 billion for fiscal year 2024, and $51.4 billion for fiscal year 2025.

The amendment also expresses the sense of the House on immigration reform.

The amendment was not agreed to by a roll call vote of 13 ayes and 21 noes.

ROLLCALL VOTE NO. 12

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)				RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)			
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					

ROLLCALL VOTE NO. 12—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

13. An amendment offered by Representatives Ryan, Van Hollen, Pascrell, Moore, McDermott, Lee, Pocan, Dingell, Norcross, and Moulton to increase mandatory budget authority and outlays in Function 370 relating to manufacturing programs in the United States.

The amendment would increase budget authority for Function 370 by $3.188 billion dollars in fiscal year 2016. Outlays for Function 370 would change by the following amounts: $0.000 billion for fiscal year 2016, $0.258 billion for fiscal year 2017, $0.558 billion for fiscal year 2018, $0.655 billion for fiscal year 2019, $0.751 billion for fiscal year 2020, $0.386 billion for fiscal year 2021, $0.290 billion for fiscal year 2022, $0.193 billion for fiscal year 2023, $0.097 billion for fiscal year 2024, and $0.000 billion for fiscal year 2025.

The amendment would adjust the aggregate levels of revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, closing loopholes in the international corporate tax system, raising taxes on high-income individuals, and reforming the tax code by repealing certain business expense deductions.

The amendment was not agreed to by a roll call vote of 14 ayes and 18 noes.

ROLLCALL VOTE NO. 13

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)				RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)				POCAN (WI)	X		

ROLLCALL VOTE NO. 13—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
HARTZLER (MO)				LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)							
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

14. An amendment offered by Representatives Lieu, Van Hollen, Pascrell, Moore, McDermott, Lee, Pocan, and Moulton expressing a sense of the House relating to funding for the Consumer Financial Protection Bureau.

The amendment was not agreed to by a roll call vote of 14 ayes and 21 noes.

ROLLCALL VOTE NO. 14

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)				RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		

ROLLCALL VOTE NO. 14—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

15. An amendment offered by Representatives Lujan Grisham, Van Hollen, McDermott, Lee, Pocan, Dingell, and Lieu expressing a sense of the House to assist seniors with prescription drug costs and other health benefits.

The amendment was not agreed to by a roll call vote of 14 ayes and 22 noes.

ROLLCALL VOTE NO. 15

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					

ROLLCALL VOTE NO. 15—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

16. An amendment offered by Representatives Van Hollen, McDermott, Lee, Pocan, Lujan Grisham, Dingell, Lieu, and Norcross expressing a sense of the House on Social Security.

The amendment was not agreed to by a roll call vote of 14 ayes and 21 noes.

ROLLCALL VOTE NO. 16

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)							
GROTHMMAN (WI)		X					
PALMER (AL)		X					

ROLLCALL VOTE NO. 16—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

17. An amendment offered by Representatives Castor, Van Hollen, Ryan, McDermott, Lee, Pocan, Lujan Grisham, Dingell, Lieu, Norcross, and Moulton relating to transportation infrastructure.

The amendment would increase budget authority for Function 400 by the following amounts: $49.904 billion for fiscal year 2016, $18.022 billion for fiscal year 2017, $17.996 billion for fiscal year 2018, $12.809 billion for fiscal year 2019, $12.385 billion for fiscal year 2020, $11.951 billion for fiscal year 2021, $11.474 billion for fiscal year 2022, $10.962 billion for fiscal year 2023, $10.408 billion for fiscal year 2024, and $9.837 billion for fiscal year 2025.

Outlays for Function 400 would increase by the following amounts: $12.783 billion for fiscal year 2016, $23.548 billion for fiscal year 2017, $19.193 billion for fiscal year 2018, $17.973 billion for fiscal year 2019, $18.784 billion for fiscal year 2020, $18.762 billion for fiscal year 2021, $18.765 billion for fiscal year 2022, $19.052 billion for fiscal year 2023, $19.015 billion for fiscal year 2024, and $19.519 billion for fiscal year 2025.

The amendment would increase revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, closing loopholes in the international corporate tax system, raising taxes on high-income individuals, and reforming the tax code by repealing certain business expense deductions.

The amendment was not agreed to by a roll call vote of 14 ayes and 22 noes.

ROLLCALL VOTE NO. 17

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		

ROLLCALL VOTE NO. 17—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

18. An amendment offered by Representatives Moore, Van Hollen, McDermott, Lee, Pocan, and Dingell to increase spending on the Earned Income Tax Credit making it available to childless workers paid for by an increase in taxes.

The amendment would increase budget authority and outlays for Function 600 each by the following amounts: $5.4 billion for fiscal year 2017, $5.6 billion for fiscal year 2018, $5.6 billion for fiscal year 2019, $5.6 billion for fiscal year 2020, $5.6 billion for fiscal year 2021, $5.7 billion for fiscal year 2022, $5.8 billion for fiscal year 2023, $5.8 billion for fiscal year 2024, and $5.9 billion for fiscal year 2025.

The amendment would increase revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, closing loopholes in the international corporate tax system, raising taxes on high-income individuals, and reforming the tax code by repealing certain business expense deductions.

The amendment was not agreed to by a roll call vote of 14 ayes and 22 noes.

ROLLCALL VOTE NO. 18

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		

ROLLCALL VOTE NO. 18—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

19. An amendment offered by Representatives Pocan, Van Hollen, Yarmuth, McDermott, Lee, Lujan Grisham, Dingell, Lieu, Norcross, and Moulton relating to student loans.

The amendment establishes a deficit-neutral reserve fund for student loan refinancing and a policy statement on lowering student debt through refinancing student loans.

The amendment also increases mandatory budget authority and outlays for Function 500. Mandatory budget authority would increase by the following amounts: $8.326 billion for fiscal year 2016, $12.54 billion for fiscal year 2017, $12.686 billion for fiscal year 2018, $12.992 billion for fiscal year 2019, $13.264 billion for fiscal year 2020, $13.252 billion for fiscal year 2021, $13.503 billion for fiscal year 2022, $13.753 billion for fiscal year 2023, $14.034 billion for fiscal year 2024, and $14.355 billion for fiscal year 2025.

Outlays would increase by the following amounts: $7.105 billion for fiscal year 2016, $9.787 billion for fiscal year 2017, $12.162 billion for fiscal year 2018, $12.321 billion for fiscal year 2019, $12.58 billion for fiscal year 2020, $12.753 billion for fiscal year 2021, $12.792 billion for fiscal year 2022, $13.028 billion for fiscal year 2023, $13.268 billion for fiscal year 2024, and $13.538 billion for fiscal year 2025.

The amendment would adjust the aggregate levels of revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules for certain equipment, closing loopholes in the international corporate tax system, raising taxes on high-income individuals, and reforming the tax code by repealing certain business expense deductions.

The amendment was not agreed to by a roll call vote of 14 ayes and 20 noes.

ROLLCALL VOTE NO. 19

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)				PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)							
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

20. An amendment offered by Representatives Yarmuth, Van Hollen, McDermott, Lee, and Moulton expressing a sense of the House on the importance of raising the minimum wage.

The amendment was not agreed to by a roll call vote of 14 ayes and 21 noes.

ROLLCALL VOTE NO. 20

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)							
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

21. An amendment offered by Representatives McDermott, Van Hollen, Ryan, Moore, Castor, Lee, Pocan, Lujan Grisham, Dingell, and Lieu to increase spending for early childhood programs.

The amendment would increase budget authority and outlays in Function 500. Budget authority would increase by the following amounts: $1.300 billion for fiscal year 2016, $3.246 billion for fiscal year 2017, $5.784 billion for fiscal year 2018, $7.581 billion for fiscal year 2019, $8.956 billion for fiscal year 2020, $9.880 billion for fiscal year 2021, $10.797 billion for fiscal year 2022, $10.258 billion for fiscal year 2023, $9.348 billion for fiscal year 2024, and $7.607 billion for fiscal year 2025.

Outlays for Function 500 would increase by the following amounts: $0.130 billion for fiscal year 2016, $1.235 billion for fiscal year 2017, $3.110 billion for fiscal year 2018, $5.456 billion for fiscal year 2019, $7.360 billion for fiscal year 2020, $8.773 billion for fiscal year 2021, $9.787 billion for fiscal year 2022, $10.560 billion for fiscal year 2023, $10.275 billion for fiscal year 2024, and $9.356 billion for fiscal year 2025.

The amendment also increases budget authority and outlays for Function 550. Budget authority would increase by the following amounts: $1.800 billion for fiscal year 2016, $4.600 billion for fiscal year 2017, $5.500 billion for fiscal year 2018, $5.700 billion for fiscal year 2019, $2.200 billion for fiscal year 2020, $1.600 billion for fiscal year 2021, $2.000 billion for fiscal year 2022, $2.000 billion for fiscal year 2023, $2.500 billion for fiscal year 2024, and $2.500 billion for fiscal year 2025.

Outlays for Function 550 would increase by the following amounts: $1.307 billion for fiscal year 2016, $4.269 billion for fiscal year 2017, $4.862 billion for fiscal year 2018, $5.326 billion for fiscal year 2019, $1.519 billion for fiscal year 2020, $1.183 billion for fiscal year 2021, $1.276 billion for fiscal year 2022, $1.540 billion for fiscal year 2023, $1.733 billion for fiscal year 2024, and $1.998 billion for fiscal year 2025.

The amendment would increase revenue by eliminating tax deductions for oil production and U.S. businesses with international operations, changing the depreciation schedules

for certain equipment, closing loopholes in the international corporate tax system, raising taxes on high-income individuals, and reforming the tax code by repealing certain business expense deductions.

The amendment was not agreed to by a roll call vote of 14 ayes and 22 noes.

ROLLCALL VOTE NO. 21

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					

ROLLCALL VOTE NO. 21—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

22. An amendment offered by Representatives Pascrell, Van Hollen, McDermott, Lee, and Pocan establishing a point of order against the budget as it relates to repealing the President's health care law.

The amendment was not agreed to by a roll call vote of 14 ayes and 22 noes.

ROLLCALL VOTE NO. 22

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					

ROLLCALL VOTE NO. 22—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

23. An amendment offered by Representatives Van Hollen, McDermott, Lee, and Pocan requiring an Overseas Contingency Operations/Global War on Terrorism (OCO/GWOT) level that does not exceed the President's request for fiscal year 2016; justification for the OCO/GWOT designation in a detailed, account-level, submission to Congress; and limitations on the use of OCO/GWOT by not allowing OCO/GWOT funds to be used for regular, base budget activities.

The amendment was not agreed to by a roll call vote of 14 ayes and 22 noes.

ROLLCALL VOTE NO. 23

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					

ROLLCALL VOTE NO. 23—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

24. An amendment offered by Representatives Lee, Van Hollen, and Pocan to decrease funding for Overseas Contingency Operations.

The amendment would decrease budget authority for Function 970 by $36.003 billion for fiscal year 2016. Outlays for Function 970 would decrease by the following amounts: $15.675 billion for fiscal year 2016, $11.227 billion for fiscal year 2017, $4.567 billion for fiscal year 2018, $2.281 billion for fiscal year 2019, $0.814 billion for fiscal year 2020, $0.400 billion for fiscal year 2021, $0.125 billion for fiscal year 2022, $0.043 billion for fiscal year 2023, $0.029 billion for fiscal year 2024, and $0.025 billion for fiscal year 2025.

The amendment was not agreed to by a roll call vote of 14 ayes and 21 noes.

ROLLCALL VOTE NO. 24

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)				PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					

ROLLCALL VOTE NO. 24—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

25. An amendment offered by Representatives Dingell, Van Hollen, McDermott, Lee, Pocan, Lujan Grisham, and Norcross creating a deficit-neutral reserve fund for long-term care services and supports for seniors and other Americans.

The amendment was not agreed to by a roll call vote of 14 ayes and 22 noes.

ROLLCALL VOTE NO. 25

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)		X					
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					

ROLLCALL VOTE NO. 25—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

26. An amendment offered by Representatives Norcross, Van Hollen, Ryan, McDermott, Lee, Pocan, Dingell, and Moulton expressing a sense of the House on infrastructure investment.

The amendment was not agreed to by a roll call vote of 14 ayes and 21 noes.

ROLLCALL VOTE NO. 26

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)							
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					
BUCHANAN (FL)		X					

27. An amendment offered by Representatives Moulton, Van Hollen, Ryan, McDermott, Lee, Pocan, Dingell, and Norcross relating to funding for career and technical education.

The amendment would increase mandatory budget authority for Function 500 by $0.202 billion for each fiscal year for the period of fiscal years 2016 through 2025.

Outlays for Function 500 would increase by the following amounts: $0.102 billion for fiscal year 2016, $0.159 billion for fiscal year 2017, $0.181 billion for fiscal year 2018, $0.189 billion for fiscal year 2019, $0.198 billion for fiscal year 2020, $0.198 billion for fiscal year 2021, $0.198 billion for fiscal year 2022, $0.198 billion for fiscal year 2023, $0.198 billion for fiscal year 2024, and $0.198 billion for fiscal year 2025.

The amendment would adjust the aggregate levels of revenue by reducing tax expenditures for high-income individuals or for oil production and U.S. businesses with international operations and reforming the tax code by repealing certain business expense deductions.

The amendment was not agreed to by a roll call vote of 14 ayes and 21 noes.

ROLLCALL VOTE NO. 27

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)		X		VAN HOLLEN (MD) (Ranking)	X		
ROKITA (IN)		X		YARMUTH (KY)	X		
GARRETT (NJ)		X		PASCRELL (NJ)	X		
DIAZ–BALART (FL)		X		RYAN (OH)	X		
COLE (OK)		X		MOORE (WI)	X		
McCLINTOCK (CA)		X		CASTOR (FL)	X		
BLACK (TN)		X		McDERMOTT (WA)	X		
WOODALL (GA)		X		LEE (CA)	X		
BLACKBURN (TN)		X		POCAN (WI)	X		
HARTZLER (MO)		X		LUJAN GRISHAM (NM)	X		
RICE (SC)		X		DINGELL (MI)	X		
STUTZMAN (IN)		X		LIEU (CA)	X		
SANFORD (SC)		X		NORCROSS (NJ)	X		
WOMACK (AR)		X		MOULTON (MA)	X		
BRAT (VA)							
BLUM (IA)		X					
MOONEY (WV)		X					
GROTHMMAN (WI)		X					
PALMER (AL)		X					
MOOLENAAR (MI)		X					
WESTERMAN (AR)		X					

ROLLCALL VOTE NO. 27—Continued

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
BUCHANAN (FL)		X					

28. An amendment offered by Representative Blackburn creating a policy statement for the deficit-neutral Defense Readiness and Modernization Fund.

The amendment was agreed to by a roll call vote of 22 ayes and 14 noes.

ROLLCALL VOTE NO. 28

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)	X			VAN HOLLEN (MD) (Ranking)		X	
ROKITA (IN)	X			YARMUTH (KY)		X	
GARRETT (NJ)	X			PASCRELL (NJ)		X	
DIAZ–BALART (FL)	X			RYAN (OH)		X	
COLE (OK)	X			MOORE (WI)		X	
McCLINTOCK (CA)	X			CASTOR (FL)		X	
BLACK (TN)	X			McDERMOTT (WA)		X	
WOODALL (GA)	X			LEE (CA)		X	
BLACKBURN (TN)	X			POCAN (WI)		X	
HARTZLER (MO)	X			LUJAN GRISHAM (NM)		X	
RICE (SC)	X			DINGELL (MI)		X	
STUTZMAN (IN)	X			LIEU (CA)		X	
SANFORD (SC)	X			NORCROSS (NJ)		X	
WOMACK (AR)	X			MOULTON (MA)		X	
BRAT (VA)	X						
BLUM (IA)	X						
MOONEY (WV)	X						
GROTHMMAN (WI)	X						
PALMER (AL)	X						
MOOLENAAR (MI)	X						
WESTERMAN (AR)	X						
BUCHANAN (FL)	X						

29. An amendment offered by Representative Rokita making technical changes to the Chairman's mark.

The amendment was agreed to by voice vote.

30. Representative Rokita made a motion that the Committee adopt the aggregates, function totals, and other appropriate matter, with any amendments.

The motion offered by Representative Rokita was agreed to by voice vote.

Chairman Price called up the Concurrent Resolution on the Budget for fiscal year 2016 incorporating the aggregates, function totals, and other appropriate matter as previously agreed.

31. Representative Rokita made a motion that the Committee order the Concurrent Resolution reported with a favorable recommendation and that the Concurrent Resolution do pass.

The motion offered by Representative Rokita was agreed to by a roll call vote of 22 ayes and 13 noes.

ROLLCALL VOTE NO. 29

Name & State	Aye	No	Answer Present	Name & State	Aye	No	Answer Present
PRICE (GA) (Chairman)	X			VAN HOLLEN (MD) (Ranking)		X	
ROKITA (IN)	X			YARMUTH (KY)		X	
GARRETT (NJ)	X			PASCRELL (NJ)		X	
DIAZ–BALART (FL)	X			RYAN (OH)		X	
COLE (OK)	X			MOORE (WI)		X	
McCLINTOCK (CA)	X			CASTOR (FL)		X	
BLACK (TN)	X			McDERMOTT (WA)			
WOODALL (GA)	X			LEE (CA)		X	
BLACKBURN (TN)	X			POCAN (WI)		X	
HARTZLER (MO)	X			LUJAN GRISHAM (NM)		X	
RICE (SC)	X			DINGELL (MI)		X	
STUTZMAN (IN)	X			LIEU (CA)		X	
SANFORD (SC)	X			NORCROSS (NJ)		X	
WOMACK (AR)	X			MOULTON (MA)		X	
BRAT (VA)	X						
BLUM (IA)	X						
MOONEY (WV)	X						
GROTHMMAN (WI)	X						
PALMER (AL)	X						
MOOLENAAR (MI)	X						
WESTERMAN (AR)	X						
BUCHANAN (FL)	X						

Representative Rokita asked for unanimous consent that the Chair be authorized to make a motion to go to conference pursuant to clause 1 of House Rule XXII, the staff be authorized to make any necessary technical and conforming corrections in the resolution, and any committee amendments, and calculate any remaining elements required in the resolution, prior to filing the resolution.

There was no objection to the unanimous consent requests.

COMMITTEE ON WAYS AND MEANS
RANKING MEMBER, SUBCOMMITTEE ON HEALTH
COMMITTEE ON THE BUDGET

JIM McDERMOTT
7TH DISTRICT, WASHINGTON

CO-CHAIR
CONGRESSIONAL TASK FORCE ON
INTERNATIONAL HIV/AIDS
CONGRESSIONAL KIDNEY CAUCUS
CONGRESSIONAL INDONESIA CAUCUS
CONGRESSIONAL MONGOLIA CAUCUS
CONGRESSIONAL CENTRAL AFRICA
CAUCUS

Congress of the United States
House of Representatives
Washington, DC 20515

March 19, 2015

The Honorable Tom Price
Chairman
Committee on the Budget
207 Cannon House Office Building
Washington DC 20515

The Honorable Chris Van Hollen
Ranking Member
Committee on the Budget
134 Cannon House Office Building
Washington, DC 20515

Dear Chairman Price and Ranking Member Van Hollen:

Please include the following explanation in the Committee Report on the Concurrent Resolution on the Budget for Fiscal Year 2016:

I was unable to vote on the Concurrent Resolution on the Budget for Fiscal Year 2016. Had I been present, I would have voted "No."

