



S. Con. Res. 3: Concurrent Resolution on the Budget for Fiscal Year 2017 (Sen. Enzi, R-WY) – Updated with Amendment

CONTACT: [Matt Dickerson](#), 202-226-9718

FLOOR SCHEDULE:

S. Con Res 3, the Concurrent Resolution on the Budget is expected to be considered under a [structured rule](#) beginning on January 13, 2017. The rule provides for a total of two hours of general debate, with 90 minutes controlled by the Budget Committee and 30 minutes controlled by the Joint Economic Committee. The rule makes in order one amendment in the nature of a substitute (summarized below) offered by the Ranking Member of the Budget Committee.

The rule does not make in order an [amendment in the nature of a substitute](#) offered by RSC Chairman Mark Walker that consisted of the [RSC's FY 2017 Budget](#). The amendment included the exact same reconciliation instruction as S. Con. Res. 3 as well as reserve funds to give Congress the flexibility to repeal and replace Obamacare in a fiscally responsible way. The RSC Budget includes reforms advocated by House Republicans for several years, putting the federal budget on a path to balance, and was intended to serve as a marker to advance these policies, especially in the context of the FY 2018 budget.

In recent years, the rules governing debate for budget resolutions have made in order all complete [substitute amendments offered](#). However, the Rules Committee was forthcoming and transparent on anticipated deviations from prior practice.

The rule also provides for consideration of S. 84, To provide for an exception to a limitation against appointment of persons as Secretary of Defense within seven years of relief from active duty as a regular commissioned officer of the Armed Forces.

Amendment Made in Order:

[Yarmouth \(D-KY\)](#): Amendment in the nature of a substitute consisting of the House Democrat Budget resolution. The Democrat Budget would follow the CBO baseline, which would increase revenues from \$3.5 trillion in FY 2017 to \$5 trillion in FY 2026, outlays from \$4.1 trillion in FY 2017 to \$6.4 trillion in FY 2026, deficits from \$568 billion in FY 2017 to \$1.3 trillion in FY 2026, and total debt from \$20 trillion in FY 2017 to \$29.1 trillion in FY 2026. The amendment does not include reconciliation instructions. The amendment includes one deficit neutral reserve fund that would allow the Chair of the Committee on the Budget to revise the allocations, aggregates, and other appropriate levels in this resolution for any bill, joint resolution, amendment, or conference report that “provide job creation through robust Federal investments in America’s infrastructure and reforming the tax code to provide relief for American families”, as long as the legislation does not increase the deficit.

TOPLINE SUMMARY:

The [Budget Resolution](#) would set forth spending and revenue levels for Fiscal Year 2017 through FY 2026 at levels generally consistent with current law.

The Budget Resolution includes reconciliation instructions for two House Committees and two Senate Committees that would allow for legislation to repeal major provisions of Obamacare.

The Budget Resolution also includes two reserve funds that would allow revisions to the budget for legislation related to Obamacare repeal and replace that would allow the Obamacare replacement bill to spend all but \$2 billion of the savings from the Obamacare repeal.

COST:

S. Con Res. 3 generally follows the [CBO's current law March 2016 baseline](#). Under the Budget resolution, total federal revenues would increase from \$3.5 trillion in FY 2017 to \$5 trillion in FY 2026, total federal outlays would increase from \$4.1 trillion in FY 2017 to \$6.4 trillion in FY 2026, total federal deficits would increase from \$568 billion in FY 2017 to \$1.3 trillion in FY 2026, debt held by the public would increase from \$14.6 trillion in FY 2017 to \$23.7 trillion in FY 2026, and total debt would increase from \$20 trillion in FY 2017 to \$29.1 trillion in FY 2026. The Budget Resolution would never provide a path balance.

CONSERVATIVE VIEWPOINTS:

Reconciliation: Many conservatives will be pleased that the Budget Resolution would provide for a reconciliation process that would allow Congress to pass and for President-elect Trump to sign into law legislation to repeal major provisions of Obamacare.

Supporting the Status Quo Fiscal Path: Many conservatives may be concerned that this budget generally reflects the current law fiscal path: an unsustainable course of higher spending, higher taxes, and higher debt that most Republicans have promised to change and that is inconsistent with previously adopted Republican House budgets.

Under this Budget Resolution, the [Social Security and Medicare Boards of Trustees](#) predict that the Disability Insurance Trust Fund will be depleted in 2023, the Medicare Trust Fund will be depleted in 2028, and that the Social Security Trust Fund will be depleted in 2034.

