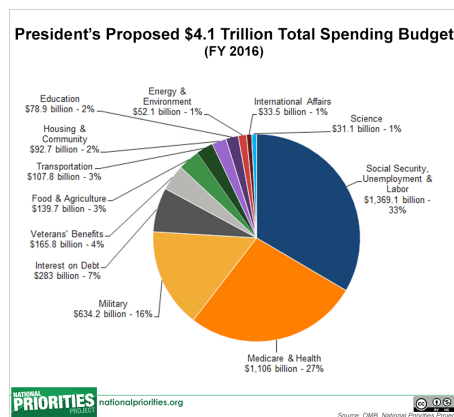


President's Budget 2016

National Priorities Project Webinar
February 26, 2015



Lindsay Koshgarian

Research Director, National Priorities Project

What Does It Mean?

- ◆ Starting point for negotiations, not binding
 - ◆ Draws on input from federal agencies
 - ◆ Fiscal year starts October 1, 2015
 - ◆ Congress is *supposed* to pass 12 appropriations bills
- ◆ In practice, this has not happened in over 20 years!

President's Budget Highlights

- ◆ \$4.1 trillion total spending, 5% more than FY 2015
- ◆ \$3.5 trillion revenue, 9% more than FY 2015
- ◆ 2.5% deficit (about average)

Key Proposals

◆ Education

- Two free years community college: \$60 billion over 10 years
- Preschool for All: \$66 billion

◆ Military

- Highest ever Department of Defense base budget: \$534 billion
- War/ “Overseas Contingency Operations”: \$51 billion (\$5.3 billion for ISIS)

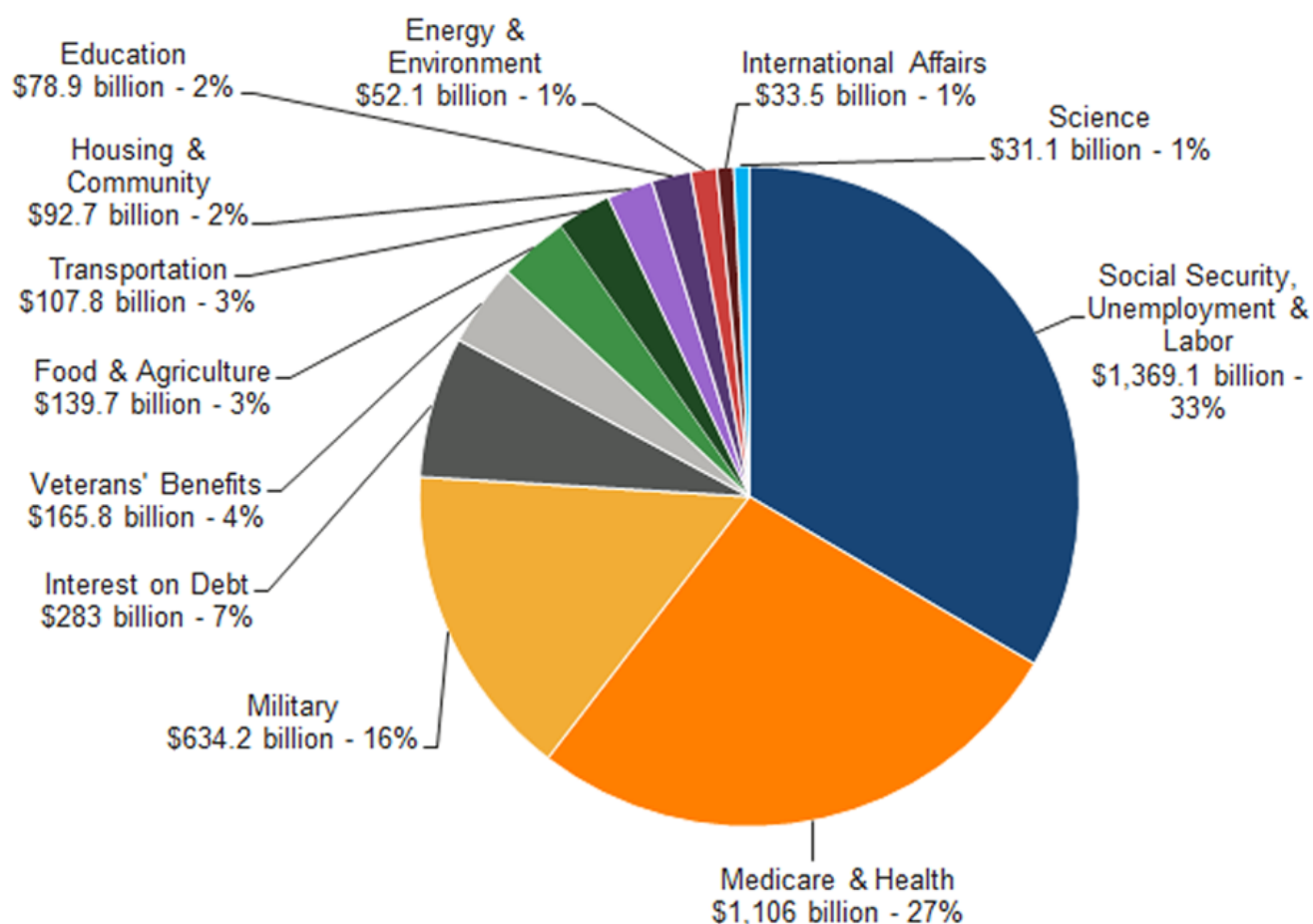
◆ Infrastructure

- New investments of \$478 billion over six years

◆ Taxes & Revenue

- Closing capital gains loopholes, and new corporate “excessive borrowing” fee: New revenue of \$230 billion over 10 years
- Closing Social Security tax loopholes for high earners: \$10 billion/ year
- Tax breaks for child care, two earners, higher education
- Expands Earned Income Tax Credit for childless workers

President's Proposed \$4.1 Trillion Total Spending Budget (FY 2016)



What do “discretionary” and “mandatory” mean?