Sincerely,

Jim McDermott

Jim McDermott
Member of Congress

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WASHINGTON, DC 20515–4707
(202) 225–3106

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(206) 553–7170

SETH MOULTON
SIXTH DISTRICT, MASSACHUSETTS

COMMITTEE ON ARMED SERVICES
COMMITTEE ON THE BUDGET

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moulton.house.gov

UNITED STATES
HOUSE OF REPRESENTATIVES

March 20, 2015

The Honorable Tom Price, M.D.
Chairman
House Committee on the Budget
207 Cannon House Office Building
Washington, DC 20515

The Honorable Chris Van Hollen
Ranking Member
House Committee on the Budget
134 Cannon House Office Building
Washington, DC 20515

Dear Chairman Price and Ranking Member Van Hollen:

Please include the following explanation in the Committee Report on the Concurrent Resolution on the Budget for Fiscal Year 2016:

I was unable to vote on two amendments during the markup of the Concurrent Resolution on the Budget for Fiscal Year 2016. Had I been present, I would have voted "Aye" on Democratic Amendments 4 and 5.

Sincerely,

SETH MOULTON
Member of Congress

OTHER MATTERS UNDER THE RULES OF THE HOUSE

Committee on the Budget Oversight Findings and Recommendations

Clause 3(c)(1) of rule XIII of the Rules of the House of Representatives requires each committee report to contain oversight findings and recommendations pursuant to clause 2(b)(1) of rule X. The Committee on the Budget has no findings to report at the present time.

New Budget Authority, Entitlement Authority, and Tax Expenditures

Clause 3(c)(2) of rule XIII of the Rules of the House of Representatives provides that committee reports must contain the statement required by Section 308(a) of the Congressional Budget Act of 1974. This report does not contain such a statement because as a concurrent resolution setting forth a blueprint for the Congressional budget, the budget resolution does not provide new budget authority, new entitlement authority, or change revenues.

General Performance Goals and Objectives

Clause 3(c)(4) of rule XIII of the Rules of the House of Representatives requires each committee report to contain a statement of general performance goals and objectives, including outcome-related goals and objectives, for which the measure authorizes funding. The Committee on the Budget has no such goals and objectives to report at this time.

Views of Committee Members

Clause 2(l) of rule XI of the Rules of the House of Representatives requires each committee to afford a two-day opportunity for members of the committee to file minority, additional, dissenting, or supplemental views and to include the views in its report. The following views were submitted:

MINORITY VIEWS

2016 Republican Budget Threatens Economic Growth, Widens Income Inequality, and Dims the American Dream

Hard-working Americans, striving to get ahead in this economy, are facing good news, bad news, and very bad news.

The good news is that the economy is improving and more Americans are working. The private sector has now added 12 million new jobs over the last 60 months. It is not all rosy—many Americans are still looking for work, but the unemployment rate has fallen to 5.5 percent and trends are good.

The bad news is that Americans are working harder than ever, but their paychecks are flat. This is not a new problem—it has become a chronic problem that dates back to the 1970s. There has been a growing gap between the increased value workers are creating in the economy and the size of the paychecks they are taking home. Worker productivity is up; paychecks are flat lined.

Where is the value of that hard work going? Income gains from increased productivity have gone overwhelmingly to those at the very top of the income scale, the top 1 percent. So it is no wonder that so many people across the country feel like they are running in place or falling behind.

Right after the last election, there was some hope that Republican leaders understood the problem. Speaker Boehner and Republican Senate Leader McConnell wrote in the Wall Street Journal that they were humbled by the opportunity "to help struggling middle-class Americans" and deal with "wage stagnation."

With the Republican budget, the country gets the very bad news—Republicans were just kidding.

This Republican budget is very hard on hard-working Americans and those looking to find a job. It will do nothing to increase the paychecks and take-home pay for working families. In fact, it squeezes them even more. It will increase the tax burden on millions of families—those in the middle class and those working to join the middle class. Amazingly, it cuts higher education tax credits and ends the boost in the child tax credit. Millions of Americans will lose access to tax credits for affordable health care.

The cuts in student loans and Pell grants will make college less affordable and add to the already huge levels of student debt. Seniors who have worked hard for a financially secure retirement will immediately have to pay higher Medicare premiums, bigger co-pays for preventive care, much higher costs for prescription drugs, and more for nursing home care.

While this budget raises costs and further squeezes hard-working families, students, and seniors, it paves the way for the Romney-Ryan plan to cut the tax rates for millionaires. It is based on the tired and disproven theory that we can grow our economy through trickledown economics. That theory ran aground in the real world under President Bush—the only things that went up were the incomes of the already wealthy and the deficit. Everyone else fell behind.

While this Republican budget will immediately make life harder in the daily lives of working families, it also disinvests in America's future. It slashes the part of the budget we use to invest in our kids' education—from early education to K–12 and beyond. It is a sad day when we start chopping away at the ladders of opportunity in America.

It will also devastate the investments America has made in scientific research and innovation—investments that have helped power our economy and keep us at the cutting edge of technology.

Importantly, it provides no solution to address the shortfall in the federal transportation fund that will result in construction slowdowns beginning this summer.

When we say the Republican budget disinvests America's future, it is not rhetoric—it is a mathematical reality. This budget slashes federal investments to a level that is almost 40 percent below the lowest level as a share of the economy since we have been keeping records.

Despite these devastating cuts, the Republic budget still does not balance—not by a long shot. It takes budget quackery to new heights. It claims to repeal the Affordable Care Act, but relies on its revenues and savings. It does not account for the costs of the almost $1 trillion in business tax cuts that Republicans have called for. It also plays a shameless shell game with our defense spending. It would make Enron accountants blush.

Most Americans would agree that the policies in this Republican budget—cutting tax rates for the wealthy while increasing the tax burden on working Americans, raising costs for students and seniors, and cutting vital public investments—will simply stack the economic deck even more heavily in favor of the very wealthy and very powerful, and make it harder for everyone else to get ahead.

We can do better. On the House floor Democrats will propose a budget that promotes a more rapidly growing economy with more broadly shared prosperity. That is the right direction for America.

CHRIS VAN HOLLEN.
JOHN YARMUTH.
BILL PASCRELL.
TIM RYAN.
GWEN MOORE.
KATHY CASTOR.
JIM MCDERMOTT.
BARBARA LEE.
MARK POCAN.
MICHELLE LUJAN GRISHAM.
DEBBIE DINGELL.
TED LIEU.
DONALD NORCROSS.
SETH MOULTON.

LETTERS IN SUPPORT OF THE CONCURRENT RESOLUTION ON THE BUDGET

Amac
Association of Mature American Citizens
Voice of Americans 50+

March 18, 2015

The Honorable Tom Price
6th District, Georgia
207 Cannon House Office Building
Washington, DC 20515

The Honorable Chris Van Hollen
8th District, Maryland
134 Cannon House Office Building
Washington, DC 20515

Dear Chairman Price and Ranking Member Van Hollen,

On behalf of the 1.3 million members of AMAC, the Association of Mature American Citizens, I am writing to convey our strong support for many of the policies set forth in the House Budget Committee's FY 2016 budget resolution, "A Balanced Budget for a Stronger America." This budget proposal correctly identifies the financial and economic challenges facing America today and provides a blueprint for tackling those problems with positive, responsible solutions.

Time and again, it is has been said that America's national debt is the single biggest threat to our national security. For this reason, it is imperative that Congress unite around a plan to pay down our debt and balance the budget so that Washington can begin living within its means. "A Balanced Budget for a Stronger America" promises to balance the budget in less than 10 years without raising taxes by reducing federal spending by $5.5 trillion and making government programs more effective and efficient.

Not only does this budget promote healthy economic policies and reduce federal spending, it also provides a path forward to save and strengthen vital programs like Social Security and Medicare. On Social Security, the budget clearly states that Congress should not raid the retirement trust fund to temporarily patch the disability program, which is projected to be insolvent in 2016. AMAC strongly supports this policy position and believes this is the kind of forward-thinking leadership that is required to save and secure this critical program. While these important senior programs face uncertain futures, AMAC appreciates that this budget compels Congress to adopt long-term legislative solutions that will guarantee Social Security and Medicare benefits for today's seniors and tomorrow's retirees.

Last, AMAC is pleased to see that the budget fully repeals the "Patient Protection and Affordable Care Act," or "ObamaCare." Repealing ObamaCare will save over $2 trillion, will end the egregious $700 billion raid on Medicare, and will unburden the public from obtrusive government mandates and regulations. Instead of imposing one-size-fits-all government health care on the American people, this budget proposes health reform that is patient-centered. AMAC supports the budget's patient-centered approach to health care that places value on increased access to quality, affordable care and expanded choices for individuals, families, and businesses.

As an organization committed to representing the interests of mature Americans and seniors, AMAC is encouraged by the positive vision outlined in "A Balanced Budget for a Stronger America." We feel that this budget will help to restore our nation's financial and economic security and will put America on a path toward greater prosperity.

Sincerely,
Dan Weber
President and Founder of AMAC

The 60 Plus Association

515 King Street • Suite 315 • Alexandria, VA 22314
Phone 703.807.2070 • Fax 703.807.2073 • www.60Plus.org

Kill the Death Tax. Protect Social Security and Medicare. Energy Security.

March 18, 2015

The Honorable Tom Price
Chairman
House Committee on the Budget
207 Cannon House Office Building
Washington, DC 20515

Dear Chairman Price:

On behalf of more than seven million senior citizen activists, the 60 Plus Association applauds your leadership in putting forth a responsible Balanced Budget plan. Not only will this legislation protect seniors but also our children and grandchildren.

We need positive, common sense solutions to put our nation's spending on a path of sustainability that both strengthens and preserves our Social Security and Medicare benefits. By reducing spending though responsible government-wide reforms, the House Republican budget also ensures America's economic security.

Again, we thank you for your efforts and introducing a Balanced Budget that puts our nation back on the right path! This plan will protect the investment of our generation as well as for future generations.

Sincerely,

Jim Martin

James L. Martin
Chairman

The 60 Plus Association is a 23-year-old nonpartisan organization working for death tax repeal, saving Social Security and Medicare, affordable prescription drugs, lowering energy costs and other issues featuring a limited government, less taxes approach as well as a strict adherence to the Constitution. 60 Plus calls on support from over 7 million citizen activists. 60 Plus publishes a newsletter, SENIOR VOICE, and a Scorecard, bestowing awards on lawmakers of both parties who vote "pro-senior." 60 Plus has been called "an increasingly influential senior citizen's group" and the acknowledged alternative to AARP.

AMERICANS *for* TAX REFORM

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March 17, 2015

Chairman Tom Price
Committee on the Budget
United States House of Representatives

Dear Chairmen Price:,

On behalf of Americans for Tax Reform, I write in strong support of the recently released U.S. House of Representatives budget proposal. The budget blueprint authored by House Budget Committee Chairman Tom Price (R-GA) will ensure that Washington lives within its means by balancing the budget in less than ten years and cutting $5.5 trillion in federal spending.

The budget proposal calls for a fairer, simpler tax code, reforms struggling entitlement programs, clamps down on inefficient and ineffective government programs, and lays the groundwork for strong economic growth. The plan also empowers the states to make their own decisions by restoring the principle of federalism.

By keeping to the proposed reforms, Congress stands to secure America's economic prospects, protect jobs, and accelerate economic development to levels which would be unattainable given the current spending policies. Lower, flatter taxes plus a competitive international tax regime would enshrine our place as the world's number 1 destination for entrepreneurship. Simply put, asking taxpayers to pay $160 billion per year is an undue burden that we can do without.

Notably, the House budget repeals Obamacare in its entirety and reforms the health care system to increase access to affordable care and provide patients with better medical choices. Repealing Obamacare would eliminate numerous job killing regulations including the employer mandate and the individual mandate. In place of this complex system, the House budget prioritizes a patient-centered approach that gives power back to the individual.

Repealing Obamacare will also put a stop to the raiding of the Medicare trust fund. In turn, this will help secure and strengthen Medicare so the program can continue to provide retirees with the care that they deserve. The budget will also build a new premium support program for Medicare that will further empower seniors to make their own choices.

Finally, the budget implements improvements to Medicaid. Specifically, it repeals the Obamacare Medicaid expansion and grants increased flexibility to the states, which will allow the states the opportunity to build a strong and sustainable system of Medicaid that suits their needs.

The House Budget maintains the spending restrictions mandated in the Budget Control Act of 2011, ensuring the continuation of the savings from discretionary spending. In contrast to the White House budget, which ignores 2011 spending caps and raises spending through misleading promises, the House budget abides by federal law. The budget allocates funding to the DOD's Overseas Contingency Operations (OCO) fund to meet the complex and dangerous global threats, balanced by cuts to mandatory spending.

It is important to keeps the caps in place that have stabilized federal spending since 2011 and will lead to $1.79 trillion in savings through 2021. You should be congratulated for proposing a more fiscally responsible solution despite the urging of some of his more reckless colleagues to break spending caps and undo years of fiscal restraint.

We urge the House Budget committee to support this bold pro-growth proposal. It returns power to states and localities while making great, positive strides in the tax code.

Sincerely,

Grover G. Norquist
President
Americans for Tax Reform

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

1615 H STREET, N.W.
WASHINGTON, D.C. 20062-2000
202/463-5310

March 18, 2015

The Honorable Tom Price
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Price:

The U.S. Chamber of Commerce, the world's largest business federation, representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers of commerce, and dedicated to promoting, protecting, and defending America's free enterprise system, appreciates your proposed budget resolution, "A Balanced Budget for a Stronger America," which would establish the budget for fiscal year 2016.

This proposal recognizes the importance of restraining federal spending, correcting the unsustainable growth path of entitlement spending, reducing federal budget deficits, containing the growth of federal debt, and enacting comprehensive tax reform—all goals shared by the Chamber.

The proposal would balance the budget within 10 years without raising taxes through $5.5 trillion in spending reductions, out of a base spending level of $48.6 trillion. The Congressional Budget Office estimated the macroeconomic effects of the proposed deficit reduction and concluded output per person would be 1.5 percent higher at the end of 10 years, which in turn would reduce the budget deficit an additional $147 billion. Such budgetary savings would move the budget from modest deficit to modest surplus by 2024.

The nation faces many challenging issues in budget policy that will require sustained debate over many months and, in some cases, years. Over the long term, the budget is a blueprint for restoring fiscal discipline by shrinking the size of government and debt compared to current law.

This budget proposal marks an important step toward a more sensible, more sustainable, pro-growth fiscal policy. The Chamber urges the Committee and the full House of Representatives to debate the issues fully and then adopt a budget resolution on a timely basis. The Chamber further urges the United States Senate likewise to meet its responsibility by passing a budget addressing our long-term challenges. The Chamber looks forward to working with Congress on the vital reforms to entitlements and our tax code necessary to get our fiscal house in order.

Sincerely,

R. Bruce Josten

cc: Members of the Committee on the Budget

EXCHANGE OF LETTERS WITH THE COMMITTEE ON RULES

PETE SESSIONS, TEXAS
CHAIRMAN

VIRGINIA FOXX, NORTH CAROLINA
TOM COLE, OKLAHOMA
ROB WOODALL, GEORGIA
MICHAEL C. BURGESS, TEXAS
STEVE STIVERS, OHIO
DOUG COLLINS, GEORGIA

HUGH N. HALPERN, STAFF DIRECTOR
(202) 225-9191
www.rules.house.gov

Committee on Rules
U.S. House of Representatives
H-312 The Capitol
Washington, DC 20515-6269

ONE HUNDRED FOURTEENTH CONGRESS

LOUISE M. SLAUGHTER, NEW YORK
RANKING MINORITY MEMBER

JAMES P. MCGOVERN, MASSACHUSETTS
ALCEE L. HASTINGS, FLORIDA
JARED POLIS, COLORADO

MILES M. LACKEY, MINORITY STAFF DIRECTOR

MINORITY OFFICE
H-152, THE CAPITOL
(202) 225-9091

March 19, 2015

The Honorable Tom Price, Chairman
Committee on the Budget
207 Cannon House Office Building
Washington, DC 20515

Dear Chairman Price:

On March 18, 2015, the Committee on the Budget ordered reported H. Con. Res. __, establishing the budget for the United States Government for fiscal year 2016 and setting forth appropriate budgetary levels for fiscal years 2017 through 2025. Pursuant to the Rules Committee's jurisdiction under rule X of the Rules of the House of Representatives over rules and joint rules of the House, the Committee has jurisdiction over several provisions related to budget enforcement contained in title IV of the concurrent resolution and exclusive jurisdiction over the provisions contained in title III.

We appreciate your recognition of the Committee's jurisdiction over these provisions and your assurances that we will be able to make any necessary changes during any House-Senate conference. Because of your commitment to consult with my committee regarding these matters going forward, I will waive the Committee's right to seek a referral of the concurrent resolution. By agreeing to waive its consideration of the concurrent resolution, the Rules Committee does not waive its jurisdiction. In addition, the Committee on Rules reserves its authority to seek conferees on any provisions of the concurrent resolution that are within its jurisdiction during any House-Senate conference that may be convened on this legislation. I ask your commitment to support any request by the Committee on Rules for conferees on this measure.

I also request that you include this letter and your response as part of your committee's report on the concurrent resolution and in the Congressional Record during its consideration on the House floor.

Thank you for your attention to these matters.

Sincerely,

Pete Sessions
Chairman

THOMAS PRICE, M.D., GEORGIA
CHAIRMAN
RICHARD MAY, STAFF DIRECTOR
(202) 226-7270

CHRIS VAN HOLLEN, RANKING MEMBER
THOMAS S. KAHN, MINORITY STAFF DIRECTOR
(202) 226-7200

U.S. House of Representatives
COMMITTEE ON THE BUDGET
Washington, DC 20515

March 20, 2015

The Honorable Pete Sessions
Chairman
Committee on Rules
H-312, The Capitol
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your letter regarding the Rules Committee's jurisdictional interest in the fiscal year 2016 budget resolution, H. Con. Res. __, establishing the budget for the United States Government setting forth appropriate budgetary levels for fiscal years 2016 through 2025, and your willingness to forego consideration by your committee.

I agree that the Committee on Rules has a valid jurisdictional interest in certain provisions of concurrent resolution and that the Committee's jurisdiction will not be adversely affected by your decision to forego consideration. I will also work with the Rules Committee to resolve any jurisdictional issues in the event of a House-Senate conference on the budget resolution or similar legislation should such a conference be convened.

Finally, I will include a copy of your letter and this response in the committee report and in the Congressional Record during the floor consideration of budget resolution. Thank you again for your cooperation.

Sincerely,

Thomas Price

Tom Price, M.D.
Chairman

cc: The Honorable John Boehner, Speaker of the House

The Honorable Chris Van Hollen, Ranking Minority Member, Committee on the Budget

The Honorable Louise Slaughter, Ranking Minority Member, Committee on Rules

Mr. Tom Wickham, Parliamentarian

114TH CONGRESS
1ST SESSION

H. CON. RES. 27

Establishing the budget for the United States Government for fiscal year 2016 and setting forth appropriate budgetary levels for fiscal years 2017 through 2025.

CONCURRENT RESOLUTION

Resolved by the House of Representatives (the Senate concurring),

SECTION 1. CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2016.

(a) DECLARATION.—The Congress determines and declares that this concurrent resolution establishes the budget for fiscal year 2016 and sets forth appropriate budgetary levels for fiscal years 2017 through 2025.

(b) TABLE OF CONTENTS.—The table of contents for this concurrent resolution is as follows:

TITLE I—RECOMMENDED LEVELS AND AMOUNTS

SEC. 101. RECOMMENDED LEVELS AND AMOUNTS.

