A BALANCED BUDGET FOR A STRONGER AMERICA

FISCAL YEAR 2017 BUDGET RESOLUTION

U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON THE BUDGET
CHAIRMAN TOM PRICE, M.D.

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INTRODUCTION

A strong America is built on opportunity and the passion and talents of a free people who are empowered to pursue that opportunity, determine their own future, and achieve success. This is what has defined us as a nation for well over two centuries. If we protect and nurture these fundamental ideas, we will grow in strength, security, and prosperity in the years to come.

Unfortunately, our faith as a nation has been shaken in recent times. Too many Americans now question whether playing by the rules and working hard really means they can still get ahead. Even if they succeed in getting an education, a job, and the means to support a family, they are still squeezed by the high cost of living and limited opportunity. And when they look overseas, they see American leadership faltering as we face serious economic and global security challenges. All of this adds up to a growing and palpable frustration shared by many citizens who are tired of seeing their country careen down the wrong track.

Faith in the American Dream must be restored if our nation is to continue to be the greatest country in the world – a country that is always testing the limits, building the next innovation, and broadening the scope of human understanding so that each day we become freer and stronger.

The budget of the United States must reflect that spirit of unlimited possibility. It should build stepping stones to success, not barriers. It should foster an environment of creativity, entrepreneurship, and leadership. It should help people realize their full potential, not by growing power in Washington, D.C., but by trusting individuals and their communities because they always have been, and always will be, the key to our prosperity.

That is what *A Balanced Budget for a Stronger America* will do. It is a plan to empower people, not government, hold Washington accountable to hard-working taxpayers, foster an environment for growth and success, and restore America's standing in the world.

We do that by pursuing several key objectives: balancing the federal budget, valuing outcomes over inputs, devolving power back to the states, prioritizing the responsibilities of the federal government – namely national security – and saving, strengthening, and securing government functions that are critical to the health, retirement, and economic security of millions of Americans.

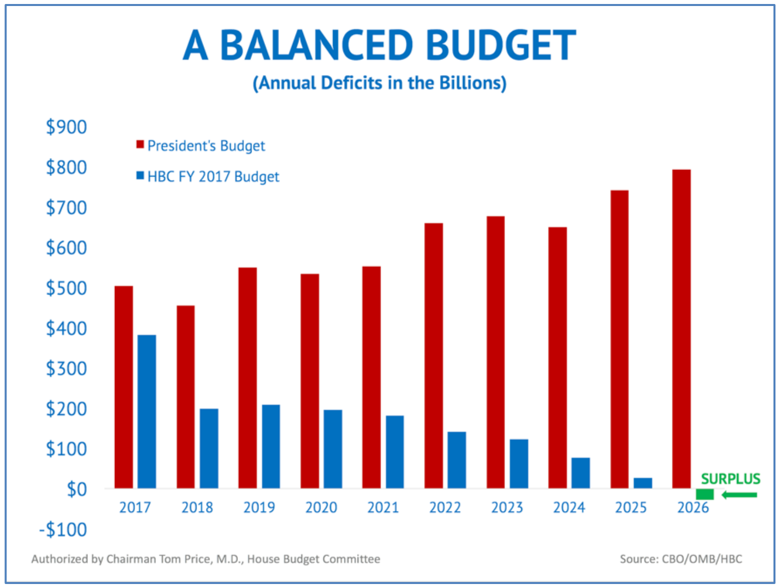
Building a balanced budget with these objectives in mind creates the foundation for long-term economic growth. It makes certain that we can achieve the greatest amount of opportunity and success for the greatest number of people, so that the greatest number of American Dreams can be realized in a fair and compassionate system.

A Budget That Balances

Every day, Americans make tough, responsible decisions to ensure they are using the resources they have in the most efficient and effective way possible. They know that they have a limited amount of dollars to spend on food, housing, education, transportation, and all other manner of needs and desires. Small and large businesses do the same – understanding that they cannot hope to succeed if their operation is beset with too much debt and not enough capital to grow and improve. By making choices and setting priorities, individuals, families, and businesses achieve success, provide for their children, pay their employees, and help strengthen our country.

Washington has either forgotten these simple rules of the road or, worse, decided it does not have to abide by them. That is disrespectful to hard-working taxpayers. It is an unsustainable position for any nation to adopt no matter how large or dynamic its economy or entrepreneurial its people.

Our budget restores fidelity to those rules on behalf of the American taxpayer and millions of families and job creators who are working each and every day to achieve their dreams. We achieve $7 trillion in deficit reduction over the next decade – through a combination of $6.5 trillion in savings coupled with economic growth – bringing an end to annual deficits so we actually begin to pay down the debt and avoid a completely predictable and preventable fiscal crisis looming over the horizon.



This is not simply an accounting exercise. Balancing the budget provides real, tangible benefits to the American people and to our nation as a whole.

Balancing the budget creates short-term certainty and long-term economic growth. Living within our means diminishes the threat of future tax increases and true austerity measures, along with higher interest payments and potentially crippling inflationary pressures. It protects America's creditworthiness, ensuring our nation regains the status as the best place to invest for businesses all around the world.

Balancing the budget forces policymakers to confront the growing insolvency and chronic ineffectiveness of important programs – chief among them are Medicare, Medicaid, and Social Security. Each of these programs – as well as a long list of other automatic spending programs that provide assistance to America's most vulnerable citizens – are either running out of money or running on unsustainable levels of spending while failing to keep the promises made to current beneficiaries and future generations. The health and retirement security of millions of Americans is in jeopardy. Through balancing the budget, those programs will be made sustainable so they work better for those they serve.

Balancing the budget will enable a robust commitment to national security and ensure America's military supremacy in an increasingly dangerous world. The former Chairman of the Joint Chiefs of Staff Admiral Mike Mullen calls our debt "the most significant threat to our national security." He is right. Without fiscal security, there will be no true national security. If we fail to address our budgetary challenges, we will not have the resources or the economic strength and certainty to defeat our enemies, to protect against terrorist threats, to challenge rogue nations like North Korea and those like Russia and Iran that are fomenting greater unrest in the world.

This budget understands the first and foremost responsibility of the federal government is to ensure the security of its citizens. With a balanced budget and a strong economy, our fighting men and women will have the resources they need to complete whatever mission they are tasked to perform.

Finally, balancing the budget fulfills our moral obligation to leave the next generation a country that provides every opportunity that our parents gave us. Generations of Americans before us worked hard, made responsible decisions, and, when called upon, gave their lives so that we could live in a free and prosperous country. It would be shameful to let the legacy of this generation be one of diminished opportunity and unfulfilled promises because we failed to make responsible decisions.

Outcomes Over Inputs

The philosophy in Washington is incredibly simple, but inherently flawed: see a problem, spend money to fix it. If the problem persists, spend more money.

It is this notion that money equals results or compassion or success that is the root cause of so many of our challenges. We have dramatically increased the national debt by throwing money at problems without producing positive results. It is leaving millions of Americans in worse shape, harming our economy, and sapping the character of our nation.

We must flip this philosophy on its head. We cannot associate more money with better results. Instead, we should stop measuring success by the dollars we spend and start measuring it by the number of people we actually help. We must make programs work better, increase accountability, and promote innovation to achieve real results.

In short, we must begin to value outcomes over inputs.

DUPLICATIVE ANTI-POVERTY PROGRAMS

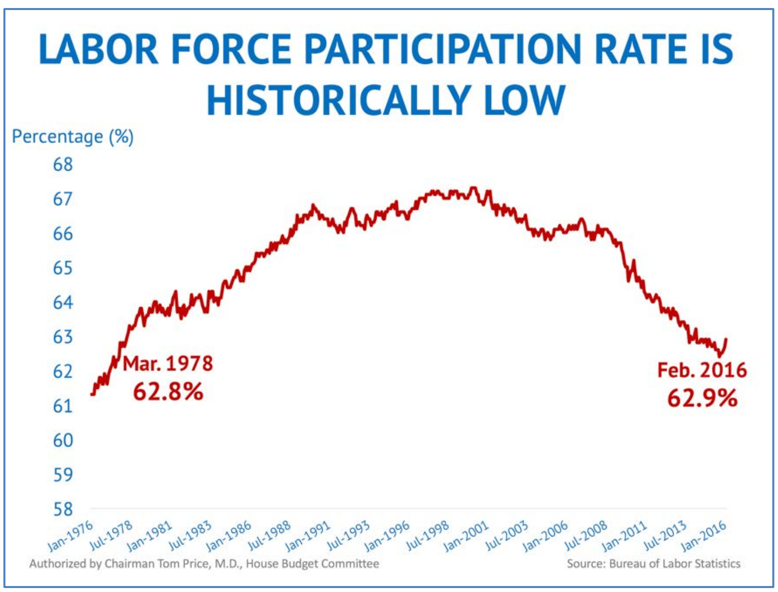
Program Area	Number of Programs	Cost in FY 2012
Cash Aid	5	$220 billion
Education and job training	28	$94.4 billion
Energy	2	$3.9 billion
Food aid	17	$105 billion
Health care	8	$291.3 billion
Housing	22	$49.6 billion
Social Services	8	$13 billion
Veterans	2	$21.8 billion
TOTALS	**92**	**$799 billion**

Authorized by Chairman Tom Price, M.D., House Budget Committee   Source: House Budget Committee

This new philosophy should guide us in several areas. First, our safety net is frayed and failing too many people. We spend approximately $1 trillion government-wide each year on over 90 different anti-poverty programs. We have spent more than $15 trillion since President Johnson declared a War on Poverty. But in the fifty years since, the poverty rate has remained stubbornly consistent – hovering around 14 percent. We may have lessened material hardship, but we are not helping Americans build lives of self-sufficiency. Spending more money on food stamps, housing assistance, and other programs is not fixing the problem. It is coping with the problem.

We need new solutions that break up dependency and promote innovation so we truly help Americans who need assistance to rise up. This budget embraces policies that will help America's most vulnerable citizens get back on their own two feet.

Second, government has become defined by a bureaucracy that is inefficient, ineffective, and unaccountable. That means taxpayer dollars are being wasted with little to no oversight, and there is so much blame to go around when things do not improve that no one is held accountable. More bureaucrats, more regulations, and more government programs are not going to improve our economy or the lives of the American people.



This budget values and promotes efficiency, effectiveness, and accountability. We streamline government functions, downsize the regulatory regime, and chart the course for a complete reform of the process through which we budget, so that we restore and protect the integrity of our legislative authority and Constitutional framework.

Finally, this budget recognizes that the only way to a healthy fiscal scenario is a healthy economic one. The status quo of below average growth and stagnant wages is not going to cut it. We know that current economic policies are not working because millions of Americans are not working. The labor force participation rate is at the lowest it has been since the 1970s. This is after Washington has spent over a trillion in stimulus dollars and grown government by leaps and bounds – all in the name of helping the American people. Getting government more deeply involved in businesses, markets, and every day personal decisions is not helping; it is harming. This budget will measure success by how many more Americans are getting a job, higher wages, and, when government must be involved, better outcomes.

A Return to Federalism

The United States is blessed with tremendous diversity. Citizens of varying cultural backgrounds, life experiences, and skill sets are collectively our greatest asset. No nation is better equipped to seize opportunity and lead the future than America. Not because of our material wealth, but because of the wealth of creativity and innovation that rests in the minds of those in our communities who are working to advance solutions in the areas of health, energy, information technology, transportation, finance, and elsewhere.

However, that diversity of thought and experience is only good if we empower our citizens to channel this advantage. Right now, too much decision making power is being consolidated in federal agencies and departments that have a one-size-fits-all approach to problem-solving. This results in regulations and rules that smother innovation and drive individuals to abandon their pursuits in the face of constant interference from Washington.

To lift those barriers, this budget would give our states and local municipalities the freedom and flexibility to pursue a reform movement that meets the unique needs and challenges of their communities.

We are humble enough to admit that the federal government does not have all the answers. The American people ought to be trusted to make the right decisions for themselves, their families, and their enterprises. Putting our faith in the people will respect and restore the principle of federalism in America.

Under our budget, federal programs are restructured to remove oppressive dictates and give states more authority to design and implement strategies that work for their citizens.

As a consequence, fewer federal tax dollars will be needed as waste and duplication are eliminated in favor of more efficient activities. More importantly, it will produce better results and let states, cities, and individuals take more control of their lives, businesses, and communities.

A Focus on Enforcement

A federal budget is only as good as the willingness of Congress to abide by it and to enforce its limitations. It comes as no surprise that Congress has an uninspiring track record of budget enforcement. At times the reason for deviating from the budget may be justifiable. Most other times, the reasons are ones of convenience.

While the budget can only do so much to ensure its own enforcement, there are tools embedded within the resolution and the budget process that give Congress the opportunity to demand allegiance to its parameters.