Conservatives that votes for this Budget Resolution may want to communicate that their vote should not be construed as an endorsement of the underlying levels reflected in the budget. Additionally, conservatives may want to call for the FY 2018 budget to include sufficient spending cuts and reforms needed to put the federal budget on a sustainable fiscal path, including a path to a balanced budget without tax increases.

Fiscal Crisis: Many conservatives may be concerned that according to [CBO](#), following this budget path “would have significant negative budgetary and economic consequences”, including that “the probability of a fiscal crisis in the United States would increase.”

Spending Obamacare Repeal Savings: Many conservatives may be concerned that this budget - in a significant contrast with prior Republican budgets - includes a reserve fund that would allow legislation to replace Obamacare to spend all but \$2 billion of the savings associated with repealing Obamacare and would exempt the replacement bill from points of order against increasing deficits and mandatory spending. Further, many conservatives may be concerned that this budget only assumes \$2 billion in savings from repealing Obamacare, as opposed to the more than \$2 trillion in spending

reductions due to repealing Obamacare assumed in [recent budgets](#) and the \$1.3 trillion in spending cuts included in the [Obamacare repeal reconciliation legislation](#) passed by Congress last year.

Increasing Discretionary Spending: Many conservatives may be concerned the Budget Resolution would allow for base discretionary spending at the [higher \\$1.070 trillion level](#) allowed for under the [Bipartisan Budget Act of 2015 \(BBA15\)](#) without any corresponding mandatory cuts. [Only 79 House Republicans](#) voted for BBA15.

- **Expand the Size and Scope of the Federal Government?** If Congress were to follow the fiscal path called for by the Budget Resolution, the size of government would continue to grow as assumed in current law.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

DETAILED SUMMARY AND ANALYSIS:

The [Budget Act of 1974](#) requires the House and Senate to pass a Concurrent Resolution on the Budget each fiscal year to set forth the appropriate levels for spending, revenues, deficits, and debt for at least the five upcoming fiscal years.

In addition to the topline levels, the budget resolution also specifies levels of budget authority and outlays for different [functional categories](#) of spending. Based on the functional levels, the Budget Act requires the Chairman of the Budget Committee to provide each authorizing committee a spending allocation for the budget year and for the total number of years covered by the budget, as well as an allocation for the Appropriations Committee covering the budget year. This allocation is called the 302(a) allocation, named after the relevant section of the Budget Act.

The levels specified by the budget resolution as well as the committee allocations are enforced in the House and Senate by points of order against legislation that violates the budget or the allocation. While the budget resolution does not effectuate changes in law, it provides a blueprint for Congress to consider legislation that would follow the fiscal path prescribed.

The true meaning of a budget resolution was described most clearly by now-Speaker Paul Ryan in the [Path to Prosperity FY 2012 House Republican Budget](#): “Ultimately, a budget is much more than a series of numbers. It also serves as an expression of Congress’s principles, vision and philosophy of governing.”

The Budget Resolution – Fiscal Effects

S. Con Res. 3 generally follows the [CBO’s current-law March 2016 baseline](#) with adjustments to reflect legislation enacted since the baseline was released and the \$2 billion in outlay reductions achieved by repealing parts of Obamacare through reconciliation.

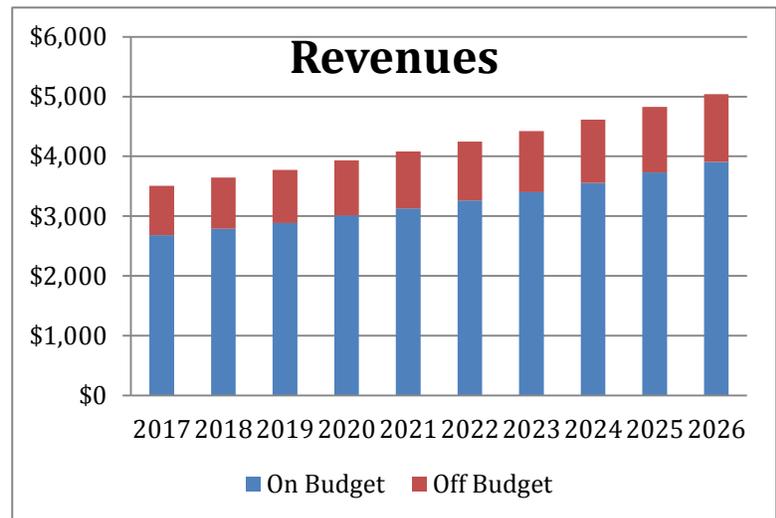
According to the [Congressional Budget Office](#) (CBO), if Congress follows this fiscal path, “the deficit would increase (in dollar terms) in nearly every year over the next decade and, CBO projects, by 2026 it would be considerably larger as a share of the nation’s output (gross domestic product, or GDP) than its