The following budgetary levels are appropriate for each of fiscal years 2016 through 2025:

(1) FEDERAL REVENUES.—For purposes of the enforcement of this concurrent resolution:

(A) The recommended levels of Federal revenues are as follows:

Fiscal year 2016: $2,666,755,000,000.
Fiscal year 2017: $2,763,328,000,000.
Fiscal year 2018: $2,858,131,000,000.
Fiscal year 2019: $2,974,147,000,000.
Fiscal year 2020: $3,099,410,000,000.
Fiscal year 2021: $3,241,963,000,000.
Fiscal year 2022: $3,388,688,000,000.
Fiscal year 2023: $3,550,388,000,000.
Fiscal year 2024: $3,722,144,000,000.
Fiscal year 2025: $3,905,648,000,000.

(B) The amounts by which the aggregate levels of Federal revenues should be changed are as follows:

Fiscal year 2016: $0.
Fiscal year 2017: $0.
Fiscal year 2018: $0.
Fiscal year 2019: $0.
Fiscal year 2020: $0.
Fiscal year 2021: $0.
Fiscal year 2022: $0.
Fiscal year 2023: $0.
Fiscal year 2024: $0.
Fiscal year 2025: $0.

(2) NEW BUDGET AUTHORITY.—For purposes of the enforcement of this concurrent resolution, the budgetary levels of total new budget authority are as follows:
Fiscal year 2016: $2,934,975,000,000.
Fiscal year 2017: $2,873,969,000,000.
Fiscal year 2018: $2,944,013,000,000.
Fiscal year 2019: $3,091,040,000,000.
Fiscal year 2020: $3,248,109,000,000.
Fiscal year 2021: $3,327,968,000,000.
Fiscal year 2022: $3,462,962,000,000.
Fiscal year 2023: $3,529,073,000,000.
Fiscal year 2024: $3,586,467,000,000.
Fiscal year 2025: $3,715,272,000,000.
(3) BUDGET OUTLAYS.—For purposes of the enforcement of this concurrent resolution, the budgetary levels of total budget outlays are as follows:
Fiscal year 2016: $3,009,033,000,000.
Fiscal year 2017: $2,893,883,000,000.
Fiscal year 2018: $2,927,040,000,000.
Fiscal year 2019: $3,062,131,000,000.
Fiscal year 2020: $3,205,489,000,000.
Fiscal year 2021: $3,298,907,000,000.
Fiscal year 2022: $3,452,463,000,000.
Fiscal year 2023: $3,497,911,000,000.
Fiscal year 2024: $3,538,398,000,000.
Fiscal year 2025: $3,685,320,000,000.
(4) DEFICITS (ON-BUDGET).—For purposes of the enforcement of this concurrent resolution, the amounts of the deficits (on-budget) are as follows:
Fiscal year 2016: -$342,278,000,000.
Fiscal year 2017: -$130,555,000,000.
Fiscal year 2018: -$68,909,000,000.
Fiscal year 2019: -$87,984,000,000.
Fiscal year 2020: -$106,079,000,000.
Fiscal year 2021: -$56,944,000,000.
Fiscal year 2022: -$63,775,000,000.
Fiscal year 2023: $52,477,000,000.
Fiscal year 2024: $183,746,000,000.
Fiscal year 2025: $220,418,000,000.
(5) DEBT SUBJECT TO LIMIT.—The budgetary levels of the public debt are as follows:
Fiscal year 2016: $19,047,763,000,000.
Fiscal year 2017: $19,393,542,000,000.
Fiscal year 2018: $19,641,396,000,000.
Fiscal year 2019: $19,947,774,000,000.
Fiscal year 2020: $20,261,172,000,000.
Fiscal year 2021: $20,505,542,000,000.
Fiscal year 2022: $20,906,471,000,000.
Fiscal year 2023: $21,075,678,000,000.
Fiscal year 2024: $20,916,009,000,000.
Fiscal year 2025: $20,904,522,000,000.
(6) DEBT HELD BY THE PUBLIC.—The budgetary levels of debt held by the public are as follows:
Fiscal year 2016: $13,838,000,000,000.
Fiscal year 2017: $14,040,000,000,000.
Fiscal year 2018: $14,145,000,000,000.
Fiscal year 2019: $14,338,000,000,000.
Fiscal year 2020: $14,560,000,000,000.
Fiscal year 2021: $14,742,000,000,000.
Fiscal year 2022: $15,128,000,000,000.
Fiscal year 2023: $15,300,000,000,000.
Fiscal year 2024: $15,162,000,000,000.
Fiscal year 2025: $15,235,000,000,000.

SEC. 102. MAJOR FUNCTIONAL CATEGORIES.

The Congress determines and declares that the budgetary levels of new budget authority and outlays for fiscal years 2016 through 2025 for each major functional category are:
(1) National Defense (050):
Fiscal year 2016:

(A) New budget authority $531,334,000,000.
(B) Outlays, $564,027,000,000.
Fiscal year 2017:
(A) New budget authority, $582,506,000,000.
(B) Outlays, $572,025,000,000.
Fiscal year 2018:
(A) New budget authority, $607,744,000,000.
(B) Outlays, $586,422,000,000.
Fiscal year 2019:
(A) New budget authority, $620,019,000,000.
(B) Outlays, $604,238,000,000.
Fiscal year 2020:
(A) New budget authority, $632,310,000,000.
(B) Outlays, $617,553,000,000.
Fiscal year 2021:
(A) New budget authority, $644,627,000,000.
(B) Outlays, $630,610,000,000.
Fiscal year 2022:
(A) New budget authority, $657,634,000,000.
(B) Outlays, $648,269,000,000.
Fiscal year 2023:
(A) New budget authority, $670,997,000,000.
(B) Outlays, $656,389,000,000.
Fiscal year 2024:
(A) New budget authority, $683,771,000,000.
(B) Outlays, $663,936,000,000.
Fiscal year 2025:
(A) New budget authority, $698,836,000,000.
(B) Outlays, $683,350,000,000.

(2) International Affairs (150):
Fiscal year 2016:
(A) New budget authority $38,342,000,000.
(B) Outlays, $42,923,000,000.
Fiscal year 2017:
(A) New budget authority, $39,623,000,000.
(B) Outlays, $40,821,000,000.
Fiscal year 2018:
(A) New budget authority, $40,539,000,000.
(B) Outlays, $39,736,000,000.
Fiscal year 2019:
(A) New budget authority, $41,437,000,000.
(B) Outlays, $39,214,000,000.
Fiscal year 2020:
(A) New budget authority, $42,390,000,000.
(B) Outlays, $39,564,000,000.
Fiscal year 2021:
(A) New budget authority, $42,861,000,000.
(B) Outlays, $40,108,000,000.
Fiscal year 2022:
(A) New budget authority, $44,081,000,000.
(B) Outlays, $40,868,000,000.
Fiscal year 2023:
(A) New budget authority, $45,070,000,000.
(B) Outlays, $41,633,000,000.
Fiscal year 2024:
(A) New budget authority, $46,098,000,000.
(B) Outlays, $42,470,000,000.
Fiscal year 2025:
(A) New budget authority, $47,148,000,000.
(B) Outlays, $43,349,000,000.

(3) General Science, Space, and Technology (250):
Fiscal year 2016:
(A) New budget authority $28,381,000,000.
(B) Outlays, $29,003,000,000.
Fiscal year 2017:
(A) New budget authority, $28,932,000,000.
(B) Outlays, $28,924,000,000.
Fiscal year 2018:

(A) New budget authority, $29,579,000,000.
(B) Outlays, $29,357,000,000.
Fiscal year 2019:
(A) New budget authority, $30,227,000,000.
(B) Outlays, $29,798,000,000.
Fiscal year 2020:
(A) New budget authority, $30,904,000,000.
(B) Outlays, $30,388,000,000.
Fiscal year 2021:
(A) New budget authority, $31,584,000,000.
(B) Outlays, $30,957,000,000.
Fiscal year 2022:
(A) New budget authority, $32,293,000,000.
(B) Outlays, $31,637,000,000.
Fiscal year 2023:
(A) New budget authority, $33,003,000,000.
(B) Outlays, $32,338,000,000.
Fiscal year 2024:
(A) New budget authority, $33,742,000,000.
(B) Outlays, $33,059,000,000.
Fiscal year 2025:
(A) New budget authority, $34,488,000,000.
(B) Outlays, $33,795,000,000.

(4) Energy (270):
Fiscal year 2016:
(A) New budget authority -$3,581,000,000.
(B) Outlays, $654,000,000.
Fiscal year 2017:
(A) New budget authority, $1,410,000,000.
(B) Outlays, $649,000,000.
Fiscal year 2018:
(A) New budget authority, $1,189,000,000.
(B) Outlays, $234,000,000.
Fiscal year 2019:
(A) New budget authority, $1,196,000,000.
(B) Outlays, $307,000,000.
Fiscal year 2020:
(A) New budget authority, $1,259,000,000.
(B) Outlays, $472,000,000.
Fiscal year 2021:
(A) New budget authority, $1,309,000,000.
(B) Outlays, $728,000,000.
Fiscal year 2022:
(A) New budget authority, $1,335,000,000.
(B) Outlays, $863,000,000.
Fiscal year 2023:
(A) New budget authority, $1,375,000,000.
(B) Outlays, $1,000,000,000.
Fiscal year 2024:
(A) New budget authority, $1,332,000,000.
(B) Outlays, $1,037,000,000.
Fiscal year 2025:
(A) New budget authority, -$964,000,000.
(B) Outlays, -$1,215,000,000.

(5) Natural Resources and Environment (300):
Fiscal year 2016:
(A) New budget authority $35,350,000,000.
(B) Outlays, $38,113,000,000.
Fiscal year 2017:
(A) New budget authority, $36,047,000,000.
(B) Outlays, $38,268,000,000.
Fiscal year 2018:
(A) New budget authority, $36,385,000,000.
(B) Outlays, $37,674,000,000.
Fiscal year 2019:
(A) New budget authority, $37,206,000,000.
(B) Outlays, $37,747,000,000.
Fiscal year 2020:

(A) New budget authority, $38,171,000,000.
(B) Outlays, $38,304,000,000.
Fiscal year 2021:
(A) New budget authority, $38,367,000,000.
(B) Outlays, $38,685,000,000.
Fiscal year 2022:
(A) New budget authority, $39,221,000,000.
(B) Outlays, $39,361,000,000.
Fiscal year 2023:
(A) New budget authority, $40,108,000,000.
(B) Outlays, $40,319,000,000.
Fiscal year 2024:
(A) New budget authority, $40,962,000,000.
(B) Outlays, $40,486,000,000.
Fiscal year 2025:
(A) New budget authority, $39,095,000,000.
(B) Outlays, $38,471,000,000.
(6) Agriculture (350):
Fiscal year 2016:
(A) New budget authority $20,109,000,000.
(B) Outlays, $21,164,000,000.
Fiscal year 2017:
(A) New budget authority, $23,064,000,000.
(B) Outlays, $23,194,000,000.
Fiscal year 2018:
(A) New budget authority, $21,987,000,000.
(B) Outlays, $21,396,000,000.
Fiscal year 2019:
(A) New budget authority, $20,907,000,000.
(B) Outlays, $20,275,000,000.
Fiscal year 2020:
(A) New budget authority, $19,835,000,000.
(B) Outlays, $19,386,000,000.
Fiscal year 2021:
(A) New budget authority, $19,296,000,000.
(B) Outlays, $18,849,000,000.
Fiscal year 2022:
(A) New budget authority, $19,245,000,000.
(B) Outlays, $18,830,000,000.
Fiscal year 2023:
(A) New budget authority, $19,821,000,000.
(B) Outlays, $19,391,000,000.
Fiscal year 2024:
(A) New budget authority, $20,020,000,000.
(B) Outlays, $19,553,000,000.
Fiscal year 2025:
(A) New budget authority, $20,256,000,000.
(B) Outlays, $19,851,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 2016:
(A) New budget authority -$3,269,000,000.
(B) Outlays, -$16,617,000,000.
Fiscal year 2017:
(A) New budget authority, -$12,373,000,000.
(B) Outlays, -$26,620,000,000.
Fiscal year 2018:
(A) New budget authority, -$10,252,000,000.
(B) Outlays, -$24,998,000,000.
Fiscal year 2019:
(A) New budget authority, -$8,801,000,000.
(B) Outlays, -$28,587,000,000.
Fiscal year 2020:
(A) New budget authority, -$6,903,000,000.
(B) Outlays, -$27,479,000,000.
Fiscal year 2021:
(A) New budget authority, -$6,522,000,000.
(B) Outlays, -$21,769,000,000.
Fiscal year 2022:

(A) New budget authority, -$5,742,000,000.
(B) Outlays, -$22,819,000,000.
Fiscal year 2023:
(A) New budget authority, -$4,965,000,000.
(B) Outlays, -$23,306,000,000.
Fiscal year 2024:
(A) New budget authority, -$3,991,000,000.
(B) Outlays, -$23,635,000,000.
Fiscal year 2025:
(A) New budget authority, -$3,370,000,000.
(B) Outlays, -$23,845,000,000.
(8) Transportation (400):
Fiscal year 2016:
(A) New budget authority $36,743,000,000.
(B) Outlays, $79,181,000,000.
Fiscal year 2017:
(A) New budget authority, $69,381,000,000.
(B) Outlays, $69,500,000,000.
Fiscal year 2018:
(A) New budget authority, $70,298,000,000.
(B) Outlays, $73,623,000,000.
Fiscal year 2019:
(A) New budget authority, $76,397,000,000.
(B) Outlays, $76,051,000,000.
Fiscal year 2020:
(A) New budget authority, $77,763,000,000.
(B) Outlays, $76,767,000,000.
Fiscal year 2021:
(A) New budget authority, $79,149,000,000.
(B) Outlays, $78,369,000,000.
Fiscal year 2022:
(A) New budget authority, $80,613,000,000.
(B) Outlays, $79,946,000,000.
Fiscal year 2023:
(A) New budget authority, $82,128,000,000.
(B) Outlays, $81,336,000,000.
Fiscal year 2024:
(A) New budget authority, $83,709,000,000.
(B) Outlays, $82,724,000,000.
Fiscal year 2025:
(A) New budget authority, $85,335,000,000.
(B) Outlays, $83,983,000,000.
(9) Community and Regional Development (450):
Fiscal year 2016:
(A) New budget authority $7,082,000,000.
(B) Outlays, $19,928,000,000.
Fiscal year 2017:
(A) New budget authority, $7,688,000,000.
(B) Outlays, $16,753,000,000.
Fiscal year 2018:
(A) New budget authority, $8,089,000,000.
(B) Outlays, $15,383,000,000.
Fiscal year 2019:
(A) New budget authority, $8,381,000,000.
(B) Outlays, $13,789,000,000.
Fiscal year 2020:
(A) New budget authority, $8,409,000,000.
(B) Outlays, $12,567,000,000.
Fiscal year 2021:
(A) New budget authority, $8,305,000,000.
(B) Outlays, $12,095,000,000.
Fiscal year 2022:
(A) New budget authority, $8,304,000,000.
(B) Outlays, $10,937,000,000.
Fiscal year 2023:
(A) New budget authority, $8,359,000,000.
(B) Outlays, $9,345,000,000.
Fiscal year 2024:

(A) New budget authority, $8,447,000,000.
(B) Outlays, $8,890,000,000.
Fiscal year 2025:
(A) New budget authority, $8,579,000,000.
(B) Outlays, $8,930,000,000.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 2016:
(A) New budget authority $80,620,000,000.
(B) Outlays, $90,389,000,000.
Fiscal year 2017:
(A) New budget authority, $84,746,000,000.
(B) Outlays, $90,513,000,000.
Fiscal year 2018:
(A) New budget authority, $87,029,000,000.
(B) Outlays, $87,366,000,000.
Fiscal year 2019:
(A) New budget authority, $85,514,000,000.
(B) Outlays, $85,290,000,000.
Fiscal year 2020:
(A) New budget authority, $87,901,000,000.
(B) Outlays, $87,669,000,000.
Fiscal year 2021:
(A) New budget authority, $88,908,000,000.
(B) Outlays, $89,276,000,000.
Fiscal year 2022:
(A) New budget authority, $90,148,000,000.
(B) Outlays, $90,467,000,000.
Fiscal year 2023:
(A) New budget authority, $91,237,000,000.
(B) Outlays, $91,646,000,000.
Fiscal year 2024:
(A) New budget authority, $92,744,000,000.
(B) Outlays, $93,101,000,000.
Fiscal year 2025:
(A) New budget authority, $94,400,000,000.
(B) Outlays, $94,734,000,000.
(11) Health (550):
Fiscal year 2016:
(A) New budget authority $416,475,000,000.
(B) Outlays, $426,860,000,000.
Fiscal year 2017:
(A) New budget authority, $360,678,000,000.
(B) Outlays, $364,823,000,000.
Fiscal year 2018:
(A) New budget authority, $358,594,000,000.
(B) Outlays, $360,468,000,000.
Fiscal year 2019:
(A) New budget authority, $367,103,000,000.
(B) Outlays, $367,916,000,000.
Fiscal year 2020:
(A) New budget authority, $387,076,000,000.
(B) Outlays, $377,341,000,000.
Fiscal year 2021:
(A) New budget authority, $388,981,000,000.
(B) Outlays, $389,025,000,000.
Fiscal year 2022:
(A) New budget authority, $398,136,000,000.
(B) Outlays, $398,233,000,000.
Fiscal year 2023:
(A) New budget authority, $408,454,000,000.
(B) Outlays, $408,529,000,000.
Fiscal year 2024:
(A) New budget authority, $425,381,000,000.
(B) Outlays, $425,477,000,000.
Fiscal year 2025:
(A) New budget authority, $433,945,000,000.
(B) Outlays, $434,143,000,000.
(12) Medicare (570):

Fiscal year 2016:
(A) New budget authority $577,726,000,000.
(B) Outlays, $577,635,000,000.
Fiscal year 2017:
(A) New budget authority, $580,837,000,000.
(B) Outlays, $580,777,000,000.
Fiscal year 2018:
(A) New budget authority, $580,782,000,000.
(B) Outlays, $580,741,000,000.
Fiscal year 2019:
(A) New budget authority, $639,293,000,000.
(B) Outlays, $639,213,000,000.
Fiscal year 2020:
(A) New budget authority, $680,575,000,000.
(B) Outlays, $680,481,000,000.
Fiscal year 2021:
(A) New budget authority, $726,644,000,000.
(B) Outlays, $726,548,000,000.
Fiscal year 2022:
(A) New budget authority, $808,204,000,000.
(B) Outlays, $808,100,000,000.
Fiscal year 2023:
(A) New budget authority, $825,577,000,000.
(B) Outlays, $825,379,000,000.
Fiscal year 2024:
(A) New budget authority, $834,148,000,000.
(B) Outlays, $834,037,000,000.
Fiscal year 2025:
(A) New budget authority, $927,410,000,000.
(B) Outlays, $927,292,000,000.

(13) Income Security (600):
Fiscal year 2016:
(A) New budget authority $512,364,000,000.
(B) Outlays, $513,709,000,000.
Fiscal year 2017:
(A) New budget authority, $479,836,000,000.
(B) Outlays, $475,234,000,000.
Fiscal year 2018:
(A) New budget authority, $481,994,000,000.
(B) Outlays, $471,951,000,000.
Fiscal year 2019:
(A) New budget authority, $483,293,000,000.
(B) Outlays, $477,470,000,000.
Fiscal year 2020:
(A) New budget authority, $516,193,000,000.
(B) Outlays, $510,603,000,000.
Fiscal year 2021:
(A) New budget authority, $502,001,000,000.
(B) Outlays, $496,856,000,000.
Fiscal year 2022:
(A) New budget authority, $518,690,000,000.
(B) Outlays, $518,542,000,000.
Fiscal year 2023:
(A) New budget authority, $525,230,000,000.
(B) Outlays, $519,391,000,000.
Fiscal year 2024:
(A) New budget authority, $532,515,000,000.
(B) Outlays, $521,105,000,000.
Fiscal year 2025:
(A) New budget authority, $550,057,000,000.
(B) Outlays, $543,361,000,000.

