



HOUSE COMMITTEE ON THE BUDGET
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REVERSING COURSE: GOP'S BACKWARD BUDGET

THE ECONOMY IS STRONG, BUT HOUSE
REPUBLICANS WANT TO REVERSE COURSE.

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The American economy has overcome glum predictions and is outperforming our peer nations. Job growth is rapid, unemployment is low, wages continue to rise, consumer confidence is near two-year highs, and inflation is closing in on the Fed's 2-percent target. Our recovery is the envy of the world.

These achievements are not just a lucky coincidence. When our nation was struggling, Democrats and the Biden Administration worked together to take action to rescue our economy, invest in working families, rebuild our infrastructure and bring manufacturing back to America. Instead of moving forward to build on these historic economic gains, the House Republican budget turns in the wrong direction.

Colossal Cuts to Vital Programs

The budget outlines a near-apocalyptic vision for government programs. House Republicans cut mandatory programs by \$6 trillion over ten years, focusing the cuts on programs that help those most in need.

Medicare — The budget includes payment cuts to providers totaling nearly half a trillion over ten years. The budget does nothing to extend the program's solvency or protect beneficiaries. We already know what Congressional Republicans' track record

CBO February baseline deficits	-20,016
Proposals in the budget:	
Complete fiction:	
Magic "macroeconomic effects"	3,000
Exaggerated net interest savings*	2,695
Tax cuts that pay for themselves**	0
Cut programs for those most in need:	
Discretionary levels than invite annual shutdowns	2,450
Medicaid and other health care	2,223
Economic security	962
Other designated mandatory savings	1,203
Unidentified mandatory savings	1,606
Subtotal, proposals	14,139
Deficits in the Republican budget	-5,877

on this looks like, because for years, they have repeatedly tried to cut Medicare benefits and move toward privatizing it. Furthermore, the budget attacks Medicare drug price negotiations, which will lower drug prices for seniors and put an end to exorbitant price gouging by pharmaceutical companies. Given the bedrock importance of this program, we must commit to protecting its benefits and continuing to lower prescription drug costs for seniors.

Medicaid — The budget includes more than \$2 trillion in cuts to mandatory health spending, which largely reflects drastic cuts to Medicaid. The proposals include instituting Medicaid work requirements, which do nothing to increase employment and result in substantial coverage loss among adults who comply. Deep cuts to Medicaid would risk health care services to more than 78 million vulnerable individuals, including children, veterans, pregnant women, people with disabilities and seniors. Medicaid work requirements confuse enrollees and result in substantial coverage loss among eligible beneficiaries, especially veterans who may have health barriers to stable employment.

Economic Security — The budget cuts mandatory funding for income security programs by nearly \$1 trillion. Such extreme cuts would drastically hinder programs like the Supplemental Nutrition

Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) from helping people meet their basic needs and not go hungry.

Education and Training — The budget also cuts mandatory funding for education by nearly \$400 billion. Reductions of this size are likely to come out of student loan support, particularly for the Pell Grant program, which supports low-income students. Cuts to these programs will make it harder for students to access higher education, which has long-term implications for lifetime earnings of those students and the skill level of the workforce.

Infrastructure — The budget cuts \$300 billion from the Highway Trust Fund, and the multiplied impact of that reduction would ripple across state and local budgets. For years, Republicans have sought to change the treatment of the Highway Trust Fund, which provides essential grants to state and local governments. State and local governments provide nearly three-quarters of total spending for highways, and the federal share provides a stable source of funding that allows state and local governments to secure more favorable financing. Infrastructure investment is a key building block of economic growth, public safety, and community development.

Tax Gap Enforcement — The budget cuts \$85 billion from general government programs, likely reflecting Republicans' continued efforts to hobble IRS enforcement activities and help wealthy tax cheats dodge their obligations. CBO [recently concluded](#) that canceling \$35 billion in IRS enforcement activities would result in revenue losses of \$89 billion, increasing the deficit by \$54 billion.

