

A New Foundation for American Greatness

Fiscal Year 2018 Talking Points

- The Budget has a title this year – A New Foundation for American Greatness.
- Overall, the Budget gets to balance in 10 years, and reduces publicly held debt as a percentage of GDP to the lowest level since 2010, when the economic policies of the last administration took effect. And it does all this while keeping the President’s promise to not touch core Social Security and Medicare benefits.
- This budget reprioritizes spending in important ways.
- First, as highlighted in the March Blueprint, the Budget fully reverses the defense sequester in order to begin rebuilding the U.S. Armed Forces, laying the groundwork for a larger, more capable, and more lethal joint force.
- It also invests in border security and immigration enforcement, including funding for wall, other infrastructure, and technology to help achieve operational control of the southern border.
- The Budget pays for the increase in defense in FY18 by reducing non-defense discretionary spending.
- In the out years, the budget will reduce non-defense discretionary spending each year in the budget window. These spending reductions are coupled with the President’s charge to reorganize agencies and reduce the size of the Federal civilian workforce.
- The Budget includes reductions to mandatory spending as part of the path to get to balance, as well as some targeted investments to our highest national priorities. This includes:
 - The Budget proposes to address the Nation's critical infrastructure needs by spurring \$1 trillion in investment financed both through public and private capital.
 - It includes a welfare reform proposal that strives to replace dependency with dignity of work.
 - It includes savings through an ambitious effort to reduce improper payments.
- In addition, the Budget articulates the core principles of a comprehensive overhaul to our tax code. These principles will guide the Administration’s discussions with stakeholders and help to create a tax system that is fair, simple, and efficient.

A New Foundation for a Balanced Budget

This Budget makes it clear that the President will reverse the damaging trends from previous administrations and restore the American Dream. This plan will put our Nation's budget back into balance and begin to reduce the national debt through fiscally conservative principles that respect American taxpayers – all while preserving Social Security and Medicare.

Unlike any budget proposed by the previous administration, the Fiscal Year 2018 Budget achieves balance within the 10-year budget window and begins to reduce the national debt within that same window.

- The previous administration's economic policies resulted in a near doubling of the national debt from \$10.6 trillion in 2009 to nearly \$20 trillion in 2016.
- After running massive deficits over the past 15 years, this Administration will restore fiscal discipline and make the hard decisions to put our country on a path to repay the debt in full.

The policies in this Budget will drive down spending and grow the economy. By 2027, when the budget reaches balance, publicly held debt will be reduced to less than 60 percent of GDP, the lowest level since 2010, when the economic policies of the last Administration took effect.

Under this plan, the debt will continue to fall both in nominal dollars and as a share of GDP, putting us on a path to repay the debt in full within a few decades.

Many hard choices were necessary to reach the 2018 discretionary budget cap. The spending reductions in this budget are reflective of President Trump's charge to reduce the size of the Federal workforce and create a leaner, more accountable, less intrusive, and more effective Government.

No Cuts to Social Security

The President's Budget does not cut core Social Security benefits.

The President's budget also funds the administrative component of Social Security at the same levels as 2017, ensuring there are no cuts to customer service for beneficiaries and applicants.

- SSA's administrative budget level for FY 2018 is kept flat to FY 2017 CR level and +\$65 million from FY 2017 enacted.
- Program integrity funding is \$1.7 billion, an increase of \$309 million over the FY 2017 CR level, which includes the authorized cap adjustment level of \$1,462 million for 2018.

No Cuts to Medicare

During his presidential campaign, the President promised not to cut Medicare benefits. And it does not.

A New Foundation for American Jobs

For too long, too many Americans have been left behind. This budget provides a new foundation of federalism that aligns with the President's agenda to improve the overall climate for all working Americans. This budget's combination of regulatory, tax and welfare reforms will provide opportunities for economic growth and job creation.

Regulatory Reform

- The Washington Post recently reported, "President Trump has embarked on the most aggressive campaign against government regulation in a generation, joining with Republican lawmakers to roll back rules already on the books."
- The Fiscal Year 18 Budget projections include the recently acted upon Congressional Review Act resolutions to rollback Obama era regulations, which have generated annual cost savings of approximately \$600 million to \$1.2 billion per year.

