

Budget Blueprint for Fiscal Year 2023:

EXECUTIVE SUMMARY

The Heritage Foundation's *Budget Blueprint for Fiscal Year 2023* is a comprehensive proposal to right-size the federal government so that freedom, opportunity, prosperity, and civil society can flourish.

REVERSING THE GROWTH OF GOVERNMENT SPENDING AND INFLATION

- Includes more than 230 specific policy reforms to roll back excessive government spending, prioritize taxpayer dollars, reform major entitlement programs, restore federalism, promote opportunity for all, and protect rights and American values.
- Reduces government spending by \$15.5 trillion during the FY 2023–FY 2032 period, compared to current law.
- Ensures the federal budget is sustainable, reducing the size, scope, and reach of the government to focus on its proper roles.
- Reverses the growth of harmful spending, tax, and regulatory burdens that are causing rates of inflation not seen in 40 years.
- Achieves balance within 10 years by cutting 76 percent of the 10-year deficits currently expected by the Congressional Budget Office.
- Requires the Federal Reserve to focus on maintaining stable prices and stops the Federal Reserve from printing trillions of inflationary dollars to bankroll expanding federal deficits.

STRENGTHENING SOCIAL SECURITY

- Strengthens Social Security, allowing for higher incomes and more opportunity for all Americans.
- Ensures that Social Security fulfills its original purpose as a program to prevent poverty in old age, increasing benefits for low-income retirees, and gradually reducing benefits for new, high-income recipients.
- Without reform, the Social Security Trust Fund will be depleted in 2034.

MODERNIZING MEDICARE

- Modernizes Medicare to achieve better outcomes for program beneficiaries.
 - Implements a premium support system for more choices, more competition, and lower costs.
 - Updates Medicare premiums and reduces taxpayer subsidies for wealthy recipients.
 - Without reform, the Medicare Hospital Insurance Trust Fund will be exhausted in 2028.
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PHASING OUT OBAMACARE AND REFORMING MEDICAID

- Phases out and eliminates the Obamacare insurance subsidies and reduces the Obamacare Medicaid expansion federal match rate down to the same rate that applies to other beneficiaries.
- Ends the open-ended financing of Medicaid that fuels higher spending and encourages cost-shifting.

PROTECTING NATIONAL SECURITY AND COUNTERING THE THREAT OF COMMUNIST CHINA

- Provides important resources for America's national security and focuses the Department of Defense on its mission to protect the homeland from attack and to protect the United States' interests abroad, including responding to challenges from China.
- Increases defense budget resources to \$836 billion in FY 2023, growing to \$1.049 trillion by FY 2032 in order to meet the needs for great power competition.
- Proposes a net total of \$135 billion in additional specific investments for the Army, Navy, Air Force, and Defense-wide during the FY 2023–FY 2032 period.

WELFARE REFORM TO PROMOTE WORK AND FAMILIES

- Refocuses means-tested welfare programs to promote the dignity of work and to remove marriage penalties.

- Enforces and strengthens work requirements for Food Stamps.
- Returns responsibility for housing programs to the states.

EMPOWERING PARENTS TO MAKE EDUCATION CHOICES

- Winds down the federal Department of Education, eliminating unnecessary programs and transferring retained functions to appropriate agencies.
- Expands the D.C. Opportunity Scholarship Program and expands school choice opportunities for Armed Services families.

FEDERALISM FOR INFRASTRUCTURE

- Significantly reduces spending from the Highway Trust Fund and cuts the federal gas tax.
- Eliminates aviation subsidies and the airline ticket tax.
- Eliminates subsidies for Amtrak, mass transit, small airports, and more.
- Eliminates regulations and ineffective programs that hinder the development of ports, harbors, and inland waterways.

PRO-GROWTH TAX REFORM

- Creates a fairer, pro-growth tax code.
- Prevents tax increases by making the Tax Cuts and Jobs Act permanent.

This product, in its entirety, can be found at heritage.org/budget

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- Lowers individual taxes and simplifies the tax code while consolidating the current seven tax brackets into three.
- Makes full and immediate expensing permanent and extends neutral cost recovery to investments in structures.
- Reduces the corporate tax rate to 15 percent and lowers passthrough business taxes, allowing for higher wages for workers.
- Allows Universal Savings Accounts for all Americans.
- Indexes capital gains to inflation and ends the Death Tax.
- Eliminates dozens of harmful and distortive tax credits and other forms of corporate welfare and special tax breaks, including the State and Local Tax Deduction and tax credits for green energy.

- Reduces total revenues by \$3.2 trillion during the FY 2023–FY 2032 period compared to current law.

PROTECTING AMERICAN VALUES

- Rolls back taxpayer funding for those that promote anti-American values and the institutions of the professional Left—such as the education establishment, public sector unions, Planned Parenthood, the United Nations Population Fund, and others.
- Advances vital pro-life and conscience protection provisions.
- Redirects federal funding to health centers that do not provide abortions.