(14) Social Security (650):
Fiscal year 2016:
(A) New budget authority $33,878,000,000.
(B) Outlays, $33,919,000,000.
Fiscal year 2017:
(A) New budget authority, $36,535,000,000.
(B) Outlays, $36,535,000,000.

Fiscal year 2018:
(A) New budget authority, $39,407,000,000.
(B) Outlays, $39,407,000,000.
Fiscal year 2019:
(A) New budget authority, $42,634,000,000.
(B) Outlays, $42,634,000,000.
Fiscal year 2020:
(A) New budget authority, $46,104,000,000.
(B) Outlays, $46,104,000,000.
Fiscal year 2021:
(A) New budget authority, $49,712,000,000.
(B) Outlays, $49,712,000,000.
Fiscal year 2022:
(A) New budget authority, $53,547,000,000.
(B) Outlays, $53,547,000,000.
Fiscal year 2023:
(A) New budget authority, $57,455,000,000.
(B) Outlays, $57,455,000,000.
Fiscal year 2024:
(A) New budget authority, $61,546,000,000.
(B) Outlays, $61,546,000,000.
Fiscal year 2025:
(A) New budget authority, $65,751,000,000.
(B) Outlays, $65,751,000,000.

(15) Veterans Benefits and Services (700):
Fiscal year 2016:
(A) New budget authority $166,677,000,000.
(B) Outlays, $170,121,000,000.
Fiscal year 2017:
(A) New budget authority, $164,843,000,000.
(B) Outlays, $164,387,000,000.
Fiscal year 2018:
(A) New budget authority, $163,009,000,000.
(B) Outlays, $162,385,000,000.
Fiscal year 2019:
(A) New budget authority, $174,862,000,000.
(B) Outlays, $174,048,000,000.
Fiscal year 2020:
(A) New budget authority, $179,735,000,000.
(B) Outlays, $178,778,000,000.
Fiscal year 2021:
(A) New budget authority, $183,969,000,000.
(B) Outlays, $183,019,000,000.
Fiscal year 2022:
(A) New budget authority, $196,283,000,000.
(B) Outlays, $195,255,000,000.
Fiscal year 2023:
(A) New budget authority, $192,866,000,000.
(B) Outlays, $191,834,000,000.
Fiscal year 2024:
(A) New budget authority, $189,668,000,000.
(B) Outlays, $188,553,000,000.
Fiscal year 2025:
(A) New budget authority, $203,517,000,000.
(B) Outlays, $202,383,000,000.

(16) Administration of Justice (750):
Fiscal year 2016:
(A) New budget authority $52,156,000,000.
(B) Outlays, $56,006,000,000.
Fiscal year 2017:
(A) New budget authority, $55,450,000,000.
(B) Outlays, $57,547,000,000.
Fiscal year 2018:
(A) New budget authority, $55,169,000,000.
(B) Outlays, $56,659,000,000.
Fiscal year 2019:
(A) New budget authority, $56,854,000,000.
(B) Outlays, $56,572,000,000.

Fiscal year 2020:
(A) New budget authority, $58,585,000,000.
(B) Outlays, $58,392,000,000.
Fiscal year 2021:
(A) New budget authority, $60,498,000,000.
(B) Outlays, $59,992,000,000.
Fiscal year 2022:
(A) New budget authority, $63,032,000,000.
(B) Outlays, $62,485,000,000.
Fiscal year 2023:
(A) New budget authority, $64,917,000,000.
(B) Outlays, $64,355,000,000.
Fiscal year 2024:
(A) New budget authority, $66,844,000,000.
(B) Outlays, $66,264,000,000.
Fiscal year 2025:
(A) New budget authority, $68,632,000,000.
(B) Outlays, $68,051,000,000.
(17) General Government (800):
Fiscal year 2016:
(A) New budget authority $23,593,000,000.
(B) Outlays, $23,576,000,000.
Fiscal year 2017:
(A) New budget authority, $22,761,000,000.
(B) Outlays, $23,202,000,000.
Fiscal year 2018:
(A) New budget authority, $22,817,000,000.
(B) Outlays, $23,279,000,000.
Fiscal year 2019:
(A) New budget authority, $23,252,000,000.
(B) Outlays, $23,084,000,000.
Fiscal year 2020:
(A) New budget authority, $23,947,000,000.
(B) Outlays, $23,602,000,000.
Fiscal year 2021:
(A) New budget authority, $24,192,000,000.
(B) Outlays, $24,309,000,000.
Fiscal year 2022:
(A) New budget authority, $24,981,000,000.
(B) Outlays, $25,114,000,000.
Fiscal year 2023:
(A) New budget authority, $25,695,000,000.
(B) Outlays, $25,840,000,000.
Fiscal year 2024:
(A) New budget authority, $26,010,000,000.
(B) Outlays, $25,878,000,000.
Fiscal year 2025:
(A) New budget authority, $26,968,000,000.
(B) Outlays, $26,825,000,000.
(18) Net Interest (900):
Fiscal year 2016:
(A) New budget authority $366,527,000,000.
(B) Outlays, $366,527,000,000.
Fiscal year 2017:
(A) New budget authority, $414,768,000,000.
(B) Outlays, $414,768,000,000.
Fiscal year 2018:
(A) New budget authority, $477,731,000,000.
(B) Outlays, $477,731,000,000.
Fiscal year 2019:
(A) New budget authority, $531,032,000,000.
(B) Outlays, $531,032,000,000.
Fiscal year 2020:
(A) New budget authority, $578,654,000,000.
(B) Outlays, $578,654,000,000.
Fiscal year 2021:
(A) New budget authority, $612,121,000,000.
(B) Outlays, $612,121,000,000.

Fiscal year 2022:
(A) New budget authority, $642,388,000,000.
(B) Outlays, $642,388,000,000.
Fiscal year 2023:
(A) New budget authority, $667,089,000,000.
(B) Outlays, $667,089,000,000.
Fiscal year 2024:
(A) New budget authority, $684,301,000,000.
(B) Outlays, $684,301,000,000.
Fiscal year 2025:
(A) New budget authority, $695,929,000,000.
(B) Outlays, $695,929,000,000.
(19) Allowances (920):
Fiscal year 2016:
(A) New budget authority -$33,462,000,000.
(B) Outlays, -$17,275,000,000.
Fiscal year 2017:
(A) New budget authority, -$29,863,000,000.
(B) Outlays, -$24,277,000,000.
Fiscal year 2018:
(A) New budget authority, -$32,175,000,000.
(B) Outlays, -$28,249,000,000.
Fiscal year 2019:
(A) New budget authority, -$34,261,000,000.
(B) Outlays, -$31,078,000,000.
Fiscal year 2020:
(A) New budget authority, -$39,009,000,000.
(B) Outlays, -$35,136,000,000.
Fiscal year 2021:
(A) New budget authority, -$42,221,000,000.
(B) Outlays, -$38,438,000,000.
Fiscal year 2022:
(A) New budget authority, -$46,013,000,000.
(B) Outlays, -$42,205,000,000.
Fiscal year 2023:
(A) New budget authority, -$49,123,000,000.
(B) Outlays, -$45,430,000,000.
Fiscal year 2024:
(A) New budget authority, -$50,652,000,000.
(B) Outlays, -$47,736,000,000.
Fiscal year 2025:
(A) New budget authority, -$48,913,000,000.
(B) Outlays, -$48,058,000,000.
(20) Government-wide savings (930):
Fiscal year 2016:
(A) New budget authority $27,465,000,000.
(B) Outlays, $18,416,000,000.
Fiscal year 2017:
(A) New budget authority, -$15,712,000,000.
(B) Outlays, -$3,005,000,000.
Fiscal year 2018:
(A) New budget authority, -$32,429,000,000.
(B) Outlays, -$20,148,000,000.
Fiscal year 2019:
(A) New budget authority, -$41,554,000,000.
(B) Outlays, -$32,383,000,000.
Fiscal year 2020:
(A) New budget authority, -$50,240,000,000.
(B) Outlays, -$42,168,000,000.
Fiscal year 2021:
(A) New budget authority, -$55,831,000,000.
(B) Outlays, -$50,276,000,000.
Fiscal year 2022:
(A) New budget authority, -$63,954,000,000.
(B) Outlays, -$57,849,000,000.
Fiscal year 2023:
(A) New budget authority, -$71,850,000,000.
(B) Outlays, -$65,124,000,000.

Fiscal year 2024:
(A) New budget authority, -$78,889,000,000.
(B) Outlays, -$71,689,000,000.
Fiscal year 2025:
(A) New budget authority, -$113,903,000,000.
(B) Outlays, -$93,929,000,000.
(21) Undistributed Offsetting Receipts (950):
Fiscal year 2016:
(A) New budget authority -$73,514,000,000.
(B) Outlays, -$73,514,000,000.
Fiscal year 2017:
(A) New budget authority, -$83,832,000,000.
(B) Outlays, -$83,832,000,000.
Fiscal year 2018:
(A) New budget authority, -$90,115,000,000.
(B) Outlays, -$90,115,000,000.
Fiscal year 2019:
(A) New budget authority, -$90,594,000,000.
(B) Outlays, -$90,594,000,000.
Fiscal year 2020:
(A) New budget authority, -$92,193,000,000.
(B) Outlays, -$92,193,000,000.
Fiscal year 2021:
(A) New budget authority, -$96,623,000,000.
(B) Outlays, -$96,623,000,000.
Fiscal year 2022:
(A) New budget authority, -$99,437,000,000.
(B) Outlays, -$99,437,000,000.
Fiscal year 2023:
(A) New budget authority, -$104,343,000,000.
(B) Outlays, -$104,343,000,000.
Fiscal year 2024:
(A) New budget authority, -$111,213,000,000.
(B) Outlays, -$111,213,000,000.
Fiscal year 2025:
(A) New budget authority, -$117,896,000,000.
(B) Outlays, -$117,896,000,000.
(22) Overseas Contingency Operations/Global War on Terrorism (970):
Fiscal year 2016:
(A) New budget authority $94,000,000,000.
(B) Outlays, $44,304,000,000.
Fiscal year 2017:
(A) New budget authority, $26,666,000,000.
(B) Outlays, $33,716,000,000.
Fiscal year 2018:
(A) New budget authority, $26,666,000,000.
(B) Outlays, $26,758,000,000.
Fiscal year 2019:
(A) New budget authority, $26,666,000,000.
(B) Outlays, $26,117,000,000.
Fiscal year 2020:
(A) New budget authority, $26,666,000,000.
(B) Outlays, $25,862,000,000.
Fiscal year 2021:
(A) New budget authority, $26,666,000,000.
(B) Outlays, $24,776,000,000.
Fiscal year 2022:
(A) New budget authority, $0.
(B) Outlays, $9,956,000,000.
Fiscal year 2023:
(A) New budget authority, $0.
(B) Outlays, $2,869,000,000.
Fiscal year 2024:
(A) New budget authority, $0.
(B) Outlays, $278,000,000.
Fiscal year 2025:
(A) New budget authority, $0.
(B) Outlays, $0.

(23) Across-the-Board Adjustment (990):
Fiscal year 2016:
(A) New budget authority -$21,000,000.
(B) Outlays, -$17,000,000.
Fiscal year 2017:
(A) New budget authority, -$22,000,000.
(B) Outlays, -$20,000,000.
Fiscal year 2018:
(A) New budget authority, -$23,000,000.
(B) Outlays, -$21,000,000.
Fiscal year 2019:
(A) New budget authority, -$23,000,000.
(B) Outlays, -$22,000,000.
Fiscal year 2020:
(A) New budget authority, -$24,000,000.
(B) Outlays, -$23,000,000.
Fiscal year 2021:
(A) New budget authority, -$24,000,000.
(B) Outlays, -$23,000,000.
Fiscal year 2022:
(A) New budget authority, -$25,000,000.
(B) Outlays, -$24,000,000.
Fiscal year 2023:
(A) New budget authority, -$26,000,000.
(B) Outlays, -$25,000,000.
Fiscal year 2024:
(A) New budget authority, -$26,000,000.
(B) Outlays, -$25,000,000.
Fiscal year 2025:
(A) New budget authority, -$27,000,000.
(B) Outlays, -$26,000,000.

TITLE II—RECONCILIATION

SEC. 201. RECONCILIATION IN THE HOUSE OF REPRESENTATIVES.

(a) SUBMISSION PROVIDING FOR DEFICIT REDUCTION.—Not later than July 15, 2015, the committees named in subsection (b) shall submit their recommendations to the Committee on the Budget of the House of Representatives to carry out this section.

(b) INSTRUCTIONS.—

(1) COMMITTEE ON AGRICULTURE.—The Committee on Agriculture shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $1,000,000,000 for the period of fiscal years 2016 through 2025.

(2) COMMITTEE ON ARMED SERVICES.—The Committee on Armed Services shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $100,000,000 for the period of fiscal years 2016 through 2025.

(3) COMMITTEE ON EDUCATION AND THE WORKFORCE.—The Committee on Education and the Workforce shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $1,000,000,000 for the period of fiscal years 2016 through 2025.

(4) COMMITTEE ON ENERGY AND COMMERCE.—The Committee on Energy and Commerce shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $1,000,000,000 for the period of fiscal years 2016 through 2025.

(5) COMMITTEE ON FINANCIAL SERVICES.—The Committee on Financial Services shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $100,000,000 for the period of fiscal years 2016 through 2025.

(6) COMMITTEE ON HOMELAND SECURITY.—The Committee on Homeland Security shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $15,000,000 for the period of fiscal years 2016 through 2025.

(7) COMMITTEE ON THE JUDICIARY.—The Committee on the Judiciary shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $100,000,000 for the period of fiscal years 2016 through 2025.

(8) COMMITTEE ON NATURAL RESOURCES.—The Committee on Natural Resources shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $100,000,000 for the period of fiscal years 2016 through 2025.

(9) COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM.—The Committee on Oversight and Government Reform shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $1,000,000,000 for the period of fiscal years 2016 through 2025.

(10) COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY.—The Committee on Science, Space, and Technology shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $15,000,000 for the period of fiscal years 2016 through 2025.

(11) COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE.—The Committee on Transportation and Infrastructure shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $100,000,000 for the period of fiscal years 2016 through 2025.

(12) COMMITTEE ON VETERANS' AFFAIRS.—The Committee on Veterans' Affairs shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $100,000,000 for the period of fiscal years 2016 through 2025.

(13) COMMITTEE ON WAYS AND MEANS.—The Committee on Ways and Means shall submit changes in laws within its jurisdiction sufficient to reduce the deficit by $1,000,000,000 for the period of fiscal years 2016 through 2025.

SEC. 202. RECONCILIATION PROCEDURES.

(a) ESTIMATING ASSUMPTIONS.—

(1) ASSUMPTIONS.—In the House, for purposes of titles III and IV of the Congressional Budget Act of 1974, the chair of the Committee on the Budget shall use the baseline underlying the Congressional Budget Office's Budget and Economic Outlook: 2015 to 2025 (January 2015) when making estimates of any bill or joint resolution, or any amendment thereto or conference report thereon. If adjustments to the baseline are made subsequent to the adoption of this concurrent resolution, then such chair shall determine whether to use any of these adjustments when making such estimates.

(2) INTENT.—The authority set forth in paragraph (1) should only be exercised if the estimates used to determine the compliance of such measures with the budgetary requirements included in the concurrent resolution are inaccurate because adjustments made to the baseline are inconsistent with the assumptions underlying the budgetary levels set forth in this concurrent resolution. Such inaccurate adjustments made after the adoption of this concurrent resolution may include selected adjustments for rulemaking, judicial actions, adjudication, and interpretative rules that have major budgetary effects and are inconsistent with the assumptions underlying the budgetary levels set forth in this concurrent resolution.

(3) CONGRESSIONAL BUDGET OFFICE ESTIMATES.—Upon the request of the chair of the Committee on the Budget of the House for any measure, the Congressional Budget Office shall prepare an estimate based on the baseline determination made by such chair pursuant to paragraph (1).

(b) REPEAL OF THE PRESIDENT'S HEALTH CARE LAW THROUGH RECONCILIATION.—In preparing their submissions under section 201(a) to the Committee on the Budget, the committees named in section 201(b) shall—

(1) note the policies described in the report accompanying this concurrent resolution on the budget that repeal the Affordable Care Act and the health care-related provisions of the Health Care and Education Reconciliation Act of 2010; and

(2) determine the most effective methods by which the health care laws referred to in paragraph (1) shall be repealed in their entirety.

(c) REVISION OF BUDGETARY LEVELS.—

(1) SUBMISSION.—Upon the submission to the Committee on the Budget of the House of a recommendation that has complied with its reconciliation instructions solely by virtue of section 310(b) of the Congressional Budget Act of 1974, the chair of the Committee on the Budget may file with the House appropriately revised allocations under section 302(a) of such Act and revised functional levels and aggregates.

(2) CONFERENCE REPORT.—Upon the submission to the House of a conference report recommending a reconciliation bill or resolution in which a committee has complied with its reconciliation instructions solely by virtue of this section, the chair of the Committee on the Budget of the House may file with the House appropriately revised allocations under section 302(a) of such Act and revised functional levels and aggregates.

(3) REVISION.—Allocations and aggregates revised pursuant to this subsection shall be considered to be allocations and aggregates established by the concurrent resolution on the budget pursuant to section 301 of such Act.

SEC. 203. ADDITIONAL GUIDANCE FOR RECONCILIATION.

(a) GUIDANCE.—In the House, the chair of the Committee on the Budget may develop additional guidelines providing further information, budgetary levels and amounts, and other explanatory material to supplement the instructions included in this concurrent resolution pursuant to section 310 of the Congressional Budget Act of 1974 and set forth in section 201.

(b) PUBLICATION.—In the House, the chair of the Committee on the Budget may cause the material prepared pursuant to subsection (a) to be printed in the Congressional Record on the appropriate date, but not later than the date set forth in this title on which committees must submit their recommendations to the Committee on the Budget in order to comply with the reconciliation instructions set forth in section 201.

TITLE III—SUBMISSIONS FOR THE ELIMINATION OF WASTE, FRAUD, AND ABUSE

SEC. 301. SUBMISSIONS OF FINDINGS FOR THE ELIMINATION OF WASTE, FRAUD, AND ABUSE.

(a) SUBMISSIONS PROVIDING FOR THE ELIMINATION OF WASTE, FRAUD, AND ABUSE.—In the House, not later than October 1, 2015, the committees named in subsection (d) shall submit to the Committee on the Budget findings that identify changes in law within their jurisdictions that would achieve the specified level of savings through the elimination of waste, fraud, and abuse.

(b) RECOMMENDATIONS SUBMITTED.—After receiving those recommendations —

(1) the Committee on the Budget may use them in the development of future concurrent resolutions on the budget; and

(2) the chair of the Committee on the Budget of the House shall make such recommendations publicly available in electronic form and cause them to be placed in the Congressional Record not later than 30 days after receipt.

(c) SPECIFIED LEVELS OF SAVINGS.—For purposes of this section, a specified level of savings for each committee may be inserted in the Congressional Record by the chair of the Committee on the Budget.

