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Congressional Budget Resolution for FY 2016

“The budget conference agreement...will represent one of the most radical budget plans that lawmakers have adopted since they created the modern budget process in 1974. That’s no exaggeration. If they follow this plan, lawmakers would eviscerate substantial parts of the federal government – including parts that have previously enjoyed bipartisan support...Consider:

- *More than doubling the sequestration cuts: Not content with the damaging cuts under sequestration, which is slated to return in full force in 2016, the plan would more than double the cuts in non-defense discretionary programs over the coming decade. These programs include education, job training, infrastructure, scientific research, veterans’ health care, child care, and many other important areas. Starting in 2016, sequestration will cut them by an average of \$37 billion a year...The new agreement adds another \$496 billion in cuts over the coming decade – an average of another \$50 billion a year...*
- *Robin Hood in reverse: The agreement imposes the large majority of its budget cuts on programs for low- and modest-income Americans, even though such programs constitute less than one-fourth of federal spending. The plan would cause tens of millions of people to become uninsured or underinsured, cut support for working-poor families, and make it harder for millions of modest-income students to afford college.*

The plan would likely weaken long-term economic growth by slashing funding for areas like education, research, and infrastructure that help promote growth. It would reduce opportunity by making college less affordable for students of modest means. It would increase poverty due to its deep cuts in health, nutrition, and other supports for the least fortunate Americans. And it would widen inequality that’s already at or near its highest levels in nearly a century.”

--Robert Greenstein, Center on Budget and Policy Priorities, April 29, 2015¹

The budget resolution² for Fiscal Year 2016 recently approved by the House and Senate contained the following major provisions:

1. Calls for repeal of the Affordable Care Act (“Obamacare”), and all of its benefit expansions, for a ten-year cut of \$2.273 trillion (including \$800 billion by eliminating the expansion of Medicaid), but assumes all of the law’s revenue increases and Medicare savings (totaling approximately \$2 trillion) will be retained.³ The Congressional Budget Office (CBO) estimates that repeal of the law would ultimately lead to 25 million more low- and moderate-income Americans lacking health insurance coverage by 2020 than under current law.⁴ (Over a fifth—22.3%—of unmarried women ages 18 and over were uninsured in 2013).⁵ Repeal would also mean loss of a number of

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health insurance reforms, including: coverage for young adults ages 19-25 under their parents' insurance plan (1.1 million young women have already benefitted from this provision); prohibition of the use of gender in determining premium costs, which ensures that women are not charged more than men for the same health coverage (prior to the Affordable Care Act, 92% of health insurance plans in the individual market were gender-rated, usually resulting in women being charged more than men for the same coverage); prohibition of the denial of coverage based on pre-existing health conditions; and requirements for new health plans to provide coverage for preventive services (such as mammograms and prenatal care) with no co-payments or other cost-sharing (under which 48.5 million women with private health insurance and 26.8 million covered by Medicare have already benefitted).⁶

2. Achieves 63% of its non-defense cuts from programs targeted to people with low or modest incomes (including Medicaid, SNAP, and Pell Grants, among others) even though such programs account for just over one-fourth of non-defense spending.⁷

These cuts include (over the next ten years):

- Approximately \$500 billion in reductions in the Medicaid program, in addition to the \$800 million in cuts from repealing the ACA Medicaid expansion.⁸ The impact of Medicaid cuts would fall disproportionately on women, who comprise nearly 70% of adult Medicaid beneficiaries and hold 80% of Medicaid-supported jobs.⁹
- Over \$200 billion in cuts in the Supplemental Nutrition Assistance Program (SNAP).¹⁰ These cuts are being proposed in spite of evidence documenting the effectiveness of SNAP in alleviating hunger and poverty. For example, a 2014 report by the Census Bureau found that in 2013 SNAP kept over five million people above the poverty line,¹¹ and a long-term study demonstrated that access to food stamps (the former name of the SNAP program) as a child significantly increased the economic self-sufficiency of women as adults.¹²
- \$120 billion in cuts to Pell Grants for college tuition, resulting in a one-third reduction in this key program for making college more affordable for low-income students.
- \$4 billion in cuts to the Head Start early childhood education program, likely to result in eliminating Head Start services for 400,000 children over the next decade.
- Potentially eliminates nutrition assistance for 1.2 million women, infants and children in the WIC program.¹³

