



# COALITION ON HUMAN NEEDS

## The Human Needs Report

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### FY2016 CONGRESSIONAL BUDGET RESOLUTIONS EDITION

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### **FY2016 Congressional Budget Proposals Highlight Differences in Priorities**

Several budget proposals were released this week for Fiscal Year 2016 and beyond. The differences in them highlight the major ideological differences and partisan priorities, both amongst themselves and when compared with the [President's budget](#) released last month. While the House and Senate Budget Committee budgets cut taxes for the wealthy, cut human needs programs, and repeal the Affordable Care Act, the Congressional Progressive Caucus budget offers a plan to invest in broadly shared economic growth and economic security for all Americans.

Congressional budget resolutions serve as an outline, providing an overall total funding level for annual appropriations and including policy recommendations, but without the line-item detail of the President's budget. Because it is not legislation, a Congressional budget resolution does not require the President's signature. Usually, the only parts of the budget resolution binding on Congress are the

appropriations funding levels, and those only become binding if the House and Senate can agree on a joint budget resolution, which is likely this year.

Below are some of the major points of each of the budget blueprints.

### **House Budget Committee Budget Resolution:**

The House Budget Committee, led by Chairman Tom Price (R-GA), released [its budget](#) on Tuesday. This proposal cuts overall spending by at least \$5 trillion over 10 years, cutting \$400 billion more in spending than the harmful budget passed by the House last year. The budget slashes funds for critical human needs programs and would push millions of people into poverty or make them more deeply poor. The proposal cuts taxes by at least \$1.5 trillion and claims to pay for that loss with unspecified other revenue increases. It also claims to balance the budget in 9 years, but only achieves this by assuming its policies will produce enough economic growth to generate more revenue, using controversial and highly uncertain estimates that many respected economists are skeptical of. Overall, the \$3.8 trillion budget includes \$1.017 trillion in discretionary spending in FY16: \$523 billion for defense spending with an additional \$94 billion for the global war on terrorism in Overseas Contingency Operations (with \$4 billion going to State Department activities), plus \$493 billion for non-defense discretionary spending.

***Sequestration and defense spending:*** The House Budget Committee pretends to leave sequestration caps in place for FY2016, but it increases Pentagon spending by upping the defense expenditures in the uncapped Overseas Contingency Operations (OCO) account to \$90 billion (up from \$64 billion this year and up from the President's proposed \$51 billion). The OCO fund is supposed to fund war-related activities, but has repeatedly been used by the Pentagon to cover non-war-related items, effectively avoiding much of the impact of sequestration cuts. After the first year, the Committee's proposal directly increases defense spending, without resorting to the OCO ploy. Over 10 years, defense spending increases by \$387 billion in this budget. An amendment by Rep. Rokita (R-IN) to increase OCO funding by an additional \$2 billion without offsets caused a showdown between defense hawks and deficit hawks on the Budget Committee. This effort was postponed and will likely come up again next week when the budget resolution goes to the House floor.

***Non-Defense Discretionary Spending Programs (those programs subject to the annual appropriations process):*** The budget slashes critical human needs programs by \$759 billion below the already-painfully-low sequester caps over 10 years starting in FY17. The Obama Administration has estimated that if these cuts were applied proportionately across domestic discretionary programs, they would, to name a few examples, result in 35,000 fewer children in Head Start; \$1.2 billion less spent in Title I education funding for low-income K-12 schools (equal to eliminating the jobs of 17,000 teachers and aides); \$347 million cut from special education (IDEA) funding (equal to cutting out 6,000 special ed teachers and other staff); and 133,000 fewer low-income families receiving rental housing vouchers.

***Mandatory Spending Programs (those programs not subject to the annual appropriations process):*** The budget 'unifies' Medicaid and the State Children's Health Insurance Program (SCHIP) and turns them into a block grant (called "state flexibility funds" by Rep. Price). SNAP/food stamps is also converted to a

block grant starting in 2021. Block grants make it easier to cut these programs without saying how many people would be dropped or how their benefits would be cut, since that would be left to states, forced to operate programs with less money. Medicaid is cut by \$913 billion over 10 years, while SNAP/food stamps is cut \$125 billion. It turns Medicare into a voucher program (called a “premium support program” by Rep. Price) starting in 2024 and cuts Medicare funding by \$148 billion over 10 years. It also cuts unspecified “Other Mandatory” programs by \$1.1 trillion over 10 years. In particular, it freezes the maximum Pell Grant award, rescinds work requirement waivers in TANF, and takes money away from Americans who qualify for both disability insurance and unemployment insurance.

