



## The Daily Dish

# March 19th Daily Dish

MARCH 19, 2015

Small businesses are being crushed under the ACA's paperwork requirements. According to the National Small Business Association, on average, small businesses will have to spend \$15,000 a year just to comply with all of the paperwork issued because of the ACA. The [Associated Press](#) reported on one small business that will be spending \$100,000 this year just on record keeping and filing with the government. AAF finds that since its signing, Obamacare has imposed [163.5 million annual paperwork hours](#).

The federal government sold nearly [1 million acres](#) in the Gulf of Mexico for offshore drilling. However, in the Department of Interior's most recent plan denies exploration in [90 percent](#) of the Outer Continental Shelf. Additionally, on land, the government has kept over [18.9 billion barrels of oil and 94.5 trillion cubic feet of natural gas](#) on federal lands out of reach. With so much oil and gas at our fingertips, it may be time to take a second look at our 1970s energy laws.

### *Eakinomics: Senate and House Budget Proposals*

The Senate yesterday released the draft version of its [budget resolution](#) for fiscal 2016, joining the draft [House resolution](#) that was made public Tuesday. This kicks off the process that (presumably) leads to a joint [budget resolution](#) that will govern the budgetary actions of the Congress this year.

Most of the attention will be focused on similarities and differences between the House and Senate, which are [nicely summarized by AAF's Gordon Gray](#). But it is first and foremost of interest to compare these two budgets with the 3rd released this year — the President's budget. Two of those budgets balance in the next 10 years; the president's does not ever balance. Two of those budgets keep taxes at current levels; the president's budget raises them by \$1.8 trillion over the next 10 years. Two of those budgets control deficits and debt by reforms to large entitlement programs; the president's budget does nothing serious about entitlements except proposing to create another new one — free community college tuition for 2 years. Two of those budgets put debt on a downward trajectory; the president roughly stabilizes it at dangerously high levels.

Given the large philosophical canyon that separates the Congress from the president, one should not anticipate anything in the way of a large "grand bargain" for the foreseeable future. Accordingly, the entitlement reforms, tax reforms, and other large changes outlined in the budgets should be interpreted only as statements of philosophy; not legislative intent. Any real budgetary action will likely be much smaller in scale and largely focused on the fiscal 2016 spending bills.

Among the key differences between the House and Senate is the approach to defense funding. Recall that defense funding is limited by the cap at \$523 billion imposed by the Budget Control Act (BCA) and enforced by an across-the-board cut ("sequester") if funding exceeds the cap. This latter feature means that even if Congress chose to pass a defense spending bill at a higher level, say \$550 billion, it would be cut back to \$523 billion unless the BCA was amended. In light of this, both the House and Senate set the base defense funding at \$523 billion. The House, however, added \$94 billion into the so-called Overseas Contingency Operations, or OCO, fund that is not subject to the 2011 caps. (\$20 billion of the \$94 billion would require finding offsets elsewhere

in the budget.) The Senate kept OCO at the level requested by President Obama, \$58 billion. Both resolutions, however, provide flexibility for additional defense spending as long as offsets are found elsewhere.

Settling differences in matters such as these is the key to getting a joint budget resolution which is, in turn, the key to obtaining reconciliation powers — the ability to pass budget legislation in the Senate with only 51 votes instead of 60. That is the primary objective of the budget resolution; it will be interesting to see if it is a powerful enough lure to unite Republicans in the House and Senate.

### ***From the Forum***

[Washington's Three Budgets: House Budget, Senate Budget, and the President's Budget](#) by Gordon Gray, AAF  
Director of Fiscal Policy

[Public Comment to EPA on National Ambient Air Quality Standards for Ozone](#) by Dan Goldbeck, AAF  
Research Analyst