



CONGRESSIONAL BLACK CAUCUS ALTERNATIVE BUDGET FOR FY 2018

Topline Overview

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY18-27
CBO Baseline Deficit (January 2016)	-487	-601	-684	-797	-959	-1000	-1027	-1165	-1297	-1408	-9,426
CBC Budget											
Revenues	3,815	3,989	4,202	4,380	4,590	4,778	5,030	5,268	5,503	5,801	47,356
Outlays	4,402	4,734	4,877	5,019	5,294	5,471	5,656	5,982	6,288	6,580	54,303
Deficit	-587	-745	-675	-639	-704	-693	-626	-714	-785	-779	-6,947
Savings Over CBO Baseline	-100	-144	9	158	255	307	401	451	512	629	2,479
As Percent of GDP											
Revenues	19.1%	19.2%	19.5%	19.6%	19.7%	19.6%	19.8%	19.8%	19.8%	20.1%	
Outlays	22.1%	22.8%	22.7%	22.4%	22.7%	22.5%	22.2%	22.5%	22.7%	22.7%	
Deficit	-2.9%	-3.6%	-3.1%	-2.9%	-3.0%	-2.8%	-2.5%	-2.7%	-2.8%	-2.7%	
Debt Held by the Public	15,516	16,337	17,080	17,782	18,543	19,291	19,972	20,740	21,579	22,414	
Debt Held by the Public (as a % of GDP)	77.8%	78.8%	79.4%	79.4%	79.4%	79.2%	78.6%	78.1%	77.8%	77.5%	
Gross Domestic Product (CBO Baseline)	19,944	20,731	21,521	22,392	23,351	24,362	25,422	26,544	27,725	28,925	240,917

Our nation’s budget is a reflection of our priorities. The budgets proposed by President Trump and House Republicans are not reflective of what the majority of Americans need or deserve. Both of these budgets propose significant cuts to vital programs that support hardworking American families. Programs that support health care, basic living standards, nutrition assistance, job training programs, and affordable higher education are all on the chopping block to pay for tax cuts that will benefit large corporations and the wealthy.

The Congressional Black Caucus (CBC) has a long history of submitting fiscally sound and morally responsible alternatives to budgets proposed by both Republican and Democratic presidents and House majorities. The CBC alternative budget for fiscal year 2018 continues this tradition and invests in programs and policies that will support working Americans and help our nation prosper. This budget alternative protects social safety net programs, provides pathways out of poverty, strengthens health care, improves retirement security, and makes college more affordable. The CBC has also included a down payment of \$200 billion to aid victims of recent hurricanes that ravaged Texas, Florida, Puerto Rico, and the U.S. Virgin Islands. Additionally, the CBC budget invests \$1 trillion over the next decade in a comprehensive infrastructure and jobs program that aims to accelerate our economic recovery to guarantee America’s long-term economic competitiveness.

In order to pay for these proposals, the CBC budget puts forward several recommendations to make our nation’s tax code fairer to ensure that large corporations and the wealthy pay their fair share. The CBC budget reduces the deficit by approximately \$2.5 trillion over 10 years compared to CBO’s January 2017 baseline. The CBC budget is a morally and fiscally responsible alternative to the budget proposed by President Trump and House Republicans. This budget makes targeted investments in programs that support working families, students, seniors, and the most vulnerable in our communities.

Baseline and Policy Assumptions

The CBC budget uses the Congressional Budget Office's current law baseline, as adjusted in January 2017, which included the Budget Control Act of 2011 and the Bipartisan Budget Acts of 2013 and 2015. Over the next decade, CBO projects the baseline annual deficit to steadily climb to \$1 trillion in FY 2023 and \$1.4 trillion by FY 2027

Compared to CBO's current law baseline, the CBC budget reduces the deficit by approximately 2.5 trillion over the next decade. As a percentage of GDP, the deficit in FY 2018 will be 77.4% of GDP and in FY 2027 it will be 88.9%, however, with the CBC's budget this number falls to 77.5% in FY 2027.

These savings are derived from the additional revenue called for in the CBC budget, as well as other deficit reducing policies, such as adding a Public Option to the Affordable Care Act marketplaces, passing comprehensive immigration reforms, and ending perpetual spending in the Overseas Contingency Operations account.

Making the Tax Code Fairer to Meet the Needs of the Nation – \$3.9 Trillion in New Revenue

The CBC budget directs the House Committee on Ways and Means and the Senate Committee on Finance to find \$3.9 trillion in revenue enhancements to make our tax code more progressive and fair. The CBC budget does not endorse any specific revenue enhancements but shows that this is a credible and achievable goal by suggesting several specific revenue options, totaling approximately \$10.9 trillion that Congress could utilize to achieve the \$3.9 trillion revenue target. These options include:

Limit Deductibility of Corporate Debt Interest Payments: \$1.151 Trillion over 10-years

Under current law, corporations can take advantage of a tax preference that encourages debt-financed projects over projects financed by other means, such as equity financing. Interest payments on this debt are counted as a business expense and are paid from pre-tax income thus reducing a corporation's taxable income. According to the Economic Policy Institute, corporate financing achieved through debt becomes tax deductible whereas corporate financing through equity is not. There is no rational basis for this difference. This proposal does not eliminate corporate interest deductions. It only limits the use of debt financing by one-third to 25%, down from 35%, and making the preference an after-tax credit of 25% rather than a pre-tax expense. It should be noted that if this tax preference for corporate debt is completely eliminated, it would raise at least three times as much revenue than just limiting it to a 25% after-tax credit. Ultimately, limiting this tax preference would decrease systemic financial risk and free up additional capital for more productive, less speculative investment.

Tax Capital Gains and Dividends as Ordinary Income: \$880 Billion over 10-years

The tax code has long favored investment income over the money you get in your paycheck, but this hasn't always been the case. In the 1960s, when the top tax rate for earned income was 50%, capital gains and dividends were taxed at a top rate of 70%. However, today when a shareholder of a stock is paid a dividend, the most they are taxed is 20%. When that shareholder decides to sell the stock and cash out, they still only pay 20% on their profits — the capital gains. A recent study conducted by Thomas Hungerford of the Congressional Research Service states that "[t]he single greatest driver of income inequality over a recent 15 year period was runaway income from capital gains and dividends." Wall Street investment bankers and hedge fund managers should pay the same tax rates on their income as the soldier fighting in Afghanistan or a public school teacher in Ohio pay on their income. The

CBC Budget proposes ending this tax disparity to make the tax code fairer while also including safeguards that will still encourage average Americans to invest and save for their retirement.