**Affordable Care Act:** The budget calls for a complete repeal of the Affordable Care Act, including Medicaid expansion. This would take away health insurance from millions of Americans, many of whom are low-income and recently obtained insurance for the first time. The ACA has been estimated to save billions, taking both its revenue increases and spending into account, but this budget estimates a savings of \$2 trillion by repealing the program.

**Taxes:** The budget calls for comprehensive tax reform but includes few specifics. It does call for a repeal of the Affordable Care Act taxes and the Alternative Minimum Tax (AMT), which is designed to ensure that higher-income people pay at least some base level of tax. The cost of getting rid of the ACA revenues and the AMT are estimated at \$1.5 trillion; the budget assumes still more unspecified tax rate reductions, but says it all will be made up by other tax increases. It also call for unspecified cuts in personal and corporate taxes that some say would result in tax cuts to millionaires and billionaires of \$50,000 to \$200,000 each. However, taxes would go up on working low-income families, as the budget allows expansions of the Earned Income Tax Credit and Child Tax Credit to expire, pushing 16 million people into poverty or making them more deeply poor. For more on taxes, see [this piece](#) from the Center on Budget and Policy Priorities.

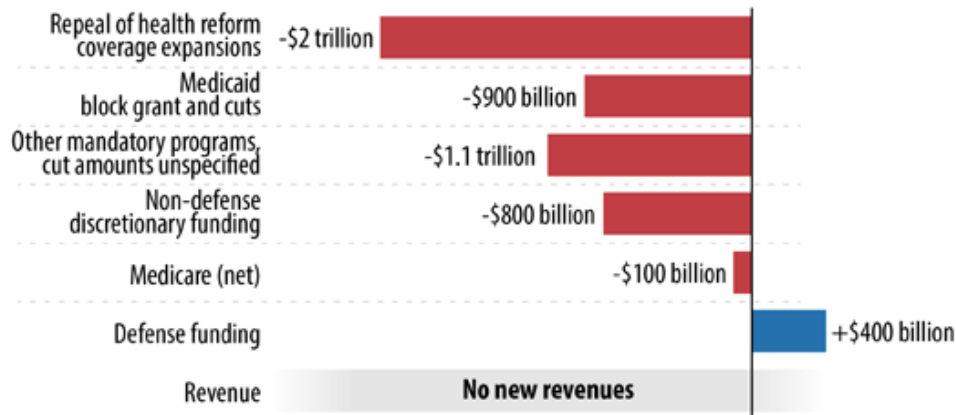
**Reconciliation:** The budget includes reconciliation instructions to 13 House committees, which requires these committees to come back with legislation that would produce savings (usually by cutting spending in programs under their jurisdictions) for at least the amount specified in the instructions. The required savings varies by committee. The committees are also instructed to search for ways to repeal the Affordable Care Act. The committees would have until July 15 to submit such proposed legislation to the House Budget Committee. These requirements are only binding if the House and Senate agree on a joint budget resolution. Reconciliation bills cannot be filibustered in the Senate and therefore only need 51 votes to pass. In addition, unlike the budget resolution itself, bills drafted as a result of reconciliation instructions have to be signed into law by the President and therefore are subject to a possible veto.

**Other:** The budget prevents the transfer of funds from the Social Security Trust Fund to shore up the Social Security Disability Insurance (SSDI) and offers no solutions to the solvency problem facing SSDI. If left unresolved, the SSDI shortfall will require approximately 20 percent benefit cuts in about a year. It also calls on Congress to pass a balanced budget amendment. It does not include proposals for increased spending on infrastructure, job creation, paid leave initiatives, or immigration.