Unspecified Mandatory — A whopping \$1.6 trillion in mandatory spending cuts is attributed to "government-wide savings." The budget suggests these vast savings can be achieved through eliminating improper payments and reducing government waste. But the improper payment figures cited by the budget [include](#) "overpayments, underpayments, payments made to ineligible recipients, or even payments that weren't properly documented" and do not represent an amount that can be recouped. Furthermore, many of the steps suggested by the Government Accountability Office to reduce improper payments would require additional agency spending to implement.

Therefore, because the budget does not invest in program integrity initiatives that reduce improper payments, the savings will instead come from abandoning American families, ignoring the vulnerable, and cheating veterans and retirees out of the health care and retirement benefits they have earned.

Creating the Threat of Continuous Shutdowns

After blundering through the current appropriations cycle, House Republicans are finally finishing the job of funding the government. After agreeing to funding levels in the Fiscal Responsibility Act months ago, House Republicans balked, reneged, and own-goaled themselves time and again.

The budget reflects levels for 2025 appropriations that are consistent with the Fiscal Responsibility Act, for both defense and non-defense amounts. But watching as House Republicans needlessly complicated the 2024 process, with threats of shutdown and chaotic floundering, it is optimistic to assume they can hold their conference to these amounts and responsibly govern in 2025.

Over the ten-year window, defense levels keep pace with inflation. But for 2026 and beyond, the budget makes huge cuts to non-defense discretionary spending, claiming \$2.5 trillion in deficit reduction through 2034. For 2034 alone, non-defense discretionary funding in the Republican budget is \$155 billion less than the 2025 level, before accounting for inflation.

Severely underfunding appropriations would permanently institute the annual threat of shutdown –with its negative impact on economic growth, halted government services, and wasted resources.

While these enormous cuts highlight Republicans' misplaced priorities, they are unlikely to find support from either party, casting doubt on the far-off deficit reduction promised in this budget.

Using Budget Sleight of Hand to Reach Balance

On top of policies that blunt the economic recovery, the budget employs multiple budgetary sleights of hand to reach balance. It includes an ironic policy statement to “eliminate the use of budget gimmicks” and end “practices that obscure the Federal budget’s true condition” while embracing the following:

- **Magic Macroeconomics** — Like last year, the budget assumes \$3 trillion in deficit reduction from macroeconomic feedback, a questionable assumption that cutting taxes for the rich, slashing the safety net, undermining critical investments, and yanking away essential services will create economic growth.
- **Both Unspecified and Unrealistic Cuts** — The budget takes credit for unspecified savings in entitlement programs and unrealistic appropriations levels so severe that Republicans couldn't muster enough votes for them to pass in the 2024 cycle. These cuts eviscerate education, public health, and law enforcement; weaken rural communities; and offer a disinterested shrug at the climate crisis. Or they are another deficit reduction mirage in a phony budget function.
- **Tax Cuts that Defy History by Paying for Themselves** — The budget assumes the continuation of expiring tax cuts, but incredibly this policy doesn't cost anything. Most outside experts agree that the extension of expiring tax cuts after 2025 would cost around \$3 trillion over the decade, but the budget allows for the extension of these cuts for the rich without reflecting any decrease in revenues.
- **Exaggerated Net Interest Savings** — The budget books \$2.7 trillion in net interest savings over ten years, an extremely generous interpretation of what is achievable in that category. Even if this budget achieves the gigantic nebulous cuts it seeks, if tax cuts miraculously become deficit-neutral, and if economic growth outpaces the most magnificent forecasts, this figure is nearly double what CBO's rule of thumb produces.

A Better Path to Come

The President will soon present a realistic budget blueprint, with serious policies and a detailed plan to maintain growth and build prosperity. Meanwhile House Republicans have presented a gauzy fantasy – promises of astonishing growth and blue-sky forecasts coupled with severe cuts that will devastate the safety net and cripple the economy. Instead of growing the middle class and strengthening American families, this budget rewards the wealthy while walloping the vulnerable. Republicans envision a future of cruel cuts to vital programs in the name of debt reduction. But their budget will deliver stunted economic growth, constant shutdowns, and huge deficits when their math exercise meets reality.

This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.



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