



# HOUSE OF REPRESENTATIVES COMMITTEE ON THE BUDGET

*Tom Price, M.D., Chairman*

HOME ► FY2016

## Setting The Record Straight

### Spending

#### **Q: How do you balance the budget within ten years?**

A: This budget stops spending money we don't have. It's a plan that cuts \$5.5 trillion in spending over the budget window, eliminates waste and inefficiencies, and proposes reforms to save and strengthen vital programs to ensure they are able to serve Americans today and in the future.

It's a plan that stands in stark contrast to President Obama's budget, which never, ever balances.

#### **Q: Does the improving economy make it easier to balance the budget?**

A: No. Until very recently, CBO was projecting average yearly GDP growth of about 3.0 percent. But CBO is now projecting growth to decline to 2.3 percent over the budget window. And for each 0.1 percentage point of lower growth, that means \$288 billion in lower revenues over 10 years. The result is a large downshift in projected revenues of nearly \$2 trillion, which has made reaching balance that much harder. Enacting pro-growth policies are critical to lowering budget deficits and getting back to balance.

#### **Q: Isn't the budget in balance only because of the use of "dynamic" scoring?**

A: The Congressional Budget Office (CBO) has a long history of analyzing the positive effects of deficit reduction on the economy and its effect on the budget. For example, the budget resolution passed in 1997, which resulted in the first balanced budget in 39 years, included CBO's estimate of the macroeconomic benefits of reducing deficits. CBO's estimated additional deficit reduction from these benefits was incorporated into the budget. Building on this long history, this year's budget incorporates CBO's estimate of the macroeconomic effects of reducing the deficit as called for in the budget. Similarly the President's macroeconomic forecast assumes the enactment of his proposed policies.

#### **Q: Does the House Republican budget slash key investments?**

A: No, the House Republican budget strengthens key investments – like national defense and Medicare – by

cutting waste and making much-needed reforms. It's not fair to take more from families to spend more in Washington, so our responsible, balanced budget cuts spending by ending inefficient and ineffective programs and eliminating waste and government overreach so Washington begins to live within its means and support a healthier economy.

**Q: Why are you making such draconian cuts?**

A: On the current path, the federal government will spend roughly \$49 trillion over the next ten years. By contrast, this budget will spend nearly \$43 trillion.

On the current path, from fiscal year 2016 to fiscal year 2025, spending will grow, on average, by 5.1 percent a year. Under this budget, spending will grow, on average, by 3.3 percent a year.

Nearly \$43 trillion is enough. *Increasing* spending by 3.3 percent instead of 5.1 percent is hardly draconian.

**Q: How does this budget deal with the sequester?**

A: There is a smarter way to address the nation's fiscal challenges than the sequester which indiscriminately cuts spending without consideration or prioritization.

In FY 2016, our budget adheres to the current law spending caps under the Budget Control Act because without a change in law, spending that exceeds that cap would trigger a sequester. We aim to avoid such an irresponsible action while, at the same time, providing Congress the opportunity to find a smarter way to control spending in the years to come.

The president's budget busts the caps established by the Budget Control Act without a credible plan to avoid the sequester – thus inviting across-the-board and indiscriminate cuts.

**Q: How much would the debt ceiling need to rise if your budget resolution was fully implemented?**

A: This budget puts debt on a downward trajectory. Right now, as a share of the economy, total public debt is nearly 75 percent of the economy. Under this budget, over the next ten years it will decline to about 55 percent. That's much better than the \$8 trillion that would be added if we stayed on the current path. The debt will continue to grow at a much slower pace under our budget until the budget is balanced. At that point, debt held by the public will begin to decline and will be on a path to being paid off.

**Tax**

**Q: Isn't this budget trying to have it both ways by repealing Obamacare but keeping the revenue from Obamacare's taxes?**

A: No. The House Republican budget repeals all of Obamacare—including the Obamacare tax hikes while calling for fundamental tax reform. A revamped tax code could raise just as much revenue as the system in place today, but *without* the harmful tax policies embedded in current law (like the Affordable Care Act).

**Q: Isn't this just another plan to gut Federal revenues?**

A: No. Under this budget, revenue levels rise to 18.2 percent of GDP in 2025, above the long-term historical average of 17.4 percent of GDP. Washington does not have a revenue problem, it has a spending problem.