Mandatory

- Depends on eligibility rules and permanent or multi-year “authorization” of funds
- Funded by trust funds & payroll taxes (e.g. SS and Medicare), as well as other sources

Includes

- Social Security
- Medicare
- Medicaid
- Unemployment insurance
- Retirement for federal employees
- Student loans

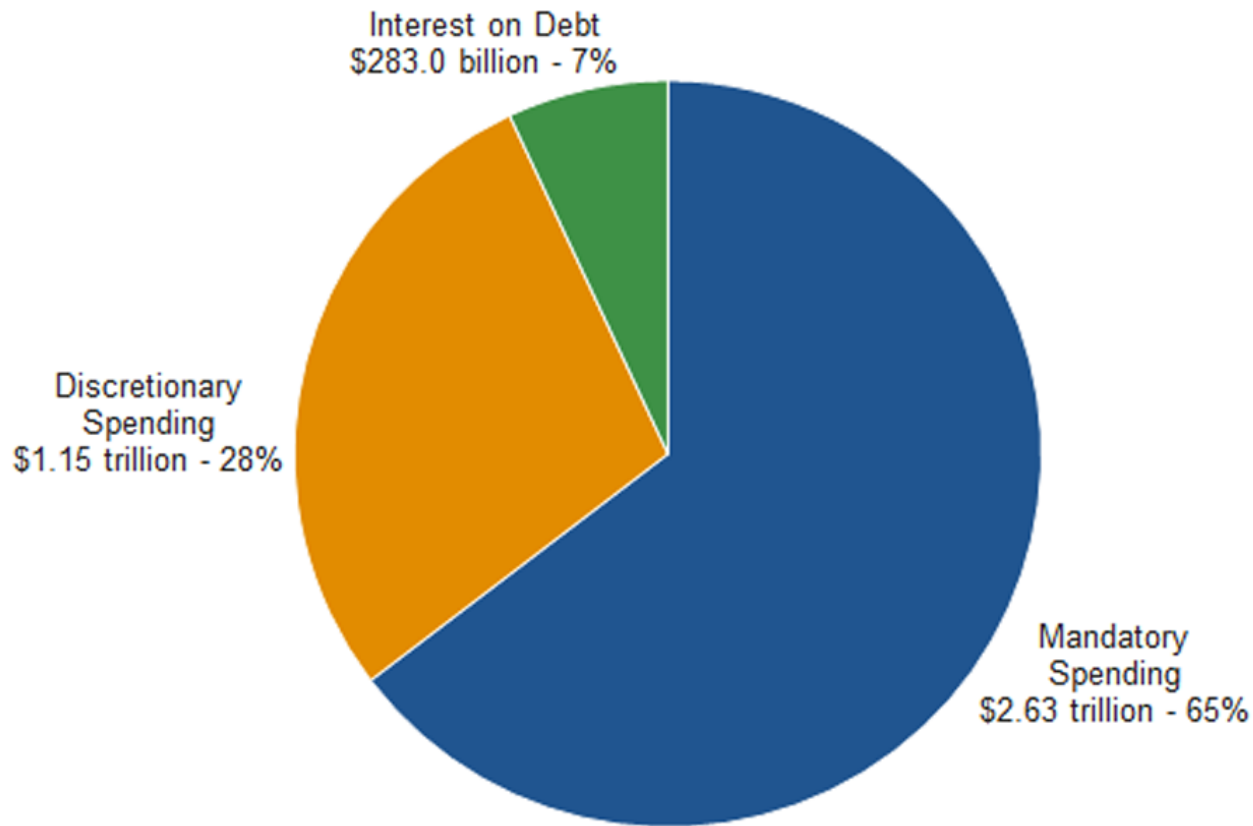
Discretionary

- Depends on annual budget process and “appropriations” of funds
- Funded primarily by income taxes (individual and corporate)