One component is *reconciliation*. While not solely an enforcement mechanism, this targeted budget process does allow Congress to advance solutions either prescribed in the budget resolution itself or in the spirit of reducing spending and reforming programs.

For example, the Fiscal Year 2016 budget gave the House of Representatives and the Senate the opportunity to use the reconciliation process to send a repeal of the most coercive components of Obamacare to the president's desk by way of a simple majority vote in the Senate, rather than the typical 60 vote threshold. Had the president signed the bill, it would have reduced the deficit by $516 billion and paved the way for the sort of patient-centered healthcare reforms called for in the budget.

This year's budget will once again call for the use of reconciliation to help bring spending levels in line with the budget targets and policy goals. It is not all that is needed, but it is a powerful tool for reform.

A Balanced Budget for a Stronger America

A Balanced Budget for a Stronger America is both a call to action and a strategy for success. It promotes opportunity for all by championing fiscal responsibility, long-term economic growth, higher wages, and job creation; holds Washington accountable; and gives our men and women in uniform the resources they need to secure our nation and defend our freedom against terrorism and tyranny. It demands humility and honest accounting of the fiscal and economic challenges facing America today. It is the natural beginning of a broader effort to advance bold, positive solutions to address those challenges and build a future where the greatest number of American Dreams can be realized.

Challenges to Overcome

The United States faces complex challenges both at home and abroad. Challenges that, if left unaddressed, will leave America as a nation greatly diminished with fewer economic opportunities and vulnerable to foreign threats and undue influence.

Right now, the facts are not on the side of a strong America. The Congressional Budget Office (CBO) projects our national debt to continue to climb unabated in the decades to come reaching truly unfathomable levels of fiscal recklessness. With every year that passes without meaningful action, financing our debt becomes more and more expensive as well.

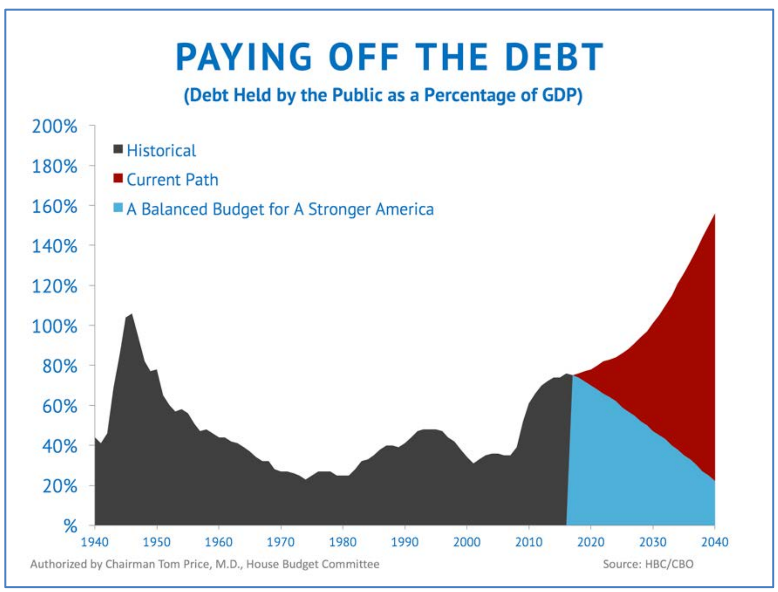
The national debt is not simply a number. It is a symptom and a cancer undermining our country's health. It affects the lives of every American. The larger it grows, the bigger the drag on the economy.

Workers and businesses have still not fully recovered from the 2008-2009 recession. Labor participation is near a historic low. Wages have stagnated, and there is a lack of overall optimism. All of this means less pay and less job security for Americans young and old. Less opportunity for businesses to grow and hire more workers. Less capital to invest in a new idea.

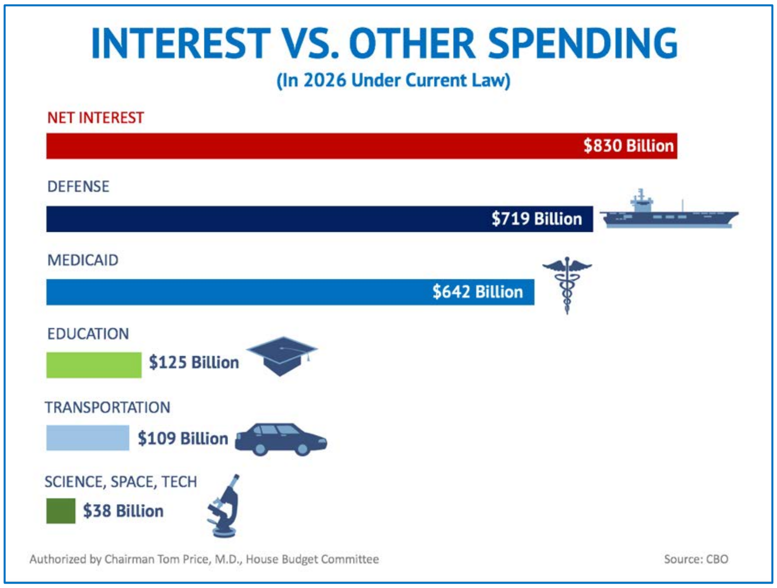
Simply put, too many Americans are being left behind by an economy that just does not work for them.

An Unsustainable National Debt

Our publicly held debt is equivalent to nearly 75 percent of the size of our economy, and total debt, which stands at over $19 trillion, exceeds 100 percent. By 2026, it will exceed $29 trillion – equaling 106 percent of the economy.



The Congressional Budget Office (CBO) projects that we will spend nearly $5.8 trillion in interest payments alone over the next ten years financing that debt – approaching $1 trillion annually by the end of the decade. Interest on the debt will become the third largest federal spending program – more than we will be spending on defense, education, energy, and Medicaid, to name just a few.



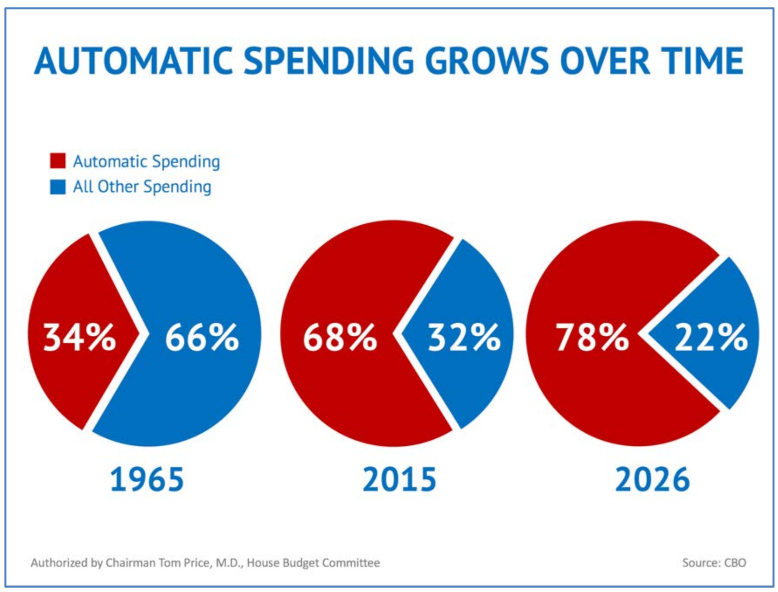
CBO tells us that if we let this fiscal scenario play out, we will be less equipped as a nation to respond to unforeseen future challenges – like an economic downturn or national security threat – and we will only enhance our risk of incurring a truly devastating fiscal crisis. A growing national debt will degrade the foundation of our economy and affect every American. Interest rates will necessarily rise – meaning small and large businesses will struggle to secure capital. Starting a new business, buying a house or a car will become more expensive. Private investment will suffer from a "crowding out" effect as more and more money goes toward financing the debt. Businesses will be reluctant to take a chance on adding new workers or equipment because they will be fearful of future tax increases, interest rate hikes, and inflationary pressures.

With every dollar that is added to the debt, basic financial assumptions that power our economy and maintain our standard of living become less reliable.

How Did This Happen?

How did the most powerful nation on Earth – whose economy is the most prosperous and the envy of the world – find itself in such perilous financial circumstances?

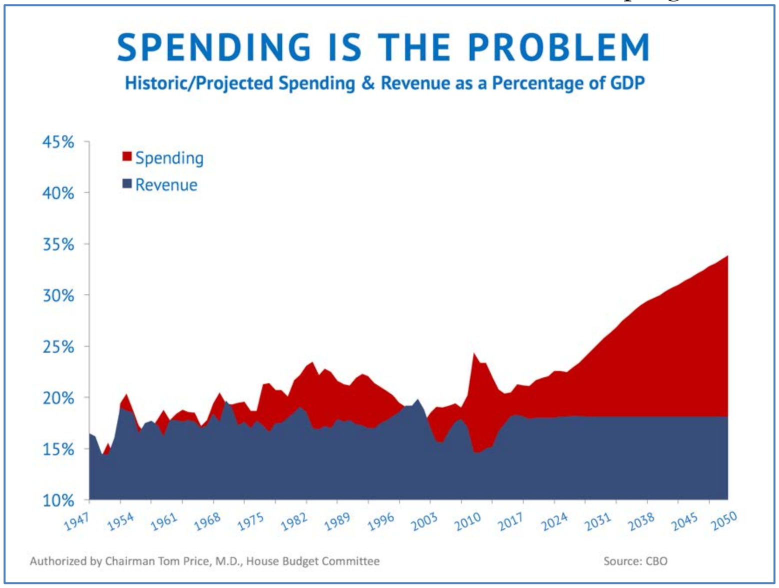
Many are tempted to answer that question by pointing to prolific spending related to specific events in our history – the cost of fighting a war or grappling with a massive economic recession. But in truth, the reason America is running headlong toward a fiscal crisis is far more fundamental.



In short, we spend more than we take in, and we have been doing so, no matter the circumstances, for quite some time. Moreover, efforts to tame Washington's spending habits have been stymied by the fact that the overwhelming majority of our expenses are channeled through automatic spending programs. Currently, two-thirds of the nation's annual budget goes toward government functions that are not subject to annual review by Congress – programs like Medicare, Medicaid, and Social Security, among others. They continue spending money whether Congress does or does not act.

These health, retirement, and economic security programs are vital, but they are also unsustainable. They are a key driver of our nation's current and future fiscal challenges.

That in and of itself is not an indictment of these programs or the cause they serve. In fact, Medicare, Medicaid, Social Security, and many of our anti-poverty programs are an important part of our nation's social compact. Medicare and Social Security have been and remain the cornerstones of health and retirement security for our seniors. But as more and more baby boomers retire each day, additional financial pressures are placed on Medicare and Social Security. Without reforms, these programs will be insolvent by 2030 and 2035, respectively. Failing to address these challenges means that seniors that are in the system now and those who will enter in the future will face massive benefit cuts that will undermine their health and financial well-being when they can least afford it.



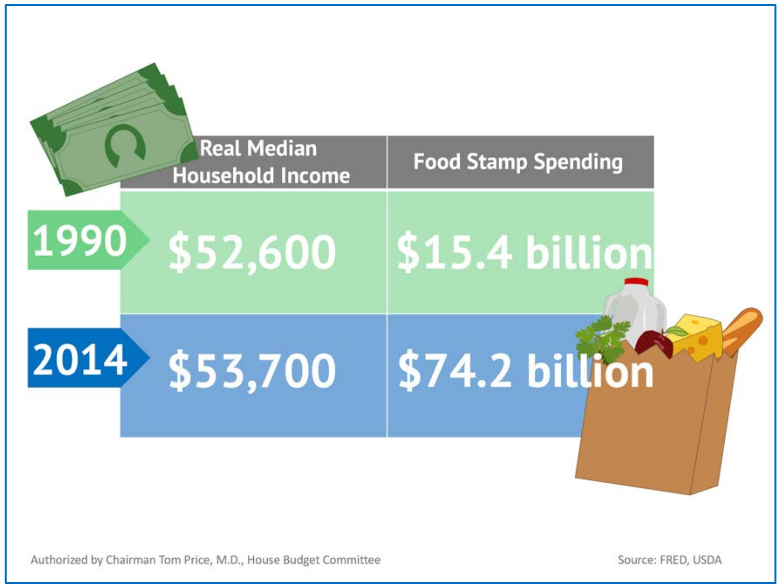
The Economic Factor

Our growing debt is increasingly a threat to our long-term economic vitality. In turn, the slow economic recovery we have experienced over the past several years is contributing to our growing debt.