**Q: What does this budget propose on tax reform?**

A: Our budget calls for fundamental tax reform to help grow the economy and create jobs with a tax code that is simpler and fairer. That would include lower rates for individuals and families as well as large corporations

and small businesses who often file their tax returns through the individual side of the tax code.

What tax reform should not do, however, is to allow the government to consume an even greater share of the economy. Washington cannot solve its fiscal challenges by taking more from families and businesses in order to spend more. This budget brings spending in line with revenues so Washington begins to live within its means.

**Q: Won't this budget hurt homeowners and charitable giving by removing the mortgage-interest and charitable-contribution tax deductions?**

A: Our budget does not address specific tax deductions. We advance a framework for pro-growth tax reform, which would accommodate a variety of approaches.

**Q: Does this budget include special tax breaks for oil companies?**

A: No. In fact, it does the opposite. This budget calls for fundamental tax reform that closes the loopholes that distort economic activity. It does make more public land available for environmentally responsible domestic energy exploration to ensure that taxpayers are experiencing similar benefits as private land owners. But it includes no subsidies to promote this goal. Expanding American energy production would strengthen our energy security, support a healthier economy and help create jobs in America.

**Q: Does this budget include special tax breaks for moving jobs overseas?**

A: No. In fact, this budget calls for comprehensive tax reform to simplify the code so we eliminate distortions that discourage companies from investing profits they've made overseas in new jobs here at home. By lowering the world's highest corporate tax rate and moving to a more competitive international tax system, this budget would promote more American jobs and a healthier economy.

## **Health**

### **ACA**

**Q: Does this budget fully repeal Obamacare?**

A: Yes. This budget repeals Obamacare in its entirety. It ends the raid on Medicare and dedicates those savings to preserving the program. It repeals all of the destructive taxes and replaces that revenue through comprehensive pro-growth tax reform. It repeals the Medicaid expansion and the newly created entitlement. Understanding that America's health care system is in need of reform, our budget envisions starting over with a set of policies that would provide for patient-centered health care reform.

### **Medicare**

**Q: Does the budget end Medicare?**

A: No. This budget saves and strengthens Medicare. The Medicare trustees predict that without reforms, Medicare [will go bankrupt](#) by 2030, breaking the promise to seniors. Our plan would strengthen Medicare by offering future seniors guaranteed-coverage options – including traditional Medicare – regardless of pre-existing conditions or health history. All seniors will have the support they need to get the care they deserve.

**Q: What is President Obama's and Congressional Democrats' plan for Medicare?**

A: The President's health care law makes drastic cuts to the Medicare program without improving the long-term solvency of the program. In addition to the reductions already proposed in the law, Obamacare created

the Independent Payment Advisory Board (IPAB), a board of 15 unelected, unaccountable bureaucrats who will cut Medicare in ways that would deny care to current seniors. In his FY2016 budget, President Obama empowers IPAB to make further cuts to the program in the next ten years and proposes over \$400 billion in cuts to the program.

**Q: Didn't the President's health care law improve Medicare's solvency?**

A: No. The President's health care law raided Medicare to fund Obamacare. Advocates of the President's health care law claimed that the law both improved Medicare's solvency *and* paid for the new entitlement at the same time. This claim is contradictory. Medicare's chief actuary [testified](#) before the House Budget Committee that the Medicare savings had been double-counted.

The House Republican budget stops the raid on Medicare and ensures that any current-law Medicare savings are devoted to saving Medicare.

**Q: Will I lose my guaranteed health care through your budget's Medicare reforms and instead have to rely on a voucher?**

A: No. For those who become eligible for the Medicare program in 2024, they will be able to choose the kind of coverage that best suits their needs from a list of plans—including traditional Medicare. These plans will be guaranteed to offer coverage to all beneficiaries regardless of pre-existing conditions. Medicare will then provide a payment to subsidize the cost of the plan.

This is not a voucher. It is a payment that goes directly to the plan recipients choose for themselves. This premium support model would operate in a manner similar to the Medicare Part D program or the health insurance that federal employees currently receive.

**Q: Will your proposed changes affect those in and near retirement?**

A: No. Premium support begins in 2024 and will be available for new Medicare-eligible beneficiaries. There are no changes for those in or near retirement.