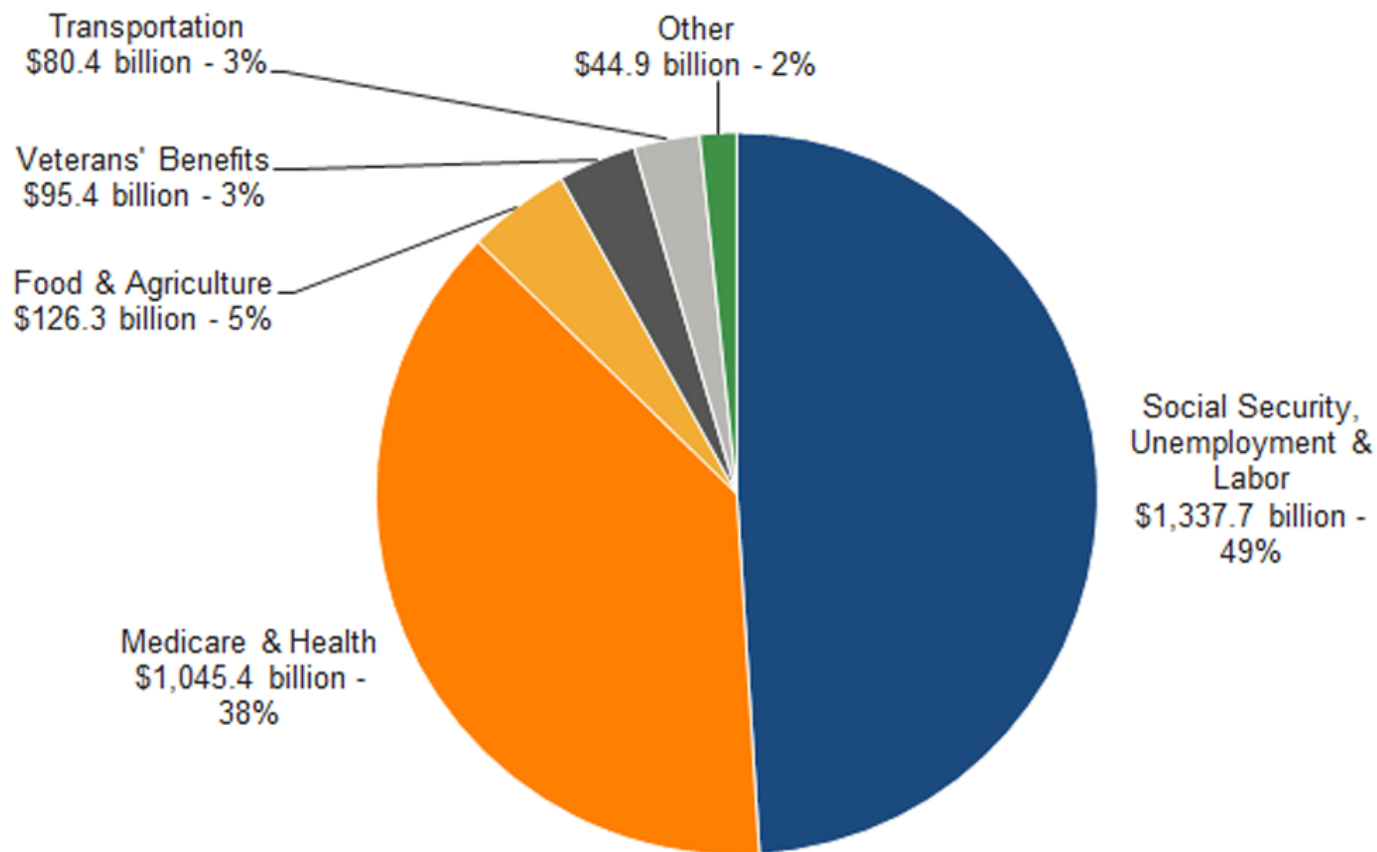
Includes

- Defense/ military
- Education
- Transportation
- Housing
- Veterans’ benefits
- Science

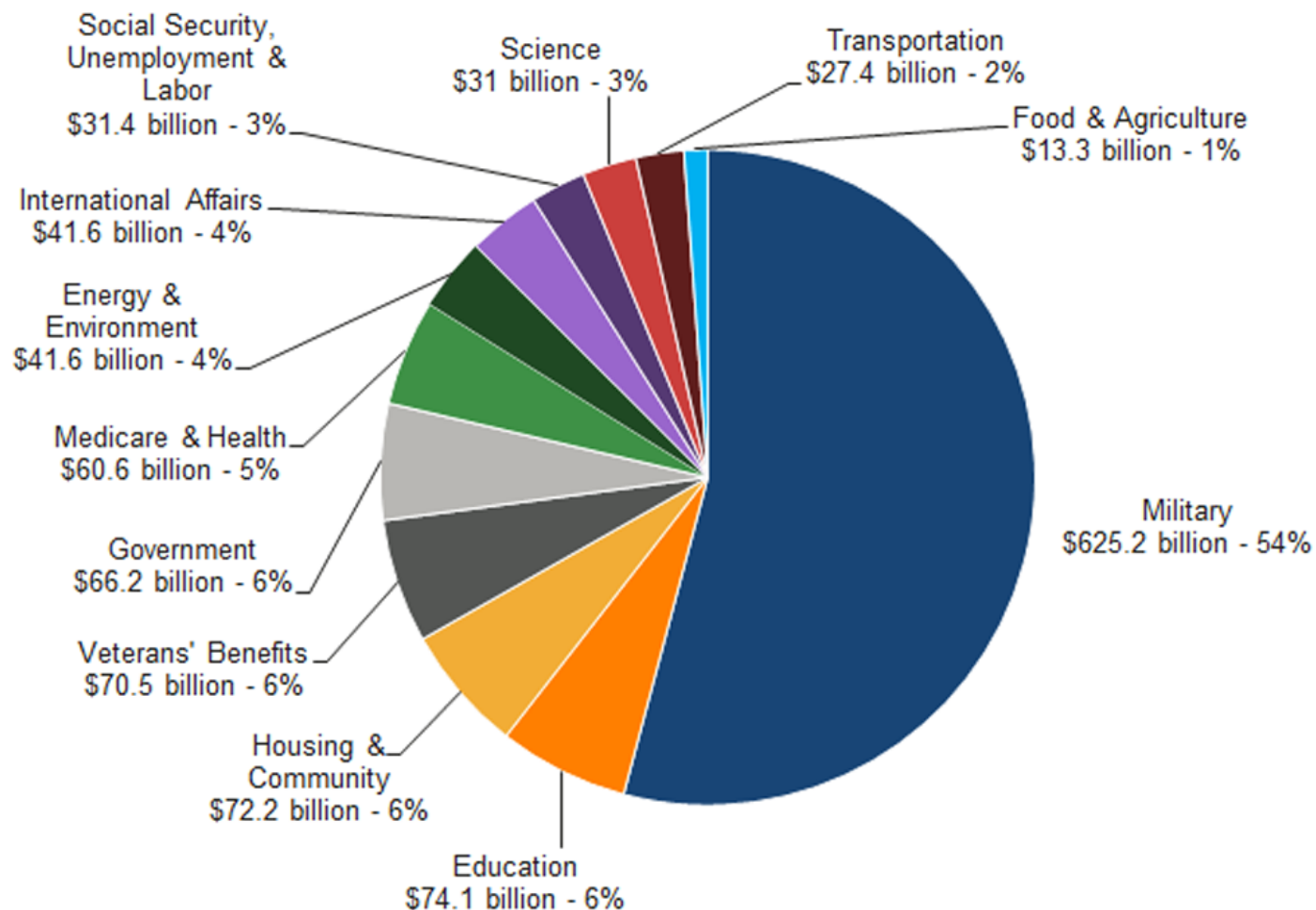
President's Proposed \$4.1 Trillion Budget by Mandatory and Discretionary Spending and Interest on Federal Debt (FY 2016)



