

FAQ–FISCAL YEAR 2018 BUDGET RESOLUTION

TOPLINE

- **How much does the Senate budget resolution reduce spending?**
Relative to the Congressional Budget Office (CBO) June 2017 Baseline (adjusted to remove the extrapolation of certain discretionary spending), the Senate budget reduces spending by \$5.1 trillion (on-budget). Relative to an unadjusted baseline, this figure climbs \$6.4 trillion.
- **How much does the Senate budget cut taxes?**
The Senate budget assumes a \$1.5 trillion tax cut. This instruction will give the committees and the entire Congress the headroom needed to produce comprehensive tax reform that will spur economic growth, make the United States more competitive, and allow working families to save more of their hard-earned dollars.
- **What are the budget's deficits or surpluses?**
The Senate plan puts the budget on a path to balance. Including economic growth estimates, the budget will generate a surplus of \$79 billion in 2026 and \$197 billion in 2027.

DISCRETIONARY FUNDING

- **What is the topline for regular appropriations for fiscal year 2018?**
The budget assumes total regular appropriations of \$1,065 billion for fiscal year 2018, including \$549 billion for defense spending and \$516 billion for non-defense spending. For fiscal year 2018, the levels of the resolution are consistent with the statutory limits currently in place, as required by the Congressional Budget Act of 1974.
- **How does the budget ensure adequate funding for defense?**
The budget recognizes that providing for the nation's defense and fully funding the U.S. military are core responsibilities of the federal government. The Senate plan provides for the maximum amount of regular defense spending under the law and includes mechanisms to increase funding should agreement on revised spending levels be reached. These mechanisms would allow the Budget Chairman to adjust levels in the resolution to fully accommodate any discretionary cap agreement, including one that would provide the \$640 billion

called for in the Senate-passed Fiscal Year 2018 National Defense Authorization Act.

- **What is the budget's non-defense discretionary policy?**

In the years following fiscal year 2018, this budget assumes non-defense discretionary spending levels consistent with those last agreed upon by the House and Senate in the fiscal year 2016 conferenced budget resolution (S. Con. Res. 11). As such, the resolution proposes to reduce non-defense discretionary budget authority by \$632 billion over the next 10 years. The budget encourages committees of jurisdiction to evaluate programs in their areas to identify those needing additional investment, as well as reform and consolidation. Since 2015, the Budget Committee and other congressional committees have received copious testimony on waste, duplication, and the fiscal consequences of failed oversight of federal programs.

- **Does the Senate budget include funding for overseas contingency operations and disaster relief?**

The budget includes \$77 billion for overseas contingency operations (OCO) in fiscal year 2018, matching President Trump's request, and OCO placeholders for the duration of the period covered by the Budget Control Act. The budget also includes \$7 billion annually to respond to natural disasters. This relief funding is in addition to the amount allowed under the regular non-defense discretionary caps.

MANDATORY FUNDING

- **CBO's latest projections show that total mandatory spending (including interest) will account for 70 percent of federal spending in fiscal year 2017. By fiscal year 2027, this spending will consume nearly all revenue the federal government receives. How does the budget address this?**

The budget provides a foundation for committees of jurisdiction to reduce the exploding growth in mandatory spending by \$4.6 trillion over the next 10 years.

- **Where are these cost reductions located in the budget?**

The budget cannot control funding for individual programs as that is the responsibility of the committees of jurisdiction. Still, the budget provides a blueprint for the areas (budget functions found in Title I of the resolution) in which these savings can be found. In many cases, these areas of the budget cover hundreds of programs. Congress and the Trump Administration must work together on broad reforms to achieve a positive outcome for taxpayers.

- **What does the budget assume for Obamacare?**

The budget function and revenue aggregates are modeled to allow action on Obamacare repeal and replace efforts. It does this by creating room in the health and revenue functions based on the so-called “skinny repeal” bill that was voted on by the Senate in July 2017.

- **Does the budget assume any savings from Veterans programs?**

Veterans, their care, and their families remain a priority for this budget. There are no assumed savings from veterans programs (Function 700). Additionally, the resolution includes exemptions for veterans programs to continue to receive advanced appropriations and includes a deficit-neutral reserve fund to accommodate legislation that would improve benefits and services delivery for veterans.

PROCESS

- **Over the last few years, the Budget Committee has been spearheading efforts to fix the broken budget process. Does this resolution advance that agenda?**

Yes. Title IV of the resolution includes provisions to advance budget process reforms. These include new provisions to limit budget gimmicks, close enforcement loopholes, improve estimates of legislation, and encourage greater oversight of all federal spending.

- **Why is there such a focus on on-budget accounts this year?**

The federal budget consists of two parts: on-budget and off-budget. Off-budget accounts relate to Social Security and the U.S. Postal Service. Budget resolutions and their enforcement have always primarily been focused on on-budget accounts. Under the Congressional Budget Act, off-budget accounts are omitted from most aggregate levels in the resolution and expressly excluded from surplus and deficit calculations. Changes to Social Security are also prohibited under the most important procedural fast-track tool that budget resolutions activate: reconciliation.

Off-budget deficits continue to climb. Under CBO’s last outlook report, there is more than \$1.5 trillion in off-budget deficits over the next 10 years. This reality and Social Security’s looming insolvency make it that much more important to have a separate bipartisan discussion about securing Social Security for future generations.