5.4% Surcharge on Top Earners: \$460 Billion over 10-years

The wealthiest Americans disproportionately benefited the most from the Bush-era tax cuts and the federal government's 2008 bailout of some of the largest banks, investment firms, and corporations on Wall Street. And the recent tax cuts announced by President Trump and congressional Republicans would only provide more tax benefits to the wealthiest among us. According to the Congressional Budget Office, multi-millionaires have seen their average income rise much faster than the rest of the population. The average after-tax income of the top 1% of income earners has skyrocketed 275% between 1979 and 2007, while the average after-tax income for the middle class grew just under 40% during the same period. A family earning \$451,000 pays the same tax rate as a family earning \$10 million annually. That doesn't seem right or fair.

Enacting a surcharge of 5.4% on joint filers' adjusted gross income for that portion of their income exceeding \$1 million, similar to one included in the House-passed version of the America's Affordable Health Choices Act (H.R. 3962) in the 111th Congress, would generate approximately \$460 billion in additional revenue over the next decade.

Eliminate Bush-era tax cuts for households earning between \$250K v. \$450K Threshold: \$200 Billion over 10-years

A compromise in the American Taxpayer Relief Act of 2013 retained the Bush-era tax cuts for that portion of a household's income greater than \$250,000 and up to \$450,000. Most Americans and the CBC Budget believe that the \$250,000 threshold is the more responsible cap for the Bush-era tax cuts. Lowering this threshold would enhance revenues by approximately \$200 billion over the next decade.

Return to 2009 Estate Tax: \$201 Billion over 10-years

The American Taxpayer Relief Act permanently fixed the federal estate tax at a 40% rate with an exemption of \$5 million per individual estate (\$10 million for joint estates). The exemption was also indexed to inflation saving multi-million dollar estates more and more each year. Many in Congress advocated for returning to the 2009 estate tax of 45 percent with an exemption, not indexed to inflation, of \$3.5 million per individual estate (\$7 million for joint estates). Returning to the 2009 estate tax will enhance revenues by approximately \$135 billion over the next decade.

Reduce the "tax gap" through better enforcement: \$107 Billion over 10-years

In 2005, the U.S. Department of the Treasury estimated that the gross tax gap – the difference between taxes owed and taxes paid – totaled nearly \$345 billion, of which only \$55 billion was expected to be collected as late payments or from tax enforcement. The National Treasury Employees Union estimated that \$31 in lost tax revenue can be collected for every \$1 invested in the IRS enforcement and collections apparatus. The CBC budget would invest \$325 million in the IRS enforcement and collections account annually with a net return to the Federal treasury of \$10.7 billion annually and \$107 billion over the next decade.

Financial Speculation Tax of 0.10 percent: \$707.3 Billion over 10-years

Rampant and aggressive speculation on Wall Street helped create the Great Recession. While this small 0.25% financial speculation tax will not eliminate speculation or stave off a future financial crisis, it will, however, be an important disincentive to reel in short-term speculating and help build a more resilient financial sector. For example, on a \$10,000 stock transaction,

the tax would only cost the investor an additional \$25 for the transaction. This modest tax would help our nation recoup from the devastating fiscal ramifications of the 2008 financial crisis by enhancing revenue that can be used to invest in our economy, accelerate our recovery and reduce our federal budget deficit.

The CBC Budget projects that a modest financial speculation tax of 0.25% on stock transactions would raise at least \$707.3 billion over the next decade.

Additional Options:

- Rescind the 2013 Fiscal Cliff Deal (Repeal all of the Bush-era Tax Cuts) (\$3.9 trillion)
- Carbon Tax and Dividend Proposal (approx. \$1 trillion)
- Limiting Extra Deductions Enjoyed by the Wealthiest Americans (\$645 billion)
- Impose a 14% tax on previously untaxed foreign income (\$299.4 billion)
- Extend the period for depreciating the cost of certain investments (\$251.2 billion)
- Closing International Tax Loopholes and Other Incentives that move American jobs overseas (\$168 billion)
- Convert the mortgage interest deduction to a 15% tax credit and cap the qualified interest at \$500,000 (\$341 billion)
- Repeal the "LIFO" and "Lower of Cost or Market" Inventory Accounting Methods (\$101.9 billion)
- Increase corporate income tax rates by 1 percentage point (\$100.3 billion)
- Ending Special Tax Breaks for Inventory (\$88 billion)
- Change the tax treatment of capital gains from sales of inherited assets (\$68 billion)
- Limit the tax deductibility of executive compensation packages (Income Equity Act) (\$50 billion)
- Close inversion loopholes (\$41 billion)
- Closing loopholes in estate and gift taxes (\$24 billion)
- Require that derivative contracts be marked to market with resulting gain or loss treated as ordinary income (\$20.9 billion)
- Closing the Carried Interest loophole for hedge funds and private equity fund managers (\$19.9 billion)
- Eliminating the S-Corporation Loophole (\$11 billion)
- Denying the Mortgage Interest Deduction for Vacation Homes and Yachts (\$10 billion)
- Closing the tax loophole for derivatives traders (\$3 billion)
- Eliminating the Corporate Jet Loophole (\$3 billion)

Additional Savings – Approximately \$1.384 trillion over 10 years

On top of this added revenue, the CBC budget includes other deficit reducing policies, including adding a Public Option to the Affordable Care Act exchanges (\$122 billion in savings to the taxpayer), passing Comprehensive Immigration Reform (\$141 billion in savings), and ending perpetual spending in the Overseas Contingency Operations account (\$876 billion in savings). New revenue combined with these additional savings are used to offset the repeal the Budget Control Act and cancel sequestration (total cost of \$805 billion over 10 years), and pay for the other priorities outlined in the CBC budget.

Repeal the Budget Control Act and End the Threat of Sequestration

The Republican House Majority's refusal to govern responsibly by raising the nation's debt ceiling in 2011 led to the enactment of the Budget Control Act of 2011. In order to force Congress to act on a long-term deficit reduction package, and to hopefully encourage Republicans to stop protecting tax breaks for corporations and millionaires, the Budget Control Act included a trigger of automatic

across-the-board spending cuts through a process known as "sequestration." Despite strong opposition to the sequester, the House Republican Majority refused to take sequestration off the table and it was allowed to take effect for 2013.