Welfare Reform

- This budget strives to replace dependency with the dignity of work through welfare reform efforts.
- Promotes a better system for the American taxpayer and more effectively targets benefits toward their intended recipients.
- Provides SNAP reforms that tighten eligibility and encourage work, strengthen child support, and limit Earned Income Tax Credit and the Child Tax Credit to those who are authorized to work in the U.S.
 - Combined SNAP reforms generate nearly \$193 billion in savings over 10 years.
- Temporary Assistance for Needy Families (TANF) proposals save \$21 billion over ten years.
- Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) reforms save \$40 billion over ten years.
- The "Reform the Welfare System" budget proposal, which includes the above items as well as other key proposals, saves \$274 billion over 10 years.

Tax Reform

- Tax reform, for both individuals and businesses, will grow the economy and make America a more attractive business environment.
- The President's tax plan is not just a tax cut; it is tax reform to make our tax system simpler and fairer. While cutting tax rates, it also eliminates loopholes and deductions.
- The lower corporate tax rate and lower income tax rate will spur investment and create jobs.
- The Trump Tax plan will streamline the tax code, reducing the tax rate on American businesses while increasing economic growth and fueling job creation, giving one of the biggest business and middle-income tax cuts in history.
 - The reform shrinks the current system from 7 to 3 brackets – 10%, 25%, and 35%.
 - The Trump Tax plan would cut the tax rate on businesses to 15%.
 - The plan would make many small businesses eligible for the business rate of 15%.

A New Foundation for a Secure Nation

Defense Increases:

The President is requesting \$54 billion, or 10 percent, more than the defense level President Obama signed into law for both the 2017 CR and the 2018 budget cap. This increase balances the need to rebuild the military with the need for disciplined, strategy-driven, executable growth. This budget:

- Proposes to work with Congress to invest \$6.7 trillion to restore America's military might to defend our interests at home and abroad.
- Reverses the defense sequester, fully offset by non-defense discretionary reductions, by increasing the national defense budget by \$54 billion in 2018.
 - This includes a \$52 billion increase for the Department of Defense (DOD), and \$2 billion of increases for other national defense programs.
- Ends the depletion of our military, reversing end strength reductions and funding critical maintenance and procurement shortfalls.
- Lays the groundwork for a larger, more capable, and more lethal joint force, consistent with a new National Defense Strategy.
- Invests in major elements of force structure, including:
 - 56,400 more military servicemembers in 2018 than the end strength planned by the Obama Administration
 - 84 fighter aircraft, including 70 Joint Strike Fighters and 14 FA-18 Super Hornets
 - 8 battle force ships (the FY 2017 Omnibus funded 10 battle force ships, 3 above the request)

Border Security and Immigration Enforcement

The Budget includes over \$2.6 billion in new infrastructure and technology investments in 2018 to give CBP frontline law enforcement officers the tools and technologies they need to deter, deny, identify, track, and resolve illegal activity along the border.

- \$1.6 billion for new and replacement border wall in locations identified by the Border Patrol as operational priorities to impede the flow of illegal crossings;
- \$239 million for aircraft and other aviation assets to help identify and track border crossings and support enforcement actions on the ground;
- \$202 million for critical equipment and facility needs, such as vehicles, radios, weapons, and computers;
- \$197 million for surveillance technology, such as towers, radars, cameras, and sensors, to give the Border Patrol situational awareness in high-risk areas;
- \$111 million for road construction and maintenance to give Border Patrol access to difficult to reach locations;
- \$109 million to recapitalize non-intrusive inspection equipment at ports of entry, anticipating that stronger enforcement between the ports may lead to increased contraband flowing through official border crossings.

The Budget proposes more than \$300 million to support recruiting and hiring additional agents, officers, investigators, attorneys, and support staff at CBP and ICE, as well as investments at the Federal Law Enforcement Training Center to begin training the surge of new enforcement staff.