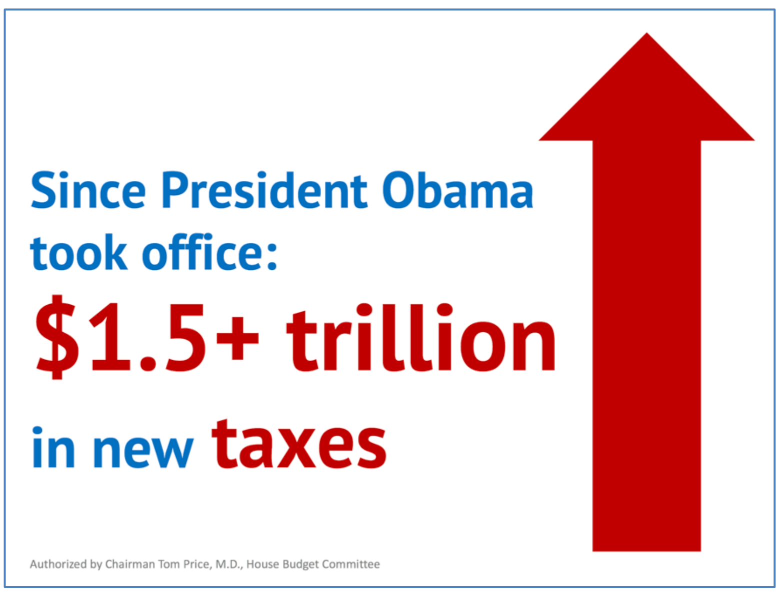
It has been nearly seven years since the Great Recession officially came to an end, yet the economy is still stumbling along at an underwhelming pace. Real average hourly earnings for private sector workers have grown just 2.9 percent since 2009. Real median household income is at $53,657, a sharp decline of 6.5 percent, or $3,700, since 2007. The Congressional Budget Office projects real GDP growth to average only 2.1 percent over the next decade, well below the modern historical rate of 3.0 percent.

The natural consequence of this economic environment has been that millions of Americans have dropped out of the labor force, and many more have had to turn to federal assistance programs to meet basic needs. The labor force participation rate stands at 62.9 percent, near its lowest level since 1978. The number of people on food stamps is at near historically high levels – 45.7 million in 2015 and 20 million more than a decade ago.

At the same time, skyrocketing health care costs are eating away at the American people's wallets. Instead of lower premiums and more affordable health care coverage, Obamacare has contributed to a rise in out-of-pocket costs and less access to quality care. Families and businesses are paying the price for the law's broken promises.



In some cases, the damage being done by Washington is even less subtle. Since President Obama took office, over one-and-a-half trillion dollars in new taxes have been raised on the American people to finance an often unpopular agenda and so that the President and his allies can claim that the wealthy are being forced to "pay their fair share." But that agenda has also taken more money out of the pockets of hard-working Middle Class American families through diminished economic opportunity and a growing cost of living. For businesses who would want to create better paying jobs and hire more employees, the corporate tax rate is now the highest in the industrialized world forcing many companies to choose to move their operations overseas.



Some taxes are less direct, but equally harmful. Billions of dollars in increased operating costs are being imposed by burdensome regulations coming out of Washington every year. President Obama has made the growth in size and scope of the regulatory regime a primary goal of his administration. These rules only make it more difficult for businesses, especially small employers, to hire and expand, because they spend so much time and money complying with bureaucratic dictates. Instead of trusting America's entrepreneurs and innovators, Washington is seeking to consolidate power and tell the productive sector of society how to operate.

A looming fiscal crisis, uncompetitive tax rates, and harmful regulations represent a real and present threat to American workers and businesses. They are diminishing or outright eliminating opportunity and stifling the spirit of innovation that has made America an economic superpower.

A Dangerous World

American military strength and leadership have become the indispensable foundation of global stability and relative peace throughout the world. The men and women of America's armed forces have helped liberate millions, presided over a peaceful end to the Cold War, stared down rogue regimes, demanded the free passage of global commerce across oceans, and brought justice to terrorist armies.

But we still live in a dangerous world where threats to our homeland, our allies, and our interests abroad are complex, difficult to predict, and ever evolving. Now more than ever, America must lead. Not merely as the best trained, best equipped, and best led fighting force the world has ever known, but as a means of assurance and deterrence, vital to maintaining peace and stability.

The current administration has spent the past several years "leading from behind." It is a posture that has created a vacuum where threats to our nation's security have proliferated. Our enemies feel emboldened and our allies have come to question America's commitment to our unique role in the world.

Radical Islamic terrorist organizations like ISIS have built armies, occupied broad swaths of territory, and proven they are willing and able to carry out cowardly attacks against civilians, as we saw in Paris. They have taken advantage of the civil war in Syria and unrest in Iraq to claim ownership over what they believe to be a new caliphate – complete with the ruthless murder of thousands of innocent men and women. They have infiltrated Libya – an oil rich, failed state located a relatively short distance from Europe.

Iran has treated the administration's misguided nuclear agreement as a sign that it can do as it pleases in regard to developing ballistic missiles, financing terrorism, and fomenting further unrest and violence throughout the Middle East. Russia has invaded and annexed parts of Ukraine while increasing its influence in the conflicts of the Middle East. North Korea remains unpredictable and obsessive in its pursuit of weapons of mass destruction.

While America's enemies feel emboldened, our allies are questioning our willingness to lead – whether it be our most important ally in the Middle East, Israel, or the countries of Eastern Europe like Ukraine, Poland, and the Baltic states.

American leadership is vital to combat these threats and to maintain a strong coalition among our allies. Unfortunately, the current administration has repeatedly failed to establish and carry out a winning strategy. At the same time, our armed forces and national security capabilities have borne the brunt of Washington's fiscal debates – sacrificing substantial resources at a time when we face tremendous challenges in our current force structure, readiness, and procurement of advanced technologies.

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The world benefits from an America that is economically strong and fiscally secure. Our leadership is a reliable force for good in times of uncertainty and turmoil. The Obama Administration's failure to live up to that leadership mandate, to appreciate the historic role America has played, has left a vacuum that has given rise and incentive to bad actors who are intent on disrupting peace, stability, and freedom throughout the world.

An America that is increasingly under threat from a looming fiscal crisis is an America less able to stand up for basic human rights, to oppose rogue regimes, to champion free markets and personal liberty, and to ensure the safety and security of our people, our allies, and our interests.

Taken together, these circumstances present incredible challenges, but also tremendous opportunities for America. No nation is better prepared to seize the future and make it our own. However, that will require leadership, innovative thinking, and a willingness to act responsibly and boldly.

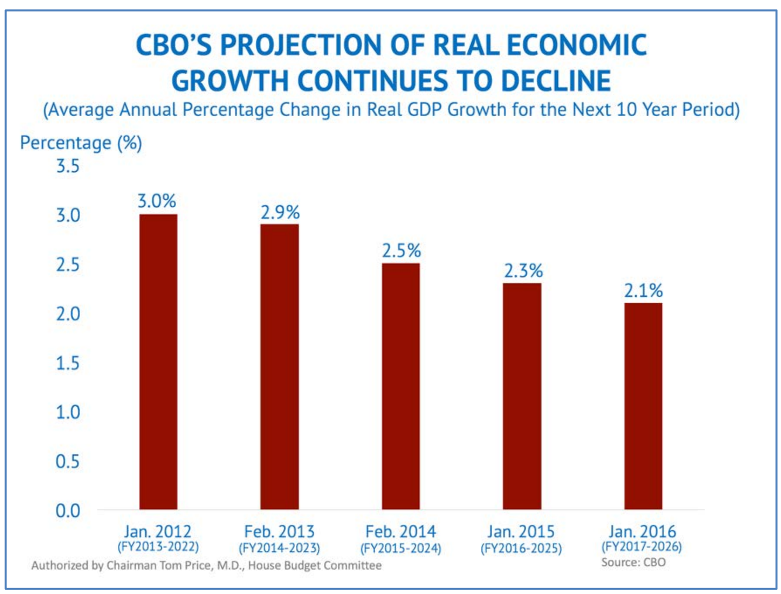
ECONOMIC OPPORTUNITY FOR ALL

At the heart of the American Dream is the idea that everyone deserves the opportunity to work hard and build a successful, fulfilling life, however one chooses to define it. In America, every kid ought to be able to grow up believing that he or she is in charge of deciding what his or her future will look like. The American Dream symbolizes the inherent optimism of the American people.

And yet, optimism has been in relative short supply as individuals, families and entrepreneurs see more expensive grocery and electricity bills; the rising cost of a college education, insurance premiums and out-of-pocket health care expenses; the legal fees and compliance costs associated with new regulations on small and large businesses. They are not buying the good news the president and others are selling – particularly, when incomes have remained flat or even declined in real terms when inflation is taken into account.

Just like the American Dream, the magnitude and impact of these costs are unique to the individual. However, in the current economic recovery, too many Americans share a common concern: they feel left behind.

The American worker is still the most productive and innovative in the world. America's economy is still the largest and most dynamic, and no one has forgotten how to create jobs. These qualities of America, however, are cold comfort to millions of hardworking taxpayers because right now they are experiencing the general discomfort and lack of opportunity that comes with an underperforming economy.



The nonpartisan Congressional Budget Office (CBO) projects economic growth over the next decade to average just 2.1 percent – a drop off of roughly one-third from the long-term historical average of about 3.0 percent growth. In other words, CBO is expecting a protracted economic malaise for at least the next decade under current policies. It turns out that the current administration's insistence on higher taxes, burdensome regulations, restrictions on the production of affordable, American-made energy, and a preference for crony capitalism over free markets is exactly the recipe for economic turmoil many predicted.

This slower trajectory of economic growth is unacceptable and insufficient to improve opportunities and the incomes of millions of struggling Americans. It will also exacerbate the country's unsustainable fiscal trajectory. CBO tells us that every 0.1 percentage point of slower-than-expected GDP growth over the budget window increases deficit levels by $327 billion.

This new normal does not have to be our future. *A Balanced Budget for a Stronger America* reverses the consolidation of power in Washington that has characterized the past seven years.

Our plan calls for fundamental tax reform so the tax code is simple to understand and treats families and businesses fairly. Tax reform will give incentives to bring profits back to the United States where they can be invested in growing our economy and creating jobs. It will keep more money in the pockets of hard-working Americans who have earned it, so that they can spend and invest as they see fit.

We also ought to be taking full advantage of abundant and affordable American energy. The Obama Administration has declared war on traditional energy resources. That only drives up the cost of living for middle class families and businesses.

At the same time, our plan removes barriers to job creation by streamlining or outright repealing the Obama Administration's inefficient and counter-productive financial regulatory schemes, like Dodd-Frank, that have only preserved too-big-to-fail into law.

A simpler, pro-growth tax code, regulatory relief, an all-of-the-above energy strategy, stronger transportation infrastructure, fewer and smarter regulations. These are the hallmarks of a healthy economy that works for the American people.

Among the solutions in our budget that will get us on this path toward more optimism and more opportunity, we focus on:

Tax Reform

- The U.S. tax code is notoriously complex, patently unfair, and highly inefficient. All of these problems create disincentives to work, save, and invest, which results in slower economic growth, lower wages, and less job creation.

- It is unacceptable how much time and money is spent navigating the tax code. 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. Moreover, it is only getting more complex each year. There have been 4,107 changes to the tax code just in the past decade alone.

- This budget calls for a complete overhaul of the tax code so that it works for individuals, families, and businesses of all sizes. A simpler, fairer, and more efficient tax code will help boost wages, create new jobs, and greatly improve America's global economic competitiveness.

- Our budget calls for a lowering of rates and a consolidation of tax brackets

- It repeals the Alternative Minimum Tax and transitions away from a worldwide tax system and towards a system that will make U.S. companies more competitive in the global marketplace.

- Tax reform should also broaden the overall tax base by closing special interest loopholes that distort the marketplace, limit innovation, and waste time and resources.

Energy

- The United States has been blessed with tremendous amounts of energy resources. America's energy production has helped turn our nation into a global superpower, and it holds the key to our future prosperity if we remain on track to become energy independent within the next ten years.

- Taking full advantage of our energy resources will help improve our national security. It means that we will not have to rely on oil imports from unstable regions or countries that do not share our values.

- This budget encourages further oil and natural gas exploration both onshore and offshore, and on both private and public lands. It supports energy innovation that is led by the private sector. Companies have made tremendous breakthroughs in areas such as hydraulic fracturing, and this budget calls for more and improved techniques to produce energy in a variety of ways.

- To make energy even more affordable, this budget calls for the elimination of regulations, rules, and mandates handed down from Washington, D.C. that only make energy more expensive for families and businesses.

- This budget rescinds unobligated balances from stimulus green energy programs, and calls for reforming and streamlining numerous other research & development programs across the Department of Energy.

- The federal government has a role to play in supporting breakthrough research. However, taking those new technologies into the marketplace for commercialization and application should be left to the private sector. This will protect taxpayers from future boondoggles like

Solyndra and get the government out of the business of picking winners and losers in our economy.