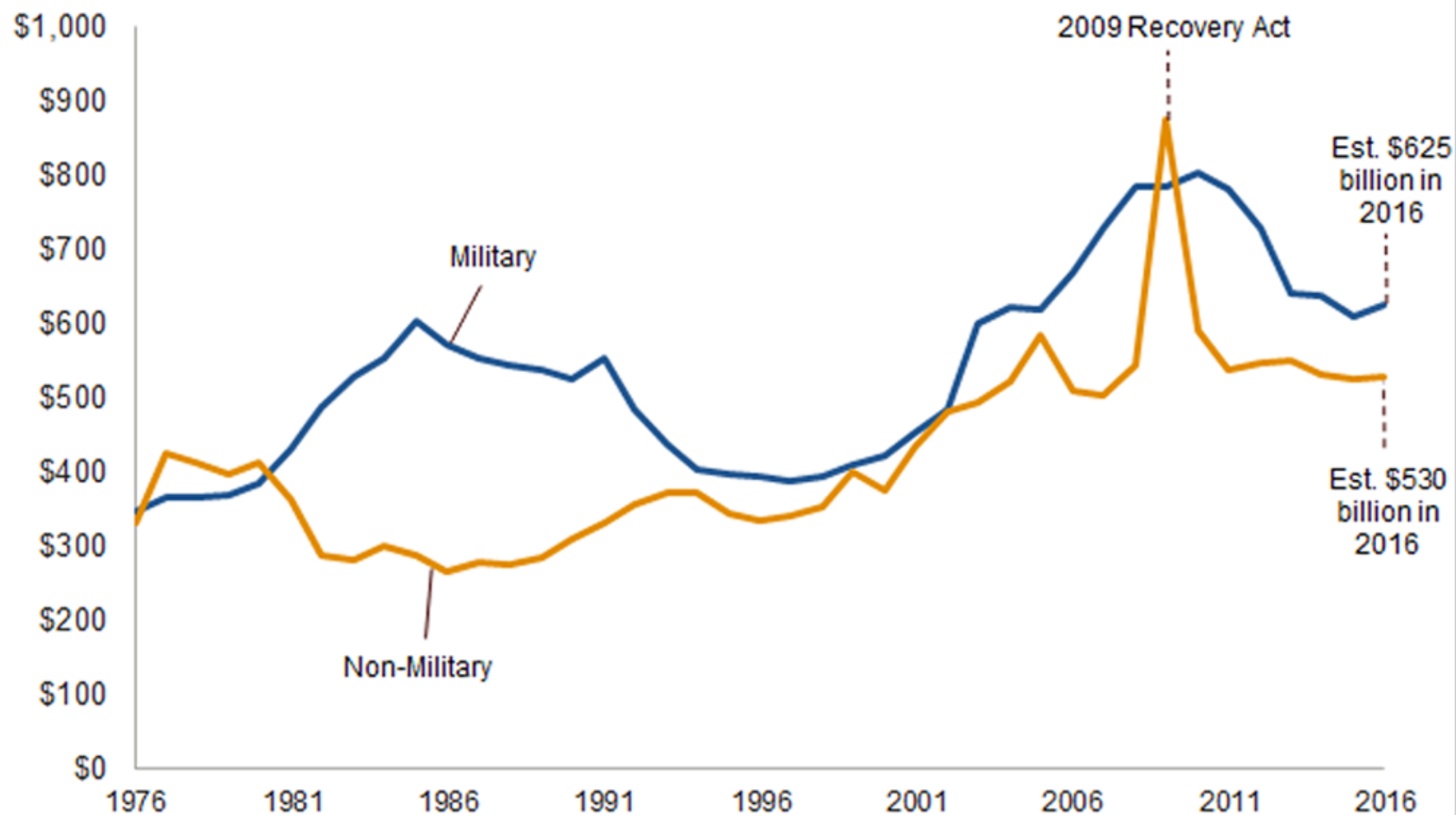
President's Proposed \$2.63 Trillion Mandatory Spending Budget (FY 2016)



President's Proposed \$1.15 Trillion Discretionary Spending Budget (FY 2016)