3. Increases costs to current Medicare beneficiaries through repeal of the Affordable Care Act and its provisions for closing the “donut hole” in Part D prescription drug coverage (under which 9.4 million seniors have saved over \$15 billion to date) and providing preventive services without cost-sharing (39 million Medicare beneficiaries received such services in 2014),¹⁴ and retains House report language endorsing a plan to shift the risks of growing health care costs onto seniors by converting Medicare into a voucher program under which future Medicare beneficiaries would receive a

fixed premium-support payment toward the purchase of either a private health plan or traditional Medicare.¹⁵ A previous analysis of a similar voucher plan by the Center on Budget and Policy Priorities noted, “Over time, traditional Medicare would become less financially viable and could unravel – not because it was less efficient than the private plans, but because it was competing on an unlevel playing field in which private plans captured the healthier beneficiaries and incurred lower costs as a consequence.”¹⁶

4. Increases defense spending by \$170 billion through FY 2021 (by adding to the Overseas Contingency Operations account for war-related expenses) and by approximately \$50 billion from FY 2022-FY 2025, while cutting non-defense spending by \$4.4 trillion (\$5.1 trillion if Interest savings are included) over the ten-year period.¹⁷

5. Does not extend the expansions of the Earned Income Tax Credit and the Child Tax Credit (currently scheduled to expire in 2017), which provide 13 million low-income families with an average annual tax cut of approximately \$900,¹⁸ while seeking no reductions in tax expenditures (the over \$1 trillion a year in tax deductions, exclusions and credits that provide two-thirds of their benefits to the one-fifth of households with the highest incomes).¹⁹

The final conference version of the FY 2016 budget resolution (S.Con.Res. 11) was approved by the House of Representatives on 4/30/15 by a vote of 226-197 (Roll Call #183—Yes: 226 Republicans; No: 183 Democrats, 14 Republicans), and by the Senate on 5/5/15 by a 51-48 margin (Record Vote #171—Yes: 51 Republicans; No: 44 Democrats, 2 Republicans, 2 Independents).²⁰ Action now shifts to Congressional action on appropriations and other legislation through which the Republican leadership in the House and Senate will seek to implement the provisions of the budget resolution.

¹ Center on Budget and Policy Priorities, “Statement of Robert Greenstein on the New Congressional Budget Agreement,” April 29, 2015, <http://www.cbpp.org/press/statements/statement-of-robert-greenstein-on-the-new-congressional-budget-agreement>.

² “The budget resolution is a ‘concurrent’ congressional resolution, not an ordinary bill, and therefore does not go to the President for his signature or veto. It also requires only a majority vote to pass, and its consideration is one of the few actions that cannot be filibustered in the Senate. Because it does not go to the President, a budget resolution cannot enact spending or tax law. Instead, it sets targets for other congressional committees that can propose legislation directly providing or changing spending and taxes.” Center on Budget and Policy Priorities, “Policy Basics: Introduction to the Federal Budget Process,” <http://www.cbpp.org/research/policy-basics-introduction-to-the-federal-budget-process>.

³ U.S. House of Representatives, Committee on the Budget, Democratic staff, “Republican Budget Conference Plan: Work Harder, Get Less,” April 30, 2015, pp. 3, 7,

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http://democrats.budget.house.gov/sites/democrats.budget.house.gov/files/Summary%20of%20FY16%20budres%20conference%20agreement_FINAL%2004.30.15.pdf.

⁴ Congressional Budget Office, “Insurance Coverage Provisions of the Affordable Care Act—CBO’s March 2015 Baseline,” March 2015, <http://www.cbo.gov/sites/default/files/cbofiles/attachments/43900-2015-03-ACAtables.pdf>.

⁵ Census Bureau, “Current Population Survey: March Supplement,” March 2014, http://thedataweb.rm.census.gov/ftp/cps_ftp.html.