- At the same time, agencies like the Environmental Protection Agency (EPA) continue to implement an unprecedented activist regulatory policy to the detriment of states, localities, small businesses, and energy consumers. This is evidenced in the many ongoing legal challenges facing EPA's proposed regulations. This budget reduces annual funding levels for the EPA in order to allow the EPA to focus on its core mission of simply enforcing laws passed by Congress rather than continuously attempting to re-write them through regulations.

Infrastructure

- A growing and robust economy relies on strong roads, bridges, and other infrastructure, which allow businesses to bring goods and services to the market and people to travel freely and safely. This budget supports needed, fiscally responsible reforms to federal transportation programs that prioritize activities that are of federal interest and national in scope; support and empower state and local governments' transportation plans; and respond to the traveling public's preferences such as reducing traffic congestion, expanding mobility, and enhancing safety. The country should not be slowed down by poorly targeted transportation resources.

- The Highway Trust Fund has consistently required large contributions from the general fund in order to maintain its solvency – including $141 billion since 2008. CBO estimates the Trust Fund will face insolvency once again in 2021. Without reform, another transfer from the general fund could occur to keep the fund afloat or spending will be reduced, because the fund cannot incur a negative balance.

- This budget advocates for a long-term solution to keep the Highway Trust Fund solvent by aligning spending with revenues. Motorists, truckers, and bus operators pay federal fuel taxes and fees that are intended to support the trust fund's programs. Injecting general taxpayer revenues into the fund compromises the crucial principle that users should pay for what they receive. Likewise, spending user fees on activities unrelated to those paying also undermines the system. In short, users are not getting what they pay for.

- Long-term solutions should empower citizens and the traveling public, by freeing the states to make their infrastructure decisions. Doing so would allow the federal government to focus its limited resources on essential functions like improving the Interstate Highway System, and not on purely local projects such as bicycle paths, sidewalks, and streetcars.

- Additionally, we need to encourage innovative funding mechanisms, public-private partnerships, and pilot programs that allow states more options to reconfigure how they receive federal funding and what projects they fund with their money.

- Taxpayer dollars should not subsidize unaccountable or underperforming transportation programs without consequence. This budget starts to correct this problem by eliminating operating subsidies for Amtrak and encouraging its management to make necessary, responsible business decisions to operate sustainably. It would ultimately eliminate the TIGER grant program – a holdover from the 2009 stimulus bill that the Department of Transportation has used to fund vaguely-defined local "enhancement" projects. It also would begin refocusing transit spending by winding down the New Starts transit grants program. These grants fund new rail line projects that are largely of local, not national, benefit; they can have the unintended consequence of biasing local transportation investment decisions toward building costly new rail projects at the expense of maintaining existing, more efficient projects.

Financial Services

- Dodd-Frank has restricted the ability of financial institutions, both large and small, to effectively serve businesses and families with access to credit, loans, and other services. This budget repeals the worst provisions of Dodd-Frank that are holding back economic growth and putting taxpayer dollars at risk by increasing the risk of future financial bailouts.

- This budget calls for repealing the Federal Deposit Insurance Corporation's (FDIC) authority to access taxpayer dollars to bail out creditors of large, "systemically significant" financial institutions and instead allows for a system that puts the burden on managers, shareholders, and creditors.

- This budget repeals the Consumer Financial Protection Bureau (CFPB) that was created under Dodd-Frank. History shows that agencies shielded from accountability are prone to abuse their authority, and the CFPB is no exception. The CFPB operates off-budget with little oversight from Congress or the American people. It has an irresponsible level of authority to write far-reaching rules that have the potential to negatively affect access to credit for millions of Americans.

- Eight years after the federal government bailed out Fannie Mae and Freddie Mac, taxpayers remain exposed to more than $5 trillion in outstanding commitments by these two government-sponsored enterprises. This budget envisions the eventual elimination of the mortgage giants by calling for the privatization of their operations and an end to their government guarantee and taxpayer subsidies.

- In addition to Fannie Mae and Freddie Mac, taxpayers face another potential bailout with the Federal Housing Authority (FHA). For seven years, FHA could not meet its congressionally mandated 2 percent capital ratio, which is needed to protect taxpayers against potential mortgage losses. Today, FHA insures more than 7.6 million loans with an outstanding principal balance exceeding $1.1 trillion. This budget would incorporate fair-value accounting principles to gain a better understanding of the agency's financial health and require CBO to produce supplemental estimates using this accounting method.

SECURITY AT HOME & STRENGTH ABROAD

The first and foremost responsibility of the federal government is to protect and defend the American people against threats, both foreign and domestic. In today's world, America's enemies are becoming more complex, more technologically capable, and therefore more challenging to defeat. Radical Islamic terrorists are growing more brazen and deadly in their efforts. Rogue nations are gaining both confidence and influence. At the same time, we know that there is far more that must be done to protect our homeland and more effectively monitor who is crossing our borders and entering the country, whether legally or illegally.

Ensuring security at home and strength abroad requires a well-equipped, well-supported military and intelligence community, a focused strategy to deter and defeat our enemies, and effective leadership.

Unfortunately, the current administration has failed to advance a coherent national security strategy. It has allowed American leadership to recede from the world stage. When the president has drawn lines in the sand, he has then chosen to look the other way as others ignore them.

With America's leadership and resolve in question, threats are proliferating and the trust of our allies is weakened. Nations like Russia, China, and Iran are aggressively expanding their spheres of influence – invading neighbors, courting conflict, and supporting terrorist activities. The Islamic State and Al Qaeda affiliates are occupying territory and perpetrating deadly attacks against innocent civilians in major cities around the world.

Sadly, at a time of these growing threats, Congress has had to battle the current administration to prioritize national security in the budget. Faced with limited resources, President Obama has routinely demanded that any increase in funding for our military be matched with increased spending for his domestic agenda. That is unacceptable, and a needlessly dangerous position for the United States to continue adopting. *A Balanced Budget for a Stronger America* rejects this purely political line of thinking because it undermines efforts to ensure our men and women in uniform receive the support they need to carry out their missions.

Our budget increases funding for our military in the years to come, prioritizing the safety and security of the American people, our interests and our allies, while better reflecting the complexity of current threats and the role the United States plays in maintaining peace and stability throughout the world.

This budget also understands our obligation to our troops does not end when they leave the service. We have a moral obligation to care for our veterans who need assistance – many of which have faced devastating injuries because they were willing to sacrifice themselves for the safety and security of the American people.

Discretionary funding for the Department of Veterans Affairs (VA) has increased 27 percent over the past six years while most federal agencies have seen their budgets either cut or kept constant. When it was discovered that the VA was failing our veterans, Congress stepped up. We have funded key programs and provided critical oversight. The president and his administration, the branch of government tasked with carrying out our laws, need to ensure they are being implemented properly and that our veterans are receiving proper care that Congress authorized.

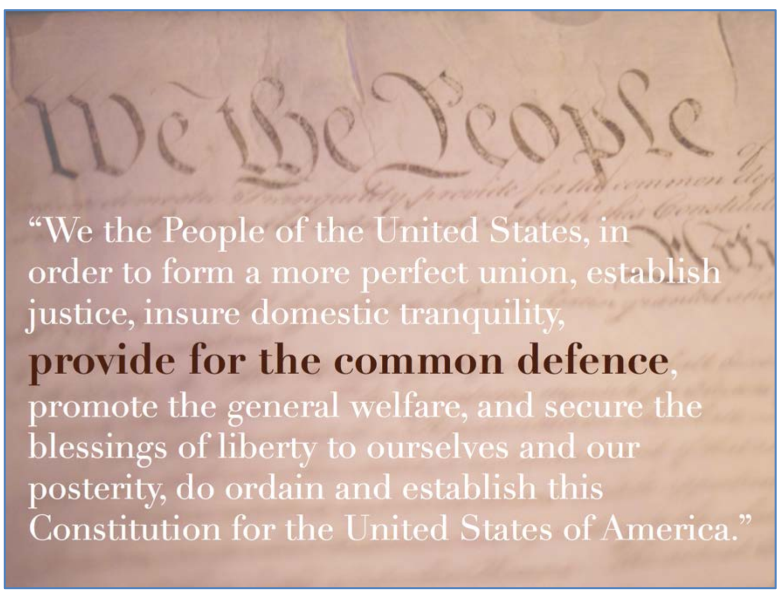
We know that in many ways for many years the current administration has not lived up to its obligations. Bureaucratic mismanagement has led to delayed care for our veterans – in some cases care that would have saved lives. Taxpayer dollars are being wasted, and fraud and abuse go unpunished. More money is not the answer. Accountability and credibility among VA leaders is the only thing that will fix the problem. Our veterans have put their lives on the line to defend our freedom. This budget will continue to provide the resources needed to care for them long after their military service has ended.

Among the solutions in our budget that will ensure greater security at home and strength abroad, while honoring the commitment to our veterans, we focus on:

National Security

- The United States Constitution states that it is the responsibility of the federal government to "provide for the common defence" of this nation. This is not an option; it is a constitutional duty and a duty that this budget does not take lightly.

- Since the enactment of the Budget Control Act (BCA) of 2011, the national security budget has carried the bulk of the cuts made through sequestration and automatic spending reductions. Funding levels have reached what many have called the "lower ragged edge" of what is needed to adequately protect and defend the United States, our interests and our allies.



- When it comes to our national security, we should define a strategy – something the current administration has too often failed to do – and then ensure we provide the resources to execute that strategy. A prolonged mismatch between strategy and funding leads to increasingly unacceptable levels of risk for our country and for our brave men and women in uniform.

- For fiscal year 2017, this budget provides $551 billion in base national defense funding – a level established by last year's Bipartisan Budget Act of 2015. We provide an additional $74 billion in total resources for the Global War on Terrorism and Related Activities fund otherwise known as the Overseas Contingency Operations (OCO) fund. This budget assumes $23 billion of the FY2017 OCO resources to go toward base defense funding requirements – bringing the total base level to $574 billion.

- 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. That is why, over the next decade, this budget provides increasing levels of resources to support our troops, both at home and abroad, and respond to an increasingly dangerous, complex, and unpredictable security environment.

- Our budget provides a level of support for our military above and beyond what President Obama has offered in his budget proposal – $89 billion more than the president's budget request over the next 10 years.

- Last year's budget resolution (FY 2016) encouraged the committees of jurisdiction to review the recommendations of the Military Compensation and Retirement Modernization Commission (MCRMC) and determine what reforms will be needed to sustain the long-term fiscal health of the compensation and benefits system for military personnel, retirees, and their families – particularly retirement and health care benefits. In its Fiscal Year 2016 National Defense Authorization Act, the Armed Services Committees successfully included important reforms to the military retirement system, expanding the benefit to all military personnel while simultaneously putting the program on a fiscally sustainable path.

- Congress ought to build on this success by making additional reforms to the military health care system. The MCRMC reported that "the quality of TRICARE benefits as experienced by Service members and their families has decreased, and fiscal sustainability of the program has declined." The House Armed Services Committee has signaled its intent to pursue additional reforms in this area and this budget supports that work.

- This budget supports accountability at the Department of Defense (DOD), and we anticipate the DOD's full attention to meeting its 2017 auditability goals, as required under the 2010 National Defense Authorization Act. The DOD, like all government agencies, has a responsibility to the taxpayer to account for and effectively manage the resources available to it. The inability of the Defense Department to receive a clean audit not only limits transparency and congressional oversight of defense programs, but also degrades the public's confidence in the department's ability to effectively spend taxpayer resources.

Veterans

- 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).

- While the VA is surely committed to serving our veterans and their families, many audits, reports, and congressional testimonies have highlighted inconsistencies throughout the system – from health delivery to patient experiences to business processes to performance and efficiency across the country. These inconsistencies are evidence of an organization plagued by a growing bureaucracy, leadership and staffing challenges, and an unsustainable trajectory of capital costs. The VA needs to adopt new thinking to address its most challenging problems.

- Reforms in the area of awards and bonuses at the VA ought to play an important part of our efforts to restore accountability. In 2014 – the same year that the VA's health scandal was denying veterans access to critical care – the department awarded more than $142 million in cash bonuses to staff.

- This budget calls for reforms to allow veterans to deposit disability compensation into the Thrift Savings Plan (TSP). Similar to a civilian 401k plan, the TSP is a government-sponsored retirement program that allows federal employees and military personnel to save money for retirement. Once separated from military service, veterans are unable to continue contributions into their TSP accounts unless employed by the federal Government. Many non-retired veterans face obstacles that may delay – or prevent – financial success. According to a 2014 National Foundation for Credit Counseling survey, service members are more likely to rely or misuse credit cards than their civilian counterparts, leading to higher debt when they transition out of the military. The survey also found 77 percent of service members worry about a lack of savings to cover unexpected expenses, cover retirement, and being able to make debt payments on time. This option would allow non-retired veterans the opportunity to invest their disability compensation into a TSP account, providing these individuals an opportunity to plan for their future retirement. All veterans, not just retirees, should have access to the TSP benefit.