The Congressional Budget Office (CBO) has issued [a report](#) on what Premium Support reforms would mean for taxpayers and for Medicare beneficiaries. CBO found that both the government and beneficiaries would save money under a system similar to what is proposed under this budget. Additionally, CBO has found that the longer we wait to pursue these reforms, the less savings seniors would see and the more it would cost to save Medicare in the future.

It is critical that we come together now with a real solution to protect and strengthen Medicare. Remember: Obamacare broke the Medicare promise for seniors. It cuts benefits for current seniors and ensures a bankrupt program for the next generation. Our budget would save and strengthen this vital program.

**Q: But aren't you changing the exemption age this year?**

A: This year's budget is the same as last year's budget. The Premium Support model in the FY 2016 budget starts in 2024, which is the same start date as the FY 2015 and FY 2014 budgets. House Republicans are committed to both protecting and strengthening Medicare for current and future generations of Americans – maintaining the start date of premium support is critical to keeping that commitment.

**Q: Does this budget reinstate the so-called Medicare "donut hole"?**

A: This budget fully repeals Obamacare, including provisions that increase prescription-drug prices for

everyone. In fact, the CBO confirmed that the law's new requirements will drive up health care costs, at odds with claims made by its proponents. In November 2010, CBO [said](#) that “[the] increase in prices would make federal costs for Medicare’s drug benefit and the costs faced by some beneficiaries higher than they would be in the absence of those provisions” and that “the premiums of drug plans will increase along with the increase in net drug prices, so the premiums paid by beneficiaries will increase slightly.” Like the rest of this costly new entitlement, provisions that increase prescription-drug prices should be repealed.

The real threat to seniors’ health care is the fact that Medicare is going bankrupt. The current trajectory of government spending on health care is unsustainable. Without changes, according to [the Medicare trustees](#), the Medicare program collapses in 2030.

Comparing any plan to save Medicare with the status quo means comparing real solutions to a false reality. This budget protects Medicare for current seniors by averting any disruptions and saves the program for future generations by providing a personalized Medicare program with more support for low-income beneficiaries and those with higher health costs.

**Q: What about the Medicare “Doc Fix”?**

A: The House Republican budget responsibly accounts for a full repeal of Medicare’s sustainable growth rate (SGR) formula. Our proposal stabilizes the program and ensures that Medicare physicians do not experience sharp reductions in their reimbursement rates—protecting seniors’ access to critical care—without adding to the nation’s debt.

**Q: You have criticized the president for cutting Medicare Advantage, but doesn’t your budget do the same thing?**

A: No. We fully repeal Obamacare’s spending and end its raid on Medicare. The budget also contains provisions to ensure those enrolled in Medicare Advantage are protected from access problems that result from Obamacare’s harmful cuts.

**Medicaid and CHIP**

**Q: Does this budget cut Medicaid?**

A: The House Republican budget provides states the resources as well as the freedom and flexibility to tailor their Medicaid programs to meet the needs of their residents.

**Q. Does this budget just push the Medicaid burdens on to the states?**

State governors and legislatures repeatedly ask Washington for more flexibility to run their Medicaid programs. Our budget strengthens the Medicaid program by giving states maximum flexibility to govern their programs. State legislators and governors know far better than Washington what their citizens need and how to offer it. States also know better than Washington how to track fraud and abuse in the program – and how to remedy it. Today, Medicaid has the same flaws that cash welfare had before we reformed it in 1996. The federal government provides an [open-ended match](#) to what the states spend on Medicaid, which gives them a perverse incentive to spend as much money as possible. States currently lack the flexibility to achieve savings, though many governors have [asked for a new approach](#). One-size-fits-all federal mandates limit innovation, and many times the only way states are able to save money is to cut payments to medical providers.

**Q: If the budget repeals Obamacare, does it kick millions of Americans off Medicaid?**

A. Obamacare **forces** millions of Americans into a Medicaid system that is fundamentally broken. The best way forward is to follow the reforms in the House Republican budget, not to expand a broken program. Repealing the health care law and replacing it with true, patient-centered reforms will better serve Medicaid patients. Our budget repeals Obamacare's Medicaid expansions. Obamacare puts millions of new individuals into a program that is already unable to deliver on its promise to provide a sturdy health care safety net for the country's most vulnerable.

