



February 13, 2018

AN AMERICAN BUDGET – THE PRESIDENT’S FY19 REQUEST

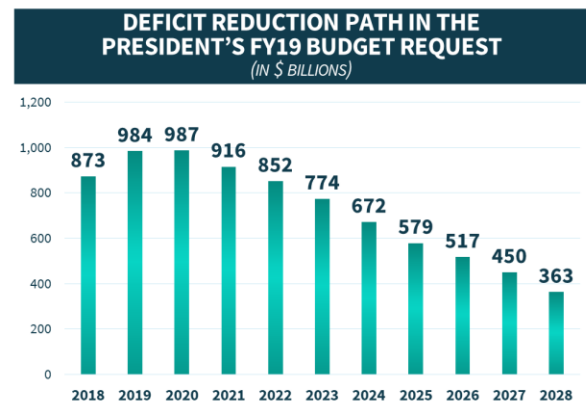
This week, the Trump Administration submitted its formal budget proposal to Congress for consideration. On Wednesday, February 14, 2018, the House Budget Committee will welcome Office of Management and Budget Director Mick Mulvaney to testify on the President’s request. Key components of *An American Budget* include the following:

Improve the Fiscal Trajectory. The deficit and debt levels rose dramatically under the previous administration. As a result, the President’s budget request does not balance in 10 years, highlighting the dire financial situation in which America finds itself. However, it does take significant steps towards putting the nation on a trajectory toward balance while prioritizing initiatives important to the American people, such as infrastructure improvement and enhanced border security. Under *An American Budget*, deficits as a share of gross domestic product (GDP) decline to 1.1 percent by 2028 from 4.4 percent in 2018.

Defense and Non-Defense Discretionary Spending. The President calls for increasing base defense discretionary spending to \$647 billion, a level matching the cap in the Bipartisan Budget Act of 2018. Under the President’s request, defense spending grows to \$790 billion in 2028. The proposal requests \$69 billion for the Global War on Terrorism and phases down this account over time. This demonstrates the administration’s commitment to providing the nation’s warfighters with the tools and training necessary to keep Americans safe at home and abroad. The President requests \$540 billion in non-defense discretionary spending for fiscal year 2019; declining \$370 billion in 2028.

Mandatory Savings. The President’s request would achieve net savings of \$1.8 trillion from direct

spending proposals. These include: repealing and replacing Obamacare, increasing State flexibility in Medicaid, addressing high Medicare drug prices, and reforming the welfare system, Federal student loans, and Federal employees’ benefits.



Target Waste, Fraud, and Abuse. *An American Budget* emphasizes the need for efficient, effective, and accountable use of taxpayer dollars. It suggests policies to save \$151 billion over 10 years by reducing government-wide improper payments and improving program integrity.

Economic Assumptions. The administration projects 3.0 percent real GDP growth over the next decade. Tax reform and regulatory reform are the primary contributors to this growth, which is similar to the long-term average U.S. GDP growth.

Path Ahead. The President’s submission of a budget request is the first step in the federal budgeting process. As the House Budget Committee begins writing its budget resolution for fiscal year 2019, the committee will carefully consider *An American Budget’s* recommendations made by President Trump. Balancing the budget remains the goal of the committee.