This graph from the Center on Budget and Policy Priorities provides a nice summary of the House Budget Committee budget resolution:

## House Republican Budget Chair's Priorities: What's Cut, What's Increased, and What's Missing

Fiscal years 2016-2025 (rounded to the nearest \$100 billion)\*



\*Reflects outlays for mandatory programs and budget authority for discretionary programs

Source: House Budget Committee estimates

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### Senate Budget Committee Budget Resolution:

The Senate Budget Committee, chaired by Sen. Mike Enzi (R-WY), released [its budget](#) on Wednesday. It has many similarities to the House budget, mainly in that it would also slash funds for critical human needs programs and take resources away from low-income Americans. It cuts overall spending by \$5.1 trillion over 10 years, with \$4.3 trillion of those cuts coming from mandatory spending and \$97 billion coming from discretionary spending programs. It also claims to balance the budget over that same time period, while many cuts and assumed revenue streams are unspecified. The Center on Budget and Policy Priorities [estimates](#) that “roughly two-thirds of the about \$4.5 trillion in non-defense program cuts would come from programs for families and individuals of modest income.”

**Sequestration and defense spending:** The Senate budget resolution keeps sequestration caps in place for FY26, but it also includes \$96 billion for the Overseas Contingency Operations (OCO) account (of which \$89 billion funds defense operations and \$7 billion for State Department activities). The OCO fund is supposed to fund war-related activities, but has repeatedly been used by the Pentagon to cover non-war-related items, effectively avoiding much of the impact of sequestration cuts. OCO funding in the Senate budget was increased by \$38 billion in Committee through a successful Graham (R-SC) amendment, raising the amount for defense to just \$1 billion short of the House budget total. This increase would be offset by supposed reductions in defense spending in later years that would not be binding on future Congresses.

**Non-Defense Discretionary Spending Programs** (those programs subject to the annual appropriations process): The budget maintains damaging sequestration levels for FY16 and cuts critical human needs programs by at least \$236 billion below these harmful cap levels over 10 years starting in FY17.

According to the [Center on Budget and Policy Priorities](#), the actual cuts would likely be tens of billions of dollars larger as a result of certain changes in Senate rules under this plan. These cuts would drastically hurt programs like education, job training, transportation, and many more.

**Mandatory Spending Programs** (*those programs not subject to the annual appropriations process*): Medicaid would be turned into a block grant and cut by roughly \$400 billion over 10 years. The budget also calls for \$1.2 trillion in unspecified cuts to mandatory spending programs, such as SNAP/food stamps, child nutrition programs, Supplemental Security Income, the Earned Income Tax Credit and Child Tax Credit, and unemployment insurance. While the budget doesn't provide specific information on which programs would be cut or by how much, it is known that \$660 billion of the \$1.2 trillion in cuts would come from a category of the budget that covers what's known as "income security" programs. In fact, the Senate provides \$148 billion less in this category than the House budget plan over 10 years.

**Affordable Care Act:** Similar to the House budget, the Senate budget repeals the Affordable Care Act, including Medicaid expansion. This would take away health insurance from millions of Americans, many of whom are low-income and recently obtained insurance for the first time.

**Taxes:** Despite repealing the Affordable Care Act, the budget retains the \$1 trillion over ten years in revenues brought in by the Affordable Care Act without specifying how this money would be raised. Without providing specifics on tax cuts, the blueprint says it will "reduce the costs to business and individuals from the Internal Revenue Code."

**Reconciliation:** The Senate budget resolution only gives reconciliation instructions to two committees – the Senate Finance Committee and the Senate Health, Education, Labor and Pensions (HELP) Committee. This requires these committees to come back with legislation that would reduce the deficit by at least \$1 billion over 10 years. The committees would have until July 31 to submit such proposed legislation to the Senate Budget Committee, which would allow them to respond to a Supreme Court ruling on subsidies offered through health care law's federal exchange due out this summer. As the [Senate budget resolution](#) states, "By adopting this new budget, Republicans can repeal the President's health law and the committees of jurisdiction can continue to work on plans to replace it." These requirements are only binding if the House and Senate agree on a joint budget resolution. Reconciliation bills cannot be filibustered and therefore only need 51 votes to pass in the Senate. However, unlike the budget resolution itself, bills drafted as a result of reconciliation instructions have to be signed into law by the President and therefore are subject to a possible veto.