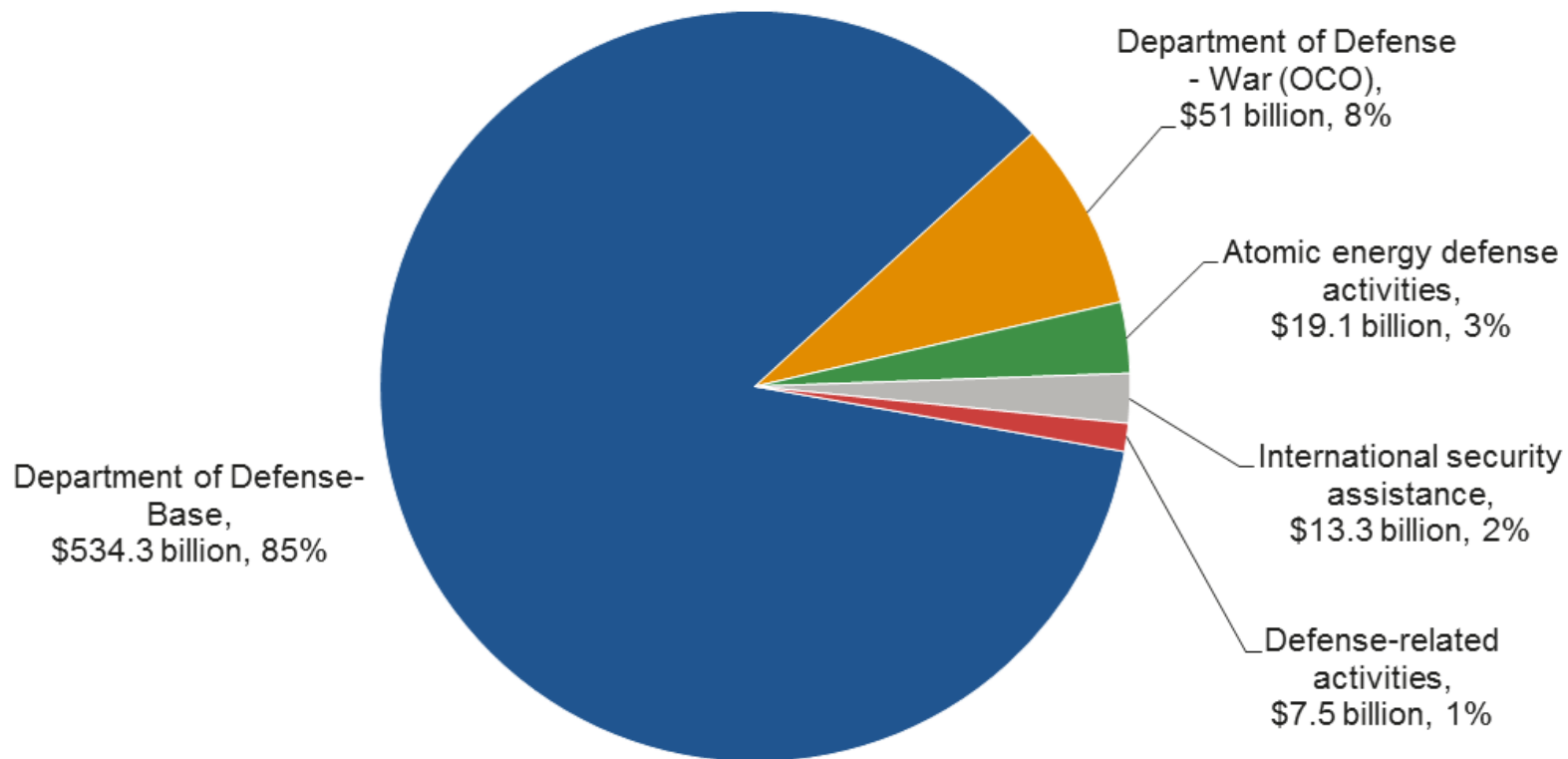


Military and Non-Military Discretionary Spending (in billions of 2016 dollars)



Proposed Military Spending 2016: \$625 Billion

(billions of dollars)



Battle 2016: Sequestration Redux

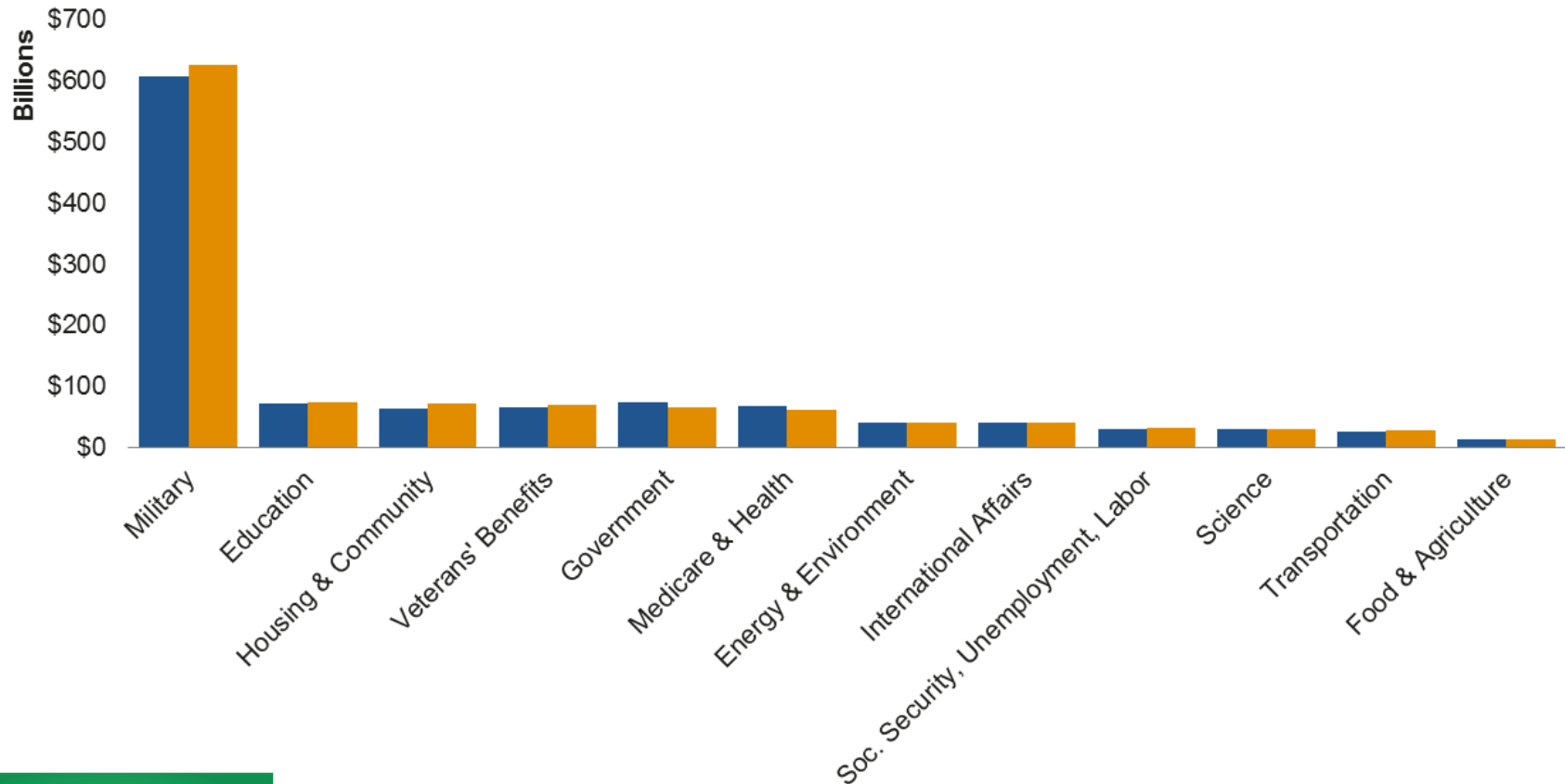
- President's budget would trigger sequestration under current law
- Breaks budget caps by \$38 billion for defense and \$37 billion for non-defense discretionary spending
- Caps are consistently higher for defense than non-defense, even though OCO doesn't count!

