



U.S. HOUSE OF REPRESENTATIVES

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March 16, 2016

Divisive GOP Tea Party Budget Massively Disinvests in America, Rewards the Wealthy, and Punishes Everyone Else

The House Republican 2017 budget resolution is a deeply divisive plan to protect wealthy and powerful interests at the top of the economic ladder at the expense of working families, students, seniors, and everyone else. Instead of presenting a positive, constructive plan for the country, this budget merely serves as a vessel for the extreme Tea Party agenda. It dramatically undermines American competitiveness by gutting crucial investments such as education, research, and transportation. It relies on the failed theory of trickle-down economics to put the burden of deficit reduction squarely on the middle class and those working their way into the middle class, while failing to close a single special interest tax break to cut the deficit. We should unite to address the challenges this country faces, but this Republican budget goes in the opposite direction.

Supports \$140 billion Tea Party appeasement plan — In an attempt to placate Tea Party Members who want to renege on last fall's budget agreement, the budget calls for mandatory spending cuts totaling \$30 billion in 2017-2018 and \$140 billion over 10 years. The purpose of this exercise supposedly is to "pay for" increasing the 2017 discretionary funding caps by \$30 billion above the woefully inadequate Budget Control Act sequester level, even though this cap increase *has already been enacted into law and was already fully paid for* in the 2015 Bipartisan Budget Act. House authorizing committees have begun marking up bills to meet this requirement. Unfortunately, the bills pile more hardships on families with low to moderate incomes or shift the costs of helping these families to the states. One bill eliminates the Social Services Block Grant, taking away services from abused children, frail seniors, and other vulnerable populations. Another bill takes away the refundable portion of the Child Tax Credit from 3 million children.

Takes a totally unbalanced approach to deficit reduction — The budget does not achieve one penny of deficit reduction by closing tax loopholes. Instead, it slashes spending programs, particularly those helping the most vulnerable Americans. The budget assumes \$6.5 trillion in spending cuts, excluding war savings. Nearly \$5 trillion of that total comes from the mandatory side of the budget, with the bulk — \$3.5 trillion — coming from repeal of the Affordable Care Act and cuts to Medicare, Medicaid, and other health programs. Among other mandatory programs, the largest reduction — almost \$0.8 trillion — is to programs that provide income security to the most vulnerable. A portion of those savings comes from turning Supplemental Nutrition Assistance into a block grant, putting adequate nutrition at risk for many low-income families.

Slashes non-defense funding starting in 2018 — The Republican budget disinvests in America, slashing non-defense discretionary (NDD) funding drastically starting in 2018. That first year the budget cuts NDD by more than twice the amount of the sequester cut. It then freezes NDD funding for all remaining years, so that by 2026, the NDD cut is five times larger than the cut under the austerity-level sequester. Over ten years, this amounts to an additional cut of \$887 billion below the already-low levels required under current law. This deep cut jeopardizes support for all critical investments that keep our economy strong and provide needed services. At the same time, the budget increases defense funding by \$267 billion from current-law levels.

Shreds the health care safety net — The Republican budget converts Medicaid into a block grant and slashes its funding by roughly \$1 trillion over ten years (in addition to cutting almost \$1 trillion by repealing the ACA Medicaid expansion). The base Medicaid program is cut by one-third in 2026 and by about 25 percent over ten years. An effort to block-grant Medicaid will severely undermine the health care safety net for 70 million vulnerable Americans, including children, low-income seniors, and people with disabilities. In 2012, the Congressional Budget Office analyzed a block grant proposal and found that in order for states to manage their Medicaid programs at reduced funding levels they would face choices like limiting Medicaid eligibility, reducing benefits, cutting payment rates, or increasing out-of-pocket costs for beneficiaries.

Ends the Medicare guarantee — Once again, the budget endorses shifting the risks of growing health care costs onto seniors by converting Medicare into a voucher program in which future enrollees receive fixed payments toward the purchase of a private health plan or traditional Medicare. Voucherizing Medicare can only reduce federal spending dramatically by unloading costs and financial risks onto people with Medicare. It fails to address root problems, such as unjustified price spikes for drugs. The budget cuts Medicare by \$449 billion over ten years. It does not specify all of the policy assumptions behind this number, but it does mention combining Medicare Parts A and B, establishing a unified deductible and catastrophic cap, and making changes to Medigap plans.

Repeals ACA coverage expansions but relies on ACA savings to achieve so-called balance — While the budget claims to repeal the Affordable Care Act entirely – which would take away affordable health coverage from more than 20 million people – its numbers assume that all of the law’s roughly \$2 trillion of revenues and Medicare savings remain in place. The budget numbers only reflect repeal of the ACA coverage expansion. Honestly reflecting the true, full cost of repeal would mean showing deficits of several hundred billion dollars in 2026 instead of a small surplus.

Still abuses the Overseas Contingency Operations (OCO) — The budget turns its back on the budget agreement by assuming \$23 billion of the \$74 billion OCO funding provided in the budget deal is for base budget activities at the Pentagon. If that assumption is true, then the budget is either underfunding the President’s OCO request, likely in both the international and defense budgets, or it is understating how much OCO will ultimately be provided.