(d) HOUSE COMMITTEES.—The following committees shall submit findings to the Committee on the Budget of the House of Representatives pursuant to subsection (a): the Committee on Agriculture, the Committee on Armed Services, the Committee on Education and the Workforce, the Committee on Energy and Commerce, the Committee on Financial Services, the Committee on Foreign Affairs, the Committee on Homeland Security, the Committee on House Administration, the Committee on the Judiciary, the Committee on Oversight and Government Reform, the Committee on Natural Resources, the Committee on Science, Space, and Technology, the Committee on Small Business, the Committee on Transportation and Infrastructure, the Committee on Veterans' Affairs, and the Committee on Ways and Means.

(e) REPORT BY THE GOVERNMENT ACCOUNTABILITY OFFICE.—By August 1, 2015, the Comptroller General shall submit to the Committee on the Budget of the House of Representatives a comprehensive report identifying instances in which the committees referred to in subsection (d) may make legislative changes to improve the economy, efficiency, and effectiveness of programs within their jurisdiction.

TITLE IV—BUDGET ENFORCEMENT

SEC. 401. COST ESTIMATES FOR MAJOR LEGISLATION TO INCORPORATE MACROECONOMIC EFFECTS.

(a) CBO ESTIMATES.—For purposes of the enforcement of this concurrent resolution, upon its adoption until the end of fiscal year 2016, an estimate provided by the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974 for any major legislation considered in the House or the Senate during fiscal year 2016 shall, to the extent practicable, incorporate the budgetary effects of changes in economic output, employment, capital stock, and other macroeconomic variables resulting from such legislation.

(b) JOINT COMMITTEE ON TAXATION ESTIMATES.—For purposes of the enforcement of this concurrent resolution, any estimate provided by the Joint Committee on Taxation to the Director of the Congressional Budget Office under section 201(f) of the Congressional Budget Act of 1974 for any major legislation shall, to the extent practicable, incorporate the budgetary effects of changes in economic output, employment, capital stock, and other macroeconomic variables resulting from such legislation.

(c) CONTENTS.—Any estimate referred to in this section shall, to the extent practicable, include—

(1) a qualitative assessment of the budgetary effects (including macroeconomic variables described in subsections (a) and (b)) of such legislation in the 20-fiscal year period beginning after the last fiscal year of this concurrent resolution sets forth budgetary levels required by section 301 of the Congressional Budget Act of 1974; and

(2) an identification of the critical assumptions and the source of data underlying that estimate.

(d) DEFINITIONS.—As used in this section—

(1) the term "major legislation" means any bill or joint resolution—

(A) for which an estimate is required to be prepared pursuant to section 402 of the Congressional Budget Act of 1974 and that causes a gross budgetary effect (before incorporating macroeconomic effects) in any fiscal year over the years of the most recently agreed to concurrent resolution on the budget equal to or greater than 0.25 percent of the current projected gross domestic product of the United States for that fiscal year; or

(B) designated as such by the chair of the Committee on the Budget for all direct spending legislation other than revenue legislation or the Member who is chair or vice chair, as applicable, of the Joint Committee on Taxation for revenue legislation; and

(2) the term "budgetary effects" means changes in revenues, budget authority, outlays, and deficits.

SEC. 402. LIMITATION ON MEASURES AFFECTING SOCIAL SECURITY SOLVENCY.

(a) IN GENERAL.—For purposes of the enforcement of this concurrent resolution, upon its adoption until the end of fiscal year 2016, it shall not be in order to consider in the House or the Senate a bill or joint resolution, or an amendment thereto or conference report thereon, that reduces the actuarial balance by at least .01 percent of the present value of future taxable payroll of the Federal Old-Age and Survivors Insurance Trust Fund established under section 201(a) of the Social Security Act for the 75-year period utilized in the most recent annual report of the Board of Trustees provided pursuant to section 201(c)(2) of the Social Security Act.

(b) EXCEPTION.—Subsection (a) shall not apply to a measure that would improve the actuarial balance of the combined balance in the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for the 75-year period utilized in the most recent annual report of the Board of Trustees provided pursuant to section 201(c)(2) of the Social Security Act.

SEC. 403. BUDGETARY TREATMENT OF ADMINISTRATIVE EXPENSES.

(a) IN GENERAL.—Notwithstanding section 302(a)(1) of the Congressional Budget Act of 1974, section 13301 of the Budget Enforcement Act of 1990, and section 4001 of the Omnibus Budget Reconciliation Act of 1989, the report accompanying this concurrent resolution on the budget or the joint explanatory statement accompanying the conference report on any concurrent resolution on the budget shall include in its allocation under section 302(a) of the Congressional Budget Act of 1974 to the Committee on Appropriations amounts for the discretionary administrative expenses of the Social Security Administration and the United States Postal Service.

(b) SPECIAL RULE.—For purposes of enforcing sections 302(f) and 311 of the Congressional Budget Act of 1974, estimates of the level of total new budget authority and total outlays provided by a measure shall include any discretionary amounts described in subsection (a).

SEC. 404. LIMITATION ON TRANSFERS FROM THE GENERAL FUND OF THE TREASURY TO THE HIGHWAY TRUST FUND.

For purposes of the Congressional Budget Act of 1974, the Balanced Budget and Emergency Deficit Control Act of 1985, or the rules or orders of the House of Representatives, a bill or joint resolution, or an amendment thereto or conference report thereon, that transfers funds from the general fund of the Treasury to the Highway Trust Fund shall be counted as new budget authority and outlays equal to the amount of the transfer in the fiscal year the transfer occurs.

SEC. 405. LIMITATION ON ADVANCE APPROPRIATIONS.

(a) IN GENERAL.—In the House, except as provided for in subsection (b), any bill or joint resolution, or amendment thereto or conference report thereon, making a general appropriation or continuing appropriation may not provide for advance appropriations.

(b) EXCEPTIONS.—An advance appropriation may be provided for programs, projects, activities, or accounts identified in the report to accompany this concurrent resolution or the joint explanatory statement of managers to accompany this concurrent resolution under the heading:

(1) GENERAL.—"Accounts Identified for Advance Appropriations"; and

(2) VETERANS.—"Veterans Accounts Identified for Advance Appropriations".

(c) LIMITATIONS.—The aggregate level of advance appropriations shall not exceed—

(1) GENERAL.—$28,852,000,000 in new budget authority for all programs identified pursuant to subsection (b)(1); and

(2) VETERANS.—$63,271,000,000 in new budget authority for programs in the Department of Veterans Affairs identified pursuant to subsection (b)(2).

(d) DEFINITION.—The term "advance appropriation" means any new discretionary budget authority provided in a bill or joint resolution, or any amendment thereto or conference report thereon, making general appropriations or continuing appropriations, for the fiscal year following fiscal year 2016.

SEC. 406. FAIR VALUE CREDIT ESTIMATES.

(a) FAIR VALUE ESTIMATES.—Upon the request of the chair or ranking member of the Committee on the Budget, any estimate of the budgetary effects of a measure prepared by the Director of the Congressional Budget Office under the terms of title V of the Congressional Budget Act of 1974, "credit reform" shall, as a supplement to such estimate, and to the extent practicable, also provide an estimate of the current actual or estimated market values representing the "fair value" of assets and liabilities affected by such measure.

(b) FAIR VALUE ESTIMATES FOR HOUSING AND STUDENT LOAN PROGRAMS.—Whenever the Director of the Congressional Budget Office prepares an estimate pursuant to section 402 of the Congressional Budget Act of 1974 of the budgetary effects which would be incurred in carrying out any bill or joint resolution and if the Director determines that such bill or joint resolution has a budgetary effect related to a housing, residential mortgage or student loan program under title V of the Congressional Budget Act of 1974, then the Director shall also provide an estimate of the current actual or estimated market values representing the "fair value" of assets and liabilities affected by the provisions of such bill or joint resolution that result in such effect.

(c) ENFORCEMENT.—If the Director of the Congressional Budget Office provides an estimate pursuant to subsection (a) or (b), the chair of the Committee on the Budget may use such estimate to determine compliance with the Congressional Budget Act of 1974 and other budgetary enforcement controls.

SEC. 407. LIMITATION ON LONG-TERM SPENDING.

(a) IN GENERAL.—In the House, it shall not be in order to consider a bill or joint resolution reported by a committee (other than the Committee on Appropriations), or an amendment thereto or a conference report thereon, if the provisions of such measure have the net effect of increasing direct spending in excess of $5,000,000,000 for any period described in subsection (b).

(b) TIME PERIODS.—The applicable periods for purposes of this section are any of the four consecutive ten fiscal-year periods beginning in the fiscal year following the last fiscal year of this concurrent resolution.

SEC. 408. ALLOCATION FOR OVERSEAS CONTINGENCY OPERATIONS/GLOBAL WAR ON TERRORISM.

(a) SEPARATE OCO/GWOT ALLOCATION.—In the House, there shall be a separate allocation of new budget authority and outlays provided to the Committee on Appropriations for the purposes of Overseas Contingency Operations/Global War on Terrorism.

(b) APPLICATION.—For purposes of enforcing the separate allocation referred to in subsection (a) under section 302(f) of the Congressional Budget Act of 1974, the "first fiscal year" and the "total of fiscal years" shall be deemed to refer to fiscal year 2016. Section 302(c) of such Act shall not apply to such separate allocation.

(c) DESIGNATIONS.—New budget authority or outlays counting toward the allocation established by subsection (a) shall be designated pursuant to section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985.

(d) ADJUSTMENTS.—For purposes of subsection (a) for fiscal year 2016, no adjustment shall be made under section 314(a) of the Congressional Budget Act of 1974 if any adjustment would be made under section 251(b)(2)(A)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985.

SEC. 409. ADJUSTMENTS FOR IMPROVED CONTROL OF BUDGETARY RESOURCES.

(a) ADJUSTMENTS OF DISCRETIONARY AND DIRECT SPENDING LEVELS.—In the House, if a committee (other than the Committee on Appropriations) reports a bill or joint resolution, or offers any amendment thereto or submits a conference report thereon, providing for a decrease in direct spending (budget authority and outlays flowing therefrom) for any fiscal year and also provides for an authorization of appropriations for the same purpose, upon the enactment of such measure, the chair of the Committee on the Budget may decrease the allocation to such committee and increase the allocation of discretionary spending (budget authority and outlays flowing therefrom) to the Committee on Appropriations for fiscal year 2016 by an amount equal to the new budget authority (and outlays flowing therefrom) provided for in a bill or joint resolution making appropriations for the same purpose.

(b) DETERMINATIONS.—In the House, for the purpose of enforcing this concurrent resolution, the allocations and aggregate levels of new budget authority, outlays, direct spending, new entitlement authority, revenues, deficits, and surpluses for fiscal year 2016 and the period of fiscal years 2016 through fiscal year 2025 shall be determined on the basis of estimates made by the chair of the Committee on the Budget and such chair may adjust applicable levels of this concurrent resolution.

SEC. 410. CONCEPTS, AGGREGATES, ALLOCATIONS AND APPLICATION.

(a) CONCEPTS, ALLOCATIONS, AND APPLICATION.—In the House—

(1) upon a change in budgetary concepts or definitions, the chair of the Committee on the Budget may adjust any allocations, aggregates, and other budgetary levels in this concurrent resolution accordingly;

(2) any adjustments of the allocations, aggregates, and other budgetary levels made pursuant to this concurrent resolution shall—

(A) apply while that measure is under consideration;

(B) take effect upon the enactment of that measure; and

(C) be published in the Congressional Record as soon as practicable;

(3) section 202 of S. Con. Res. 21 (110th Congress) shall have no force or effect for any reconciliation bill reported pursuant to instructions set forth in this concurrent resolution;

(4) the chair of the Committee on the Budget may adjust the allocations, aggregates, and other appropriate budgetary levels to reflect changes resulting from the most recently published or adjusted baseline of the Congressional Budget Office; and

(5) the term "budget year" means the most recent fiscal year for which a concurrent resolution on the budget has been adopted.

(b) AGGREGATES, ALLOCATIONS AND APPLICATION.—In the House, for purposes of this concurrent resolution and budget enforcement—

(1) the consideration of any bill or joint resolution, or amendment thereto or conference report thereon, for which the chair of the Committee on the Budget makes adjustments or revisions in the allocations, aggregates, and other budgetary levels of this concurrent resolution shall not be subject to the points of order set forth in clause 10 of rule XXI of the Rules of the House of Representatives or section 407 of this concurrent resolution; and

(2) revised allocations and aggregates resulting from these adjustments shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations and aggregates included in this concurrent resolution.

SEC. 411. RULEMAKING POWERS.

The House adopts the provisions of this title—

(1) as an exercise of the rulemaking power of the House of Representatives and as such they shall be considered as part of the rules of the House of Representatives, and these rules shall supersede other rules only to the extent that they are inconsistent with other such rules; and

(2) with full recognition of the constitutional right of the House of Representatives to change those rules at any time, in the same manner, and to the same extent as in the case of any other rule of the House of Representatives.

TITLE V—RESERVE FUNDS

SEC. 501. RESERVE FUND FOR THE REPEAL OF THE PRESIDENT'S HEALTH CARE LAW.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for the budgetary effects of any bill or joint resolution, or amendment thereto or conference report thereon, that consists solely of the full repeal of the Affordable Care Act and the health care-related provisions of the Health Care and Education Reconciliation Act of 2010 or measures that make modifications to such law.

SEC. 502. DEFICIT-NEUTRAL RESERVE FUND FOR PROMOTING REAL HEALTH CARE REFORM.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for the budgetary effects of any bill or joint resolution, or amendment thereto or conference report thereon, that promotes real health care reform, if such measure would not increase the deficit for the period of fiscal years 2016 through 2025.

SEC. 503. DEFICIT-NEUTRAL RESERVE FUND RELATED TO THE MEDICARE PROVISIONS OF THE PRESIDENT'S HEALTH CARE LAW.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for the budgetary effects of any bill or joint resolution, or amendment thereto or conference report thereon, that repeals all or part of the decreases in Medicare spending included in the Affordable Care Act or the Health Care and Education Reconciliation Act of 2010, if such measure would not increase the deficit for the period of fiscal years 2016 through 2025.

SEC. 504. DEFICIT-NEUTRAL RESERVE FUND FOR THE STATE CHILDREN'S HEALTH INSURANCE PROGRAM.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for any bill or joint resolution, or amendment thereto or conference report thereon, if such measure extends the State Children's Health Insurance Program, but only if such measure would not increase the deficit over the period of fiscal years 2016 through 2025.

SEC. 505. DEFICIT-NEUTRAL RESERVE FUND FOR GRADUATE MEDICAL EDUCATION.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for any bill or joint resolution, or amendment thereto or conference report thereon, if such measure reforms, expands access to, and improves, as determined by such chair, graduate medical education programs, but only if such measure would not increase the deficit over the period of fiscal years 2016 through 2025.

SEC. 506. DEFICIT-NEUTRAL RESERVE FUND FOR TRADE AGREEMENTS.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for the budgetary effects of any bill or joint resolution reported by the Committee on Ways and Means, or amendment thereto or conference report thereon, that implements a trade agreement, but only if such measure would not increase the deficit for the period of fiscal years 2016 through 2025.

SEC. 507. DEFICIT-NEUTRAL RESERVE FUND FOR REFORMING THE TAX CODE.

In the House, if the Committee on Ways and Means reports a bill or joint resolution that reforms the Internal Revenue Code of 1986, the chair of the Committee on the Budget may revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for the budgetary effects of any such bill or joint resolution, or amendment thereto or conference report thereon, if such measure would not increase the deficit for the period of fiscal years 2016 through 2025.

SEC. 508. DEFICIT-NEUTRAL RESERVE FUND FOR REVENUE MEASURES.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for the budgetary effects of any bill or joint resolution reported by the Committee on Ways and Means, or amendment thereto or conference report thereon, that decreases revenue, but only if such measure would not increase the deficit for the period of fiscal years 2016 through 2025.

SEC. 509. DEFICIT-NEUTRAL RESERVE FUND TO REDUCE POVERTY AND INCREASE OPPORTUNITY AND UPWARD MOBILITY.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for any bill or joint resolution, or amendment thereto or conference report thereon, if such measure reforms policies and programs to reduce poverty and increase opportunity and upward mobility, but only if such measure would neither adversely impact job creation nor increase the deficit over the period of fiscal years 2016 through 2025.

SEC. 510. DEFICIT-NEUTRAL RESERVE FUND FOR TRANSPORTATION.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for any bill or joint resolution, or amendment thereto or conference report thereon, if such measure maintains the solvency of the Highway Trust Fund, but only if such measure would not increase the deficit over the period of fiscal years 2016 through 2025.

SEC. 511. DEFICIT-NEUTRAL RESERVE FUND FOR FEDERAL RETIREMENT REFORM.

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for any bill or joint resolution, or amendment thereto or conference report thereon, if such measure reforms, improves and updates the Federal retirement system, as determined by such chair, but only if such measure would not increase the deficit over the period of fiscal years 2016 through 2025.

SEC. 512. DEFICIT-NEUTRAL RESERVE FUND FOR DEFENSE SEQUESTER REPLACEMENT.

The chair of the Committee on the Budget may revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for any bill or joint resolution, or amendment thereto or conference report thereon, if such measure supports the following activities: Department of Defense training and maintenance associated with combat readiness, modernization of equipment, auditability of financial statements, or military compensation and benefit reforms, by the amount provided for these purposes, but only if such measure would not increase the deficit (without counting any net revenue increases in that measure) over the period of fiscal years 2016 through 2025.

SEC. 513. DEFICIT-NEUTRAL RESERVE FUND FOR OVERSEAS CONTINGENCY OPERATIONS/ GLOBAL WAR ON TERRORISM.

The chair of the Committee on the Budget may revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for any bill or joint resolution, or amendment thereto or conference report thereon, if such measure is related to the support of Overseas Contingency Operations/Global War on Terrorism by the amounts provided in such legislation in excess of $73.5 billion but not to exceed $94 billion, but only if such measure would not increase the deficit (without counting any net revenue increases in that measure) over the period of fiscal years 2016 through 2025.

TITLE VI—ESTIMATES OF DIRECT SPENDING

SEC. 601. DIRECT SPENDING.

(a) MEANS-TESTED DIRECT SPENDING.—

(1) For means-tested direct spending, the average rate of growth in the total level of outlays during the 10-year period preceding fiscal year 2016 is 6.8 percent.

(2) For means-tested direct spending, the estimated average rate of growth in the total level of outlays during the 10-year period beginning with fiscal year 2016 is 4.6 percent under current law.

(3) The following reforms are proposed in this concurrent resolution for means-tested direct spending:

(A) In 1996, a Republican Congress and a Democratic president reformed welfare by limiting the duration of benefits, giving States more control over the program, and helping recipients find work. In the five years following passage, child-poverty rates fell, welfare caseloads fell, and workers' wages increased. This budget applies the lessons of welfare reform to both the Supplemental Nutrition Assistance Program and Medicaid.

(B) For Medicaid, this budget assumes the conversion of the Federal share of Medicaid spending into flexible State allotments, which States will be able to tailor to meet their unique needs. Such a reform would end the misguided one-size-fits-all approach that ties the hands of State governments and would provide States with the freedom and flexibility they have long requested in the Medicaid program. Moreover, this budget assumes the repeal of the Medicaid expansions in the President's health care law, relieving State governments of the crippling one-size-fits-all enrollment mandates, as well as the overwhelming pressure the law's Medicaid expansion puts on an already-strained system.

(C) For the Supplemental Nutrition Assistance Program, this budget assumes the conversion of the program into a flexible State allotment tailored to meet each State's needs. The allotment would increase based on the

Department of Agriculture Thrifty Food Plan index and beneficiary growth. Such a reform would provide incentives for States to ensure dollars will go towards those who need them most.