In FY 2013, sequestration was devastating to programs that grow our economy and support our most vulnerable communities. Head Start programs had to scale back summer sessions, reduce class sizes, layoff instructors, and add more children to already lengthy waiting lists. Meals on Wheels programs across the nation had to cut back services, putting many low income seniors at risk of food insecurity. Child care assistance was slashed, forcing too many families out of quality child care programs. Federal funding for education, including science, technology, engineering, and mathematics, or STEM, at both the K-12 and university levels were slashed, further widening the achievement gap and putting American students further behind students in other developed nations. Cuts in funding for advanced Research and Development programs will have long term impacts on the nation's ability to innovate and compete globally.

The Bipartisan Budget Acts of 2013 and 2015 alleviated sequestration for FY 2014 through FY 2017, but it largely achieved this by adding two years to the mandatory sequester in the out years. Unless Congress acts, sequestration will return in January 2018 and continue to cut key functions of the federal government and threaten the economic gains made over the last eight years.

The CBC believes that sequestration should be taken off the table and cancelled. Of the \$3.9 trillion in revenue enhancements called for in the CBC Budget, approximately \$1 Trillion should be used to cancel sequestration and increase funding for non-Defense discretionary programs.

The CBC Budget also calls for a repeal of the Budget Control Act of 2011, which arbitrarily capped domestic discretionary spending and includes sequestration. The CBC Budget makes tough choices by showing how the Federal Government can afford to make targeted, but necessary, investments in education, job training, advanced research and development, transportation and infrastructure, housing and health care – all areas that grow and strengthen the American economy.

Targeted Job Creation

Our nation has made significant economic gains since the Great Recession. In 2009, President Obama and a Democratic Congress passed the American Recovery and Reinvestment Act, which was critical in turning our economy around.

However, there remain lingering effects of the worst economic recession since the Great Depression in communities all across the nation, especially in minority communities. African Americans, Hispanics and Latinos are more likely to be unemployed than the overall population across all levels of educational attainment. The unemployment rate among African Americans is 7.7%, more than one and a half times the national average. And among Hispanics and Latinos, the unemployment rate stands at 5.2%.

The CBC Budget proposes a comprehensive jobs program that will accelerate our economic recovery and ensure that it reaches every community in America, while also investing in what we know will guarantee America's long-term economic competitiveness.

Rebuilding Our Nation's Infrastructure and Reinvesting in Our Communities – \$1 Trillion

The CBC budget proposes a comprehensive infrastructure program totaling \$1 trillion over the next decade that will accelerate our economic recovery and ensure that it reaches every community in America, while also investing in what will guarantee America's long-term economic competitiveness.

- Infrastructure Modernization Program (\$665 billion)
- Full Employment Trust Fund/Direct Job Creation Program (\$120 billion)
- School Modernization (\$80 billion)
- Energy Infrastructure Modernization (\$45 billion)
- Expand Access to Broadband (\$20 billion)
- Public Housing Recapitalization (\$25 billion)
- Improving and Rebuilding V.A. Hospitals and Extended Care Facilities (\$15 billion)
- Choice Neighborhoods/Neighborhood Revitalization (\$25 billion)
- Summer and Year Round Jobs for Opportunity Youth (\$5 billion)

Protecting and Strengthening the Affordable Care Act to ensure Universal Health Care for All - Approximately \$23 billion over 10 years

The CBC budget opposes any attempt to repeal the Affordable Care Act and instead includes proposals that improve the progress made by the ACA. The CBC budget proposes the creation of a public health insurance option in the ACA health insurance exchanges, which has consistently scored as a savings for the American taxpayer. The original House version of the Affordable Care Act included a public option that would be based on Medicare's current reimbursement rates plus 5%. The Congressional Budget Office (CBO) estimates that the public option's premiums would be 5-7% lower, on average, than the premiums of private plans offered in the exchanges. Those differences in premiums would reflect the net impact of differences in administrative costs as well as the rates paid to providers. CBO estimates that roughly one-third of the estimated 38 million people that would obtain coverage through the exchanges would enroll in the public option. CBO estimates a public option would increase mandatory outlays by approximately \$37 billion and reduce the deficit by more than \$122 billion over the next decade.

Increasing Access to High Quality Education and Making College More Affordable - Approximately \$250 billion over 10 years

The CBC budget fully funds the Every Student Succeeds Act, the 2015 reauthorization of the Elementary and Secondary Education Act, and invests in increasing access to higher education. The CBC budget invests in HBCUs, provides grants for two years of free college at certain institutions of higher education to ensure an affordable pathway to a four-year degree for low-income students, reduces interest rates on federal student loans, increases the maximum Pell Grant award by \$1,000, and ensures that no student graduates college saddled with unmanageable debt.

Pathways Out of Poverty and Protecting the "basics" – Approximately \$300 Billion over 10 years

The CBC budget includes a strengthening and expansion of critical basic living standard programs that continue to lift millions of Americans out of poverty and into the middle class. For example, the CBC budget restores cuts to the Supplemental Nutrition Assistance Program (SNAP), expands access to affordable child care and affordable housing by funding the National Housing Trust Fund (\$20 billion), increases access to high-quality and affordable education, increases access to and funding for job training and trade adjustment assistance programs, and strengthens Social Security by increasing benefits. The CBC budget also expands the Earned Income Tax Credit (EITC) for low wage workers not raising children by increasing the maximum credit and lowering the eligibility age to 21 years, and it expands the Child Tax Credit (CTC) for lower income working families with young children to provide them with a larger credit and indexes the maximum credit to inflation. The CBC budget also includes additional spending towards persistent poverty areas, referred to as the "10-20-30" plan, which provides at least 10 percent of funds in designated accounts be spent in persistent poverty communities—those with a poverty rate of at least 20 percent over the last 30 years and other persistent poverty areas.

Improving Retirement Security

Social Security currently replaces only 40 percent of pre-retirement earnings for a low earner retiring at age 62 and over half of workers have less than \$32,000 in retirement savings. Additionally, most employers have shifted from defined benefit pensions to 401(k) type savings accounts that do not guarantee a benefit. Moreover, many low wage workers can barely afford to make ends meet, let alone start thinking about their retirement. This has led to extreme retirement insecurity, particularly in low-income communities. The CBC budget supports strong protections for workers' retirement funds while broadening access to financial literacy programs so that Americans understand the importance of investing and understand how to invest in their future. The CBC budget supports making retirement an attainable goal for all workers by increasing the rate of tax credits for retirement savings contributions and making this credit refundable. The CBC budget protects Social Security and proposes calculating future cost-of-living-adjustments with the Consumer Price Index for the Elderly (CPI-E), which will enhance benefits for our seniors. The CBC budget also sets aside approximately \$100 billion to shore up the Pension Benefit Guaranty Corporation's unfunded plan liabilities, protecting the pension benefits of millions of American retirees.

