



KASICH ACTION PLAN

RECLAIMING OUR POWER, MONEY, & INFLUENCE FROM WASHINGTON

BALANCE THE BUDGET AND KEEP IT BALANCED

Fact Sheet

John Kasich will work with Congress to balance the budget in eight years. By reining-in spending, reforming our broken entitlement programs such as Medicaid and Medicare, sending federal programs back to our states and communities where they belong, and spurring economic growth, it can be done. It is a big job, but John Kasich is a proven reformer who is unafraid to take-on seemingly impossible challenges and get them done. He led the effort to successfully balance the federal budget once before, he did it in Ohio and he can provide the leadership to do it again for our nation. He has already used his budgeting expertise to develop an initial outline for how a balanced budget could be achieved (see table below).

Keep the Budget Balanced: Washington will not balance the budget and keep it balanced unless it is forced to do it. John Kasich will work with Congress to pass a resolution amending the Constitution to require a balanced budget and submit it to the states for ratification. If Congress refuses, he will work with the states to call a constitutional convention to craft an amendment that could be submitted to the states for ratification.

Reduce and Control Spending: John Kasich will set priorities and then make the tough choices to get spending under control and then shrink and dismantle the Washington bureaucracy to keep spending under control for the long term. National security is a priority, however, and he will increase defense spending to restore our military and help keep Americans safe.

- Spending Restraint, With Defense Increases: Non-defense discretionary spending will be frozen for eight years at \$593 billion annually. Defense spending will increase \$102 billion—17 percent—between 2017 and 2025. At the same time, the weapons development process must be made more efficient and the Pentagon bureaucracy must be streamlined so that our troops in harm's way get the maximum benefit of additional defense spending.
- Dismantling Washington: Shrinking the Washington bureaucracy and taking our money and power back to where we live in our states and communities helps permanently reduce the size and cost of the federal government, and reduce its interference in our lives. States can operate more efficiently and more responsively to our needs. John Kasich will begin transferring federal programs that belong in the states and will expand flexibility for highways, education, job training, public assistance and Medicaid.

Reform Entitlement Programs: The cost of entitlement programs like Medicaid and Medicare are growing uncontrollably and must be fundamentally reformed to reduce their growth rates and become more efficient while still providing the services that Americans want and need.

- Medicaid: Providing per-member per-month allocations to the states, along with the flexibility to innovate and tailor their programs to their individual health care markets, can help hold Medicaid's spending growth to 3 percent annually.
- Medicare: Increasing care coordination through Medicare Advantage, as well as other changes like reforming payment practices to increase value and quality, can help restrain Medicare spending to an average of 5.3 percent annually.
- Social Security: Social Security's fiscal health is deteriorating rapidly and it will soon be unable to meet its obligations to retirees. John Kasich's balanced budget framework does not include changes to Social Security or its benefits to achieve balance, nor does it include the costs of filling Social Security's deficits. As President he will lead a bipartisan

effort to assemble the best ideas from the various reform plans that have been proposed to preserve its solvency. Most important, he will draw upon his experience as a reformer to bring people together and lead them to have the courage we need to save this important program for America's seniors.

Revenue Growth: Fostering the climate for economic growth creates new opportunities and prosperity for Americans, which in turn generates revenue to help balance the budget. Reducing personal and corporate income taxes, cutting federal red tape, providing access to affordable, reliable energy and getting government out of the way will all help contribute to America's economic revival.

FY2018-2025 BALANCED BUDGET OUTLINE

<i>(\$ in billions)</i>	CBO 2017*	2018	2019	2020	2021	2022	2023	2024	2025
TOTAL REVENUES	2,798	3,070	3,097	3,054	3,236	3,430	3,657	3,896	4,138
SPENDING									
<i>Mandatory Outlays</i>									
Medicare	704	715	765	818	876	937	967	993	1,062
Medicaid	394	405	418	430	443	456	470	484	499
Other	504	486	488	495	501	517	509	496	516
Total Mandatory Outlays	1,601	1,606	1,670	1,744	1,819	1,910	1,946	1,973	2,077
<i>Discretionary Outlays</i>									
Defense	592	627	643	656	668	670	671	676	694
Non-Defense	593	593	593	593	593	593	593	593	593
Total Discretionary Outlays	1,186	1,220	1,236	1,249	1,261	1,263	1,264	1,269	1,287
Net Interest Payments	441	526	583	633	670	704	733	755	771
TOTAL SPENDING	3,228	3,352	3,489	3,626	3,750	3,877	3,943	3,997	4,135
DEFICIT (-) / SURPLUS (+)	(430)	(282)	(392)	(572)	(514)	(447)	(286)	(101)	3

*FY 17 amounts are Baseline Budget Projections by the Congressional Budget Office (August 2015 Update):
https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/50724-Update-OneColumn_1.pdf

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