(b) NONMEANS-TESTED DIRECT SPENDING.—

(1) For nonmeans-tested direct spending, the average rate of growth in the total level of outlays during the 10-year period preceding fiscal year 2016 is 5.4 percent.

(2) For nonmeans-tested direct spending, the estimated average rate of growth in the total level of outlays during the 10-year period beginning with fiscal year 2016 is 5.5 percent under current law.

(3) The following reforms are proposed in this concurrent resolution for nonmeans-tested direct spending:

(A) For Medicare, this budget advances policies to put seniors, not the Federal Government, in control of their health care decisions. Future retirees would be able to choose from a range of guaranteed coverage options, with private plans competing alongside the traditional fee-for-service Medicare program. Medicare would provide a premium-support payment either to pay for or offset the premium of the plan chosen by the senior, depending on the plan's cost. The Medicare premium-support payment would be adjusted so that the sick would receive higher payments if their conditions worsened; lower-income seniors would receive additional assistance to help cover out-of-pocket costs; and wealthier seniors would assume responsibility for a greater share of their premiums. Putting seniors in charge of how their health care dollars are spent will force providers to compete against each other on price and quality. This market competition will act as a real check on widespread waste and skyrocketing health care costs. As with previous budgets, this program will begin in 2024 and makes no changes to those in or near retirement.

(B) In keeping with a recommendation from the National Commission on Fiscal Responsibility and Reform, this budget calls for Federal employees—including Members of Congress and congressional staff—to make greater contributions toward their own retirement.

TITLE VII—RECOMMENDED LONG-TERM LEVELS

SEC. 701. LONG-TERM BUDGETING.

The following are the recommended revenue, spending, and deficit levels for each of fiscal years 2030, 2035, and 2040 as a percent of the gross domestic product of the United States:

(1) REVENUES.—The budgetary levels of Federal revenues are as follows:

Fiscal year 2030: 18.7 percent.
Fiscal year 2035: 19.0 percent.
Fiscal year 2040: 19.0 percent.

(2) OUTLAYS.—The budgetary levels of total budget outlays are not to exceed:

Fiscal year 2030: 18.4 percent.
Fiscal year 2035: 17.8 percent.
Fiscal year 2040: 16.9 percent.

(3) DEFICITS.—The budgetary levels of deficits are not to exceed:

Fiscal year 2030: -0.3 percent.
Fiscal year 2035: -1.2 percent.
Fiscal year 2040: -2.1 percent.

(4) DEBT.—The budgetary levels of debt held by the public are not to exceed:

Fiscal year 2030: 44.0 percent.
Fiscal year 2035: 32.0 percent.
Fiscal year 2040: 18.0 percent.

TITLE VIII—POLICY STATEMENTS

SEC. 801. POLICY STATEMENT ON BALANCED BUDGET AMENDMENT.

(a) FINDINGS.—The House finds the following:

(1) The Federal Government collects approximately $3 trillion annually in taxes, but spends more than $3.5 trillion to maintain the operations of government. The Federal Government must borrow 14 cents of every Federal dollar spent.

(2) At the end of the year 2014, the national debt of the United States was more than $18.1 trillion.

(3) A majority of States have petitioned the Federal Government to hold a Constitutional Convention for the consideration of adopting a Balanced Budget Amendment to the United States Constitution.

(4) Forty-nine States have fiscal limitations in their State Constitutions, including the requirement to annually balance the budget.

(5) H.J. Res. 2, sponsored by Rep. Robert W. Goodlatte (R-VA), was considered by the House of Representatives on November 18, 2011, though it received 262 aye votes, it did not receive the two-thirds required for passage.

(6) Numerous balanced budget amendment proposals have been introduced on a bipartisan basis in the House. Twelve were introduced in the 113th Congress alone, including H.J. Res. 4 by Democratic Representative John J. Barrow of Georgia, and H.J. Res. 38 by Republican Representative Jackie Walorski of Indiana.

(7) The joint resolution providing for a balanced budget amendment to the U.S. Constitution referred to in paragraph (5) prohibited outlays for a fiscal year (except those for repayment of debt principal) from exceeding total receipts for that fiscal year (except those derived from borrowing) unless Congress, by a three-fifths roll call vote of each chamber, authorizes a specific excess of outlays over receipts.

(8) In 1995, a balanced budget amendment to the U.S. Constitution passed the House with bipartisan support, but failed of passage by one vote in the United States Senate.

(b) POLICY STATEMENT.—It is the policy of this resolution that Congress should pass a joint resolution incorporating the provisions set forth in subsection (b), and send such joint resolution to the States for their approval, to amend the Constitution of the United States to require an annual balanced budget.

SEC. 802. POLICY STATEMENT ON BUDGET PROCESS AND BASELINE REFORM.

(a) FINDINGS.—

(1) In 1974, after more than 50 years of executive dominance over fiscal policy, Congress acted to reassert its "power of the purse", and passed the Congressional Budget and Impoundment Control Act.

(2) The measure explicitly sought to establish congressional control over the budget process, to provide for annual congressional determination of the appropriate level of taxes and spending, to set important national budget priorities, and to find ways in which Members of Congress could have access to the most accurate, objective, and highest quality information to assist them in discharging their duties.

(3) Far from achieving its intended purpose, however, the process has instituted a bias toward higher spending and larger government. The behemoth of the Federal Government has largely been financed through either borrowing or taking ever greater amounts of the national income through high taxation.

(4) The process does not treat programs and policies consistently and shows a bias toward higher spending and higher taxes.

(5) It assumes extension of spending programs (of more than $50 million per year) scheduled to expire.

(6) Yet it does not assume the extension of tax policies in the same way. consequently, extending existing tax policies that may be scheduled to expire is characterized as a new tax reduction, requiring offsets to "pay for" merely keeping tax policy the same even though estimating conventions would not require similar treatment of spending programs.

(7) The original goals set for the congressional process are admirable in their intent, but because the essential mechanisms of the process have remained the same, and "reforms" enacted over the past 40 years have largely taken the form of layering greater levels of legal complexity without reforming or reassessing the very fundamental nature of the process.

(b) POLICY STATEMENT.—It is the policy of this concurrent resolution on the budget that as the primary branch of Government, Congress must:

(1) Restructure the fundamental procedures of budget decision making;

(2) Reassert Congress's "power of the purse", and reinforce the balance of powers between Congress and the President, as the 1974 Act intended.

(3) Create greater incentives for lawmakers to do budgeting as intended by the Congressional Budget Act of 1974, especially adopting a budget resolution every year.

(4) Encourage more effective control over spending, especially currently uncontrolled direct spending.

(5) Consider innovative fiscal tools such as: zero based budgeting, which would require a department or agency to justify its budget as if it were a new expenditure; and direct spending caps to enhance oversight of automatic pilot spending that increases each year without congressional approval.

(6) Promote efficient and timely budget actions, so that lawmakers complete their budget actions by the time the new fiscal year begins.

(7) Provide access to the best analysis of economic conditions available and increase awareness of how fiscal policy directly impacts overall economic growth and job creation,

(9) Remove layers of complexity that have complicated the procedures designed in 1974, and made budgeting more arcane and opaque.

(10) Remove existing biases that favor higher spending.

(11) Include procedures by which current tax laws may be extended and treated on a basis that is not different from the extension of entitlement programs.

(c) BUDGET PROCESS REFORM.—Comprehensive budget process reform should also remove the bias in the baseline against the extension of current tax laws in the following ways:

(1) Permanent extension of tax laws should not be used as a means to increase taxes on other taxpayers;

(2) For those expiring tax provisions that are proposed to be permanently extended, Congress should use a more realistic baseline that does not require them to be offset; and,

(3) Tax-reform legislation should not include tax increases just to offset the extension of current tax laws.

(d) LEGISLATION.—The Committee on the Budget intends to draft legislation during the 114th Congress that will rewrite the Congressional Budget and Impoundment Control Act of 1974 to fulfill the goals of making the congressional budget process more effective in ensuring taxpayers' dollars are spent wisely and efficiently.

SEC. 803. POLICY STATEMENT ON ECONOMIC GROWTH AND JOB CREATION.

(a) FINDINGS.—The House finds the following:

(1) Although the United States economy technically emerged from recession more than 5 years ago, the subsequent recovery has felt more like a malaise than a rebound. Real gross domestic product GDP growth over the past 5 years has averaged slightly more than 2 percent, well below the 3.2 percent historical trend rate of growth in the United States. Although the economy has shown some welcome signs of improvement of late, the Nation remains in the midst of the weakest economic recovery of the modern era.

(2) Looking ahead, CBO expects the economy to grow by an average of just 2.3 percent over the next 10 years. That level of economic growth is simply unacceptable and insufficient to expand opportunities and the incomes of millions of middle-income Americans.

(3) Sluggish economic growth has also contributed to the country's fiscal woes. Subpar growth means that revenue levels are lower than they would otherwise be while government spending (e.g. welfare and income-support programs) is higher. Clearly, there is a dire need for policies that will spark higher rates of economic growth and greater, higher-quality job opportunities

(4) Although job gains have been trending up of late, other aspects of the labor market remain weak. The labor force participation rate, for instance, is hovering just under 63 percent, close to the lowest level since 1978. Long-term unemployment also remains a problem. Of the roughly 8.7 million people who are currently unemployed, 2.7 million (more than 30 percent) have been unemployed for more than 6 months. Long-term unemployment erodes an individual's job skills and detaches them from job opportunities. It also undermines the long-term productive capacity of the economy.

(5) Perhaps most important, wage gains and income growth have been subpar for middle-class Americans. Average hourly earnings of private-sector workers have increased by just 1.6 percent over the past year. Prior to the recession, average hourly earnings were tracking close to 4 percent. Likewise, average income levels have remained flat in recent years. Real median household income is just under $52,000, one of the lowest levels since 1995.

(6) The unsustainable fiscal trajectory has cast a shadow on the country's economic outlook. investors and businesses make decisions on a forward-looking basis. they know that today's large debt levels are simply tomorrow's tax hikes, interest rate increases, or inflation and they act accordingly. This debt overhang, and the uncertainty it generates, can weigh on growth, investment, and job creation.

(7) Nearly all economists, including those at the CBO, conclude that reducing budget deficits (thereby bending the curve on debt levels is a net positive for economic growth over time. The logic is that deficit reduction creates long-term economic benefits because it increases the pool of national savings and boosts investment, thereby raising economic growth and job creation.

(8) CBO analyzed the House Republican fiscal year 2016 budget resolution and found it would increase real output per capita (a proxy for a country's standard of living) by about $1,000 in 2025 and roughly $5,000 by 2040 relative to the baseline path. That means more income and greater prosperity for all Americans.

(9) In contrast, if the Government remains on the current fiscal path, future generations will face ever-higher debt service costs, a decline in national savings, and a "crowding out" of private investment. This dynamic will eventually lead to a decline in economic output and a diminution in our country's standard of living.

(10) The key economic challenge is determining how to expand the economic pie, not how best to divide up and re-distribute a shrinking pie.

(11) A stronger economy is vital to lowering deficit levels and eventually balancing the budget. According to CBO, if annual real GDP growth is just 0.1 percentage point higher over the budget window, deficits would be reduced by $326 billion.

(12) This budget resolution therefore embraces pro-growth policies, such as fundamental tax reform, that will help foster a stronger economy, greater opportunities and more job creation.

(b) POLICY ON ECONOMIC GROWTH AND JOB CREATION.—It is the policy of this resolution to promote faster economic growth and job creation. By putting the budget on a sustainable path, this resolution ends the debt-fueled uncertainty holding back job creators. Reforms to the tax code will put American businesses and workers in a better position to compete and thrive in the 21st century global economy. This resolution targets the regulatory red tape and cronyism that stack the deck in favor of special interests. All of the reforms in this resolution serve as means to the larger end of helping the economy grow and expanding opportunity for all Americans.

SEC. 804. POLICY STATEMENT ON TAX REFORM.

(a) FINDINGS.—The House finds the following:

(1) A world-class tax system should be simple, fair, and promote (rather than impede) economic growth. The United States tax code fails on all three counts: It is notoriously complex, patently unfair, and highly inefficient. The tax code's complexity distorts decisions to work, save, and invest, which leads to slower economic growth, lower wages, and less job creation.

(2) Over the past decade alone, there have been 4,107 changes to the tax code, more than one per day. Many of the major changes over the years have involved carving out special preferences, exclusions, or deductions for various activities or groups. These loopholes add up to more than $1 trillion per year and make the code unfair, inefficient, and highly complex.

(3) In addition, these tax preferences are disproportionately used by upper-income individuals.

(4) The large amount of tax preferences that pervade the code end up narrowing the tax base. A narrow tax base, in turn, requires much higher tax rates to raise a given amount of revenue.

(5) It is estimated that American taxpayers end up spending $160 billion and roughly 6 billion hours a year complying with the tax code waste of time and resources that could be used in more productive activities.

(6) Standard economic theory shows that high marginal tax rates dampen the incentives to work, save, and invest, which reduces economic output and job creation. Lower economic output, in turn, mutes the intended revenue gain from higher marginal tax rates.

(7) Roughly half of U.S. active business income and half of private sector employment are derived from business entities (such as partnerships, S corporations, and sole proprietorships) that are taxed on a "pass-through" basis, meaning the income flows through to the tax returns of the individual owners and is taxed at the individual rate structure rather than at the corporate rate. Small

businesses, in particular, tend to choose this form for Federal tax purposes, and the top Federal rate on such small business income can reach nearly 45 percent. For these reasons, sound economic policy requires lowering marginal rates on these pass-through entities.

(8) The U.S. corporate income tax rate (including Federal, State, and local taxes) sums to slightly more than 39 percent, the highest rate in the industrialized world. Tax rates this high suppress wages and discourage investment and job creation, distort business activity, and put American businesses at a competitive disadvantage with foreign competitors.

(9) By deterring potential investment, the U.S. corporate tax restrains economic growth and job creation. The U.S. tax rate differential with other countries also fosters a variety of complicated multinational corporate behaviors intended to avoid the tax, which have the effect of moving the tax base offshore, destroying American jobs, and decreasing corporate revenue.

(10) The "worldwide" structure of U.S. international taxation essentially taxes earnings of United States firms twice, putting them at a significant competitive disadvantage with competitors with more competitive international tax systems.

(11) Reforming the United States tax code to a more competitive international system would boost the competitiveness of United States companies operating abroad and it would also greatly reduce tax avoidance.

(12) The tax code imposes costs on American workers through lower wages, on consumers in higher prices, and on investors in diminished returns.

(13) Revenues have averaged about 17.4 percent of the economy throughout modern American history. Revenues rise above this level under current law to 18.3 percent of the economy by the end of the 10-year budget window.

(14) Attempting to raise revenue through new tax increases to meet out-of-control spending would sink the economy and Americans' ability to save for their retirement and their children's education.

(15) This resolution also rejects the idea of instituting a carbon tax in the United States, which some have offered as a new source of revenue. Such a plan would damage the economy, cost jobs, and raise prices on American consumers.

(16) Closing tax loopholes to fund spending does not constitute fundamental tax reform.

(17) The goal of tax reform should be to curb or eliminate loopholes and use those savings to lower tax rates across the board not to fund more wasteful Government spending. Washington has a spending problem, not a revenue problem.

(18) Many economists believe that fundamental tax reform (i.e. a broader tax base and lower tax rates) would lead to greater labor supply and increased investment, which, over time, would have a positive impact on total national output.

(19) Heretofore, the congressional scorekeepers the Congressional Budget Office (CBO) and the Joint Committee on Taxation (JCT).

(20) Static scoring implicitly assumes that the size of the economy (and therefore key economic variables such as labor supply and investment) remains fixed throughout the considered budget horizon. This is an abstraction from reality.

(21) A new House rule was adopted at the beginning of the 114th Congress to help correct this problem. This rule requires CBO and JCT to incorporate the macroeconomic effects of major legislation into their official cost estimates.

(22) This rule seeks to bridge the divide between static estimates and scoring that incorporates economic feedback effects by providing policymakers with a greater amount of information about the likely economic impact of policies under their consideration while at the same time preserving traditional scoring methods and reporting conventions.

(b) POLICY ON TAX REFORM.—It is the policy of this resolution that Congress should enact legislation that provides for a comprehensive reform of the United States tax code to promote economic growth, create American jobs, increase wages, and benefit American consumers, investors, and workers through fundamental tax reform that—

(1) simplifies the tax code to make it fairer to American families and businesses and reduces the amount of time and resources necessary to comply with tax laws;

(2) substantially lowers tax rates for individuals and consolidates the current seven individual income tax brackets into fewer brackets;

(3) repeals the Alternative Minimum Tax;

(4) reduces the corporate tax rate; and

(5) transitions the tax code to a more competitive system of international taxation in a manner that does not discriminate against any particular type of income or industry.

SEC. 805. POLICY STATEMENT ON TRADE.

(a) FINDINGS.—The House finds the following:

(1) Opening foreign markets to American exports is vital to the United States economy and beneficial to American workers and consumers. The Commerce Department estimates that every $1 billion of United States exports supports more than 5,000 jobs here at home.

(2) The United States can increase economic opportunities for American workers and businesses through the expansion of trade, adherence to trade agreement rules by the United States and its trading partners, and the elimination of foreign trade barriers to United States goods and services.

(3) Trade Promotion Authority is a bipartisan and bicameral effort to strengthen the role of Congress in setting negotiating objectives for trade agreements, to improve consultation with Congress by the Administration, and to provide a clear framework for congressional consideration and implementation of trade agreements.

(4) Global trade and commerce is not a zero-sum game. The idea that global expansion tends to "hollow out" United States operations is incorrect. Foreign-affiliate activity tends to complement, not substitute for, key parent activities in the United States such as employment, worker compensation, and capital investment. When United States headquartered multinationals invest and expand operations abroad it often leads to more jobs and economic growth at home.

(5) Trade agreements have saved the average American family of four more than $10,000 per year, as a result of lower duties. Trade agreements also lower the cost of manufacturing inputs by removing duties.

(6) American businesses and workers have shown that, on a level playing field, they can excel and surpass the international competition.

(7) When negotiating trade agreements, United States laws on Intellectual Property (IP) protection should be used as a benchmark for establishing global IP frameworks. Strong IP protections have contributed significantly to the United States status as a world leader in innovation across sectors, including in the development of life-saving biologic medicines. The data protections afforded to biologics in United States law, including 12 years of data protection, allow continued development of pioneering medicines to benefit patients both in the United States and abroad. To maintain the cycle of innovation and achieve truly 21st century trade agreements, it is vital that our negotiators insist on the highest standards for IP protections.

(8) The status quo of the current tax code also undermines the competitiveness of United States businesses and costs the United States economy investment and jobs.

(9) The United States currently has an antiquated system of international taxation whereby United States multinationals operating abroad pay both the foreign-country tax and United States corporate taxes. They are essentially taxed twice. This puts them at an obvious competitive disadvantage. A modern and competitive international tax system would facilitate global commerce for United States multinational companies and would encourage foreign business investment and job creation in the United States.

(10) The ability to defer United States taxes on their foreign operations, which some erroneously refer to as a "tax loophole," cushions this disadvantage to a certain extent. Eliminating or restricting this provision (and others like it) would harm United States competitiveness.

(11) This budget resolution advocates fundamental tax reform that would lower the United States corporate rate, now the highest in the industrialized world, and switch to a more competitive system of international taxation. This would make the United States a much more attractive place to invest and station business activity and would chip away at the incentives for United States companies to keep their profits overseas (because the United States corporate rate is so high).

