



## “Blueprint for a Balanced Budget”

### *Principles and Summary in the Republican Study Committee’s Fiscal Year 2016 Budget Proposal*

With America’s national debt surpassing \$18 trillion and burdening future generations, we need bold reforms to fix the federal government’s fiscal mess and get our nation back on track. The Republican Study Committee’s budget proposal for Fiscal Year (FY) 2016, titled “*The Blueprint for a Balanced Budget*,” will balance the budget, cut Washington’s excessive spending and strengthen our safety-net programs for the long term. By following a set of core, time-tested principles, the *Blueprint* offers proven solutions that will restore America’s economy and build a brighter future.

**The Republican Study Committee’s budget is based upon the following core principles:**

- **The budget should balance within ten years without raising any taxes, by reducing the size and scope of the federal government.** Our proposal balances the federal budget in 2021, bringing spending down to an average of 18.2 percent of GDP and limiting revenues to 18.2 percent of GDP and close to the historical average.
- **The budget should make the broken tax code simpler, fairer, and promote growth.** Our proposal includes pro-growth tax reform that is revenue neutral on a dynamic basis, keeps the tax burden at its historic average, and makes the tax code simpler, flatter, and fairer. Specifically, our proposal would lower rates and eliminate special-interest tax breaks.
- **The budget should promote pro-growth policies that grow America’s economy, not Washington’s.** Our proposal promotes American energy development and gets the government out-of-the-way of innovation and entrepreneurship, so America’s businesses have the ability to grow and create jobs.
- **The budget should ensure strong national security.** Our proposal fully funds our national security, provides \$570 billion in base defense spending in FY 2016, and \$6.4 trillion to protect America’s interests over the decade.
- **The budget should repeal Obamacare and establish patient-centered healthcare reform in its place.** Our proposal fully repeals President Obama’s job-killing healthcare law through the reconciliation process. It replaces the unpopular law with the RSC’s American Health Care Reform Act, a patient-centered solution that lowers costs, increases access to affordable health care and puts individuals back in charge of their healthcare decisions.
- **The budget should strengthen America’s safety-net programs to ensure their long-term sustainability.** Our proposal makes common-sense reforms to strengthen Medicare and Medicaid by offering increased choices and improved services. It also protects Social Security and the Disability

Insurance program by strengthening their trust funds. By making changes that will restore these programs to solvency, we can ensure they will be there for future generations.

- **The budget should reform the nation's outdated welfare system.** Our proposal would promote common-sense reforms to the current welfare system, including work requirements in government assistance programs like the Temporary Assistance for Needy families (TANF) program, the Supplemental Nutritional Assistance program (SNAP), and Medicaid.
- **The budget should terminate federal programs that are unconstitutional, duplicative, or harmful to our economy.** Our proposal does what American families across the country have had to do during these difficult economic times: make the tough decisions so we are living within our means. Our plan forces the federal government to prioritize its spending and eliminates corporate welfare and cronyism.
- **The budget should restrict the federal government to its constitutional role and restore accountability and trust by fixing the federal budget process.** Our proposal eliminates earmarks, puts fair rules in place to prevent out-of-control Washington spending, and gives taxpayers the transparency they deserve.

**Specifically, the *Blueprint* achieves these goals through the following policy proposals:**

#### **REDUCES WASHINGTON'S SPENDING**

- Cuts spending by \$7.1 trillion over ten years relative to current policy.
- Sets discretionary spending at \$975 billion in FY 2016. Freezes top level spending for the first two years, and allows increases on pace with inflation each year thereafter.
- Reduces non-defense discretionary spending to \$405 billion in FY 2016, with spending reductions totaling \$1.3 trillion between FY 2016 and FY 2025 compared to the current policy baseline.
- Reduces unnecessary mandatory spending—with the exception of Medicare, Medicaid, and Social Security—by \$1.7 trillion between FY 2016 and FY 2025.

#### **PROMOTES PRO-GROWTH TAX REFORM**

- Puts forth pro-growth, pro-taxpayer reform that is simpler, fairer, more competitive, and revenue neutral on a dynamic basis.

#### **REESTABLISHES OUR NATIONAL DEFENSE**

- Ensures our nation's security by growing base defense funding from \$570 billion in FY 2016 to \$687 billion in FY 2025.
- Provides a total of \$6.4 trillion in combined base defense funding and Global War on Terror (OCO) funding between FY 2016 and FY 2025.

#### **REPEALS AND REPLACES OBAMACARE**

- Fully repeals Obamacare, saving taxpayer funds by eliminating \$2.042 trillion in additional spending over ten years.

- Implements RSC's American Health Care Reform Act, a patient-centered solution that lowers costs, increases access to affordable healthcare and puts individuals back in charge of their healthcare decisions.

#### **SAVES MEDICARE**

- Transitions Medicare to a solvent, premium-support system in 2020 for those born in or after 1955. Provides Medicare enrollees with more choices, lower costs, and a higher quality of care.
- Strengthens Medicare's long-term finances by slowly and gradually phasing in an increase in the eligibility age for those born in 1960 and after. Raises the eligibility age by two months each year until the eligibility age reaches 67 to keep pace with increases in longevity.

#### **REFORMS MEDICAID**

- Provides states with a flexible Medicaid block grant, allowing them to determine eligibility and benefits to better help Americans who need Medicaid the most. Institutes reforms to foster innovation, improved quality of care, and increased access to vital health services.

#### **SAFEGUARDS SOCIAL SECURITY AND DISABILITY INSURANCE**

- Continues the current increase in Social Security's full retirement age for individuals born in 1962 and after to an eventual full-retirement age of 70.
- Strengthens Social Security's long-term viability by adopting the most accurate measure of inflation, Chained CPI-U, for all government programs, ensuring seniors receive the most correct cost of living adjustment (COLA) each year.
- Makes Social Security benefits more progressive over the long term through more aggressive means testing, providing those most in need with a safety net in retirement.
- Adopts reforms to the Disability Program, which is set to go bankrupt in 2016, that would promote work, update outdated eligibility rules, fight fraud, and end the "double dipping" that allows individuals to collect Disability Insurance and unemployment benefits.
- Prevent any proposal that would simply rob from the retirement program to bail out Disability Insurance.

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