average over the past 50 years... One important effect of such deficits would be a burgeoning amount of debt held by the public. In 10 years, debt held by the public would equal 86 percent of GDP—more than twice its average over the past five decades. Debt that high—and heading higher—would have significant negative budgetary and economic consequences... Because federal borrowing reduces national saving over time, the nation’s capital stock ultimately would be smaller, and productivity and total wages would be lower, than would be the case with lower debt... [and] the probability of a fiscal crisis in the United States would increase... Beyond the 10-year period, if current laws remained in place, the pressures that contributed to rising deficits during the baseline period would build, and the consequences would be even more severe. Under those circumstances, debt held by the public three decades from now would constitute 155 percent of GDP, a far larger percentage than any recorded in the nation’s history.”

For the purposes of a budget resolution, Social Security and the Postal Service are considered [off-budget](#) – that is, not included in the revenues, outlays, budget authority, or deficits displayed in the resolution text. The Budget Act requires the budget resolution to include only programs that are [on-budget](#) (all programs other than Social Security and the Postal Service). However, when we talk about the federal budget (including the topline levels of a [budget resolution](#)) we discuss it in terms of the [unified budget](#), including both on-budget and off-budget programs. In its baseline reports, the [CBO](#) presents the unified budget, along with the on and off-budget components.

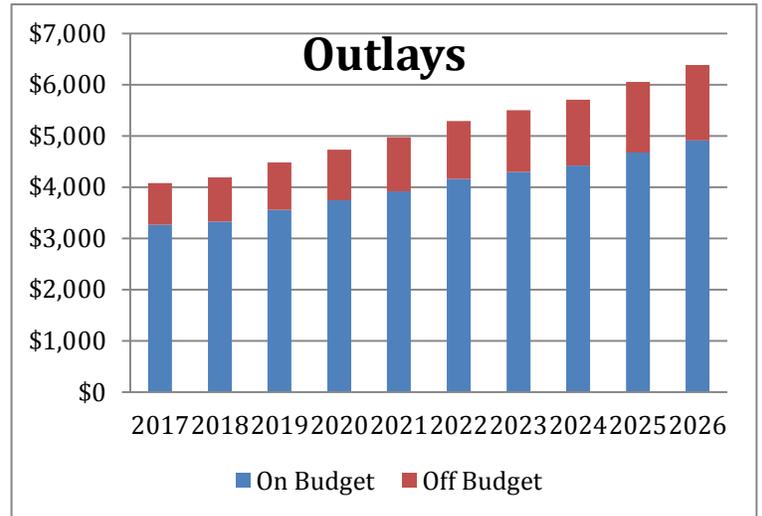
Under S. Con. Res. 3, total federal revenues would increase from \$3.5 trillion in FY 2017 to \$5 trillion in FY 2026.

Revenues			
	On Budget	Off Budget	Total Revenues
2017	2,682.088	826.048	3,508.136
2018	2,787.834	857.618	3,645.452
2019	2,884.637	886.810	3,771.447
2020	3,012.645	918.110	3,930.755
2021	3,131.369	950.341	4,081.710
2022	3,262.718	984.537	4,247.255
2023	3,402.888	1,020.652	4,423.540
2024	3,556.097	1,058.799	4,614.896
2025	3,727.756	1,097.690	4,825.446
2026	3,903.628	1,138.243	5,041.871



Under S. Con. Res. 3, total federal outlays would increase from \$4.1 trillion in FY 2017 to \$6.4 trillion in FY 2026.