(b) POLICY ON TRADE.—It is the policy of this concurrent resolution to pursue international trade, global commerce, and a modern and competitive United States international tax system to promote job creation in the United States. The United States should continue to seek increased economic opportunities for American workers and businesses through the expansion of trade opportunities, adherence to trade agreements and rules by the United States and its trading partners, and the elimination of foreign trade barriers to United States goods and services by opening new markets and by enforcing United States rights. To that end, Congress should pass Trade Promotion Authority to strengthen the role of Congress in setting negotiating objectives for trade agreements, to improve consultation with Congress by the Administration, and to provide a clear framework for congressional consideration and implementation of trade agreements.

SEC. 806. POLICY STATEMENT ON SOCIAL SECURITY.

(a) FINDINGS.—The House finds the following:

(1) More than 55 million retirees, individuals with disabilities, and survivors depend on Social Security. Since enactment, Social Security has served as a vital leg on the "three-legged stool" of retirement security, which includes employer provided pensions as well as personal savings.

(2) The Social Security Trustees Report has repeatedly recommended that Social Security's long-term financial challenges be addressed soon. Each year without reform, the financial condition of Social Security becomes more precarious and the threat to seniors and those receiving Social Security disability benefits becomes more pronounced:

(A) In 2016, the Disability Insurance Trust Fund will be exhausted and program revenues will be unable to pay scheduled benefits.

(B) In 2033, the combined Old-Age and Survivors and Disability Trust Funds will be exhausted, and program revenues will be unable to pay scheduled benefits.

(C) With the exhaustion of the Trust Funds in 2033, benefits will be cut nearly 23 percent across the board, devastating those currently in or near retirement and those who rely on Social Security the most.

(3) The recession and continued low economic growth have exacerbated the looming fiscal crisis facing Social Security. The most recent Congressional Budget Office (CBO) projections find that Social Security will run cash deficits of more than $2 trillion over the next 10 years.

(4) Lower income Americans rely on Social Security for a larger proportion of their retirement income. Therefore, reforms should take into consideration the need to protect lower income Americans' retirement security.

(5) The Disability Insurance program provides an essential income safety net for those with disabilities and their families. According to the CBO, between 1970 and 2012, the number of people receiving disability benefits (both disabled workers and their dependent family members) has increased by more than 300 percent from 2.7 million to over 10.9 million. This increase is not due strictly to population growth or decreases in health. David Autor and Mark Duggan have found that the increase in individuals on disability does not reflect a decrease in self-reported health. CBO attributes program growth to changes in demographics, changes in the composition of the labor force and compensation, as well as Federal policies.

(6) If this program is not reformed, families who rely on the lifeline that disability benefits provide will face benefit cuts of up to 20 percent in 2016, devastating individuals who need assistance the most.

(7) In the past, Social Security has been reformed on a bipartisan basis, most notably by the "Greenspan Commission" which helped to address Social Security shortfalls for more than a generation.

(8) Americans deserve action by the President, the House, and the Senate to preserve and strengthen Social Security. It is critical that bipartisan action be taken to address the looming insolvency of Social Security. In this spirit, this resolution creates a bipartisan opportunity to find solutions by requiring policymakers to ensure that Social Security remains a critical part of the safety net.

(b) POLICY ON SOCIAL SECURITY.—It is the policy of this resolution that Congress should work on a bipartisan basis to make Social Security sustainably solvent. This resolution assumes reform of a current law trigger, such that:

(1) If in any year the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund annual Trustees Report determines that the 75-year actuarial balance of the Social Security Trust Funds is in deficit, and the annual balance of the Social Security Trust Funds in the 75th year is in deficit, the Board of Trustees should, no later than September 30 of the same calendar year, submit to the President recommendations for statutory reforms necessary to achieve a positive 75-year actuarial balance and a positive annual balance in the 75th-year. Recommendations provided to the President must be agreed upon by both Public Trustees of the Board of Trustees.

(2) Not later than 1 December of the same calendar year in which the Board of Trustees submit their recommendations, the President should prompt-

ly submit implementing legislation to both Houses of Congress including his recommendations necessary to achieve a positive 75-year actuarial balance and a positive annual balance in the 75th year. The Majority Leader of the Senate and the Majority Leader of the House should introduce the President's legislation upon receipt.

(3) Within 60 days of the President submitting legislation, the committees of jurisdiction to which the legislation has been referred should report a bill, which should be considered by the full House or Senate under expedited procedures.

(4) Legislation submitted by the President should—

(A) protect those in or near retirement;

(B) preserve the safety net for those who count on Social Security the most, including those with disabilities and survivors;

(C) improve fairness for participants;

(D) reduce the burden on, and provide certainty for, future generations; and

(E) secure the future of the Disability Insurance program while addressing the needs of those with disabilities today and improving the determination process.

(c) POLICY ON DISABILITY INSURANCE.—It is the policy of this resolution that Congress and the President should enact legislation on a bipartisan basis to reform the Disability Insurance program prior to its insolvency in 2016 and should not raid the Social Security retirement system without reforms to the Disability Insurance system. This resolution assumes reform that—

(1) ensure benefits continue to be paid to individuals with disabilities and their family members who rely on them;

(2) prevents a 20 percent across-the-board benefit cut;

(3) makes the Disability Insurance program work better; and

(4) promotes opportunity for those trying to return to work.

(d) POLICY ON SOCIAL SECURITY SOLVENCY.—Any legislation that Congress considers to improve the solvency of the Disability Insurance trust fund also must improve the long-term solvency of the combined Old Age and Survivors Disability Insurance (OASDI) trust fund.

SEC. 807. POLICY STATEMENT ON REPEALING THE PRESIDENT'S HEALTH CARE LAW AND PROMOTING REAL HEALTH CARE REFORM.

(a) FINDINGS.—The House finds the following:

(1) The President's health care law put Washington's priorities first, and not patients'. The Affordable Care Act (ACA) has failed to reduce health care premiums as promised; instead, the law mandated benefits and coverage levels, denying patients the opportunity to choose the type of coverage that best suits their health needs and driving up health coverage costs. A typical family's health care premiums were supposed to decline by $2,500 a year; instead, according to the 2014 Employer Health Benefits Survey, health care premiums have increased by 7 percent for individuals and families since 2012.

(2) The President pledged "If you like your health care plan, you can keep your health care plan." Instead, the nonpartisan Congressional Budget Office now estimates 9 million Americans with employment-based health coverage will lose those plans due to the President's health care law, further limiting patient choice.

(3) Then-Speaker of the House, Pelosi, said that the President's health care law would create 4 million jobs over the life of the law and almost 400,000 jobs immediately. Instead, the Congressional Budget Office estimates that the reduction in hours worked due to Obamacare represents a decline of about 2.0 to 2.5 million full-time equivalent workers, compared with what would have occurred in the absence of the law. The full impact on labor represents a reduction in employment by 1.5 percent to 2.0 percent, while additional studies show less modest results. A recent study by the Mercatus Center at George Mason University estimates that Obamacare will reduce employment by up to 3 percent, or about 4 million full-time equivalent workers.

(4) The President has charged the Independent Payment Advisory Board, a panel of unelected bureaucrats, with cutting Medicare by an additional $20.9 billion over the next ten years, according to the President's most recent budget.

(5) Since ACA was signed into law, the administration has repeatedly failed to implement it as written. The President has unilaterally acted to make a total of 28 changes, delays, and exemptions. The President has signed into law another 17 changes made by Congress. The Supreme Court struck down the forced expansion of Medicaid; ruled the individual "mandate" could only be character-

ized as a tax to remain constitutional; and rejected the requirement that closely held companies provide health insurance to their employees if doing so violates these companies' religious beliefs. Even now, almost five years after enactment, the Supreme Court continues to evaluate the legality of how the President's administration has implemented the law. All of these changes prove the folly underlying the entire program health care in the United States cannot be run from a centralized bureaucracy.

(6) The President's health care law is unaffordable, intrusive, overreaching, destructive, and unworkable. The law should be fully repealed, allowing for real, patient-centered health care reform: the development of real health care reforms that puts patients first, that make affordable, quality health care available to all Americans, and that build on the innovation and creativity of all the participants in the health care sector.

(b) POLICY ON PROMOTING REAL HEALTH CARE REFORM.—It is the policy of this resolution that the President's health care law should be fully repealed and real health care reform promoted in accordance with the following principles:

(1) IN GENERAL.—Health care reform should enhance affordability, accessibility, quality, innovation, choices and responsiveness in health care coverage for all Americans, putting patients, families, and doctors in charge, not Washington, DC. These reforms should encourage increased competition and transparency. Under the President's health care law, government controls Americans' health care choices. Under true, patient-centered reform, Americans would.

(2) AFFORDABILITY.—Real reform should be centered on ensuring that all Americans, no matter their age, income, or health status, have the ability to afford health care coverage. The health care delivery structure should be improved, and individuals should not be priced out of the health insurance market due to pre-existing conditions, but nationalized health care is not only unnecessary to accomplish this, it undermines the goal. Individuals should be allowed to join together voluntarily to pool risk through mechanisms such as Individual Membership Associations and Small Employer Membership Associations.

(3) ACCESSABILITY.—Instead of Washington outlining for Americans the ways they cannot use their health insurance, reforms should make health coverage more portable. Individuals should be able to own their insurance and have it follow them in and out of jobs throughout their career. Small business owners should be permitted to band together across State lines through their membership in bona fide trade or professional associations to purchase health coverage for their families and employees at a low cost. This will increase small businesses' bargaining power, volume discounts, and administrative efficiencies while giving them freedom from State-mandated benefit packages. Also, insurers licensed to sell policies in one State should be permitted to offer them to residents in any other State, and consumers should be permitted to shop for health insurance across State lines, as they are with other insurance products online, by mail, by phone, or in consultation with an insurance agent.

(4) QUALITY.—Incentives for providers to deliver high-quality, responsive, and coordinated care will promote patient outcomes and drive down health care costs. likewise, reforms that work to restore the patient-physician relationship by reducing administrative burdens and allowing physicians to do what they do best: care for patients

(5) CHOICES.—Individuals and families should be free to secure the health care coverage that best meets their needs, rather than instituting one-size-fits-all directives from Federal bureaucracies such as the Internal Revenue Service, the Department of Health and Human Services, and the Independent Payment Advisory Board.

(6) INNOVATION.—Instead of stifling innovation in health care technologies, treatments, medications, and therapies with Federal mandates, taxes, and price controls, a reformed health care system should encourage research, development and innovation.

(7) RESPONSIVENESS.—Reform should return authority to States wherever possible to make the system more responsive to patients and their needs. Instead of tying States' hands with Federal requirements for their Medicaid programs, the Federal Government should return control of this program to the States. Not only does the current Medicaid program drive up Federal debt and threaten to bankrupt State budgets, but States are better positioned to provide quality, affordable care to those who are eligible for the program and to track down and weed out waste, fraud and abuse. Beneficiary choices in the State Children's Health Insurance Program (SCHIP) and Medicaid should be improved. States should make available the purchase of private insurance as an

option to their Medicaid and SCHIP populations (though they should not require enrollment).

(8) REFORMS.—Reforms should be made to prevent lawsuit abuse and curb the practice of defensive medicine, which are significant drivers increasing health care costs. The burden of proof in medical malpractice cases should be based on compliance with best practice guidelines, and States should be free to implement those policies to best suit their needs.

SEC. 808. POLICY STATEMENT ON MEDICARE.

(a) FINDINGS.—The House finds the following:

(1) More than 50 million Americans depend on Medicare for their health security.

(2) The Medicare Trustees Report has repeatedly recommended that Medicare's long-term financial challenges be addressed soon. Each year without reform, the financial condition of Medicare becomes more precarious and the threat to those in or near retirement becomes more pronounced. According to the Medicare Trustees Report—

(A) the Hospital Insurance Trust Fund will be exhausted in 2030 and unable to pay scheduled benefits;

(B) Medicare enrollment is expected to increase by over 50 percent in the next two decades, as 10,000 baby boomers reach retirement age each day;

(C) enrollees remain in Medicare three times longer than at the outset of the program;

(D) current workers' payroll contributions pay for current beneficiaries;

(E) in 2013, the ratio was 3.2 workers per beneficiary, but this falls to 2.3 in 2030 and continues to decrease over time;

(F) most Medicare beneficiaries receive about three dollars in Medicare benefits for every one dollar paid into the program; and

(G) Medicare spending is growing faster than the economy and Medicare outlays are currently rising at a rate of 6.5 percent per year over the next 10 years. According to the Congressional Budget Office's 2014 Long-Term Budget Outlook, spending on Medicare is projected to reach 5 percent of gross domestic product (GDP) by 2043 and 9.3 percent of GDP by 2089.

(3) Failing to address this problem will leave millions of American seniors without adequate health security and younger generations burdened with enormous debt to pay for spending levels that cannot be sustained.

(b) POLICY ON MEDICARE REFORM.—It is the policy of this resolution to preserve the program for those in or near retirement and strengthen Medicare for future beneficiaries.

(c) ASSUMPTIONS.—This resolution assumes reform of the Medicare program such that—

(1) current Medicare benefits are preserved for those in or near retirement;

(2) permanent reform of the sustainable growth rate is responsibly accounted for to ensure physicians continue to participate in the Medicare program and provide quality health care for beneficiaries;

(3) when future generations reach eligibility, Medicare is reformed to provide a premium support payment and a selection of guaranteed health coverage options from which recipients can choose a plan that best suits their needs;

(4) Medicare will maintain traditional fee-for-service as a plan option;

(5) Medicare will provide additional assistance for lower income beneficiaries and those with greater health risks; and

(6) Medicare spending is put on a sustainable path and the Medicare program becomes solvent over the long-term.

SEC. 809. POLICY STATEMENT ON MEDICAL DISCOVERY, DEVELOPMENT, DELIVERY AND INNOVATION.

(a) FINDINGS.—The House finds the following:

(1) For decades, the Nation's commitment to the discovery, development, and delivery of new treatments and cures has made the United States the biomedical innovation capital of the world, bringing life-saving drugs and devices to patients and well over a million high-paying jobs to local communities.

(2) Thanks to the visionary and determined leadership of innovators throughout America, including industry, academic medical centers, and the National Institutes of Health (NIH), the United States has led the way in early discovery. The United States leadership role is being threatened, however, as other countries contribute more to basic research from both public and private sources.

(3) The Organisation for Economic Development and Cooperation predicts that China, for example, will outspend the United States in total research and development by the end of the decade.

(4) Federal policies should foster innovation in health care, not stifle it. America should maintain its world leadership in medical science by encouraging competitive forces to work through the marketplace in delivering cures and therapies to patients.

(5) Too often the bureaucracy and red-tape in Washington hold back medical innovation and prevent new lifesaving treatments from reaching patients. This resolution recognizes the valuable role of the NIH and the indispensable contributions to medical research coming from outside Washington.

(6) America is the greatest, most innovative Nation on Earth. Her people are innovators, entrepreneurs, visionaries, and relentless builders of the future. Americans were responsible for the first telephone, the first airplane, the first computer, for putting the first man on the moon, for creating the first vaccine for polio and for legions of other scientific and medical breakthroughs that have improved and prolonged human health and life for countless people in America and around the world.

(b) POLICY ON MEDICAL INNOVATION.—

(1) It is the policy of this resolution to support the important work of medical innovators throughout the country, including private-sector innovators, medical centers and the National Institutes of Health.

(2) At the same time, the budget calls for continued strong funding for the agencies that engage in valuable research and development, while also urging Washington to get out of the way of researchers, discoverers and innovators all over the country.

SEC. 810. POLICY STATEMENT ON FEDERAL REGULATORY REFORM.

(a) FINDINGS.— The House finds the following:

(1) Excessive regulation at the Federal level has hurt job creation and dampened the economy, slowing the Nation's recovery from the economic recession.

(2) Since President Obama's inauguration in 2009, the administration has issued more than 468,500 pages of regulations in the Federal Register including 70,066 pages in 2014.

(3) The National Association of Manufacturers estimates the total cost of regulations is as high as $2.03 trillion per year. Since 2009, the White House has generated more than $494 billion in regulatory activity, with an additional $87.6 billion in regulatory costs currently pending.

(4) The Dodd-Frank financial services legislation (Public Law 111–203) has resulted in more than $32 billion in compliance costs and saddled job creators with more than 63 million hours of compliance paperwork.

(5) Implementation of the Affordable Care Act to date has added 132.9 million annual hours of compliance paperwork, imposing $24.3 billion of compliance costs on the private sector and an $8 billion cost burden on the States.

(6) The highest regulatory costs come from rules issued by the Environmental Protection Agency (EPA); these regulations are primarily targeted at the coal industry. In June 2014, the EPA proposed a rule to cut carbon pollution from the Nation's power plants. The proposed standards are unachievable with current commercially available technology, resulting in a de-facto ban on new coal-fired power plants.

(7) Coal-fired power plants provide roughly 40 percent of the United States electricity at a low cost. Unfairly targeting the coal industry with costly and unachievable regulations will increase energy prices, disproportionately disadvantaging energy-intensive industries like manufacturing and construction, and will make life more difficult for millions of low-income and middle class families already struggling to pay their bills.

(8) Three hundred and thirty coal units are being retired or converted as a result of EPA regulations. Combined with the de-facto prohibition on new plants, these retirements and conversions may further increase the cost of electricity.

(9) A recent study by the energy market analysis group Energy Ventures Analysis Inc. estimates the average energy bill in West Virginia will rise $750 per household by 2020, due in part to EPA regulations. West Virginia receives 95 percent of its electricity from coal.

(10) The Heritage Foundation found that a phase-out of coal would cost 600,000 jobs by the end of 2023, resulting in an aggregate gross domestic product decrease of $2.23 trillion over the entire period and reducing the income of

a family of four by $1,200 per year. Of these jobs, 330,000 will come from the manufacturing sector, with California, Texas, Ohio, Illinois, Pennsylvania, Michigan, New York, Indiana, North Carolina, Wisconsin, and Georgia seeing the highest job losses.

(b) POLICY ON FEDERAL REGULATORY REFORM.—It is the policy of this resolution that Congress should, in consultation with the public burdened by excessive regulation, enact legislation that—

(1) promotes economic growth and job creation by eliminating unnecessary red tape and streamlining and simplifying Federal regulations;

(2) requires the implementation of a regulatory budget to be allocated amongst Government agencies, which would require congressional approval and limit the maximum costs of regulations in a given year;

(3) requires congressional approval of all new major regulations (those with an impact of $100 million or more) before enactment as opposed to current law in which Congress must expressly disapprove of regulation to prevent it from becoming law, which would keep Congress engaged as to pending regulatory policy and prevent costly and unsound policies from being implemented and becoming effective;

(4) requires a three year retrospective cost-benefit analysis of all new major regulations, to ensure that regulations operate as intended;

(5) reinforces the requirement of regulatory impact analysis for regulations proposed by executive branch agencies but also expands the requirement to independent agencies so that by law they consider the costs and benefits of proposed regulations rather than merely being encouraged to do so as is current practice; and

(6) requires a formal rulemaking process for all major regulations, which would increase transparency over the process and allow interested parties to communicate their views on proposed legislation to agency officials.

SEC. 811. POLICY STATEMENT ON HIGHER EDUCATION AND WORKFORCE DEVELOPMENT OPPORTUNITY.

(a) FINDINGS ON HIGHER EDUCATION.—The House finds the following:

(1) A well-educated workforce is critical to economic, job, and wage growth.

(2) Roughly 20 million students are enrolled in American colleges and universities.

(3) Over the past decade, tuition and fees have been growing at an unsustainable rate. Between the 2004-2005 Academic Year and the 2014-2015 Academic Year—

(A) published tuition and fees at public 4-year colleges and universities increased at an average rate of 3.5 percent per year above the rate of inflation;

(B) published tuition and fees at public two-year colleges and universities increased at an average rate of 2.5 percent per year above the rate of inflation; and

(C) published tuition and fees at private nonprofit 4-year colleges and universities increased at an average rate of 2.2 percent per year above the rate of inflation.