**Q: How will this budget affect individuals who are disabled and people in nursing homes?**

A: Freeing states from one-size-fits-all federal mandates will allow them to better allocate Medicaid dollars for their most vulnerable citizens. Rather than micromanage Medicaid from Washington, states will have the flexibility to ensure that individuals who are disabled and those in nursing homes receive the quality care they deserve. Elected leaders close to the people can better take care of these priorities than a federal government hundreds or thousands of miles away. Obamacare adds millions of new individuals to the Medicaid program, making it more difficult for those who are seriously in need to get appointments or find doctors.

**Q: How does the budget handle SCHIP?**

A: The budget provides Congress with the flexibility to respond to the expiring funding in the State Children's Health Insurance Program. Obamacare phases out the SCHIP program, moving children instead to health insurance exchanges and Medicaid. The budget provides the Energy and Commerce Committee with the flexibility to address the expiring funding.

**National Security and Veterans**

**Q: Does this budget spend as much on defense as the president's budget?**

This budget provides for a strong national defense through robust funding of troop training, equipment and compensation. We boost defense spending above the president's levels while putting in place a plan to responsibly address the current spending caps and the threat of sequester. Without a change in law, spending that exceeds that cap would trigger a sequester that would make across-the-board, indiscriminate cuts to our military. Our budget aims to avoid such an irresponsible action. At the same time, we provide Congress the opportunity to find a smarter way to control spending in the years to come while making sure our men and women in uniform have the resources and support they need.

The president's budget busts the caps established by the Budget Control Act without a credible plan to avoid the sequester – thus inviting an across-the-board and indiscriminate cut to our military.

**Q: Does this budget use OCO to plug a hole in base defense spending?**

A: This budget provides our military with the resources they need to complete their important missions. The United States faces serious, complex threats that grow more dangerous in the midst of uncertainty and doubts about our nation's security posture. That is why it is vital that our budget reflect reality and resource our national defense accordingly.

**Q: How does this budget address veterans, especially the crisis at the Veterans Health Administration?**

A: This budget supports the continued oversight efforts of the House Committee on Veterans' Affairs to ensure the Department of Veterans Affairs (VA) is accountable and transparent in their work and that our

veterans receive efficient and effective benefits and services. For fiscal year 2016, this budget increases the Function 700 Veterans Benefits and Services discretionary budget, which includes funding for VA health care, by five percent relative to last year's level.

### **Safety Net**

#### **Q: Does this budget tear up the safety net?**

A: No. This budget will give states more flexibility to tailor programs to meet the specific needs of their populations. Washington should be humble enough to admit that it doesn't hold the answer to every question.

Today, government – at the local, state, and federal level – spends over \$1 trillion a year on anti-poverty programs, and yet over 45 million people live in poverty today. Washington must stop measuring success by how much it spends and start determining whether a program is effective by how many people it's able to help transition away from needing assistance. This budget gives states the resources, freedom and flexibility to better serve the needs of low income families without undue interference from Washington.

#### **Q: Why does the budget make such large cuts to SNAP?**

A: The Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) is a good example of a program in need of reform. Spending on SNAP has almost quadrupled since 2002. It's grown in good times and bad, because of the open-ended nature of the program. States get more money if they enroll more people. This setup encourages [waste, fraud, and abuse](#). This budget will still spend approximately \$600 billion on the SNAP program over the next decade.

#### **Q: If the federal government is going to require those on federal unemployment assistance to look for work, shouldn't it help them find a job?**

A: This budget reforms and streamlines the federal government's vast array of inefficient, ineffective or duplicative job-training programs so folks are better able to find a job and provide for themselves and their families. This will increase accountability and produce better results.

#### **Q: Does this budget maintain the maximum award for Pell?**

A: Yes. The budget maintains the maximum award of \$5,775 for Pell for 2015-2016. But the program faces funding issues, and this budget addresses Pell's poor finances by maintaining the maximum award for the remainder of the budget window while targeting the program to students who need the most assistance.

#### **Q: What changes does this budget make to the Social Security Disability Insurance program?**

A: Right now, due to a loophole in the law, individuals are able to draw benefits from both the disability insurance program *and* the unemployment insurance program at the same time. Our budget restores integrity to each program by putting an end to this so-called "double dipping" of the disability insurance fund in order to protect taxpayers and reduce waste and abuse in the system.

207 Cannon House Office Building

Phone:

Washington, DC 20515

(202) 226-7270

Email: [budget.republicans@mail.house.gov](mailto:budget.republicans@mail.house.gov)