New Defense and Non-Defense Discretionary Caps					
(in billions of dollars)					
	<u>FY: 2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016 est</u>
Defense		519	520	521	523
NDD		468	492	492	493
Total	1043	986	1012	1014	1016

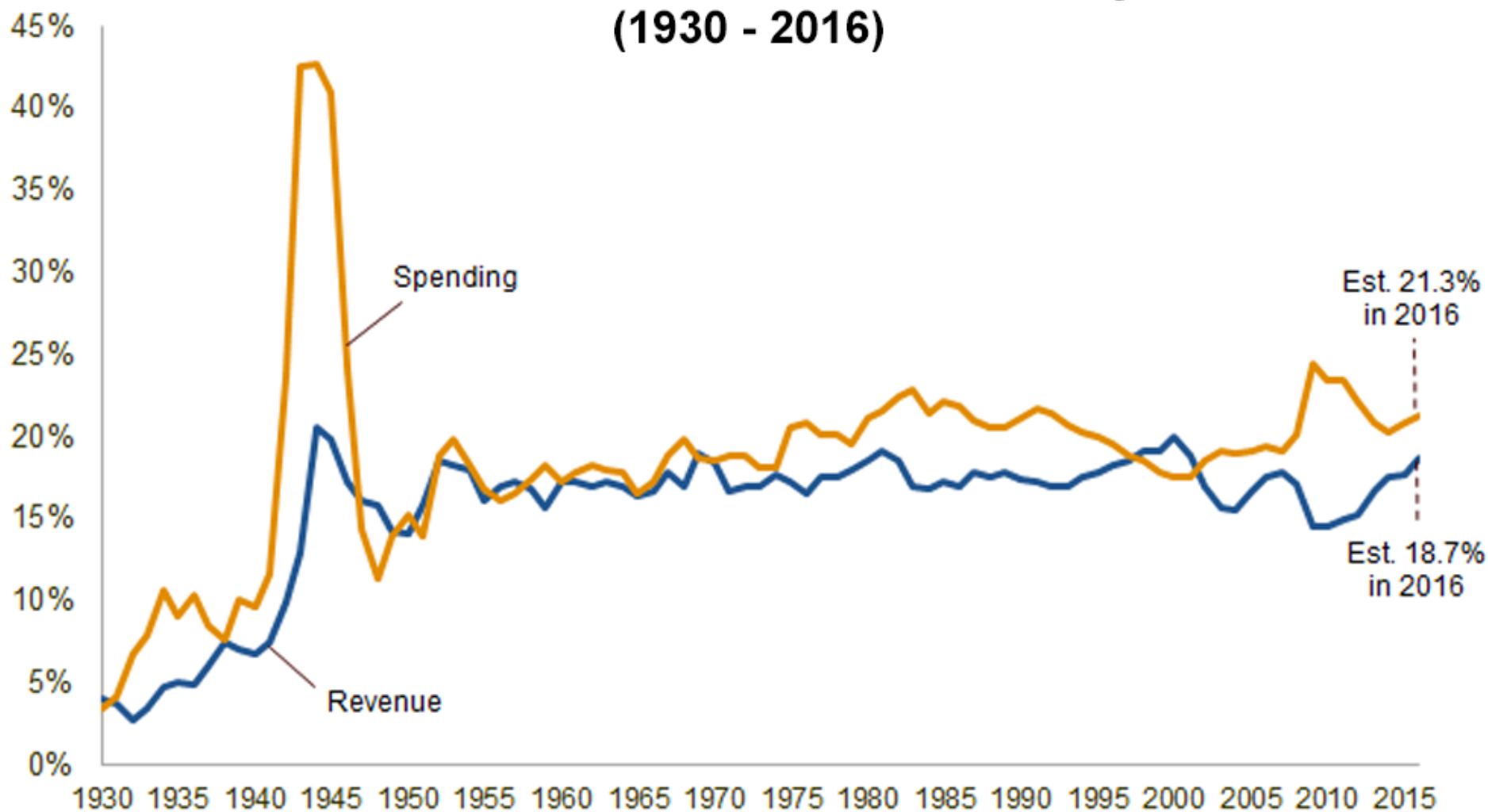
Source: Budget Committee Democrats

President's Proposed 2016 Budget vs. 2015 "CRomnibus"