Outlays			
	On Budget	Off Budget	Total Outlays
2017	3,264.662	811.312	4,075.974
2018	3,329.394	864.110	4,193.504
2019	3,558.237	923.228	4,481.465
2020	3,741.304	987.295	4,728.599
2021	3,916.533	1,055.994	4,972.527
2022	4,159.803	1,130.341	5,290.144
2023	4,295.742	1,208.024	5,503.766
2024	4,419.330	1,289.355	5,708.685
2025	4,673.813	1,377.150	6,050.963
2026	4,912.205	1,471.045	6,383.250

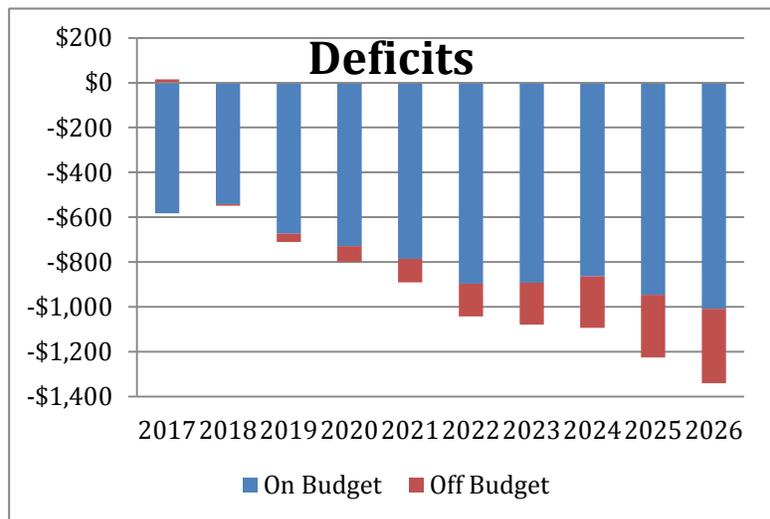


The Budget Resolution would provide for \$1.070 trillion in base discretionary spending in FY 2017, equal to the maximum caps established under the [Bipartisan Budget Act of 2015](#). Base Defense spending would be \$551 billion and base Non-Defense would be \$519 billion.

The Budget Resolution includes a provision that would require the Chairman of the Budget Committee to file 302(a) allocations for the Committee on Appropriations as well as the authorizing committees at levels consistent with the budgetary levels specified in the Budget Resolution.

Under S. Con. Res. 3, total federal deficits would increase from \$571 billion in FY 2017 to \$1.3 trillion in FY 2026. The Budget Resolution would never balance.

Deficits			
	On Budget	Off Budget	Total Revenues
2017	-582.574	14.736	-567.838
2018	-541.560	-6.492	-548.052
2019	-673.600	-36.418	-710.018
2020	-728.659	-69.185	-797.844
2021	-785.164	-105.653	-890.817
2022	-897.085	-145.804	-1,042.889
2023	-892.854	-187.372	-1,080.226
2024	-863.233	-230.556	-1,093.789
2025	-946.057	-279.460	-1,225.517
2026	-1,008.577	-332.802	-1,341.379



Under S. Con. Res. 3, debt held by the public would increase from \$14.6 trillion in FY 2017 to \$23.7 trillion in FY 2026. Total debt would increase from \$20 trillion in FY 2017 to \$9.1 trillion in FY 2026.

Debt		
	Debt Held By the Public	Total Public Debt
2017	14,593.316	20,034.788
2018	15,198.740	20,784.183
2019	15,955.144	21,625.729
2020	16,791.740	22,504.763
2021	17,713.599	23,440.271
2022	18,787.230	24,509.421
2023	19,901.290	25,605.527
2024	21,033.163	26,701.273
2025	22,301.661	27,869.175
2026	23,691.844	29,126.158

Reconciliation

[Reconciliation](#) is an [expedited legislative process](#) that can be used to pass legislation that would bring spending and revenues in line with the budget and requires only 51 votes in the Senate, avoiding a filibuster. The reconciliation process can only be triggered if the House and Senate agree on a Budget Resolution that includes reconciliation instructions.

S. Con. Res. 3 includes reconciliation instructions for two House committees and two Senate Committees. The House Energy and Commerce Committee, the House Ways and Means Committee, the Senate Finance Committee, and the Senate Health, Education, Labor, and Pensions Committee would be instructed to report changes to laws within their respective jurisdictions to reduce the deficit by not less than \$1 billion each over the FY 2017 – 2026 period by January 27, 2017.

According to the [House Budget Committee](#), the reconciliation instructions are intended to be used for legislation to repeal Obamacare.