Our obligation to our troops does not end when they leave the service. We have a moral obligation to care for our veterans who need assistance.

- As with any government agency – but particularly one charged with serving those who have served our nation in uniform – the VA needs to do a better job of monitoring the efficiencies of its operation to ensure spending of taxpayer dollars is done more effectively. As this budget points out, despite efforts to overhaul the VA's claims system and address a backlog, the department is still plagued with program issues – including inadequate cost control, unplanned changes in system and business requirements, inefficient contracting practices, and the lack of a concrete plan to decommission redundant legacy systems.

- In 2015, the VA Office of Inspector General (OIG) highlighted VA IT systems development – which includes the Veterans Benefit Management System (VBMS) – as a "long-standing high-risk challenge, susceptible to cost overruns, delays, performance problems, and, in some cases, complete project failures." The Veterans Benefit Administration (VBA) has reported it has made progress in reducing the backlog of claims through VBMS. Nevertheless, recent audits and reports have contradicted that claim and have not attributed the decrease in the backlog specifically to VBMS. Further, while its budget has increased from $580 million in 2009 to $1.3 billion in 2015 – a 122 percent increase in funding and with no end in sight – VBMS continues to fail in providing needed services.

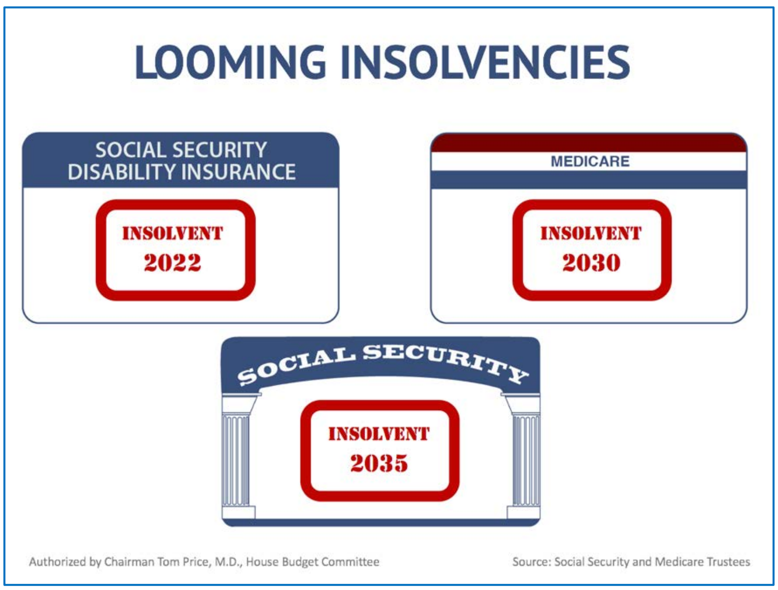
- Moving forward, the VA needs to conduct a thorough analysis to sort out and reassess its missions based on their importance, difficulty, and past success. The department should reduce bureaucratic layers between top and bottom employees, streamline the disciplinary process, and improve performance measure metrics. With Congress' help, the VA must reform how it holds leaders and supervisors accountable so employees who are corrupt or incompetent are not shielded from being fired, demoted, or suspended.

A COMMITMENT TO HEALTH AND RETIREMENT SECURITY

The United States is second to none when it comes to health care. With the best doctors and hospitals, the highest quality, innovative treatment options, leading medical technology and researchers, our health care system yields groundbreaking cures and medical advances. Yet, for too many Americans, this world-class level of health care is beyond reach. That is not because doctors and hospitals are unwilling to provide the very best for their patients, or because scientists and health care providers are keeping their groundbreaking research locked away in a laboratory. Rather, it is because policies coming out of Washington are driving the cost of care up and preventing Americans from accessing the care they need.

These challenges span the entire health care system affecting patients with private health care coverage, as well as government insurance. Americans who have private health insurance – whether enrolled in an Obamacare exchange plan or through an employer – are seeing premiums and out-of-pocket costs skyrocket to the point that they cannot afford to use the health coverage they purchased. For many beneficiaries enrolled in Medicare or Medicaid, the process of finding a physician can be difficult.

Even if Medicare were currently able to guarantee access to quality care, the Hospital Insurance (HI) trust fund would still be exhausted in 2030. Millions of Americans would still be under the threat of having their health security jeopardized when the program is no longer able to pay the full level of benefits promised. That is the reality that today's seniors and tomorrow's retirees are facing under Medicare as we know it. That is the broken status quo that many in Washington are battling to maintain – even though Medicare's actuaries and basic arithmetic demonstrate that the status quo is unsustainable.



For many Americans on Medicaid, the program is a health insurance plan without the accompanying health care. Constrained by one-size-fits-all directives from Washington, Medicaid suffers from the same challenges that affect Medicare and the newly established health insurance regime under Obamacare – too many people in Washington thinking they know how to make health care decisions better than patients, families, and their physicians.

Obamacare has forced Americans off the health care plans they had – and in many cases, liked – causing them to lose their doctor and pay even higher prices for less access to care. It has raised taxes on individuals, businesses, medical innovation, and even the very insurance plans people are mandated to buy, and has driven millions into a Medicaid system that was already underperforming.

All of this was forced onto the American people in the name of quality, affordable health care, while in reality it is clearly incapable of providing either to individuals and families.

Without changing course, America's health care system will worsen with time, the nation's federal health programs will either go bankrupt or contribute to the fiscal insolvency of the country at large, and Americans will lose access to the care they need. Yet, sadly there are still those who advocate for doing very little or nothing at all to reform these programs.

A Balanced Budget for a Stronger America would take action where others have refused. It starts by saving, strengthening, and securing Medicare for today's seniors and tomorrow's retirees. In our budget, every current senior, those near retirement, and future generations of beneficiaries, will know that traditional Medicare will always be available to them as their health insurance provider when they reach retirement age.

Our budget also gives seniors more choices and the freedom to avail themselves of other health care coverage options – akin to the current Medicare Advantage program that is popular with today's retirees. Under this improved Medicare program, insurers will compete to provide the most affordable, highest quality services to beneficiaries. All plans competing in the program will be required to match the same benefits and services of traditional Medicare – as they currently do in the Medicare Advantage program – but traditional Medicare will now compete with these plans for seniors' choice of health care providers. Additionally, no participating insurer will be able to deny coverage to a beneficiary.

For the Medicaid program, we transition to State Flexibility Funds that give states the freedom to tailor their individual programs to address the diverse needs of their communities. This will promote greater accountability and effectiveness to the benefit of those Americans on Medicaid who are struggling to gain access to quality care under the current system. Instead of just adding millions of more people to a broken system like the Obama Administration has done, this budget will give governors and state legislatures the power to break free from intrusive federal dictates and gain better outcomes for their Medicaid beneficiaries.

This budget also gets rid of all of Obamacare. Repeal of this law will save American taxpayers nearly $2 trillion, and protect individuals, families, and businesses from onerous tax increases and damaging regulations. Repealing Obamacare will lift a substantial financial burden on businesses so they can channel their resources toward hiring more workers and growing the economy. Most importantly, it will pave the way for real, patient-centered health care solutions. Repealing Obamacare means we can start over and create a health care system that works for patients, families, and doctors; where every American can have the financial wherewithal to purchase the type of coverage they want for themselves, not that Washington forces them to buy.

Lastly, for seniors, affordable health care is just one side of the coin of a secure retirement. The other is financial peace-of-mind. That is why our budget refuses to ignore the looming insolvency of the Social Security program and demands real reforms. Without action, the Social Security Old-Age and Survivors Insurance (OASI) trust fund will run dry, and this vital program will stop paying full benefits in 2035. This will leave millions of Americans without the retirement benefits they were promised and to which they contributed for others through years of hard work. A sudden decline in benefits will force seniors into a situation where they must choose between putting food on the table, fuel in their car, and heating their home. Americans who have worked their entire lives and paid into Social Security so their parents and grandparents could enjoy a secure retirement should receive nothing less.

Among the solutions in our budget that will save, strengthen, and secure Medicare, Medicaid, and Social Security, while paving the way for patient-centered health care, we focus on:

Medicare

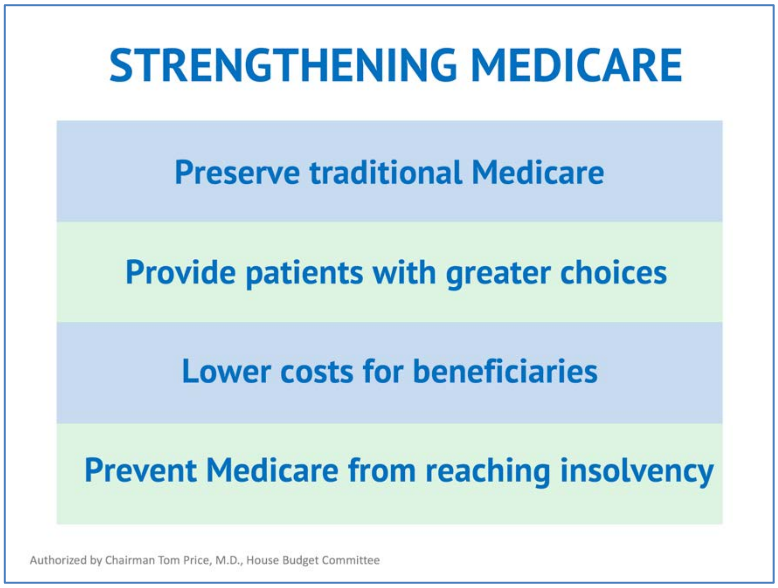
- Last year, Medicare reached its 50th anniversary. It is a proud milestone for a program that has played a critical role in providing health care for seniors, increasing life expectancies, and decreasing the poverty rate among older Americans. However, the next 50 years for Medicare will be far less successful if leaders in Washington do not take positive steps to save, strengthen, and secure the program for current seniors and future retirees.

- We are dealing with an aging population. In 2011, the first baby boomer enrolled in the Medicare program. This generation will continue to age into the program over the next two decades at a rate of approximately 10,000 beneficiaries per day. By the time the baby boomer generation has fully aged into Medicare in 2030, the program will cover more than 75 million beneficiaries.

- More seniors combined with a shrinking workforce to beneficiary ratio and a flawed Medicare financing system that is becoming increasingly problematic is leading to the bankruptcy of the program. The Medicare Hospital Insurance trust fund will be insolvent by 2030.

- The current Medicare system is well behind the times. It has little sensitivity to market forces and competition, and the current model blocks patients from understanding the true cost of their care. The result is that there is little incentive for providers to improve the efficiency, effectiveness, and affordability of their services and products to Medicare beneficiaries.

- Washington's response to this problem has been to impose more mandates, rules, and regulations to try to control costs, which leads to fewer services and less care for seniors. Medicare currently pays approximately 67 percent of what private insurance pays for hospital services. In many instances, reimbursements for services fall well below the costs of providing care. By 2040, the Medicare Trustees estimate that approximately half of all hospitals, 70 percent of skilled nursing facilities, and 90 percent of home health agencies will have negative margins. This will cause many providers to withdraw from participating in the Medicare program and would unquestionably limit access to quality care for beneficiaries.



- Seniors do not have to accept this dire future for their health care. With a system that is more responsive to the needs of patients, we can make Medicare work better for seniors and make it solvent in the years to come.

- That is why this budget advances an improved Medicare program for America's seniors in which participating plans will compete to provide coverage for seniors. They will be required to match the same benefits and services of traditional Medicare. Seniors will be free to choose the plan that best fits their needs, and no one will be denied coverage. Coverage is guaranteed. This will give seniors greater control of their health care and increased competition will provide better services and lower prices.

- New plans will compete with traditional Medicare to provide the best coverage options for seniors. Traditional Medicare will always be available for seniors currently in the program and for future generations of retirees.

- These improvements would benefit both patients and the financial health of the Medicare program. A September 2013 study from the Congressional Budget Office (CBO) showed that the type of system this budget envisions – where plans are required to compete against each other to provide access to the highest level of quality care – would result in decreased costs for both beneficiaries and the federal government.

- Unlike the current system that is scheduled to go insolvent within the next couple of decades, the solutions in this budget will save the program and make it fully solvent for generations to come.

- Like previous House Republican budgets, this new and improved Medicare program would begin in 2024.

- This budget also supports medical liability insurance reforms to curb abuses and frivolous lawsuits. This would end the practice of defensive medicine and lower costs for patients.

- Prior to the implementation of broader Medicare improvements, this budget combines Medicare's Part A and Part B and reforms the supplemental insurance policies in the current program. 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 currently absent from Medicare that would safeguard the sickest and poorest beneficiaries.

- To inject some additional common sense into the financing of the Medicare program, this budget means-tests Medicare for high income seniors. Any senior with an annual income above $1 million would be required to fully cover the cost of Part B and Part D premiums.

