Presentation to
2019 Budget and Policy Briefing

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Center on Budget and Policy Priorities
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Non-Defense Discretionary Funding Falls After 2019 Under Statutory Caps Set Under Sequestration

In billions of dollars

<table>
<thead>
<tr>
<th></th>
<th>2018 budget deal</th>
<th>Statutory caps</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$597</td>
<td>$555</td>
</tr>
<tr>
<td>2020</td>
<td>$542</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>$555</td>
<td></td>
</tr>
</tbody>
</table>

Note: All amounts exclude funding for disasters, emergencies, program integrity, and Overseas Contingency Operations (OCO).

Source: CBPP analysis of data from the Congressional Budget Office and Office of Management and Budget.
Non-Defense Discretionary Funding After 2019 Under the Sequestration Caps

In billions of 2020 dollars

- 2018 budget deal
- Statutory caps

2010: $643
2018: $607
2019: $612
2020: $542
2021: $541

Note: All amounts exclude funding for disasters, emergencies, program integrity, and Overseas Contingency Operations (OCO).
Source: CBPP analysis of data from the Congressional Budget Office and Office of Management and Budget.
Federal Grants to States and Localities Make Up Nearly One-third of Total Non-Defense Discretionary Spending

Discretionary grants to state and local governments as a share of federal non-defense discretionary funding, fiscal year 2015

Source: Office of Management and Budget
Defense Discretionary Funding Falls After 2019 Under Statutory Caps Set Under Sequestration

In billions of dollars

- **2018 budget deal**: $647
- **Statutory caps**:
  - 2019: $576
  - 2020: $590

Note: All amounts exclude funding for disasters, emergencies, program integrity, and Overseas Contingency Operations (OCO).

Source: CBPP analysis of data from the Congressional Budget Office and Office of Management and Budget
Households in Top 1 Percent Would Benefit Most From Repealing SALT Cap

Share of tax cuts, 2019

Source: Institute for Taxation and Economic Policy
Tax Expenditures Are Very Costly

Tax expenditures vs. selected major program expenditures, 2017

- Corporate: $1.5 trillion
- Individual: $966 billion
- Medicare & Medicaid: $939 billion
- Social Security: $610 billion
- Non-defense discretionary: $590 billion
- Defense discretionary: $590 billion

Note: Tax expenditure estimates do not account for interaction effects and do not include associated spending ($133 billion) or on excise and payroll receipts ($130 billion).

Source: Office of Management and Budget Historical Tables 8.5 and 8.7, and Analytical Perspectives Tables 13-1, 13-2A, and 13-2B
Tax Expenditures Tilted Toward the Top

Distribution of federal nonbusiness individual income tax expenditure benefits, 2015

Source: Tax Policy Center
2017 Tax Law Delivers Large Tax Cuts to Most Well-Off

<table>
<thead>
<tr>
<th>Income group</th>
<th>Percent change in after-tax income</th>
<th>Average tax change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest fifth</td>
<td>0.4%</td>
<td>-$70</td>
</tr>
<tr>
<td>Second fifth</td>
<td>0.9%</td>
<td>-$390</td>
</tr>
<tr>
<td>Middle fifth</td>
<td>1.3%</td>
<td>-$910</td>
</tr>
<tr>
<td>Fourth fifth</td>
<td>1.4%</td>
<td>-$1,680</td>
</tr>
<tr>
<td>Top fifth</td>
<td>2.3%</td>
<td>-$7,460</td>
</tr>
<tr>
<td>Top 1 percent</td>
<td>2.9%</td>
<td>-$61,090</td>
</tr>
<tr>
<td>Top 0.1 percent</td>
<td>2.7%</td>
<td>-$252,300</td>
</tr>
</tbody>
</table>

Note: Excludes effect of repeal of health reform’s individual mandate, which required most people to buy health insurance or pay a penalty.

Source: Tax Policy Center
Population Will Age In Coming Years, Raising Costs for Social Security, Medicare, and Medicaid

Source: Social Security Administration
Low-Income Expenditures Outside Health Care Set to Fall Below Average of Last 40 Years

Source: Office of Management and Budget data through 2017 and Congressional Budget Office data thereafter
Non-Defense Discretionary Spending Falling to Historic Lows


Source: CBPP based on Office of Management and Budget and Congressional Budget Office data
Non-Defense Discretionary Spending, FY 2017

- Diplomacy and international affairs: 8%
- Law enforcement and governance: 12%
- Science, environment, and energy: 12%
- Economic Security: 13%
- Health care and health research: 21%
- Transportation and economic development: 19%
- Education and training: 15%

Source: CBPP calculations using Office of Management and Budget data