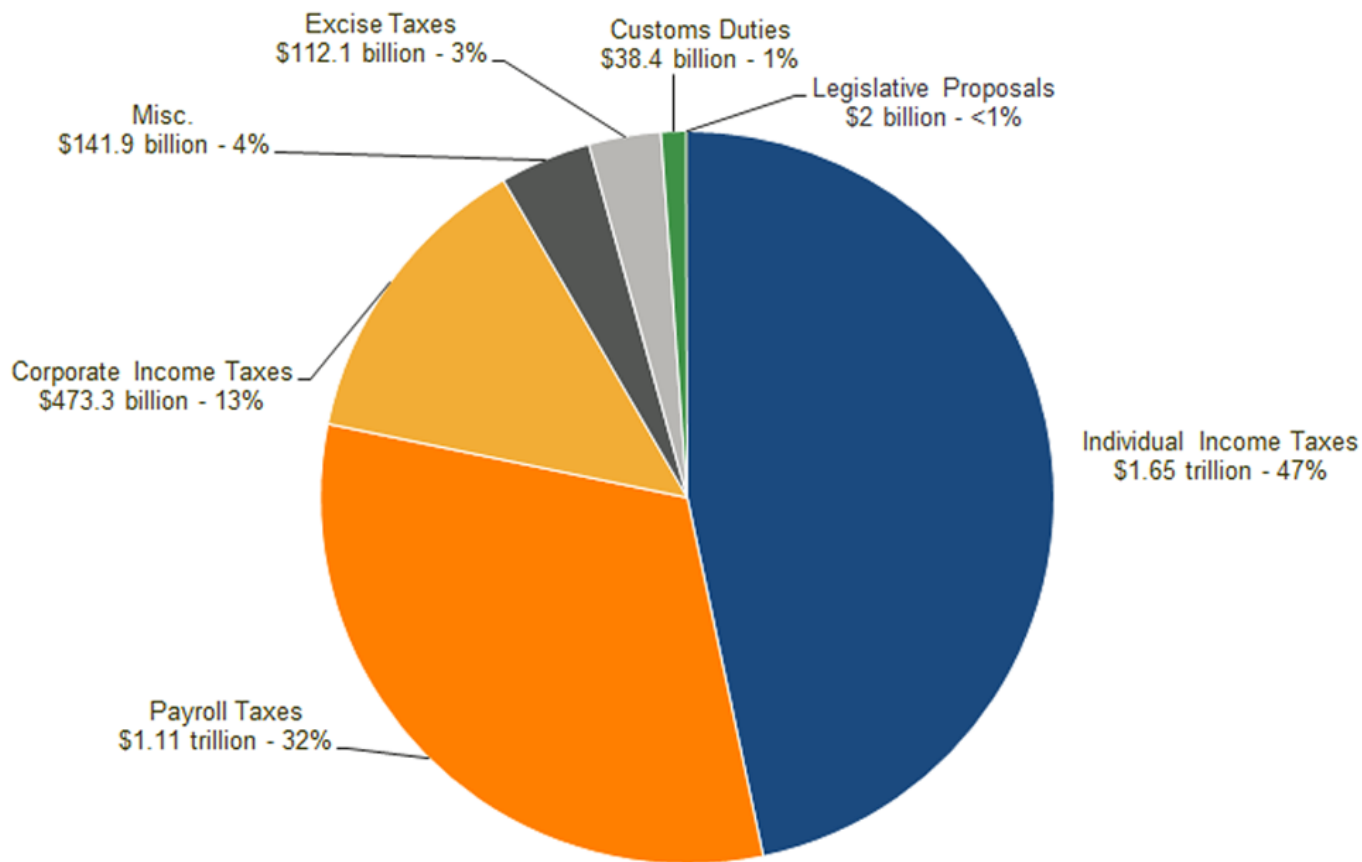
■ 2015 Enacted ■ 2016 Proposed



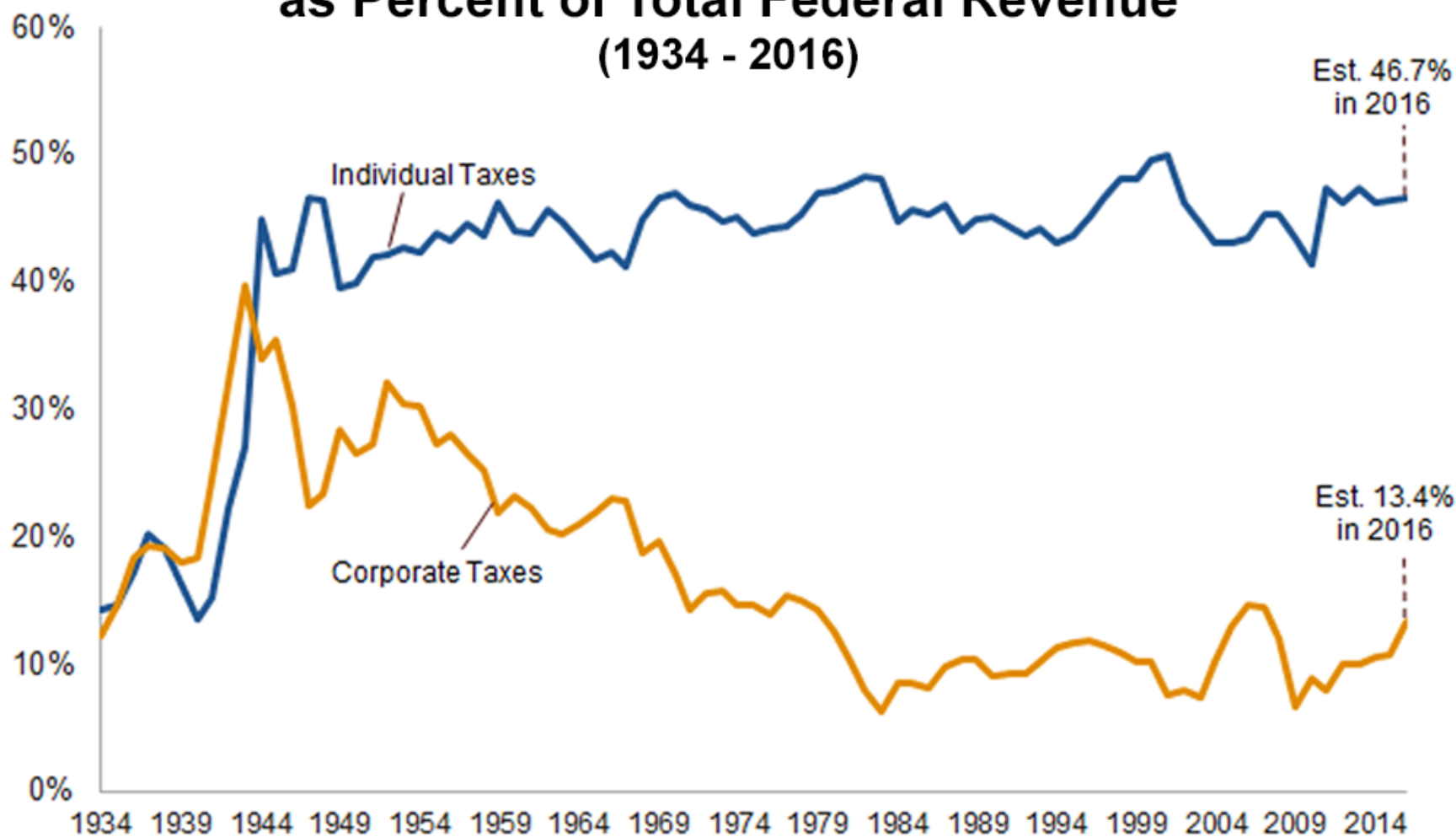
Federal Spending and Revenue as a Share of the U.S. Economy (1930 - 2016)