(4) Federal financial aid for higher education has also seen a dramatic increase. The portion of the Federal student aid portfolio composed of Direct Loans, Federal Family Education Loans, and Perkins Loans with outstanding balances grew by 119 percent between fiscal year 2007 and fiscal year 2014.

(5) This spending has failed to make college more affordable.

(6) In his 2012 State of the Union Address, President Obama noted: “We can’t just keep subsidizing skyrocketing tuition; we’ll run out of money”.

(7) American students are chasing ever-increasing tuition with ever-increasing debt. According to the Federal Reserve Bank of New York, student debt now stands at nearly $1.2 trillion. This makes student loans the second largest balance of consumer debt, after mortgage debt.

(8) Students are carrying large debt loads and too many fail to complete college or end up defaulting on these loans due to their debt burden and a weak economy and job market.

(9) Based on estimates from the Congressional Budget Office, the Pell Grant Program will face a fiscal shortfall beginning in fiscal year 2017 and continuing in each subsequent year in the current budget window.

(10) Failing to address these problems will jeopardize access and affordability to higher education for America’s young people.

(b) POLICY ON HIGHER EDUCATION AFFORDABILITY.—It is the policy of this resolution to address the root drivers of tuition inflation, by—

(1) targeting Federal financial aid to those most in need;

(2) streamlining programs that provide aid to make them more effective;

(3) maintaining the maximum Pell grant award level at $5,775 in each year of the budget window; and

(4) removing regulatory barriers in higher education that act to restrict flexibility and innovative teaching, particularly as it relates to non-traditional models such as online coursework and competency-based learning.

(c) FINDINGS ON WORKFORCE DEVELOPMENT.—The House finds the following:

(1) 8.7 million Americans are currently unemployed.

(2) Despite billions of dollars in spending, those looking for work are stymied by a broken workforce development system that fails to connect workers with assistance and employers with trained personnel.

(3) The House Education and Workforce Committee successfully consolidated 15 job training programs in the recently enacted Workforce Innovation and Opportunity Act.

(d) POLICY ON WORKFORCE DEVELOPMENT.—It is the policy of this resolution to address the failings in the current workforce development system, by—

(1) further streamlining and consolidating Federal job training programs; and

(2) empowering states with the flexibility to tailor funding and programs to the specific needs of their workforce, including the development of career scholarships.

SEC. 812. POLICY STATEMENT ON DEPARTMENT OF VETERANS AFFAIRS.

(a) FINDINGS.—The House finds the following:

(1) For years, there has been serious concern regarding the Department of Veterans Affairs (VA) bureaucratic mismanagement and continuous failure to provide veterans timely access to health care and benefits.

(2) In 2014, reports started breaking across the Nation that VA medical centers were manipulating wait-list documents to hide long delays veterans were facing to receive health care. The VA hospital scandal led to the immediate resignation of then-Secretary of Veterans Affairs Eric K. Shinseki.

(3) In 2015, for the first time ever, VA health care was added to the "high-risk" list of the Government Accountability Office (GAO), due to management and oversight failures that have directly resulted in risks to the timeliness, cost-effectiveness, and quality of health care.

(4) In response to the scandal, the House Committee on Veterans' Affairs held several oversight hearings and ultimately enacted the Veterans' Access, Choice and Accountability Act of 2014 (VACAA) (Public Law 113–146) to address these problems. VACAA provided $15 billion in emergency resources to fund internal health care needs within the department and provided veterans enhanced access to private-sector health care under the new Veterans Choice Program.

(b) POLICY ON THE DEPARTMENT OF VETERANS AFFAIRS.—This budget supports the continued oversight efforts by the House Committee on Veterans' Affairs to ensure the VA is not only transparent and accountable, but also successful in achieving its goals in providing timely health care and benefits to America's veterans. The Budget Committee will continue to closely monitor the VA's progress to ensure resources provided by Congress are sufficient and efficiently used to provide needed benefits and services to veterans.

SEC. 813. POLICY STATEMENT ON FEDERAL ACCOUNTING METHODOLOGIES.

(a) FINDINGS.—The House finds the following:

(1) Given the thousands of Federal programs and trillions of dollars the Federal Government spends each year, assessing and accounting for Federal fiscal activities and liabilities is a complex undertaking.

(2) Current methods of accounting leave much to be desired in capturing the full scope of government and in presenting information in a clear and compelling way that illuminates the best options going forward.

(3) Most fiscal analysis produced by the Congressional Budget Office (CBO) is conducted over a relatively short time horizon: 10 or 25 years. While this time frame is useful for most purposes, it fails to consider the fiscal consequences over the longer term.

(4) Additionally, current accounting methodology does not provide an analysis of how the Federal Government's fiscal situation over the long run affects Americans of various age cohorts.

(5) Another consideration is how Federal programs should be accounted for. The "accrual method" of accounting records revenue when it is earned and ex-

penses when they are incurred, while the "cash method" records revenue and expenses when cash is actually paid or received.

(6) The Federal budget accounts for most programs using cash accounting. Some programs, however, particularly loan and loan guarantee programs, are accounted for using accrual methods.

(7) GAO has indicated that accrual accounting may provide a more accurate estimation of the Federal Government's liabilities than cash accounting for some programs specifically those that provide some form of insurance.

(8) Where accrual accounting is used, it is almost exclusively calculated by CBO according to the methodology outlined in the Federal Credit Reform Act of 1990 (FCRA). CBO uses fair value methodology instead of FCRA to measure the cost of Fannie Mae and Freddie Mac, for example.

(9) FCRA methodology, however, understates the risk and thus the true cost of Federal programs. An alternative is fair value methodology, which uses discount rates that incorporate the risk inherent to the type of liability being estimated in addition to Treasury discount rates of the proper maturity length.

(10) The Congressional Budget Office has concluded that "adopting a fair-value approach would provide a more comprehensive way to measure the costs of Federal credit programs and would permit more level comparisons between those costs and the costs of other forms of federal assistance" than the current approach under FCRA.

(b) POLICY ON FEDERAL ACCOUNTING METHODOLOGIES.—It is the policy of this resolution that Congress should, in consultation with the Congressional Budget Office and the public affected by Federal budgetary choices, adopt Governmentwide reforms of budget and accounting practices so the American people and their representatives can more readily understand the fiscal situation of the Government of the United States and the options best suited to improving it. Such reforms may include but should not be limited to the following:

(1) Providing additional metrics to enhance our current analysis by considering our fiscal situation comprehensively, over an extended time horizon, and as it affects Americans of various age cohorts.

(2) Expanding the use of accrual accounting where appropriate.

(3) Accounting for certain Federal credit programs using fair value accounting as opposed to the current approach under the Federal Credit Reform Act of 1990.

SEC. 814. POLICY STATEMENT ON SCOREKEEPING FOR OUTYEAR BUDGETARY EFFECTS IN APPROPRIATION ACTS.

(a) FINDINGS.—The House finds the following:

(1) Section 302 of the Congressional Budget Act of 1974 directs the Committee on the Budget to provide an allocation of budgetary resources to the Committee on Appropriations for the budget year covered by a concurrent resolution on the budget.

(2) The allocation of budgetary resources provided by the Committee on the Budget to the Committee on Appropriations covers a period of one fiscal year only, which is effective for the budget year.

(3) An appropriation Act, joint resolution, amendment thereto or conference report thereon may contain changes to programs that result in direct budgetary effects that occur beyond the budget year and beyond the period for which the allocation of budgetary resources provided by the Committee on the Budget is effective.

(4) The allocation of budgetary resources provided to the Committee on Appropriations does not currently anticipate or capture direct outyear budgetary effects to programs.

(5) Budget enforcement could be improved by capturing the direct outyear budgetary effects caused by appropriation Acts and using this information to determine the appropriate allocations of budgetary resources to the Committee on Appropriations when considering future concurrent resolutions on the budget.

(b) POLICY STATEMENT.—It is the policy of the House of Representatives to more effectively allocate budgetary resources and accurately enforce budget targets by agreeing to a procedure by which the Committee on the Budget should consider the direct outyear budgetary effects of changes to mandatory programs enacted in appropriations bills, joint resolutions, amendments thereto or conference reports thereon when setting the allocation of budgetary resources for the Committee on Appropriations in a concurrent resolution on the budget. The relevant committees of jurisdiction are directed to consult on a procedure during fiscal year 2016 and include recommendations for implementing such procedure in the fiscal year 2017 concurrent resolution on the budget.

SEC. 815. POLICY STATEMENT ON REDUCING UNNECESSARY, WASTEFUL, AND UNAUTHORIZED SPENDING.

(a) FINDINGS.—The House finds the following:

(1) The Government Accountability Office (GAO) is required by law to identify examples of waste, duplication, and overlap in Federal programs, and has so identified dozens of such examples.

(2) In its report to Congress on Government Efficiency and Effectiveness, the Comptroller General has stated that addressing the identified waste, duplication, and overlap in Federal programs could "lead to tens of billions of dollars of additional savings."

(3) In 2011, 2012, 2013, and 2014 the GAO issued reports showing excessive duplication and redundancy in Federal programs including—

(A) two hundred nine Science, Technology, Engineering, and Mathematics education programs in 13 different Federal agencies at a cost of $3 billion annually;

(B) two hundred separate Department of Justice crime prevention and victim services grant programs with an annual cost of $3.9 billion in 2010;

(C) twenty different Federal entities administer 160 housing programs and other forms of Federal assistance for housing with a total cost of $170 billion in 2010;

(D) seventeen separate Homeland Security preparedness grant programs that spent $37 billion between fiscal year 2011 and 2012;

(E) fourteen grant and loan programs, and three tax benefits to reduce diesel emissions;

(F) ninety-four different initiatives run by 11 different agencies to encourage "green building" in the private sector; and

(G) twenty-three agencies implemented approximately 670 renewable energy initiatives in fiscal year 2010 at a cost of nearly $15 billion.

(4) The Federal Government spends more than $80 billion each year for approximately 1,400 information technology investments. GAO has identified broad acquisition failures, waste, and unnecessary duplication in the Government's information technology infrastructure. experts have estimated that eliminating these problems could save 25 percent or $20 billion.

(5) GAO has identified strategic sourcing as a potential source of spending reductions. In 2011 GAO estimated that saving 10 percent of the total or all Federal procurement could generate more than $50 billion in savings annually.

(6) Federal agencies reported an estimated $106 billion in improper payments in fiscal year 2013.

(7) Under clause 2 of rule XI of the Rules of the House of Representatives, each standing committee must hold at least one hearing during each 120 day period following its establishment on waste, fraud, abuse, or mismanagement in Government programs.

(8) According to the Congressional Budget Office, by fiscal year 2015, 32 laws will expire, possibly resulting in $693 billion in unauthorized appropriations. Timely reauthorizations of these laws would ensure assessments of program justification and effectiveness.

(9) The findings resulting from congressional oversight of Federal Government programs should result in programmatic changes in both authorizing statutes and program funding levels.

(b) POLICY ON REDUCING UNNECESSARY, WASTEFUL, AND UNAUTHORIZED SPENDING.—

(1) Each authorizing committee annually should include in its Views and Estimates letter required under section 301(d) of the Congressional Budget Act of 1974 recommendations to the Committee on the Budget of programs within the jurisdiction of such committee whose funding should be reduced or eliminated.

(2) Committees of jurisdiction should review all unauthorized programs funded through annual appropriations to determine if the programs are operating efficiently and effectively.

(3) Committees should reauthorize those programs that in the committees' judgment should continue to receive funding.

(4) For those programs not reauthorized by committees, the House of Representatives should enforce the limitations on funding such unauthorized programs in the House rules. If the strictures of the rules are deemed to be too rapid in prohibiting spending on unauthorized programs, then milder measures should be adopted and enforced until a return to the full prohibition of clause 2(a)(1) of rule XXI of the Rules of the House.

SEC. 816. POLICY STATEMENT ON DEFICIT REDUCTION THROUGH THE CANCELLATION OF UNOBLIGATED BALANCES.

(a) FINDINGS.—The House finds the following:

(1) According to the most recent estimate from the Office of Management and Budget, Federal agencies were expected to hold $844 billion in unobligated balances at the close of fiscal year 2015.

(2) These funds represent direct and discretionary spending previously made available by Congress that remains available for expenditure.

(3) In some cases, agencies are granted funding and it remains available for obligation indefinitely.

(4) The Congressional Budget and Impoundment Control Act of 1974 requires the Office of Management and Budget to make funds available to agencies for obligation and prohibits the Administration from withholding or cancelling unobligated funds unless approved by an Act of Congress.

(5) Greater congressional oversight is required to review and identify potential savings from canceling unobligated balances of funds that are no longer needed.

(b) POLICY ON DEFICIT REDUCTION THROUGH THE CANCELLATION OF UNOBLIGATED BALANCES.—Congressional committees should through their oversight activities identify and achieve savings through the cancellation or rescission of unobligated balances that neither abrogate contractual obligations of the Government nor reduce or disrupt Federal commitments under programs such as Social Security, veterans' affairs, national security, and Treasury authority to finance the national debt.

(c) DEFICIT REDUCTION.—Congress, with the assistance of the Government Accountability Office, the Inspectors General, and other appropriate agencies should continue to make it a high priority to review unobligated balances and identify savings for deficit reduction.

SEC. 817. POLICY STATEMENT ON AGENCY FEES AND SPENDING.

(a) FINDINGS.—Congress finds the following:

(1) A number of Federal agencies and organizations have permanent authority to collect fees and other offsetting collections and to spend these collected funds.

(2) The total amount of offsetting fees and offsetting collections is estimated by the Office of Management and Budget to be $525 billion in fiscal year 2016.

(3) Agency budget justifications are, in some cases, not fully transparent about the amount of program activity funded through offsetting collections or fees. This lack of transparency prevents effective and accountable government.

(b) POLICY ON AGENCY FEES AND SPENDING.—It is the policy of this resolution that Congress must reassert its constitutional prerogative to control spending and conduct oversight. To do so, Congress should enact legislation requiring programs that are funded through fees, offsetting receipts, or offsetting collections to be allocated new budget authority annually. Such allocation may arise from—

(1) legislation originating from the authorizing committee of jurisdiction for the agency or program; or

(2) fee and account specific allocations included in annual appropriation Acts.

SEC. 818. POLICY STATEMENT ON RESPONSIBLE STEWARDSHIP OF TAXPAYER DOLLARS.

(a) FINDINGS.— The House finds the following:

(1) The budget for the House of Representatives is $188 million less than it was when Republicans became the majority in 2011.

(2) The House of Representatives has achieved significant savings by consolidating operations and renegotiating contracts.

(b) POLICY ON RESPONSIBLE STEWARDSHIP OF TAXPAYER DOLLARS.—It is the policy of this resolution that:

(1) The House of Representatives must be a model for the responsible stewardship of taxpayer resources and therefore must identify any savings that can be achieved through greater productivity and efficiency gains in the operation and maintenance of House services and resources like printing, conferences, utilities, telecommunications, furniture, grounds maintenance, postage, and rent. This should include a review of policies and procedures for acquisition of goods and services to eliminate any unnecessary spending. The Committee on House Administration should review the policies pertaining to the services provided to Members and committees of the House, and should identify ways to reduce any subsidies paid for the operation of the House gym, barber shop, salon, and the House dining room.

(2) No taxpayer funds may be used to purchase first class airfare or to lease corporate jets for Members of Congress.

(3) Retirement benefits for Members of Congress should not include free, taxpayer-funded health care for life.

SEC. 819. POLICY STATEMENT ON "NO BUDGET, NO PAY".

It is the policy of this resolution that Congress should agree to a concurrent resolution on the budget every year pursuant to section 301 of the Congressional Budget Act of 1974. If by April 15, a House of Congress has not agreed to a concurrent resolution on the budget, the payroll administrator of that House should carry out this policy in the same manner as the provisions of Public Law 113–3, the No Budget, No Pay Act of 2013, and should place in an escrow account all compensation otherwise required to be made for Members of that House of Congress. Withheld compensation should be released to Members of that House of Congress the earlier of the day on which that House of Congress agrees to a concurrent resolution on the budget, pursuant to section 301 of the Congressional Budget Act of 1974, or the last day of that Congress.

SEC. 820. POLICY STATEMENT ON NATIONAL SECURITY FUNDING.

(a) FINDINGS.—The House finds the following:

(1) Russian aggression, the growing threats of the Islamic State of Iraq and the Levant in the Middle East, North Korean and Iranian nuclear and missile programs, and continued Chinese investments in high-end military capabilities and cyber warfare shape the parameters of an increasingly complex and challenging security environment.

(2) All four current service chiefs testified that the National Military Strategy could not be executed at sequestration levels.

(3) The independent and bipartisan National Defense Panel conducted risk assessments of force structure changes triggered by the Budget Control Act of 2011 (BCA) and concluded that in addition to previous cuts to defense dating back to 2009, the sequestration of defense discretionary spending has "caused significant shortfalls in U.S. military readiness and both present and future capabilities".

(4) The President's fiscal year 2016 budget irresponsibly ignores current law and requests a defense budget $38 billion above the caps for rhetorical gain. By creating an expectation of spending without a plan to avoid the BCA's guaranteed sequester upon breaching of its caps, the White House's proposal compounds the fiscal uncertainty that has affected the military's ability to adequately plan for future contingencies and make investments crucial for the Nation's defense.

(5) The President's budget proposes $1.8 trillion in tax increases, in addition to the $1.7 trillion in tax hikes the Administration has already imposed. The President's tax increases would further burden economic growth and is not a realistic source for offsets to fund defense sequester replacement.

(b) POLICY ON FISCAL YEAR 2016 NATIONAL DEFENSE FUNDING.—In fiscal year 2015, the House-passed budget resolution anticipated $566 billion for national defense in the discretionary base budget for fiscal year 2016. With no necessary statutory change yet provided by Congress, the BCA statute would require limiting national defense discretionary base funding to $523 billion in fiscal year 2016. However, in total with $90 billion, the House Budget estimate for Overseas Contingency Operations funding for the Department of Defense, the fiscal year 2016 budget provides over $613 billion total for defense spending that is higher than the President's budget request for the fiscal year. This concurrent resolution provides $22 billion above the President's Five Year Defense Plan and $151 billion above the 10-year totals. This would also be $387 billion above the 10-year total for current levels.

(c) DEFENSE READINESS AND MODERNIZATION FUND.—(1) The budget resolution recognizes the need to ensure robust funding for national defense while maintaining overall fiscal discipline. The budget resolution prioritizes our national defense and the needs of the warfighter by providing needed dollars through the creation of the "Defense Readiness and Modernization Fund".

(2) The Defense Readiness and Modernization Fund provides the mechanism for Congress to responsibly allocate in a deficit-neutral way the resources the military needs to secure the safety and liberty of United States citizens from threats at home and abroad. The Defense Readiness and Modernization Fund will provide the chair of the Committee on the Budget of the House the ability to increase allocations to support legislation that would provide for the Department of Defense warfighting capabilities, modernization, a temporary increase in end strength, training and maintenance associated with combat readiness, activities to reach full auditability

of the Department of Defense's financial statements, and implementation of military and compensation reforms.

(d) SEQUESTER REPLACEMENT FOR NATIONAL DEFENSE.—This concurrent resolution encourages an immediate reevaluation of Federal Government priorities to maintain the strength of America's national security posture. In identifying policies to restructure and stabilize the Government's major entitlement programs which, along with net interest, will consume all Federal revenue in less than 20 years. The budget also charts a course that can ensure the availability of needed national security resources.

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