Protecting the Right to Vote

In 1964, the Supreme Court noted in *Wesberry v. Saunders*, "No right is more precious in a free country than that of having a voice in the election of those who make the laws under which, as good citizens, we must live. Other rights, even the most basic, are illusory if the right to vote is undermined." While this is certainly true, there is an unfortunate history in our country of blocking access to the ballot box for minorities. For this reason, Congress passed and President Lyndon Johnson signed into law the Voting Rights Act of 1965.

The Voting Rights Act contains several important provisions; however, the pre-clearance provision in Section 5 is the essence of the law's protections. Section 5 requires states and jurisdictions with a documented history of discrimination to submit changes to their election laws or procedures to the U.S. Department of Justice for approval. This process is commonly referred to as pre-clearance. Those states and areas that were initially covered by Section 5 were selected "the old-fashioned way — they earned it." The purpose of Section 5 is not to punish states, but simply to stop a discriminatory scheme before it ever goes into effect.

Another important section of the law is Section 2, which prohibits voting practices or procedures that have the intent or effect of discriminating based on race, color or language. Section 2 empowers the federal government or private citizens to bring an action in a court of law to stop a discriminatory practice. Under a Section 2 claim, a court would be authorized to extend or "bail in" Section 5 pre-clearance requirements to the violating jurisdiction.

Unfortunately, in 2013, the Supreme Court in *Shelby County v. Holder* struck down the coverage formula, essentially dismantling a fundamental voter protection of the Voting Rights Act. The court stated that the current coverage formula was not "grounded in current conditions." With this decision, voters in the states and local jurisdictions with a long history of voter discrimination are no longer protected by Section 5 of the Voting Rights Act.

In the wake of the 2010 elections and post-Shelby, there has been an explosion of states that have considered or passed election laws that disproportionately disenfranchise minorities, seniors, students, and low-income individuals. The CBC understands why it is so critical for Congress to pass legislation to respond to the Shelby decision and appropriately update the Voting Rights Act to ensure that no one's right to vote is infringed.

Unfortunately, under the current administration voting rights are further threatened. The CBC has serious concerns with President Trump's voting rights commission and has sponsored legislation seeking to nullify the President's executive order (EO) establishing the commission. The EO was formed based on the President's false claims of extensive voter fraud during the 2016 election. This commission is a solution in search of problem and is a thinly veiled attempt at further rolling back hard fought and hard won voting rights.

However, in light of Congressional inaction to even take up a bipartisan proposal to restore key provisions of the Voting Rights Act, it is of paramount importance that the Department of Justice have sufficient resources to ensure that they are able to pursue cases utilizing their Section 2 authority under the Voting Rights Act to ensure voting rights are still protected. The CBC Budget ensures that the Justice Department has the necessary resources to protect the primary right in a democracy – the right to vote.

Spending Increases by Budget Function over 10 years (above CBO Baseline and pre-sequester Budget Control Act caps) – \$1.345 trillion

- 150: International Affairs – \$10 billion
- 250: General Sciences – \$10 billion
- 270: Energy – \$15 billion
- 300: National Resources – \$10 Billion
- 350: Agriculture – \$8 billion
- 400: Transportation – \$665 billion
- 450: Community and Regional Development – \$48 billion
- 500: Education, Job Training and Social Services – \$454 billion
- 550: Health – \$23 billion
- 600: Income Security – \$50 billion
- 700: Veterans Benefits and Services – \$40 billion
- 750: Administration of Justice – \$7 billion
- 800: General Government – \$5 billion

Estimated Total Deficit Reduction – Reduces the deficit by approximately \$2.5 trillion over 10 years compared to CBO's January 2017 baseline.

Aggregate Function Increases for FY 2018

All numbers are plus-ups for non-Defense discretionary programs from pre-sequester Budget Control Act spending caps. The CBC Budget assumes that sequestration will be cancelled and directs that the pre-sequester Budget Control Act caps be adjusted to account for these increases to avoid a discretionary sequester of these programs. Additionally, the CBC budget includes recommendation on programs that should benefit from these additional investments.

Function 050: National Defense

The CBC Budget matches the Democratic Budget Alternative with regard to spending for National Defense (Function 050).

The United States faces serious challenges at home and abroad – but Americans know that we have the courage, ingenuity, and resolve to overcome them. The CBC envisions a 21st-Century in which the United States plays a critical role in helping to create a peaceful and prosperous world.

In the 16 years after the 9/11 attacks, spending on defense and security increased 96% and totaled almost \$8 trillion. The wars in Iraq and Afghanistan have cost \$1.43 trillion alone, and have taken the lives of close to 7,000 over 6,9600 brave American men and women in uniform while leaving over 40,000 thirty thousand wounded.

The CBC does not support all the cuts mandated by sequestration. However, the CBC Budget recognizes that significant savings can be achieved by adopting a modern global security strategy that would allow the United States to reduce the federal budget deficit and also invests in our underlying economic strength – the true foundation of our security. As the former Chairman of the Joint Chiefs of Staff Adm. Mike Mullen has pointed out, "The single greatest threat to national security is from the national debt."

There are multiple reforms proposed that would save hundreds of billions of dollars over the next decade. For example, the Simpson-Bowles commission outlined \$750 billion in suggested defense savings over the next decade. President Reagan's former Assistant Secretary of Defense Lawrence Korb has proposed \$1 trillion in savings at the Pentagon over the next decade as well.

We must bring our defense spending in line with our legitimate security needs of the 21st century and it must be considered along with other measures to regain our economic footing. Whatever savings can be achieved, a substantial portion should be directed to increasing support for Veteran's health, access to mental health services, increased support for research and treatment for Traumatic Brain Injury, significantly increased support for the HUD-Department of Veterans Affairs Supportive Housing (HUD-VASH), Vocational Rehabilitation and Employment (VR&E) Program and the Post-9/11 GI Bill and the Survivors & Dependents Assistance (DEA) to increase employment, educational attainment, and to help our nation's veterans navigate the health care, physical and mental therapy services, job training and other programs that exist but are not fully utilized by eligible beneficiaries. Savings should also be directed towards the Office of Economic Adjustment, which assists state and local governments respond to major defense program shifts by helping communities adjust to defense contract losses with planning grants and technical assistance.