Medicaid

- Medicaid provides a crucial safety-net for millions of Americans. The goal of the program should be to help individuals access health care services until they are able to secure their own health care coverage. Medicaid provides a fundamental level of health security for many low-income Americans, as well as those who struggle with long-term illnesses and disabilities.

- For too many Americans, Medicaid is an empty promise. Finding a physician who will see Medicaid beneficiaries can be incredibly challenging because providers are under-reimbursed and cannot afford to provide care at the rates the program pays. In fact, a study conducted by a team of renowned economists from the Massachusetts Institute of Technology, Harvard, and Dartmouth concluded that Medicaid's value to its beneficiaries is significantly lower than the actual cost of the program.

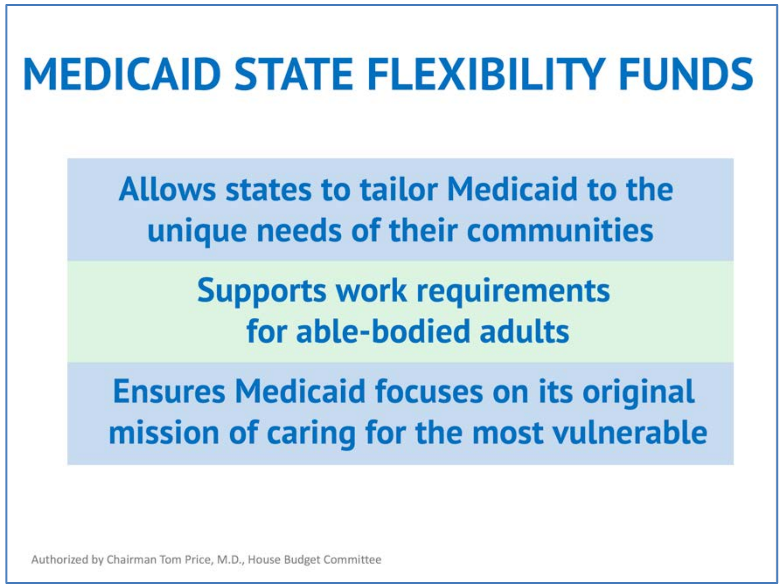
- According to CBO, Medicaid spending has increased by more than 2,500 percent – 300 percent as a share of the nation's gross domestic product (GDP) – since 1980. In just the past 15 years, the program's spending has gone up by 200 percent or 66 percent as a share of GDP. CBO projects federal spending on this program to be $381 billion in fiscal year 2016 and to grow by 68 percent over the next 10 years to $642 billion by fiscal year 2026.

- These numbers, however, represent only the federal share of Medicaid spending. States also pay a significant portion of the cost of the program, and their spending is expected to follow these upward trends as well. According to the most recent data available from the Centers for Medicare and Medicaid Services (CMS), total state Medicaid spending is expected to rise from about $216 billion in fiscal year 2015 to over $337 billion in fiscal year 2023.

- Medicaid's current funding structure encourages states to spend more money and provides very little incentive to be more efficient or effective with the delivery of services. For every dollar that a state government spends on Medicaid, the federal government traditionally has paid an average of 57 cents. With the Medicaid expansion under Obamacare, between 90 and 100 cents of every dollar is paid by the federal government, bringing the average federal percentage up to between 62 and 64 percent of the total amount in 2015. 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 an average of 37 cents for every dollar not spent on coverage.

- This budget addresses the problems facing Medicaid by repealing the expansion under Obamacare and giving states more power to control their Medicaid dollars.

- All states should have the flexibility to adapt their Medicaid programs – to design their benefit packages in a way that best meets the needs of their state populations; 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 would end the misguided one-size-fits-all approach that currently ties the hands of state governments, blocking their efforts to make their Medicaid programs as effective as possible. Governors and state legislatures know better than Washington bureaucrats how to serve their communities and where there are unmet needs.

- Additional reforms must focus on getting limited resources to those who need it the most, stopping waste, fraud, and abuse, incentivizing good behavior and proper management of the program, and allowing states the flexibility to innovate.

- This budget supports a work requirement for able-bodied adults who are enrolled in Medicaid. This proposal would ensure that an able-bodied working age adult could qualify for Medicaid only if they are actively seeking employment or participating in an education or training program. Work not only provides a source of income and self-sufficiency, but also provides a valuable source of self-worth and dignity for individuals.

Obamacare

- This budget repeals all of Obamacare in order to protect the American people from its harmful taxes and regulations, its perverse incentives that limit job creation and keep wages low, and the limited access to quality, affordable health care created by the law.

- Included in this repeal effort is the Independent Payment Advisory Board (IPAB) – an unelected, unaccountable board of 15 bureaucrats that will limit access to care – as well as the law's Medicaid expansion that added millions of Americans to an already broken system.

- Under the law, out-of-pocket costs have skyrocketed, and health care premiums continue to climb – contrary to the promises made by the Obama Administration and others that they would go down.

- Instead of a massive bureaucracy built on new taxes, mandates, and penalties, we call for patient-centered health care solutions that give individuals and families greater choices and the flexibility to pick a health care plan that best suits their needs.

- Washington should not stand in the way of access to quality, affordable care. It should promote choices, a more responsive health care system, and encourage innovation.

Social Security

- Without much needed structural reforms, Social Security will not be able to meet the needs of future generations of retirees.

- The program is now running a cash deficit, which means that it is paying out more in benefits than it is receiving in revenues. This trend will only worsen with 10,000 baby boomers becoming eligible to enter the program each day.

- Right now, Social Security will go insolvent in 2035 and the Disability Insurance component will go insolvent in 2022. This means tens of millions of Americans will not have the resources they have been promised to meet basic needs.

- 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 balance to the fund. This provision would then require congressional leaders to put forward positive solutions to ensure the long-term solvency of the Social Security program.

- The budget also calls for a bipartisan path forward that first acknowledges Social Security's challenges and the fact that short-term fixes will not save the program.

- Disability Insurance should also be strengthened by eliminating the "double dipping" loophole that allows individuals to receive both unemployment insurance and disability insurance simultaneously. If a person is receiving unemployment benefits, then it has been determined that he or she is capable of holding a job, and therefore should not also receive disability funding.

EMPOWERED CITIZENS & COMMUNITIES

A goal of any society should be to have as many of its working-age, able-bodied citizens as possible providing for themselves and their families and contributing to the success of their communities. A healthy, growing economy that is creating new opportunities is critical to achieving that goal. To ensure more individuals are able to seize those opportunities, we need to make sure our children, college-aged adults, and even those who have been in the workforce for some time have access to education and job-training programs that can help prepare them for the future.

There also ought to be an understanding that sometimes individuals or families are going to fall on hard times, face a particularly challenging financial or health condition, or not live in a community with a healthy economic environment.

Right now, all across America, there are too many of our neighbors who are struggling to make ends meet. Not because they are not willing to work hard. People want to work, to feel the sense of achievement and self-worth that comes with a having a job. For some, there may be fewer opportunities available, and that is an indictment of current economic policies that must be addressed. However, for others, the actual barriers to personal success are, in fact, the very government assistance programs that are supposedly meant to help lift people out of poverty and get them back on their feet.

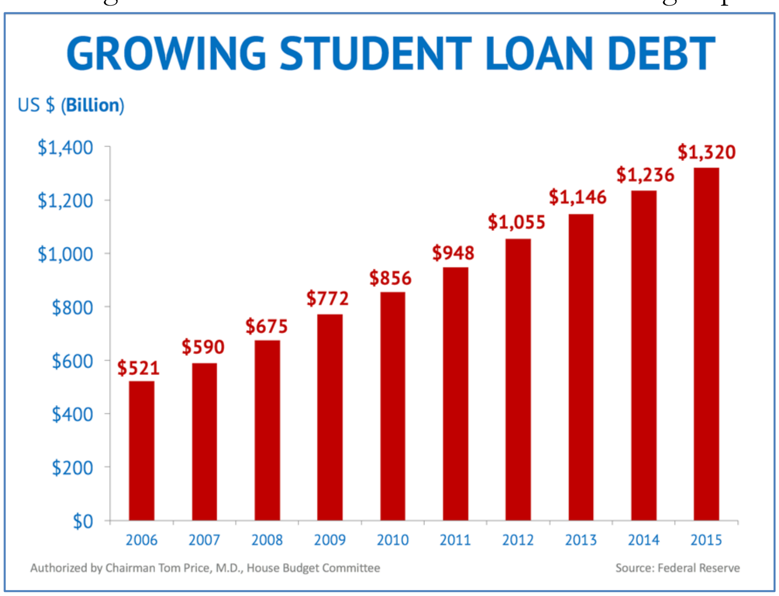
Two years after President Lyndon B. Johnson declared a "War on Poverty", the poverty rate stood at 14.7 percent. Today, it is essentially unchanged. In 2014, the last year for which data is currently available, the poverty rate was 14.8 percent. While the material hardship of those in need may have been lessened, there has been far too little progress in achieving a system that actually helps lift people into lives of self-sufficiency. Many of our safety net programs spend a tremendous amount of money – roughly $1 trillion by all levels of government each year – and yet they are not delivering positive outcomes for America's most vulnerable citizens.

These programs are failing Americans because they focus too often on how many people sign-up rather than how many people can move through and out of the program. They measure success by inputs, not outputs – letting good intentions be a substitute for good policies.

A Balanced Budget for a Stronger America says that if we are committed to helping those among us who need our help, we need a plan that will produce results. First and foremost, we need to streamline and make more efficient those programs that are needed while eliminating those which are duplicative or ineffective. By tamping down on waste, fraud, and abuse in our federal assistance programs – implementing some common sense reforms like extending work requirements to unreformed programs – we can free up more resources to go toward those Americans that truly need our help.

For those looking to improve their situation or build a foundation for success in the future, a quality education is where it can all begin. We know an education opens doors of opportunity and builds confidence in individuals. We also know that many of today's elementary and high school students attend public schools that are failing them and their communities. As Washington has attempted to preempt local administrators, school boards, and teachers with mandates and dictates from on high, local leaders, principals, and those in charge of teaching our kids have found less room for innovation and improvement.

Meanwhile, college costs are skyrocketing thanks in no small part to the federal government's takeover of the student loan system. As Washington has guaranteed students easy access to student aid dollars, which flow to colleges and universities, students have seen tuition and fees increase. Over the past five school years, tuition and fees rose by 13 percent and 14 percent at public four-year schools and public two-year schools, respectively. Millions of Americans are graduating with too much student loan debt and too few job options. Total student loan debt in our country stands at $1.3 trillion and counting. Students are taking on debt burdens they will have difficulty repaying, which means they may have to delay purchasing a home, starting a business, retirement, and other life goals. This budget aims to correct course and slow down tuition inflation with reforms that limit Washington's role in education. It advocates restoring responsibility to federal lending and simplifying the confusing array of loan repayment options.



For those entering the workforce and who need assistance preparing for that next employment opportunity, our job training programs must be modernized to catch up to a changing world. Right now, federal job training programs are duplicative, hard to navigate, and do not equip workers with the skills they need to get ahead in the 21st century.

Similarly, programs like food stamps and public housing assistance are in need of positive reforms. These programs have a terrible record of trapping people in poverty – keeping them from falling too far, but never helping them get out of the system.

Our budget will give power back to the states so they have the flexibility to implement these programs and meet the diverse needs of their populations, improving health and economic outcomes. This will help ensure that taxpayer dollars go to the people that truly need assistance and refocus our efforts on building stronger communities, not bigger bureaucracies.

Among the solutions in our budget that will strengthen our communities and provide for a confident, well-educated, and dedicated workforce, we focus on:

Education

- A well-educated workforce is a driver of strong economic growth and is a national priority. In recent years, the primary approach for greater educational opportunity has consisted of creating additional federal programs and spending more money. While pursued with the best of intentions, this approach has stripped local entities of the opportunity to make decisions about how their educational systems and programs will be implemented, managed, and measured. Higher achievement—that is, better outcomes for students—remains the goal. Higher spending, however, has not led to higher achievement.

- The federal role in education should empower states and local communities, not hinder them with regulations and strip away their power. Real gains in education result from the diversity and creativity of state and local educators. Centralizing rules and standards in Washington risks smothering effective and innovative practices.

- This budget begins by encouraging the implementation of program consolidation and elimination. It supports continued work to examine the many federal early childhood and K-12 education programs and winding down those that are wasteful, duplicative, and not working for students or their families. Reducing federal bureaucracy and mandates will promote innovation and flexibility, and it will empower the teachers and local school leaders who are the ones actually interacting with and educating students.

- Washington needs to stop shoveling more money at the problem of rising tuition in higher education. It only encourages colleges and universities to be less frugal with public dollars and makes hiking prices easier, because they know more federal support for students will continue. Washington also must begin accounting for the market risk involved in lending. Current accounting practices suggest effectively unlimited borrowing is profitable for the government. This budget envisions a sustainable higher education system in which no student has to choose between crippling student loan debt and reaching their highest potential.

