

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

**Excerpts from the Signature Event featuring The Honorable Shaun
Donovan, Director, The Office of Management and Budget**

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Let's remember what's on the so-called nondefense side of the budget: veterans, homeland security, a broad range of things that are actually intimately connected to our national security. But I think even more importantly ... if we're not educating our kids, if we're not investing in research, if we're not building infrastructure, if we're not doing all the things that are going to grow our economy, we're not going to secure our country's future on the international stage.

... the federal budget is not just numbers on a page, it's a reflection of our values. And that has never been truer than with the President's 2016 budget. The ideas the President offers in this budget are designed to bring middle-class economics into the 21st century. These proposals are practical, not partisan. They'll help working families' paychecks go further, help American workers upgrade their skills, and help our businesses keep generating good new jobs for workers to fill.

The ACA (*Affordable Care Act*) has put in place strong incentives for hospitals to reduce readmission rates, and it's letting Medicare and Medicaid experiment with a range of approaches to shift health care payment structures from volume to value. These delivery system reform efforts will have a growing impact as they scale up from pilots to policy, but even today they may be having a substantial indirect effect by powerfully signaling to private insurers and providers that fee-for-service payment will soon be a thing of the past, driving toward better payment models and ways of providing care.

Immigration is pro-growth for reasons that go directly to our core economic challenges. It helps balance out an aging population, it increases labor force participation, and it raises productivity. CBO [*the Congressional Budget Office*] projected that immigration reform would increase the level of real Gross Domestic Product (*GDP*) by 3.3 percent at just the end of 10 years, and by 5.4 percent at the end of 20 years. Meanwhile, it would reduce deficits by \$160 billion in the first decade and by an estimated \$700 billion in the second decade, and would help the Social Security Trust Fund, closing about 8 percent of the Trust Fund's shortfall.

After a breakthrough year for America, our economy is growing and creating jobs at the fastest pace since 1999. Thanks to the hard work and resilience of the American people, the shadow of crisis is past and the recovery has truly taken hold. Businesses have added 12 million jobs over the last 60 months, the longest streak on record. And over the last year alone, private-sector employment has risen by more than 200,000 each month for 12 straight months – that is for the first time since the 1970s.