AUDIT THE PENTAGON

With more than a decade of war coming to a close, every dollar spent at the Pentagon must be reviewed with scrutiny. As the only federal agency without a completed audit, the Pentagon loses tens of billions of dollars annually to waste, fraud, and abuse, as highlighted by several GAO reports. Auditing the Pentagon and encouraging DoD to implement remaining GAO recommendations would likely lead to tens of billions in cost savings by bringing a culture of financial accountability to the Pentagon.

As in previous CBC Budgets, the CBC invests savings from cuts to the Ballistic Missile Defense program to be used by the Defense Department to implement the remaining GAO recommendations to save the American taxpayer billions of dollars.

**Function 150:
International
Affairs**

+\$10,000,000,000

The CBC supports additional funding for this function in order to increase funding for the Global Fund to Fight AIDS, Tuberculosis and Malaria; the U.S. President's Emergency Plan For AIDS Relief (PEPFAR); the McGovern-Dole Global Food Aid program; the Young African Leaders Initiative (YALI); the U.S. Institute of Peace (Gandhi-King Scholarly Exchange Initiative Act); Global Health and Child Survival Programs at USAID for family planning, malaria, tuberculosis, HIV/AIDs, and maternal health efforts; Iraqi and Afghanistan humanitarian assistance; migration and refugee assistance; peacekeeping efforts in Darfur; education, healthcare and cultural exchange programs; child survival and health programs; development assistance; USAID Donald Payne Fellowship Program; Office of Civil Rights and Diversity, USAID; Racial and Ethnic and Equality Empowerment Office, USAID; The Donald Payne Commission; the Rangel and Pickering Fellows Program; Office of Civil Rights, U.S. State Department; Western Hemisphere - Race, Ethnicity, and Social Inclusion Unit; the Diversity Program Unit; Ambassador-at-Large for the International Decade of Persons of African Descent; the Commission on the International Decade for People of African Descent; Educational and Professional Exchanges; U.S.-European Union Joint Action Plan to Combat Prejudice and Discrimination and Foster Inclusion; the German Marshall Fund's Transatlantic Inclusion Leaders Network (TILN) and Leadership Diversity and Inclusion Initiative (LDII); Transatlantic Institute for Inclusion and Integration; Countering Racism and Xenophobia Initiative; Senior African Descent Coordinator; Race and Ethnicity Experts and Programming for Europe and Eurasia (EUR), Democracy, Rights, and Labor (DRL), and Populations, Refugees, and Migrants (PRM) Bureaus; Western Hemisphere -100,000 Strong in the Americas; International Organizations - United Nations Slave Memorial; and Racial and Ethnic Equality and Empowerment Office in the Civilian Security, Democracy, and Human Rights Bureau. Programs in the 150 Account provide vital development, humanitarian, and disaster recovery assistance, commercial diplomacy and tools to combat the horrors of drug and human trafficking and nuclear proliferation. In the area of global development, the United States has made strong commitments as part of a global effort to achieve an AIDS-Free Generation, the Millennium Development Goals (MDGs) and other poverty reduction targets.

**Function 250:
General Science,**

The CBC Budget proposes that the additional funding provide for in this function apply towards NASA; Noyce Scholarships; the National

Space and Technology

+\$10,000,000,000

Science Foundation; the America COMPETES Act (Summer Institutes and Outreach and Experiential-based Programs for Minority Students); the ADVANCE Women’s program; Graduate Research Fellowships; and other research related programs. The CBC believes these additional investments in Science, Space and Technology will create new jobs, lead to the development of new technologies, and help ensure that America retains its global competitiveness.

Function 270: Energy

+\$15,000,000,000

Building on the significant investments made by the American Recovery and Reinvestment Act, the CBC Budget invests additional funding for this function to apply towards the Advanced Research Projects Agency at the Department of Energy; the Weatherization Assistance Program; Energy Efficiency and Renewable Energy Programs; State and Tribal Assistance Grants; and investments in clean energy technologies.

Function 300: Natural Resources and Environment

+\$10,000,000,000

The CBC Budget invests additional funding for this function to apply towards increased funding for the Clean Water State Revolving Fund; the Great Lakes Restoration Initiative; Chesapeake Bay Restoration; the Environmental Protection Agency; the HBCU Historic Preservation Program; the National Park Service Underground Railroad Network to Freedom; Army Corps of Engineers; the National Oceanic Atmospheric Administration; and Environmental Justice related programs. The CBC Budget also includes additional funding for water infrastructure projects under the Water Resources Development Act.

Function 350: Agriculture

+\$8,000,000,000

The CBC Budget invests additional funding for this function to be applied towards: 1) 1890 land grant HBCUs: Research and Education grants, and financial resources to revitalize agriculture extension activities and perform much needed facility improvements; 2) Farm loan and grant programs: Outreach and Technical Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers, New and Beginning Farmers, and the Minority Farmers and Ranchers programs administered through the Farm Service Agency and the Office of Advocacy and Outreach ; 3) other programs that support family-owned farms that produce America’s robust food and fiber supplies; 4) anti-shaming initiatives, including EBT; and 5) establishing a permanent summer school food program.

Function 400: Transportation

The CBC Budget provides additional funding for this function to apply towards NASA Aeronautics Research; the Grants-in-Aid for Airports program; the National Infrastructure Bank; Bus and Rail

+\$665,000,000,000

State of Good Repair; Urbanized Area Transit Formula Grants, Amtrak; Public Transit, Highways, Aviation, Ports, Railroads, Bridges and other infrastructure investments. The CBC Budget also invests a significant portion of this increase towards the President's goal of a nationwide high speed rail network. Increased and sustained investments in transportation and infrastructure projects will create jobs and accelerate our economic recovery.

The CBC Budget also proposes a robust jobs bill that includes \$230 billion in infrastructure investments over a three year period.

**Function 450:
Community &
Regional
Development**

+\$48,000,000,000

The CBC Budget restores harmful cuts and fully funds the Community Development Block Grant, which provides for affordable housing development, infrastructure improvements and other community development needs.

The CBC Budget provides additional funding to this function for Empowerment Zones, Homeless Assistance Grants, HOME Funds, HOME Investment Partnerships, Section 108 Loans, Brownfield Redevelopment, Lead Hazard Reduction, Rural Housing and Economic Development, Fair Housing Initiatives Program, and funding for Elderly Housing, HUD's Low Income Housing Tax Credit program, the New Markets Tax Credit program, the Neighborhood Stabilization Program, and the Community Development Financial Institutions Fund (CDFIs).

