



May 13, 2015

The Republican Budget Never Balances

The Republican 2016 budget conference agreement disinvests in America, voucherizes Medicare, and weakens protections for low-income Americans, all for the sake of claiming the budget balances by 2025. Yet after accounting for gimmicks, the budget does not come close to reaching balance, and it uses a loophole to avoid the Budget Control Act (BCA) spending caps.

Affordable Care Act (ACA) gimmick — While the budget claims to repeal the ACA, its numbers include all of the law's more than \$2 trillion of revenues and Medicare savings. The numbers only reflect repeal of the law's health coverage expansion and Medicare benefit improvements. Reflecting full repeal would mean showing deficits of several hundred billion dollars every year.

Non-defense funding gimmick — The budget slashes non-defense discretionary funding by \$496 billion below the already inadequate sequester-level austerity caps. The budget puts \$575 billion in cuts over ten years in a placeholder section called "Allowances" to avoid revealing which vital funding priorities will be hit. Either Congressional Republicans will do serious damage to important and valued federal services and investments, or they will get realistic and abandon these impossibly deep cuts, adding to the budget's bottom line.

Dynamic scoring gimmick — The budget calls on the House to use so-called dynamic scoring to measure the budget impact of major tax bills. The fact that the budget simultaneously asserts that it assumes \$1 trillion or more in tax cuts, no tax increases, and no changes in total revenues implies that it also assumes large and unrealistic savings from dynamic scoring.

Tax cut accounting gimmick — The budget counts about \$900 billion in revenues as various tax code provisions expire by 2025, but Republicans have already passed more than \$300 billion in unpaid-for extensions. The budget also assumes all the revenue from the estate tax, while the House passed a \$269 billion bill to repeal the tax without closing one loophole to pay for it. The outside group *Committee for A Responsible Federal Budget* noted this inconsistency, stating: "Congress appears to be legislating from one baseline while using a different baseline to declare balance."

Overseas Contingency Operations (OCO) gimmick — Although the effect of this gimmick does not affect budget balance, the conference agreement makes a mockery of the BCA's sequester-level caps on defense funding by providing \$187 billion in unrequested OCO funding for 2016 through 2021. The move to use OCO to backfill regular defense needs makes clear that Republicans intend to use uncapped OCO funding as a loophole to get around caps, rather than amend the BCA in an open and transparent manner. Just one year ago, House Republicans criticized the abuse of the OCO loophole and stated in the report accompanying their budget that it "undermines the integrity of the budget process."