In 2016, pursuant to reconciliation instructions in the FY 2016 Budget Resolution, Congress passed [H.R. 3762, the Restoring Americans' Healthcare Freedom Reconciliation Act](#). This legislation, which was vetoed by President Obama, would have repealed major provisions of Obamacare and would place a moratorium on federal Medicaid funding for Planned Parenthood. According to [CBO](#), the reconciliation bill would have reduced outlays by \$1.349 trillion, reduced revenues by \$833 billion, and reduced deficits by \$516 billion.

Reserve Funds

Budget resolutions often include [reserve funds](#) that allow the Chairman of the Budget Committee to revise the levels in the budget resolution to accommodate the fiscal effects of certain legislation. Reserve funds can provide flexibility to achieve a legislative goal when the exact fiscal scoring of a proposal is not known at the time the budget resolution is written. A reserve fund in the budget resolution text often specifies the parameters under which the Chairman of the Budget Committee can exercise this authority. For instance, the FY 2016 Budget Resolution enacted by the house and Senate included a [deficit neutral reserve fund](#) that allows the Chair of the House Budget Committee to “revise the allocations, aggregates, and other budgetary levels in this concurrent resolution for the budgetary effects of any bill or joint resolution, or amendment thereto or conference report thereon, that promotes real health care reform, if such measure would not increase the deficit for the period of fiscal years 2016 through 2025.”

S. Con Res. 3 includes two reserve funds.

The [first reserve fund](#) would allow the Chairman of the Budget Committee to revise the allocations of a committee or committees, aggregates, and other appropriate levels in the resolution for one or more bills, joint resolutions, amendments, or conference reports related to health care by the amounts provided in such legislation for that purpose, provided that such legislation would not increase the deficit over the period of the total of fiscal years 2017 through 2026.

In other words, this reserve fund would allow flexibility for the House to consider legislation under this budget to repeal Obamacare, as long as that legislation does not increase the deficit more than this budget resolution otherwise would.

Previous [Republican budgets](#) have included similar deficit neutral reserve funds for legislation related to health care reform. However, it is important to remember that these budgets reflected [more than \\$2 trillion](#) in savings from repealing Obamacare and trillions in additional cuts and reforms, in contrast to S. Con. Res. 3, which only assumes \$2 billion in savings from repealing Obamacare and no other spending reductions.

The [second reserve fund](#) would allow the Chairman of the Budget Committee to revise the allocations of a committee or committees, aggregates, and other appropriate levels in this resolution for one or more bills, joint resolutions, amendments, or conference reports related to health care by the amounts necessary to accommodate the budgetary effects of the legislation, as long as the cost of the legislation is less than or equal to the total deficit reduction for legislation for which the Chairman of the Budget Committee has used the [first reserve fund](#) minus \$2 billion.

In effect, this reserve fund would allow the Obamacare replacement bill to spend all but \$2 billion of the savings from the Obamacare repeal. This is in direct contrast to previous [Republican budgets](#) which proposed repealing and replacing Obamacare and reflected [more than \\$2 trillion](#) in savings from repealing Obamacare and trillions in additional cuts and reforms.

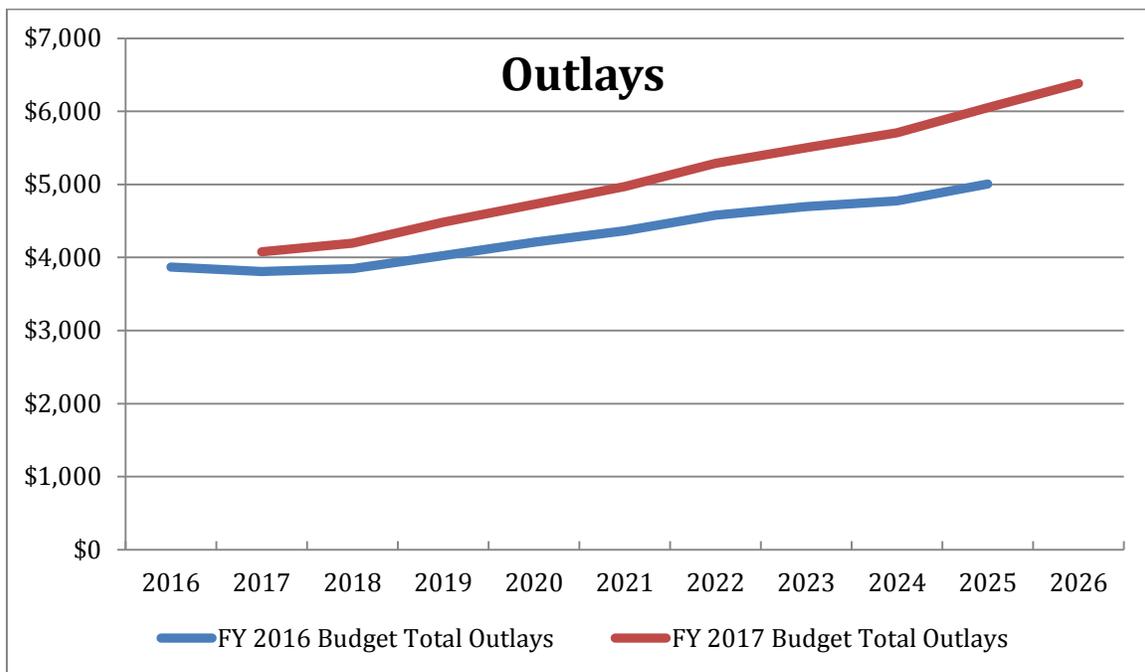
Additionally, the second reserve fund would exempt legislation for which the Chairman of the Budget Committee uses this reserve fund from the [point of order in the Senate against increasing the short-term deficit](#), the [point of order in the Senate against increasing the long-term deficit](#), and the [point of order in the House against increasing long-term direct spending](#). According to the [Committee for a Responsible Federal Budget](#), “The inclusion of these exemptions suggests an expectation that the costs of