**Function 500:
Education,
Training,
Employment &
Social Services**

+\$454,250,000,000

The CBC Budget fully funds the Every Student Succeeds Act, which was signed into law in December 2015. The CBC Budget also proposes that the additional funding provided for this function be invested towards continued and sustained increases in education funding, especially for Title I and IDEA. The American Recovery and Reinvestment Act made substantial increases in education and job training programs, but the CBC Budget sustains many of these new investments.

This additional allocation should also be applied towards increases in funding for: Head Start; GEAR UP; TRIO; Youth Build; Science, Technology, Engineering, and Mathematics (STEM) education programs; Teacher Quality Grants; Arts in Education; Impact AID; Thurgood Marshall Legal Fund; Education for Homeless Children and Youth; Promise Neighborhoods; Reading is Fundamental; Graduate Science, Technology, Engineering, and Mathematics Fellows in the K-12 program within National Science Foundation (NSF); Children's Hospital Graduate Medical Education Payment; the National Underground Railroad Network to Freedom; the Early Learning Challenge Fund; the Workforce Investment Act Adult Program; Employment and Training Services; Dislocated Workers Program; Youth Activities; Correction Ed; Transitional Jobs; Job Corps; Reintegration of Ex-Offenders; at-risk youth and juvenile

crime and gang prevention programs and services; Children and Families Services' Job Demonstration Program; Legal Assistance Loan Repayment; the Senior Community Service Employment Program; expanding the Work Share Program; Trade Adjustment Assistance; vocational education programs and Green Jobs programs. The CBC Budget also increases the maximum Pell Grant award from \$5,730 to \$6500.

The CBC Budget also accounts for funding many of the historic increases in funding for Historically Black Colleges and Universities and Minority Serving Institutions as authorized in the Higher Education Opportunity Act of 2008.

**Function 550:
Health**

+\$23,000,000,000

The CBC Budget includes additional funding to enhance and expand vital health care programs. The CBC Budget accounts for increased funding for AIDS Drug Assistance Programs; the Racial and Ethnic Approaches to Community Health (REACH) Program; the Office of Minority Health; Preventative Health and Health Services Block Grant; Title X; Title X Family Planning Program; evidence-based sexuality education programs; Healthy Communities; the Minority AIDS Initiative; the Ryan White CARE Act; implementation of the National HIV/AIDS Strategy; CDC Prevention activities for HIV, STDs, TB and Viral Hepatitis; Housing for people living with HIV/AIDS; comprehensive sex education programs; Healthcare Facilities and Construction; the Adolescent Family Life Program; Mentoring Children of Prisoners; Alzheimer's research and programs; Cancer research; Alternative Dental Demonstration Projects; Oral Health; Community Health Centers; the National Institute on Minority Health and Health Disparities; Physician Scientist Training Program; NMAETC; Partnerships to Improve Community Health; Health Careers Opportunity Program; Healthy Start; Center for Disease Control (Buildings and Facilities); National Family Caregiver Support Services; Drug Free Communities Program; the Sickle Cell Services Demonstration Program; Public Health Approach to Blood Disorders Program; Specials Projects of Regional and National Significance-Sickle Cell; the Health Equity Fund; Nursing Programs; Substance Abuse and Mental Health Services; Mental and Behavioral Health Training Programs; Women, Infants, and Children (WIC); Rural Health; Universal Newborn Screening Program; Maternal and Child Health Block Grants; Maternal and Child Health Special Projects; Maternal Infant and Early Childhood Home Visiting Program; the National Cord Blood Stem Cell Bank; Public Health Training Program; and additional investments in Health Information Technology. Additionally, the CBC Budget maintains language that allows the use of local funds for syringe exchange programs in the District of Columbia.

The CBC Budget also calls on the House and Senate Appropriations Committee to remove restrictive Hyde Amendment language from annual appropriations bills..

CREATION OF A PUBLIC HEALTH INSURANCE OPTION IN THE STATE HEALTH INSURANCE EXCHANGES

The CBC Budget also proposes the creation of a Public Insurance Option to be made available in the state health insurance exchanges. The public health insurance option has consistently scored as a savings for the American taxpayer. The original House version of the Affordable Care Act included a public option that would be based on Medicare's current reimbursement rates plus 5%. The Congressional Budget Office (CBO) estimates that the public option's premiums would be 5-7% lower, on average, than the premiums of private plans offered in the exchanges. Those differences in premiums would reflect the net impact of differences in administrative costs as well as the rates paid to providers. CBO estimates that roughly one-third of the estimated 38 million people that would obtain coverage through the exchanges would enroll in the public option. CBO estimates a public option would reduce the deficit by more than \$118 billion over the next decade.

**Function 600:
Income Security**

+\$50,000,000,000

As the economy continues to recover from the worst recession in generations, the CBC understands the increased need for income security programs such as SNAP, Unemployment Insurance, Medicaid, and COBRA. The CBC Budget rejects the harmful cuts to Medicaid and SNAP included in the proposed Republican Budget and restores the cuts to SNAP benefits in the 2013 Farm Bill. The CBC Budget also restores full funding to LIHEAP and invests additional funding for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to continue to improve at-risk children's health, growth and development and to reduce the impact of harmful cuts to the program due to sequestration which could result in the loss of benefits for 600,000 women and children currently participating in the program.

The American Recovery and Reinvestment Act (ARRA) made substantial investments in ensuring that more Americans have access to these programs during times of economic hardship. The CBC supports restoring the ARRA Temporary Assistance to Needy Families (TANF) Emergency Contingency Fund (ECF), which states have used to provide subsidized jobs, mostly in the private sector, for nearly 250,000 otherwise unemployed parents and youth. The CBC Budget includes \$2.5 billion for TANF-ECF.

The CBC Budget also supports the restoration of emergency unemployment benefits for all Americans. Millions of Americans have exhausted their unemployment benefits. Restoring critical unemployment benefits will provide these families with a vital lifeline while job growth continues to improve. Furthermore, this is a direct investment into the economy; these families will reinvest these dollars immediately back into the economy to take care of their most basic needs.

The CBC Budget invests the additional funding for this function towards: Child Support Enforcement; the Low Income Home Energy Assistance Program; Public Housing (Operating and Capital Funds); HOPE VI; Tenant-Based Rental Assistance Program; Homeless Assistance; Project-Based Rental Assistance Program; Supportive Housing programs for the Disabled and Elderly (Section 202 and 811); Choice Neighborhoods Program; the Child Care and Development Block Grant; the Community Supplemental Food Program; the Social Services Block Grant; Child Welfare Services; Adoption Opportunities; Independent Living and Training Vouchers; Women, Infants and Children Program (WIC); Child Nutrition programs; the Supplemental Nutrition Assistance Program; Section 8; and Rural Housing Programs;.