⁶ Department of Health and Human Services, “The Affordable Care Act and Women,” updated November 5, 2014, <http://www.hhs.gov/healthcare/facts/factsheets/2012/03/women03202012a.html>.

⁷ Center on Budget and Policy Priorities, “Ten Serious Flaws in the Congressional Budget Plan,” May 4, 2015, <http://www.cbpp.org/research/federal-budget/ten-serious-flaws-in-the-congressional-budget-plan>.

⁸ U.S. House of Representatives, Committee on the Budget, Democratic staff, “Republican Budget Conference Plan: Work Harder, Get Less,” April 30, 2015, p. 3, http://democrats.budget.house.gov/sites/democrats.budget.house.gov/files/Summary%20of%20FY16%20budres%20conference%20agreement_FINAL%2004.30.15.pdf.

⁹ National Women’s Law Center, “The Ryan House Budget FY 2015: Slashes Vital Programs for Women and Families, Gives Trillions in Tax Cuts to Millionaires and Corporations,” April 2014, http://www.nwlc.org/sites/default/files/pdfs/ryan_house_budget_fy_2015.pdf.

¹⁰ U.S. House of Representatives, Committee on the Budget, Democratic staff, “Republican Budget Conference Plan: Work Harder, Get Less,” April 30, 2015, pp. 3-4, http://democrats.budget.house.gov/sites/democrats.budget.house.gov/files/Summary%20of%20FY16%20budres%20conference%20agreement_FINAL%2004.30.15.pdf.

¹¹ Census Bureau, “The Supplemental Poverty Measure: 2013,” Table 5a. Effects of Individual Elements on SPM Rates: 2013, October 2014, <http://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-251.pdf>.

¹² Sarah Ayers, “The Safety Net Is Good Economic Policy,” Center for American Progress, March 31, 2014, p. 4, <http://www.americanprogress.org/wp-content/uploads/2014/03/RyanBudgetAyersStandard.pdf>.

¹³ U.S. Senate, Senate Budget Committee, “Sanders Review of Republican Budget Agreement Shows It Takes Us in the Wrong Direction,” May 4, 2015, <http://www.budget.senate.gov/democratic/public/index.cfm/press-releases-news?ID=63af069f-0a5d-428a-b94f-94620790f8d0>.

¹⁴ Department of Health and Human Services, “Since 2010, 9.4 million people with Medicare have saved over \$15 billion on prescription drugs,” February 24, 2015, <http://www.hhs.gov/news/press/2015pres/02/20150224a.html>.

¹⁵ U.S. House of Representatives, Committee on the Budget, Democratic staff, “Republican Budget Conference Plan: Work Harder, Get Less,” April 30, 2015, p. 3, http://democrats.budget.house.gov/sites/democrats.budget.house.gov/files/Summary%20of%20FY16%20budres%20conference%20agreement_FINAL%2004.30.15.pdf.

¹⁶ Paul Van de Water, “Medicare in Ryan’s 2015 Budget,” Center on Budget and Policy Priorities, April 8, 2014, p. 2, <http://www.cbpp.org/files/4-8-14health.pdf>.

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¹⁷ Committee for a Responsible Federal Budget, “The Basics of the Budget Conference Agreement,” May 1, 2015, <http://crfb.org/blogs/basics-budget-conference-agreement>

¹⁸ U.S. Senate, Senate Budget Committee, “Sanders Review of Republican Budget Agreement Shows It Takes Us in the Wrong Direction,” May 4, 2015, <http://www.budget.senate.gov/democratic/public/index.cfm/press-releases-news?ID=63af069f-0a5d-428a-b94f-94620790f8d0>.

¹⁹ Center on Budget and Policy Priorities, “Ten Serious Flaws in the Congressional Budget Plan,” May 4, 2015, <http://www.cbpp.org/research/federal-budget/ten-serious-flaws-in-the-congressional-budget-plan>.

²⁰ Congress.gov, <https://www.congress.gov/bill/114th-congress/senate-concurrent-resolution/11/actions>.