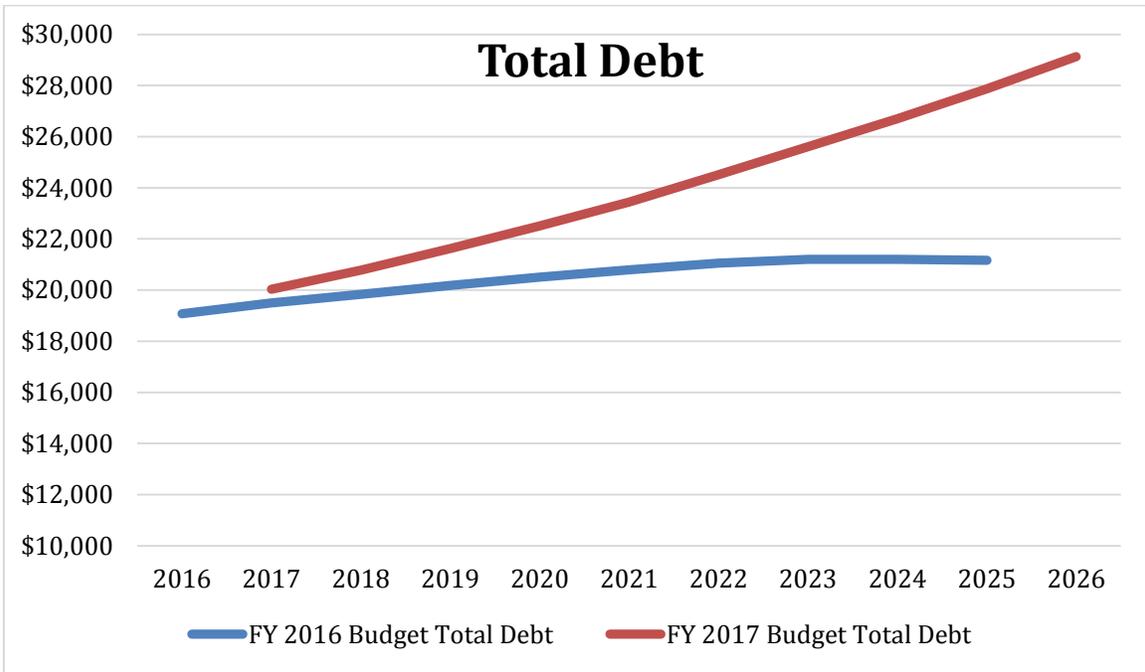
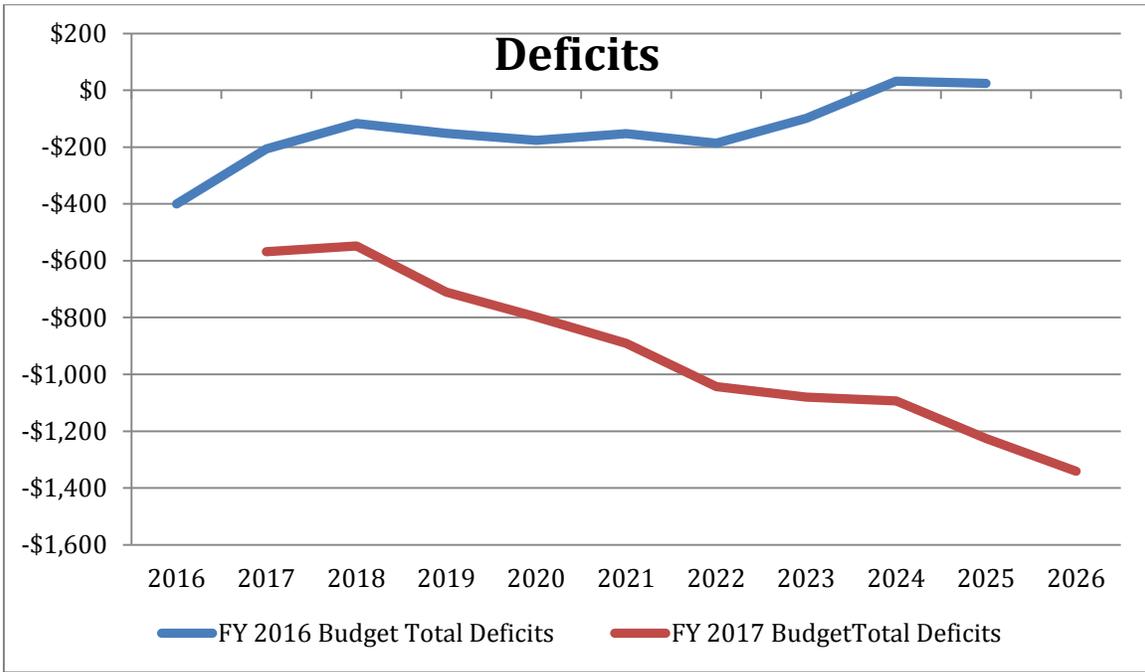
replacement legislation may exceed the savings from repeal by more than \$10 billion in some of the years within the ten-year budget window, and that the combination of repeal and replace legislation may increase the long-term deficit beyond the ten-year budget window.”