**Function 700:
Veterans Benefits
and Services**

+\$40,000,000,000

The CBC believes it is vitally important to provide for the care and benefits that our Veterans rightly earned and deserve. The CBC Budget matches the Independent Budget for the Department of Veterans Affairs as recommended by a coalition of veterans groups. This additional funding for this function is directed towards important V.A. programs, including: Mental Health and PTSD initiatives; local clinic initiatives for non-urban areas; TBI/Polytrauma; Traumatic Brain Injury; V.A. Mental Health Services; Vet Center expansion and improvements; V.A. Substance Abuse Treatment Programs; Medical and Prosthetic Programs; V.A. Workload Increases; Homeless Veterans Programs; Priority 8; Veterans' Employment and Training Services; Construction of States Extended Care Facilities; and V.A. construction projects (major upgrades and modernizations). This additional funding provided for in the CBC Budget should also be directed towards eliminating the claims backlog.

The CBC also supports Advanced Appropriations for the entire V.A. budget, which would fundamentally change the way the V.A. forecasts its resource requirements and receives its annual funding. Advanced Appropriations would require Congress to fund the VA's discretionary budget a year ahead of schedule, just like veterans' medical care is currently funded, ensuring that all VA services will have the resources they need when they need them.

**Function 750:
Administration of
Justice**

+\$7,000,000,000

The CBC Budget invests the additional funding for this function towards the Justice Assistance Grant Program; Juvenile Justice Programs; Community Oriented Policing Services (COPS); Legal Services Corporation; the Equal Opportunity Commission; Civil Rights Enforcement; Office of Justice Programs/Regional Information Sharing System; Office of Violence Against Women; Byrne Grants; State and Local Law Enforcement Assistance Grants; the Residential Substance Abuse Treatment Program; Boys and Girls Clubs; the Prisoner Reentry Program; Youth Gang Intervention

and Prevention Programs; and fully funding the Second Chance Act and the Emmett Till Unsolved Civil Rights Crime Act. The CBC Budget also assumes passage of the Youth PROMISE Act and includes funding for this new program. The funding in this function also includes money to protect law enforcement and first responder jobs. The CBC Budget also assumes the deficit reducing and other savings from the enactment of Comprehensive Immigration Reform.

PROTECTING THE RIGHT TO VOTE

In the wake of the 2010 elections, an explosion of states considered or passed election laws that disproportionately disenfranchise minorities, seniors, students, and low-income individuals. In 2013, the Supreme Court struck down a critical provision of the Voting Rights Act. It is of paramount importance that the Department of Justice retains sufficient resources to ensure that they are able to pursue cases utilizing their Section 2 authority under the Voting Rights Act to ensure voter rights are still protected. The CBC is committed to updating the Voting Rights Act in the wake of *Shelby Co. v. Holder*. The CBC Budget ensures that the Department has the resources to protect the primary right in a democracy: the right to vote.

Function 800: General Government

+\$5,000,000,000

The CBC Budget provides additional funding for this function for the Internal Revenue Service's Enforcement and Collections division. This investment will yield \$10.7 billion in recovered tax revenue each fiscal year. The CBC Budget also rolls back the harmful cuts to Federal employees and provides necessary funding for a long overdue pay increase. The CBC also supports the continuance of six day delivery by the United States Postal Service as they recognize and affirmatively pursue savings through other measures. The CBC Budget supports the USPS pursuing plans that will maintain the efficiency and effectiveness of current service standards. The CBC also ensures that the Election Assistance Commission is fully-funded and staffed to safeguard, improve, and protect U.S. election administration systems.

GIVING AMERICA'S FEDERAL WORKFORCE A SUFFICIENT RAISE

Federal employees have shown their commitment to our country through their everyday work and through the more than \$100 billion they have already contributed towards deficit reduction. While some on the right unfairly target them in their efforts to reduce the size of the government, the CBC budget is committed to supporting our nation's federal workforce.

The CBC budget ensures that federal employees will be compensated fairly after years of living under a pay freezes. The CBC Budget sets aside approximately \$6 billion over ten years to repeal the pension contribution changes enacted by the Bipartisan Budget Agreement of 2013. The CBC Budget also supports a fair

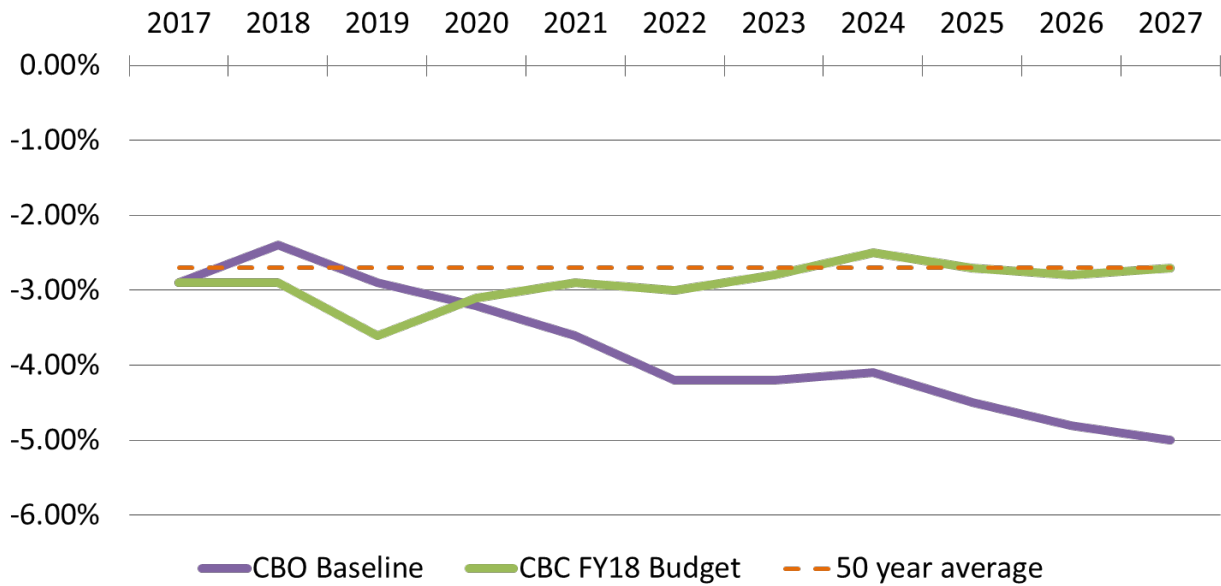
cost-of-living adjustment for America's Federal workforce, such as the 3.2% proposed in H.R. 757, the Federal Adjustment of Income Rates Act or FAIR Act. Additionally, the CBC Budget includes resources for the federal workforce to be properly trained and for them to do their job effectively. Many Americans know little about the contributions of our dedicated civil servants in keeping our nation safe, healthy and moving forward. The Congressional Black Caucus is well aware and the CBC budget reflects our gratitude.