- A major step to achieving this goal is to make the Pell Grant program sustainable. After years of rising award levels, the program will again face a shortfall in fiscal year 2022. Instead of confronting the program's cost drivers, previous Congresses increasingly relied on mandatory funding to make up for discretionary funding shortfalls.

- The Department of Education, for example, attributes 14 percent of Pell Grant program growth between 2008 and 2011 to legislative expansions to the needs-analysis formula. It attributes 25 percent of recent program growth to the $619 increase in the maximum award provided for in the stimulus bill that took effect in the 2009-10 academic year. This budget prioritizes aide for those who need the most help. Reforms must be done for the program to continue serving students in need.

Job Training

- The nation's workforce-development programs are too often unable to successfully match workers' skills with employers' needs. Federal job training programs are notorious for producing a labyrinth of bureaucracy that consistently fails to result in a substantial number of job placements. This is particularly detrimental to the 15.6 million Americans who are either unemployed or underemployed, according to the Bureau of Labor Statistics (BLS), while at the same time BLS reports 5.6 million job openings.

- There are at least 35 job training programs across 8 different departments and agencies.

- This budget calls for reducing this unnecessary duplication and producing better results for those seeking assistance. This will save taxpayer dollars, equip our workers to compete in the 21st century, and make our economy even stronger.

Housing Assistance

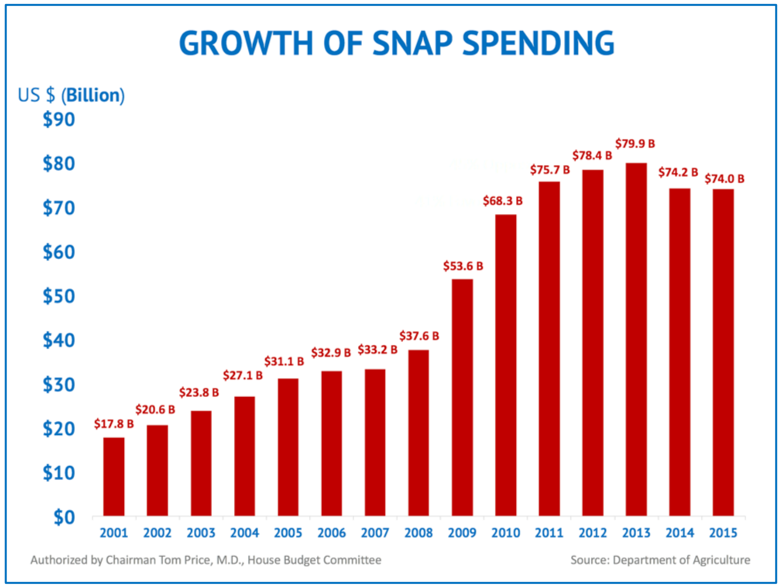
- This budget calls for making housing-assistance programs more sustainable and to direct federal dollars to serve those most in need. Despite dramatic funding increases, there are still too many families that are severely rent-burdened or living in substandard conditions.

- "Moving to Work" is one possible reform that would give public housing authorities more flexibility in how they spend funds so that they can serve families more efficiently and effectively. This budget also supports the reforms listed in H.R. 3700, the *Housing Opportunity Through Modernization Act of 2015*. Declaring households ineligible for assistance if they exceed the income and asset limits allows the Department of Housing and Urban Development (HUD) to make sure that housing assistance is being provided to those who are most in need.

Income and Nutrition Assistance

- The bipartisan welfare reform effort of the 1990s has proven that we can create programs that get Americans back on their feet after they have fallen on hard times – ensuring we get necessary resources to those who need it most. The cornerstone of this system is robust work requirements and accountability from beneficiaries and program administrators to promote self-sufficiency.

- These principles should be expanded and applied to other safety-net programs as well. Unfortunately, the Obama Administration has chosen to go in the opposite direction. The administration has defied current law and has claimed authority to waive the work requirements of the Temporary Assistance for Needy Families program (TANF). To restore adherence to the letter and the intent of the law, this budget calls for rescinding any authority the Obama Administration thinks it has to provide waivers of the TANF work requirement.



- Funding for the Supplemental Nutrition Assistance Program (SNAP) has grown from $18 billion in 2001 to $74 billion in 2015. Too many people are becoming trapped in the program with no way to get out. At the same time, states simply do not have the flexibility or authority to improve the program and address this cycle of dependency.

- This budget would convert SNAP into a State Flexibility Fund tailored for each state's low-income population. States would have to satisfy key conditions, such as meeting work targets as well as certain program integrity conditions.

Community Development

- This budget calls for a thorough examination of community and regional development programs and for the elimination of those that do not perform core functions of the federal government. Additionally, it would streamline and consolidate duplicative programs.

- Historically, the Department of Housing and Urban Development's (HUD) Community Development Fund (CDF) has spent roughly 80 to 90 percent of its funding 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 activities, including historic preservation, removing blighted properties, job training, and grants to small private businesses. Such activities are local in nature and their benefits are felt locally, not nationally. Such a far-flung mission reduces the program's effectiveness and duplicates other programs that HUD or other agencies already operate. In 2016, $3 billion was appropriated for CDBG, but there is no maximum community poverty rate to be eligible for funds, nor is there an exclusion for communities with high average income. We should not be sending money to communities that can afford to make their own improvements.

- Although it purports to give financial aid to economically distressed areas, the Economic Development Administration (EDA) provides "grants" and "investment" dollars for local projects, including private sector projects that should not be eligible for taxpayer assistance. Similar to earmarks, this program uses taxpayer dollars to target local projects with a very narrow benefit – in many cases just one particular company or small segment of population. It should be eliminated.

AN EFFECTIVE, EFFICIENT, & ACCOUNTABLE GOVERNMENT

A healthy democracy is dependent on government being held accountable. Without accountability, there can be no trust. A lack of trust breeds resentment between the people and their government – and there is no greater fuel for such resentment than when taxpayer dollars are being wasted.

When the American people send their hard-earned tax dollars to Washington, D.C. to fund the federal government, it is their labor that has produced those resources. Congress and the president should treat that money, not as their own – not as Washington's profit margin – but as money that belongs to the people and ought to be returned to the people through efficient, effective, and accountable services.

Our budget targets waste, fraud, and abuse throughout the federal government in order to eliminate spending that fails to advance the cause for which it was allocated, fails to advance a core responsibility of government and/or fails to achieve any measurable benefit beyond what another program or agency is already achieving. No agency or department ought to be spared scrutiny, and with a review process, new opportunities to improve efficiencies will reveal themselves.

If there is anything more frustrating than wasteful and inefficient government bureaucracies, it is the purposeful misuse or abuse of taxpayer dollars when they are channeled toward corporate welfare. The American people have built the world's greatest, most dynamic economy through faith in ingenuity, innovation, and free markets, not by letting government bureaucrats pick winners and losers.

While not as widely understood or discussed, Congress has a powerful tool at its disposal to encourage greater efficiency, effectiveness, and accountability throughout the government: the Congressional budget process. The current budget process, however, is over 40 years old. It is outdated, fails to provide an accurate projection of the cost and economic impact of policies and programs Congress enacts, and the default assumption is to spend more money. A wholesale reform of the Congressional budget process would impose better enforcement, transparency, and oversight – helping ensure Congress budgets, and therefore governs, by setting priorities and respecting its fiscal and Constitutional limits.

Eliminating wasteful spending, promoting greater efficiencies and effectiveness, ending corporate welfare, and reforming the Congressional budget process are all common sense steps that will save taxpayer dollars and help restore faith in our government. This budget will force Congress and the Executive Branch to do more than catalogue the failures of government. It will demand they fix them.

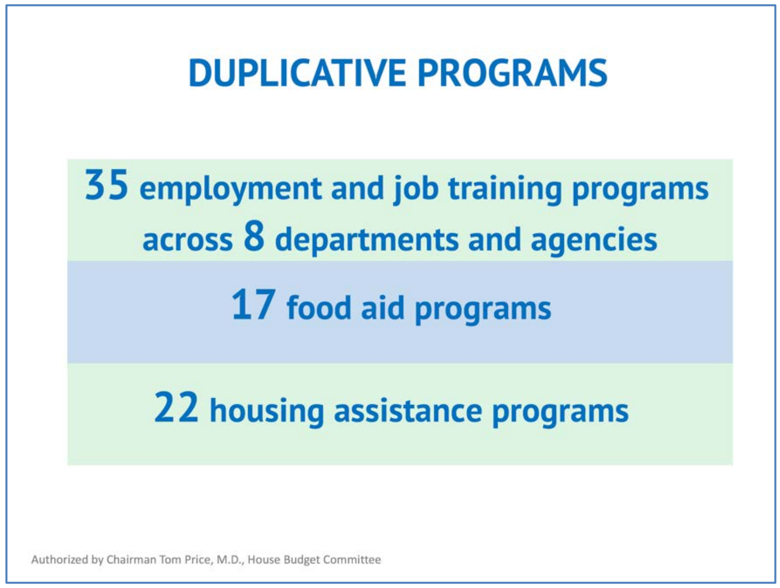
Among the solutions in our budget that will promote efficiency, effectiveness and accountability, we focus on:

Eliminating Waste and Duplication

- The federal government is a sprawling, massive bureaucracy that manages numerous programs that either produce negligible results or overlap with each other creating unnecessary duplication and confusion for those using or administering them. This budget calls for consolidation or elimination of unnecessary, duplicative, and/or inefficient programs and agencies.

- The Department of State has exponentially increased its number of "special envoys," "ambassadors-at-large," "special advisers," and "coordinators". These positions often overlap but have little coordination. Their offices and bureaus could either be eliminated or consolidated.

- Additionally, eliminating cargo preferences and monetization in international food aid would improve shipping flexibility and produce more cost-effective procurement procedures.



Eliminating Corporate Welfare

- The role of the federal government is to be a referee, not to pick winners and losers in the economy. Crony capitalism only reduces the efficiencies of markets, drives up costs for consumers and restricts opportunity for small, up-and-coming businesses. A company should succeed or fail based on the products and services they provide for their customers, not on the special political connections they have in Washington, D.C.

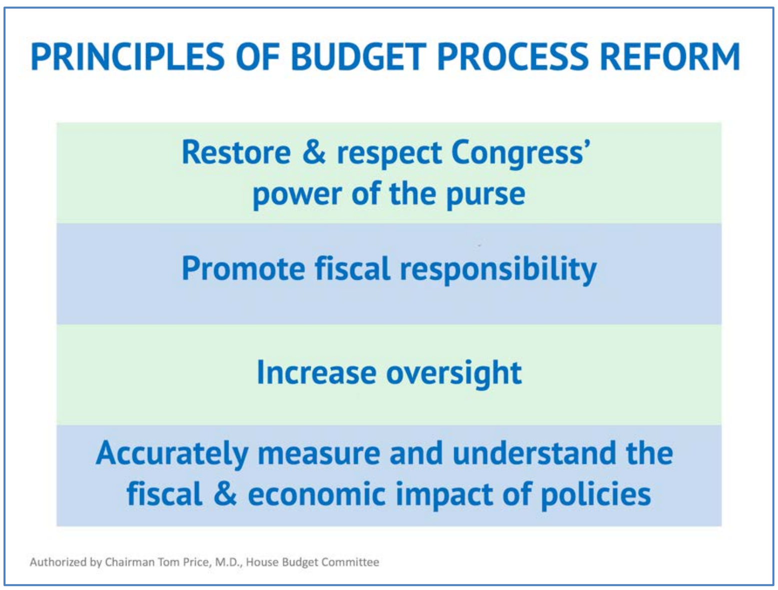
- This budget would eliminate the following corporate welfare programs of the Department of Commerce:
    - The National Network for Manufacturing Innovation – a long-lived and unnecessary grant program distributing subsidies that increase federal spending and distort the marketplace.
    - The International Trade Administration – a taxpayer-financed sales department for selected businesses that should be marketing and selling their own products.
    - The Corporation for Travel Promotion – a public-private partnership that focuses attention and resources on marketing and communication strategies when the federal government's role in international travel should remain in improving visa and security requirements.

Budget Process Reform

- The Congressional Budget Act was enacted in 1974. We are due for a much-needed update. The current system is riddled with distortions and biases that promote higher spending and do not provide accurate projections of how policy will affect the economy.

- Too often, the annual budget process is not even completed. This means Congress essentially gives up managing the government's fiscal practices and opens up the appropriations and authorization processes to more wasteful spending.

- This budget calls for a complete overhaul of the Congressional Budget Act of 1974 and a return to Constitutional principles.



- A new process should reinforce a healthy balance of power between the different branches of government, so Congress restores its power of the purse and improves its oversight of the Executive Branch's activities.

- The process should be modernized to give Congress tools to better and more completely understand how policies will impact the nation's fiscal and economic trajectory.