Comparison to Previous Republican Budgets

Since S. Con. Res. 3 does not include the policies generally included in budget resolutions proposed by Republican, it may be useful to compare the fiscal effects of the Budget Resolution to the [FY 2016 Budget Resolution](#) that was enacted by the House and Senate (S. Con. Res. 11). The FY 2016 Budget Resolution included reconciliation instructions that were successfully used to put [bill to repeal major provisions of Obamacare](#) on President Obama’s desk that was subsequently vetoed.

The FY 2016 and FY 2017 budget resolutions cover similar, but slightly different budget windows. In the nine overlapping years, of the two resolutions, S. Con. Res. 3 includes \$5.698 trillion in higher spending and would incur \$6.7 trillion in additional accumulated debt that would the FY 2016 Budget Resolution that was enacted by the House and the Senate.





OUTSIDE GROUP SUPPORT:

Key Vote Yes: Club for Growth: [“Yes” On the Obamacare Repeal Resolution \(S. Con. Res. 3\)](#)

Key Vote Yes: Heritage Action: [“Yes” On Obamacare Repeal Budget Resolution \(S. Con. Res. 3\)](#)

Key Vote Yes: National Taxpayers Union: [NTU Urges House to Pass Obamacare Repeal Resolution](#)

American Conservative Union: [ACU Statement of Support for Obamacare Repeal Resolution \(S. Con. Res 3\)](#)

Americans for Prosperity: [Our Best Chance Yet to Repeal Obamacare](#)

Americans for Tax Reform: [ATR Urges Passage of S.Con.Res.3, The Obamacare Repeal Resolution](#)

Heritage Foundation: [Holding Obamacare Repeal Hostage for Replace Guarantees Its Defeat](#)

COMMITTEE ACTION:

S. Con Res. 3 was introduced on January 3, 2017. The Budget Resolution was passed by the Senate on January 12, 2017, by a 51 – 48 vote.

The House Budget Committee’s proposed FY 2017 Budget Resolution, H. Con. Res. 125, was marked up and reported by the House Budget Committee on [March 16, 2016](#), by a [20 – 16](#) vote.

ADMINISTRATION POSITION:

No Statement of Administration Policy is available at this time.

CONSTITUTIONAL AUTHORITY:

Concurrent resolutions do not require a constitutional authority statement.

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