**Function 970:
Overseas
Contingency
Operations**

The use of emergency funding via the Overseas Contingency Operations (OCO) account masks the true impact of war spending and should be discontinued.

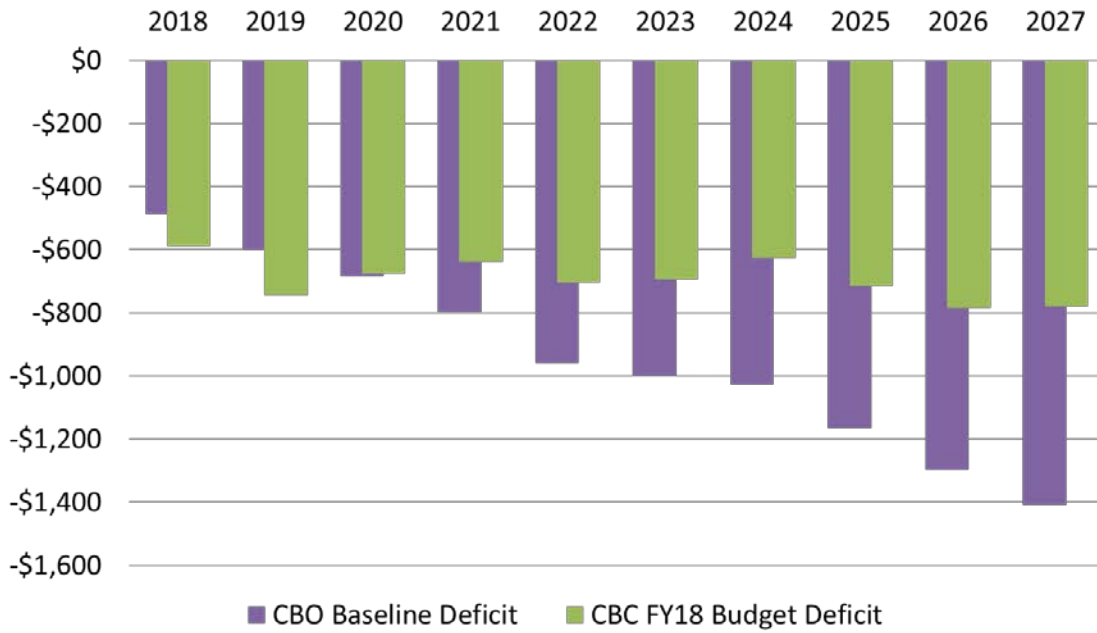
CBC Budget Puts Nation on Sustainable Fiscal Path

(Annual Deficit as Percent of GDP as compared to CBO'S January 2017 Baseline)



Source: Congressional Budget Office, The Budget and Economic Outlook: 2017 to 2027 (January 2017); House Budget Committee – Democrats Analysis of FY18 CBC Budget

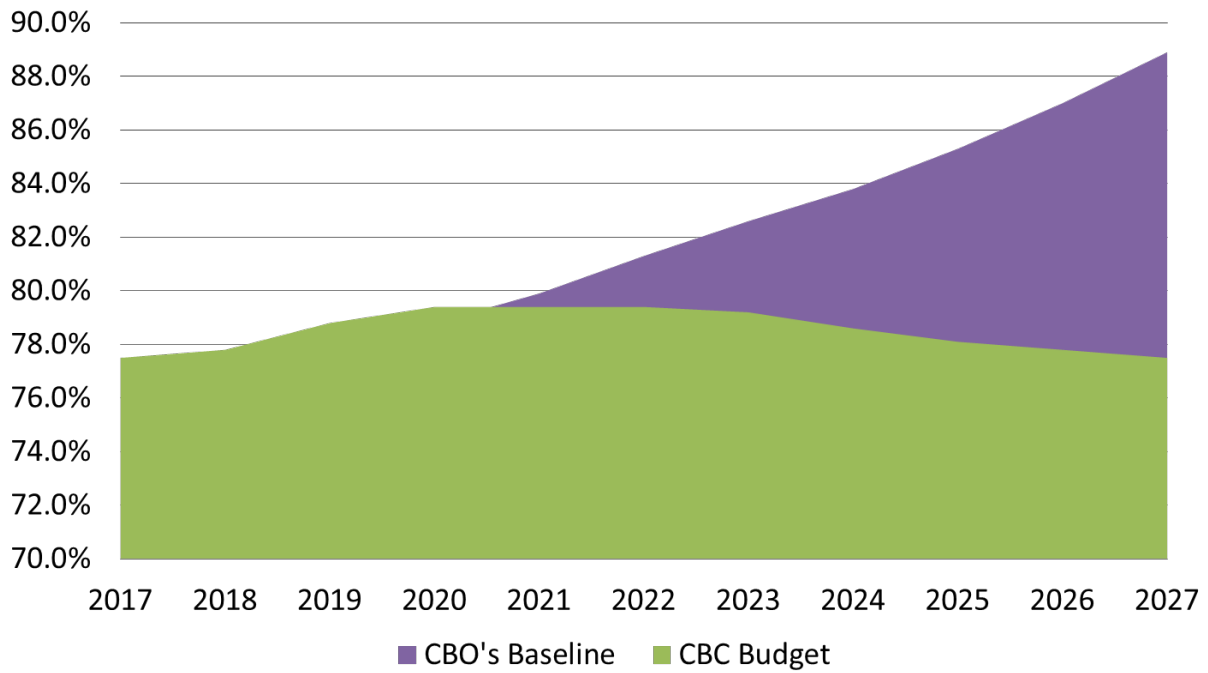
CBC Budget Saves \$2.5 Trillion on the Deficit Over 10 years Compared to CBO's Baseline



Source: Congressional Budget Office, The Budget and Economic Outlook: 2017 to 2027 (January 2017); House Budget Committee – Democrats Analysis of FY18 CBC Budget

Debt Held By the Public Falls Under CBC Budget

(as a percentage of GDP)



Source: Congressional Budget Office, The Budget and Economic Outlook: 2017 to 2027 (January 2017); House Budget Committee – Democrats Analysis of FY18 CBC Budget