of sequestration, to resort to a budgetary gimmick.

They would use the Overseas Contingency Operation account to try and increase defense spending to the President's base level of $561 billion.

First, I believe we should just eliminate the sequester all together, and that means going to the Budget Control Act cap of $577 billion for defense in FY16. Second, using OCO as an escape valve as my Republican colleagues have suggested isn't sustainable. It is a gimmick and as we have heard in testimony, OCO funding isn't flexible as discretionary spending and could damage our long-term readiness.

General Odierno, Chief of Staff of the Army, made this point:

> So first, I would just say there's a risk to not funding the base, in putting it in OCO, because with that has to come flexibility within OCO for us to spend it on the things that are necessary. So . . . because OCO has limits and it has restrictions, and it has very strict rules that have to be followed. And so if we're inhibited by that, it might not help us. What might happen at the end of the year, we have a bunch of money we hand back because we're not able to spend it.

General Welsh, Chief of Staff of the Air Force, made a similar point in describing the Air Force's need for modernization and how one-off funding through OCO particularly constrains its platform-based force.

That is not how we should support the greatest fighting force in history. This may seem to be a clever way to bypass the Budget Control Act, but it has real ramifications for our men and women in uniform.

Indeed, the problem with these approaches is that they don't work. And, it seems even Senator GRAHAM's amendment to boost OCO funding in the budget runs into technical difficulties. Indeed, it does not appear to do what it purports to do—to boost defense spending—because it fails to lift the actual OCO cap. Now, it is true that a budget resolution isn't law, but plays an important role in the process of governing and setting the rules for our appropriations process.

Now, I expect there will be an attempt to correct that on the floor, but we shouldn't be engaging in these diversions to begin with. We should be crafting a budget that is serious and acknowledges our economic and security needs.

So my colleagues and I are offering several amendments in order to demonstrate there is a better path and to address some of the glaring problems with this budget. However, as we have seen with Senator SANDER's reasonable attempt to provide $478 billion in transportation funding, paid-for by closing egregious offshore tax loopholes, my colleagues refuse to agree to the kind of commonsense proposals that I believe a vast majority of Americans would support.

But I hope my colleagues can join with me on some of these types of measures like ones to establish a budget point of order that will keep borrowing costs down for students; closing egregious offshore tax loopholes—which during our last budget debate was a bipartisan amendment adopted by voice vote; or lowering drug prices for seniors by letting the Secretary of HHS negotiate drug prices—indeed, it is particularly troubling that many pharmaceutical companies dodge taxes through offshore tax loopholes, but profit off of Medicare, and are legally protected from having to negotiate drug prices with the government.

We have a blueprint for responsibly managing the budget and meeting the needs of a great and growing nation. It requires a balance of cuts, which we have done already, and new revenue. And as we see demonstrated by the Republican budget, we cannot cut our way to prosperity—much less cut our way towards a balanced budget. And we all know that the best way forward is to promote broad-based economic growth so that millions of hardworking Americans and their families can have a brighter and stable economic future.

So I hope my colleagues on the other side will join with us in supporting amendments that put middle-class families and broad-based economic growth first.

MORNING BUSINESS

Mr. GARDNER. Mr. President, I ask unanimous consent that the Senate be in a period of morning business, with Senators permitted to speak therein for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX EXPENDITURES

Mr. HATCH. Mr. President, I rise today to correct the record on the matter of tax expenditures. Many myths have been created and reinforced by my friends on the other side of the aisle on the subject of tax expenditures. In my 4 years as ranking Republican on the Senate Finance Committee, I came to the floor several times to set the record straight. I am afraid I need to do it again today, this time as chairman. Today I will focus on the tax expenditures in the individual income tax. According to 2014 Congressional Budget Office data, the individual income tax accounts for 47.1 percent of Federal revenue. By contrast, the corporate income tax accounts for 11.9 percent of Federal revenue.

It boils down to three basic points. All points that can be derived from an objective, nonpartisan review of the data from Congress's nonpartisan official tax scorekeeper. I am referring to the Joint Committee on Taxation, of which I am the vicechair.

First point: Tax expenditures are not spending, with one exception. That exception is for refundable tax credits. They count as outlays under the Congressional Budget Act. Ironically, refundable tax credits are the policies my friends on the other side are most in favor of expanding. Just look at the slew of Democratic amendments filed to that effect. My Democratic friends erroneously describe most tax expenditures as spending. Yet they seek to expand the minority of tax expenditures which score as spending. Go figure.

Second point: The vast bulk of tax expenditures tend to distribute disproportionately to middle and lower Income taxpayers. A cursory examination of the Joint Committee on Taxation's annual tax expenditure pamphlet will lead an unbiased reader inevitably to that conclusion.

Third point: The vast bulk of tax expenditures are attributable to widely applicable tax benefits, like the charitable contribution deduction, mortgage interest deduction, and State and local tax deduction.

Mr. President, I ask unanimous consent to have printed in the RECORD an analysis of Joint Committee on Taxation data, performed by the Finance Committee staff.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[March 25, 2015]

Fact Sheet: Who Benefits From Tax Expenditures?

Tax expenditures are often portrayed as ''loopholes'' that disproportionately benefit the wealthy. However, examination of the facts reveals that many of the largest tax expenditures disproportionately benefit middle class Americans or those with income below $200,000.

According to recent (Feb. 2013) Joint Committee on Taxation estimates, those taxpayers with adjusted gross income exceeding $200,000 collectively pay 57% of the individual income tax burden. The remaining 43% of the individual income tax burden is paid by those taxpayers with less than $200,000 of adjusted gross income. The following summarizes how the benefit of various tax expenditure items is split between ''high income'' taxpayers with adjusted gross income exceeding $200,000 and the remaining taxpayers with less than $200,000 of adjusted gross income:

Mortgage Interest Itemized Deduction: 35% of the benefit of the mortgage interest tax expenditure goes to taxpayers with income exceeding $200,000. Taxpayers with income below $200,000 receive 65% of the benefit. By a ratio of almost 2 to 1, taxpayers under $200,000 benefit from it.

Earned Income Credit: The earned income credit is fully refundable. This means that taxpayers receive it in full whether they pay income tax or not. The earned income credit is phased out as earned income rises. High income taxpayers are not eligible to receive any benefit from the earned income credit.

Child tax Credit: This credit is also limited to lower and middle income taxpayers. Again, none of it goes to higher income taxpayers.

Charitable Contribution Deduction: Of all of the tax expenditures listed, at 57% this one distributes in the highest proportion to taxpayers above $200,000 in income. The tax savings benefit of the charitable contribution deduction is distributed to wealthy taxpayers in the exact same proportion as the share of total income taxes they pay. This result hardly seems unfair.

State and Local Income and Sales Tax Deduction: 55% of this broad-based deduction goes to high income families leaving the remaining 45% to middle class earners. High