

# House Budget Committee proposal

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# House budget plan outlines key goals for FY 18 budget

## Budget goals



Develop a sustainable spending path by balancing the national debt in 10 years



Reform and strengthen government programs while improving accountability



Strengthen national defense



Promote economic growth



Return power back to states

## Plan highlights key components

- **Produces a \$9 billion surplus in fiscal year 2027** by balancing the budget within 10 years through cutting spending, reforming government and growing the economy.
- **Achieves \$6.5 trillion in total deficit reduction over 10 years**, setting overall discretionary spending for fiscal year 2018 at \$1.132 trillion. \$621.5 billion will be defense discretionary spending and \$511 billion will be non-defense discretionary spending
- **Provides reconciliation instructions to 11 House committees to achieve at least \$203 billion in mandatory savings and reforms**, while additionally reducing government-wide improper payments by \$700 billion
- **Incorporates House-passed American Health Care Act, Tax reform plan and regulatory cuts**, although specific figures are not mentioned beyond reconciliation savings by committee

Sources: Diane Black, "FY18 House Budget: Building A Better America — One Page Summary," House Budget Committee, July 18, 2017; Diane Black, "Building A Better America, A Plan For Fiscal Responsibility, FY 2018 Budget Resolution," House Budget Committee, July 18, 2017.

# Proposal advances ambitious spending cuts, paving the way to major tax overhaul

Committee and proposed cuts	Possible outcomes
<b>Financial Services Committee, \$14 billion</b>	Republicans may repeal large parts of the Dodd-Frank financial reform law. The Congressional Budget Office found earlier this year that the Financial Choice Act, a Dodd-Frank repeal bill passed by the House last month, would reduce the deficit by about \$24 billion over the next 10 years
<b>Judiciary Committee, \$45 billion</b>	These savings could be produced under the House-passed Protecting Access to Care Act, a medical malpractice reform bill
<b>Oversight and Government Reform, \$32 billion</b>	The committee will likely look to cuts to the federal workforce and to federal employee benefits
<b>Ways and Means Committee, \$52 billion</b>	House Speaker Paul D. Ryan (R-WI) and the panel's chairman, Rep. Kevin Brady (R-TX), have said they intend to pursue a deficit-neutral reform bill, meaning the savings would have to be found in other programs under the committee's jurisdiction — such as Medicare, disability aid, Temporary Assistance for Needy Families and unemployment compensation