Because the House has proposed requiring reconciliation bills from many more committees, the final budget resolution agreed to by both bodies may well demand savings from more than the two included in the Senate plan. And the expectation is that the minimal savings targets in the drafts now will be exceeded substantially by the time Congress takes up reconciliation bills in the summer.

**Other:** The Senate budget plan does not include proposals for increased spending on infrastructure, paid leave initiatives, or immigration.

## **Congressional Progressive Caucus Budget Resolution:**

In stark contrast to the House and Senate Budget Committee budgets is the [Congressional Progressive Caucus \(CPC\) alternative budget resolution](#), which was released Wednesday. This budget blueprint reverses harmful cuts, ends inequitable spending through the tax code, and invests in job creation. Advocates believe the CPC budget demonstrates it is possible to make the needed investments in education, infrastructure, health care, housing, and nutrition while reducing the deficit and promoting economic recovery and opportunity for all.

***Sequestration and defense spending:*** The CPC budget repeals the harmful sequester and all of the spending caps put in place by the Budget Control Act of 2011, both for FY 2016 and for all of the 10 years covered by the budget. It severely limits the use of the OCO fund in FY16 and ends its use thereafter. It also calls for an audit of the Pentagon to reduce waste, fraud, and abuse.

***Non-Defense Discretionary Spending Programs*** (*those programs subject to the annual appropriations process*): The CPC budget includes \$1.9 trillion in new investments for critical human needs programs like housing, education, and others. These investments would reverse many years of cuts.

***Mandatory Spending Programs*** (*those programs not subject to the annual appropriations process*): The CPC budget restores benefits previously cut from SNAP/food stamps and provides an additional \$10 billion for child nutrition programs. The budget reauthorizes the Children's Health Insurance Program through 2019. It protects Medicaid and Medicare from cuts or other attempts to weaken the programs.

***Affordable Care Act:*** Obamacare would be protected in the CPC budget, while the excise tax on higher-priced worker plans would be repealed. In addition, states would be allowed to transition to a single payer system if they chose to do so.

***Taxes:*** The CPC budget ensures the wealthiest 2 percent of Americans pay higher tax rates, adopting increased tax rates for millionaires and billionaires, and closing several specific corporate tax loopholes. It expands and makes permanent improvements to the Earned Income Tax Credit and Child Tax Credit for low-income families.

***Reconciliation:*** The CPC budget does not use the budget resolution process known as reconciliation to cut or make changes to mandatory spending programs or to enact tax cuts.

***Other:*** The CPC budget also calls for \$1.6 trillion in spending for job creation measures. It restores Emergency Unemployment Compensation for up to 99 weeks in high-unemployment states for up to two years. It provides \$820 billion to repair our crumbling infrastructure. It adopts President Obama's initiatives to provide free preschool for all eligible low-income families with children 3 and under, and it contains provisions to move towards debt-free college access. It adopts comprehensive immigration reform and encourages the adoption of paid leave in states.

The Coalition on Human Needs [endorsed](#) the CPC budget, supporting its provisions for "comprehensive immigration reform, for safety net improvements including nutrition, health care, unemployment insurance and low-income tax credits, and for investments and protections in housing and jobs," with

services and investments paid for by responsible revenue increases and Pentagon reductions. For more information, see the [Economic Policy Institute's analysis](#) of the CPC budget.

**Next Steps in the FY16 Budget Process:**

The [Congressional Black Caucus](#) and [House Budget Committee Democrats, led by Ranking Member Chris Van Hollen](#) (D-MD), are scheduled to release their respective budget blueprints next week.

The House and Senate Budget Committee budgets are expected to be up for full floor votes next week after passing (along party lines) their respective committees this week. In the House, the alternative budget proposals described above will also get floor votes. In the Senate, alternative budgets are not expected, but many amendments will be considered. A 2-week congressional recess will follow, during which time lawmakers and their staff will try to negotiate differences between the two bills. Republican leaders hope to have a compromise bill passed by both chambers of Congress shortly after they return to D.C. on April 13.

For the latest news, analysis, and updates, visit CHN's [FY2016 budget resource page](#) and subscribe to our blog, [Voices for Human Needs](#).