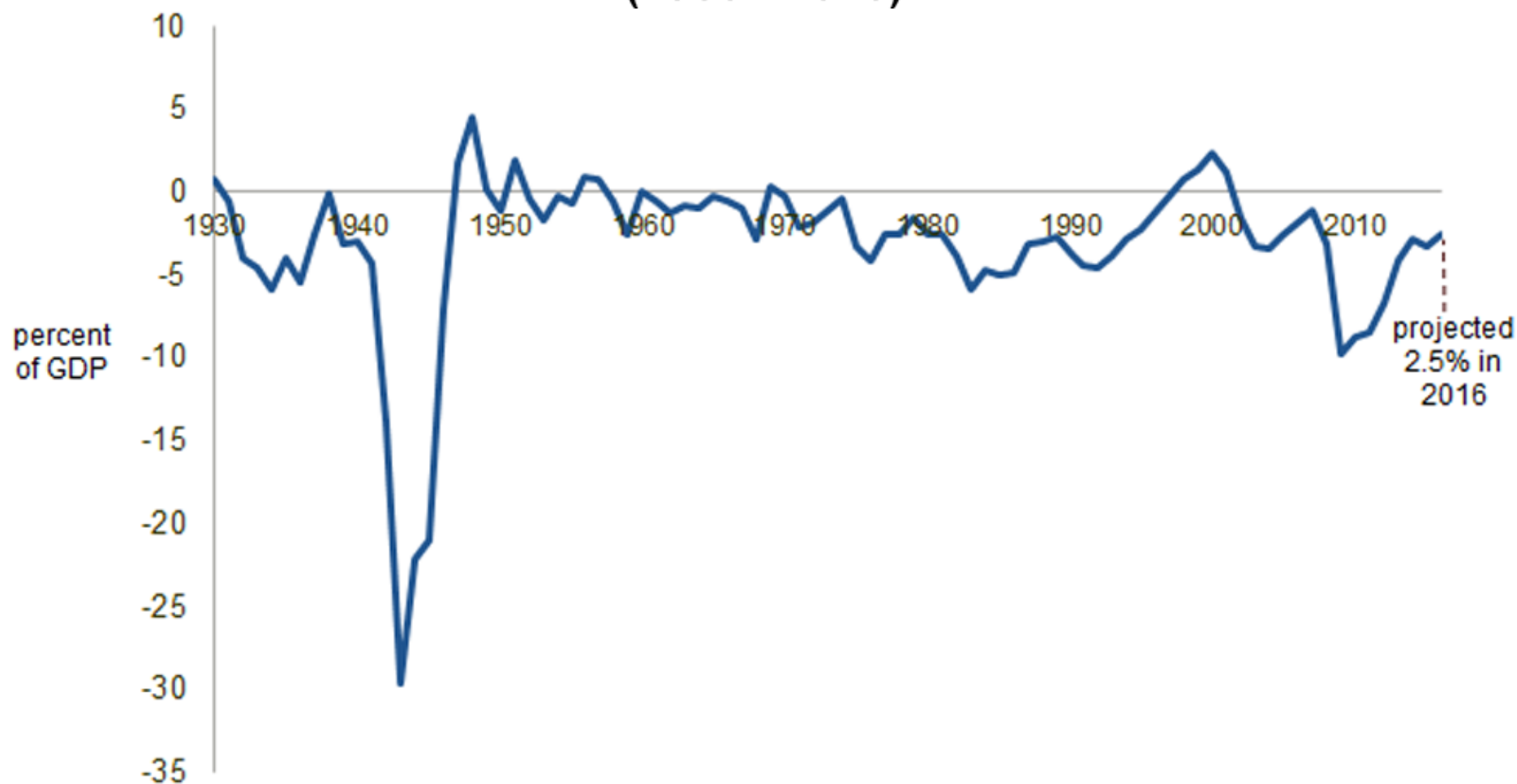
President's Proposed \$3.5 Trillion in Revenue (FY 2016)



Individual and Corporate Income Taxes as Percent of Total Federal Revenue (1934 - 2016)

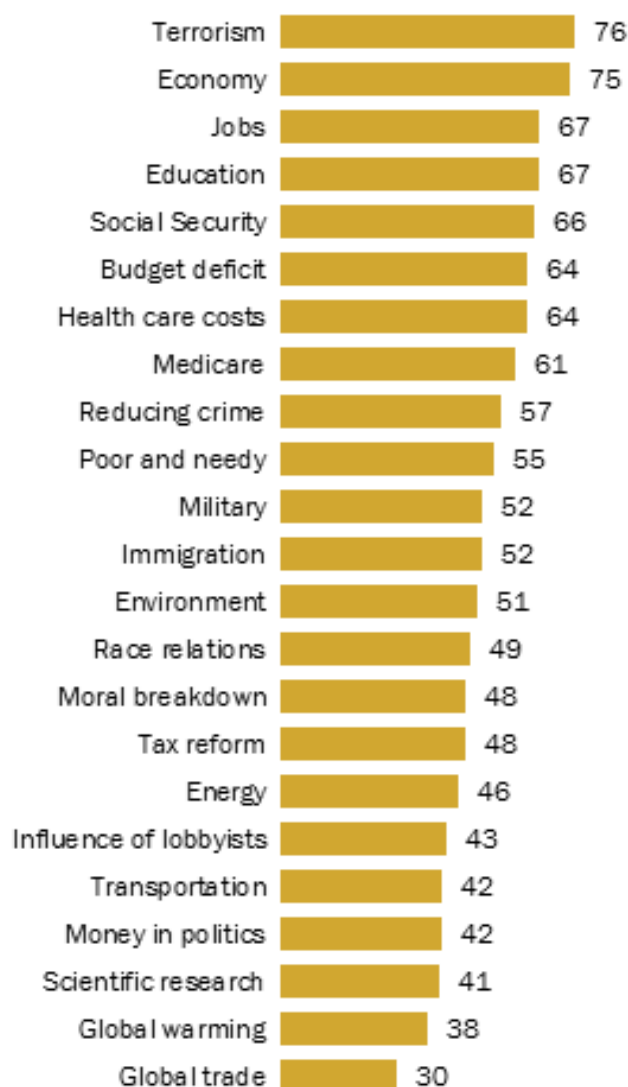


Annual Budget Deficit or Surplus (1930 - 2016)



Public's Policy Priorities for 2015

% rating each a top priority for Obama and Congress ...



Survey conducted Jan. 7-11, 2015.

PEW RESEARCH CENTER

Find out More

www.nationalpriorities.org

Lindsay Koshgarian

lkoshgarian@nationalpriorities.org