## Additional committees and proposed cuts



**Agriculture Committee, \$10 billion**



**Education and Workforce Committee, \$20 billion**



**Homeland Security, \$3 billion**



**Natural Resources Committee, \$5 billion**



**Armed Services Committee, \$1 billion**



**Energy and Commerce Committee, \$20 billion**



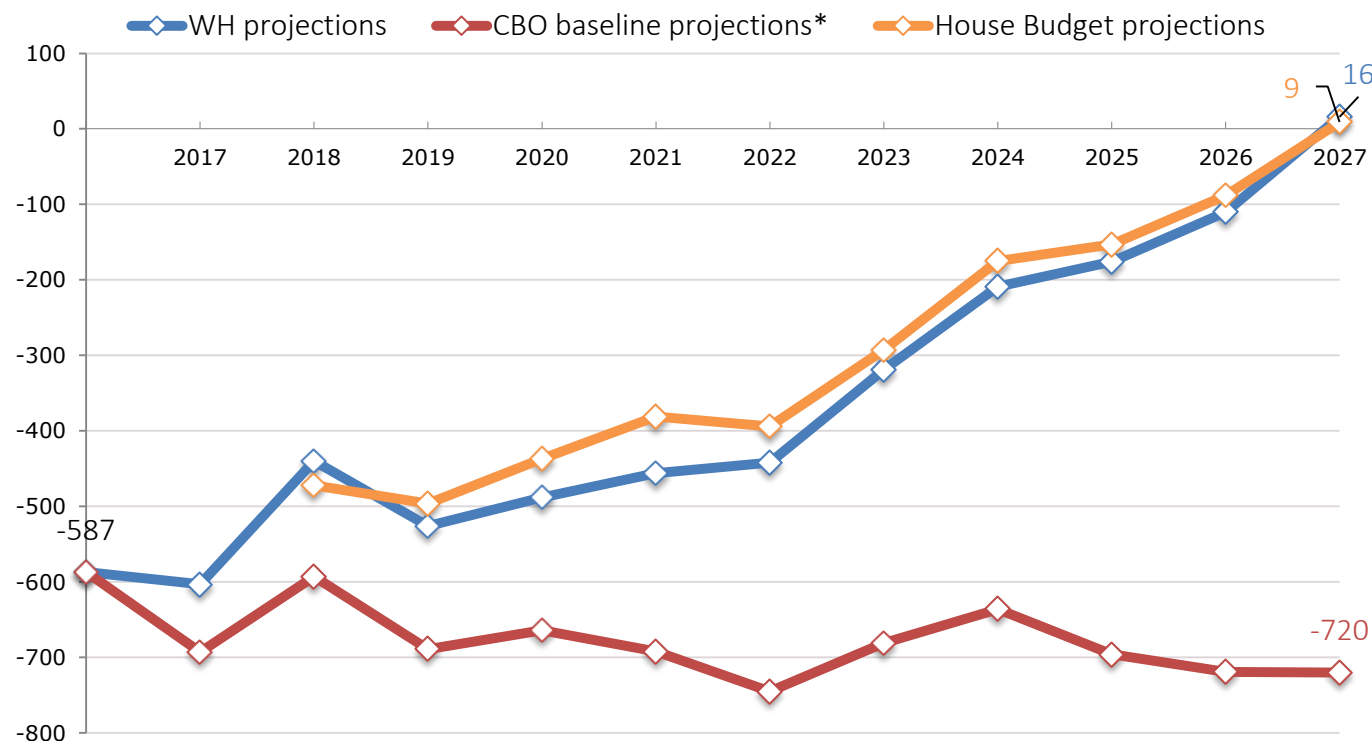
**Veterans Committee, \$1 billion**

Sources: Mike DeBonis, "House GOP unveils budget plan that attaches major spending cuts to coming tax overhaul bill," The Washington Post, July 18, 2017; Diane Black, "Building A Better America, A Plan For Fiscal Responsibility, FY 2018 Budget Resolution," House Budget Committee, July 18, 2017.

# CBO, House Budget Committee and White House disagree on how budget will impact federal deficit over the next 10 years

## Federal deficit projections over the next 10 years

BILLIONS OF USD, 2016-2027



\*Note: The CBO projection only addresses the White House budget proposal published in May 2017

### CBO projects no surplus

- The White House and Budget Committee both forecast surpluses based on their budget proposals, varying slightly in their projections
- The CBO's projections differed greatly from the both reports, predicting a \$720 billion deficit
- The difference in projections can be attributed to the White House and Budget Committee's assumptions that the budget will generate much higher revenues as a result of increased economic growth

Sources: Kate Davidson, "Trump Budget Would Not Balance in 10 Years, CBO Says," WSJ, July 13, 2017; Office of Management and Budget, "Budget Of The U.S. Government: A New Foundation For American Greatness," OMB, May 23, 2017; Diane Black, "Building A Better America, A Plan For Fiscal Responsibility, FY 2018 Budget Resolution," House Budget Committee, July 18, 2017.

# White House commits to helping GOP leadership lobby for budget support on Capitol Hill

## The White House and House leadership team up to pass the budget



### Vice President Mike Pence

The vice president's office confirmed last Thursday that he would be making visits to Capitol Hill, trying to build consensus around the budget proposal. Pence served as an IN representative from 2001-2013



### Director Mick Mulvaney

The Office of Management and Budget confirmed last Thursday that Director Mulvaney would be making calls to former colleagues on Capitol Hill. Mulvaney served as a SC representative from 2011-2017



### Rep. Diane Black

House Budget Committee Chairwoman Black has worked closely with Speaker Ryan and Republican leadership to develop a strategy to get the budget passed before the August recess

## Far right and centrist Republicans pose major hurdles to passing the budget



### House Freedom Caucus

- The Freedom Caucus poses the biggest threat to the budget if the Republicans plan to advance the bill on a party-line vote. The caucus has around 36 known members
- The leaders of the caucus, strong advocates of cutting welfare within the budget, have asserted their support of the fiscal plan is contingent on receiving more details and influence on the House tax reform proposal. The caucus demanded that Speaker Paul Ryan's proposal to increase taxes on imports be excluded from any future tax plan
- The White House hopes that Director of the Office of Management and Budget Mick Mulvaney, a Freedom Caucus co-founder, will be able to sway his former colleagues in the House



### Tuesday Group

- The Tuesday Group, a centrist group of Republicans, has already voiced concern over the \$200 billion in cuts to entitlements. In a letter to Speaker Ryan, 20 members of the group said the direction of budget negotiations was "extremely problematic" and "could imperil tax reform and once again lead to instability in the appropriations process"
- The group, while not large enough to halt a proposal should the Freedom Caucus back the budget, still carries significant influence should other Republicans chose to not back the budget proposal
- The Tuesday Group has claimed they will not support a fiscal blueprint until Republicans strike a broader spending deal with Democrats, which seems unlikely given the Freedom Caucus' demands

Sources: Rachel Bade and Sarah Ferris, "GOP leaders enlist Pence, Mulvaney to help with budget woes," Politico, July 13, 2017; Alan Rappeport, "Health Care? Taxes? Budget? G.O.P. Has Big To-Do List, but Little Time," NYT, July 5, 2017; Mike DeBonis, "The other GOP stalemate on Capitol Hill: House budget gridlock imperils tax reform," The Washington Post, June 30, 2017.