Transparent Accounting

- Currently, Washington guarantees private loans for mortgages, student loans, business loans, international assistance, agriculture, and more.

- Accounting for these programs under the current rules can dramatically understate their true costs. Adopting fair-value accounting practices would more accurately reflect the costs and benefits of the government's federal direct loans and loan guarantee programs.

- This budget would incorporate fair-value accounting principles to gain a better understanding of the financial health of the Federal Housing Administration (FHA) and federally-backed student loans and require CBO to produce supplemental estimates using this accounting method.

- At the same time, federal insurance programs expose taxpayers to additional risk primarily through deposit insurance for financial institutions, pension guarantees, flood insurance, crop insurance, and terrorism risk insurance.

- Discussions over reforms to these programs and the nation's overall fiscal health would benefit from a more transparent accounting of these programs. It would allow for more constructive comparisons between different policy options.

APPENDIX I: 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. 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 budget provides for reconciliation legislation. It instructs 12 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 no later than 90 days after the adoption of the budget resolution.

APPENDIX II: LONG-TERM BUDGET OUTLOOK

The growing probability of a debt crisis is an 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 would turn the tide. If the policies incorporated in the budget were enacted, they would yield $6.5 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 a "cut."

Under current policy, the Federal Government will spend $50.6 trillion over the next 10 years. Under this proposal, it will spend roughly $44.1 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 4.8 percent. Under this budget, it will rise by only 2.7 percent.

Washington cannot keep spending money it does not have. So this budget achieves balance in 2026 by bringing spending down relative to the size of economy, to 18.3 percent of GDP in 2026. 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.

The spending path assumed in this budget will result in a balanced budget in 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 in 2026 will eventually grow to 1.8 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 57 percent of GDP in 2026 and to just 22 percent of GDP by 2040 – a glide path to fully paying off the national debt.

Over the long term, the budget assumes revenue generally follows CBO's extended baseline and is allowed to grow from 18.1 percent of GDP in 2026 to 19.0 percent of GDP by 2035. After that, the budget holds revenue at 19.0 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 resulted in four years of balanced budgets. This budget follows that model. It incorporates ideas from both parties to address a pressing issue of the day: America's national debt.

APPENDIX III: CBO'S ESTIMATE OF THE MACROECONOMIC 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 $286 billion higher – without tax increases – spending would be nearly $41 billion lower, and the cumulative deficit would fall by $327 billion.

Conversely, as noted in previous sections, 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 2017 budget would increase real economic output per person by 1.7 percent, or about $1,100, in calendar year 2026, and by 6.3 percent, or about $4,900 in calendar year 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.[1] 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.

This year's budget resolution reduces deficits compared to CBO's January 2016 baseline by a total of $651 billion over 10 years due to macroeconomic feedback effects on the budget. Lower deficits of $194 billion – consisting of $150 billion in higher revenues and $44 billion in lower mandatory outlays – is due to revised economic assumptions resulting from the macroeconomic feedback effects of legislation enacted late last year that made certain tax provisions permanent. These effects

[1] Congressional Budget Office, "Budgetary and Economic Outcomes Under Paths for Federal Revenues and Noninterest Spending Specified by Chairman Price, March 2016," March 2016.

also include economic developments through the end of calendar year 2015 that were not included in the CBO baseline.[2]

An additional $216 billion in lower deficits – a combination of $225 billion in higher revenues, without tax increases, and $9 billion in higher outlays – is due to the macroeconomic feedback effects of fully repealing the Affordable Care Act (ACA).[3] CBO and the Joint Committee on Taxation (JCT) estimate that repealing the ACA would increase the level of gross domestic product by about 0.7 percent, on average, during the latter half of the budget window relative to current-law projections, mostly by increasing the supply of labor above what would be expected under a continuation of the ACA. In addition, CBO estimates the fiscal path of this budget resolution – which provides 10-year savings in spending of $6.5 trillion from policy changes and debt service compared to current policy – would result in positive macroeconomic feedback effects that would further lower the deficit by approximately $241 billion.[4]

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[2] Congressional Budget Office preliminary estimate of the macroeconomic feedback effects on the budget of recent legislation and economic developments not included in the CBO January 2016 baseline, released by email to House and Senate Budget Committees on 9 February 2016.

[3] June 2015 published CBO/JCT estimate shifted forward 1 fiscal year of the macroeconomic feedback effects on the budget of a full and immediate repeal of the Affordable Care Act.

[4] Congressional Budget Office, "Budgetary and Economic Outcomes Under Paths for Federal Revenues and Noninterest Spending Specified by Chairman Price, March 2016," March 2016.

APPENDIX IV: SUMMARY TABLES

S-1	FY2017 House Budget (Nominal dollars in billions)										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2017-2026
House Budget											
Outlays	3,882	3,849	3,989	4,163	4,301	4,445	4,622	4,791	4,947	5,136	44,127
Revenue	3,521	3,659	3,790	3,958	4,118	4,286	4,464	4,653	4,860	5,076	42,385
Macroeconomic Impact of Deficit Reduction Path	+21	+9	+9	-11	-3	-19	-35	-61	-61	-89	-241
Deficit(+)/Surplus(-)	382	199	207	195	181	141	123	76	26	-29	1,501
Debt Held by Public	14,400	14,726	14,976	15,190	15,436	15,576	15,808	15,934	15,812	15,960	
As a Share of GDP											**10-YearAverag**
Outlays	20.2%	19.3%	19.2%	19.2%	18.9%	18.8%	18.7%	18.6%	18.5%	18.3%	19.0%
Revenue	18.3%	18.4%	18.2%	18.2%	18.1%	18.2%	18.1%	18.1%	18.1%	18.1%	18.2%
Macroeconomic Impact of Deficit Reduction Path	0.1%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.2%	-0.2%	-0.3%	-0.1%
Deficit(+)/Surplus(-)	2.0%	1.0%	1.0%	0.9%	0.8%	0.6%	0.5%	0.3%	0.1%	-0.1%	+0.7%
Debt Held by Public	75.0%	74.0%	72.0%	70.0%	68.0%	66.0%	64.0%	62.0%	59.0%	57.0%	n.a.

S-2	FY2017 House Budget vs. Current Policy (Nominal dollars in billions)										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2017-2026
Outlays	-186	-321	-447	-505	-602	-753	-776	-799	-980	-1,141	-6,511
Revenue	+3	+11	+20	+26	+27	+27	+28	+28	+27	+26	+225
Macroeconomic Impact of Deficit Reduction Path	+21	+9	+9	-11	-3	-19	-35	-61	-61	-89	-241
Deficit	-168	-324	-459	-542	-632	-799	-839	-889	-1,069	-1,257	-6,977
Debt Held by Public	-201	-456	-923	-1,490	-2,091	-2,924	-3,689	-4,564	-5,825	-6,957	

S-3

FY2017 House Budget by Major Category
(Outlays in billions)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2017-2026
Social Security	941	1,000	1,065	1,133	1,205	1,280	1,359	1,440	1,527	1,617	12,567
Medicare (Net)	583	577	636	677	723	809	826	830	904	963	7,529
Medicaid & Other Health	399	315	310	319	327	334	342	350	360	386	3,441
President's Health Care Law	0	0	0	0	0	0	0	0	0	0	0
Other Mandatory	449	432	404	414	394	356	403	453	408	395	4,107
Discretionary (Base)	1,164	1,138	1,137	1,144	1,146	1,149	1,151	1,157	1,173	1,184	11,543
Global War on Terrorism	38	28	26	26	26	9	3	1	0	0	156
Net Interest	306	359	411	451	482	509	539	561	576	591	4,784
Total Outlays	**3,882**	**3,849**	**3,989**	**4,163**	**4,301**	**4,445**	**4,622**	**4,791**	**4,947**	**5,136**	**44,127**

S-4 **FY2017 House Budget vs. Current Policy by Major Category (Outlays in billions)**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2017-2026
Social Security	-4	-2	-1	-1	-1	-1	-1	-1	-1	-1	-14
Medicare (Net)	-5	-15	-22	-28	-34	-40	-46	-61	-89	-108	-449
Medicaid & Other Health	-7	-67	-82	-88	-97	-109	-121	-135	-151	-169	-1,028
President's Health Care Law	-117	-166	-176	-185	-198	-212	-223	-234	-246	-257	-2,013
Other Mandatory	-49	-56	-126	-133	-161	-228	-174	-111	-184	-239	-1,462
Discretionary (excluding GWOT)	-1	-6	-16	-29	-50	-77	-99	-118	-137	-157	-690
Global War on Terrorism (GWOT)	0	0	0	0	0	0	0	0	0	0	0
Net Interest	-2	-9	-24	-41	-61	-86	-112	-139	-172	-210	-856
Total Outlays	**-186**	**-321**	**-447**	**-505**	**-602**	**-753**	**-776**	**-799**	**-980**	**-1,141**	**-6,511**

S-5	FY2017 House Budget Base Discretionary Budget Authority vs. Budget Control Act Caps (Nominal dollars in billions)										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2017-2026
Total in Budget Resolution	1,070	1,057	1,071	1,083	1,095	1,107	1,120	1,133	1,145	1,159	11,041
Defense	551	585	599	611	623	635	648	661	673	687	6,275
Non-Defense	519	472	472	472	472	472	472	472	472	472	4,767
Global War on Terrorism	74	27	27	27	27	0	0	0	0	0	180
Total in Budget Control Act Caps[1]	1,070	1,065	1,092	1,119	1,145	1,174	1,203	1,233	1,264	1,296	11,661
Defense	551	549	562	576	590	605	620	635	651	668	6,007
Non-Defense	519	516	530	543	555	569	583	598	613	628	5,653
Total Difference	0	-7	-21	-36	-50	-67	-83	-100	-119	-136	-620
Defense	0	+36	+37	+35	+33	+30	+28	+26	+22	+20	+267
Non-Defense	0	-44	-58	-71	-83	-97	-111	-126	-141	-156	-887

[1]Budget Control Act spending caps are valid for fiscal years 2017-2021. For fiscal years 2022-2026, the data reflects CBO's baseline estimate for base discretionary budget authority.

S-6 Long-Term Analysis of the FY2017 House Budget with Economic Feedback
(Percentage of Gross Domestic Product)

	2026	2030	2035	2040
Revenues	18.4	18.6	19.0	19.0
Spending	18.3	18.4	18.0	17.2
Total Surplus	0.1	0.2	1.0	1.8
Debt Held by the Public	57	48	36	22

S-7	Cross-Walk from CBO January 2016 Baseline to Current Policy (figures in billions)										
	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2017-2026**
CBO January Baseline Deficit(+)/Surplus(-)	561	572	738	810	893	1,044	1,077	1,089	1,226	1,366	9,378
Effect of Revenue Adjustments	-8	-15	-23	-15	-15	-15	-15	-15	-15	-15	-150
Effect of Outlay Adjustments	-4	-34	-46	-52	-57	-78	-85	-89	-92	-94	-631
Debt Service	-0.1	-1.1	-3.3	-5.7	-8.5	-11.7	-15.6	-19.8	-24.3	-29.0	-119
Total Current Policy Deficit (+)/Surplus(-)	550	522	666	737	813	940	962	965	1,095	1,228	8,478
CBO January Baseline Outlays	4,072	4,206	4,485	4,727	4,968	5,288	5,498	5,699	6,044	6,401	51,388
Global War on Terrorism Policy	-1	-31	-42	-48	-52	-71	-78	-83	-85	-87	-579
Non-Recurring Emergencies	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-8
Macroeconomic Effect of December 2015 Tax Changes	-3	-3	-3	-3	-4	-6	-6	-6	-6	-6	-44
Debt Service	-0.1	-1	-3	-6	-8	-12	-16	-20	-24	-29	-119
Total Current Policy Outlays	4,068	4,170	4,436	4,669	4,903	5,199	5,398	5,590	5,927	6,278	50,638
CBO January Baseline Revenue	3,511	3,633	3,747	3,917	4,076	4,244	4,421	4,610	4,818	5,035	42,010
Macroeconomic Effect of December 2015 Tax Changes	+8	+15	+23	+15	+15	+15	+15	+15	+15	+15	+150
Total Current Policy Revenue	3,518	3,648	3,769	3,932	4,091	4,259	4,436	4,625	4,833	5,050	42,160
CBO January Baseline Debt Held by Public	14,613	15,244	16,033	16,886	17,813	18,891	20,003	21,129	22,399	23,817	
Current Policy Impact on Debt	-12	-62	-133	-206	-286	-391	-506	-630	-762	-900	
Total Current Policy Debt Held by Public	14,601	15,182	15,899	16,680	17,527	18,500	19,497	20,498	21,637	22,917	

To learn more about the Fiscal Year 2017 *A Balanced Budget for a Stronger America* please visit us online at Budget.House.Gov/FY2017.