



U.S. HOUSE OF REPRESENTATIVES

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Promises Betrayed: Lost Opportunities for American Families

Key Provisions of the President's Budget for Fiscal Year 2018

The President's budget for 2018 clearly shows this administration is not working on behalf of everyday Americans. It presents a long list of broken promises to the American people, united by one theme: taking away hope and opportunity from millions of families while showering millionaires, billionaires, and wealthy corporations with unnecessary tax cuts. Instead of bringing jobs back to communities that have fallen on hard times, the budget walks away from them. It hollows out the investments necessary to build a strong, competitive economy. Instead of making health care better and more affordable for everyone, the budget takes away health care from millions of working families. The list goes on. The budget recycles the stale, repeatedly discredited myth that tax cuts for the wealthy will magically generate an economic boom that will solve our deficit challenges. Ultimately, the President's budget betrays average Americans in favor of wealthy individuals and powerful corporations. It is a cruel document that will make life much harder for the millions of Americans struggling to get ahead or even just to get by.

Reckless Spending Cuts Put National and Economic Security at Risk

Abandons critical investments — The security of our nation rests on the foundation of a strong economy. The President's budget, however, makes unprecedented cuts to the investments needed to boost jobs and innovation, revitalize communities, and generate broad-based prosperity. It does this by reducing non-defense discretionary (NDD) funding for 2018 by \$54 billion from the already inadequate austerity-level spending cap. NDD includes homeland security, education, research, veterans' health care, transportation, and much more. The President's 2018 NDD funding level represents an 11 percent cut from the 2017 enacted level. It gets much worse each year thereafter. For 2027, the budget provides only \$367 billion for NDD — \$152 billion below the 2017 cap, a cut of nearly 30 percent *before* adjusting for inflation. This profoundly misguided plan jeopardizes the safety, health, and well-being of American families, as well as the economic strength of our country. The President's budget makes it more difficult for Americans to develop the skills they need to compete for jobs; guts investments in both rural and urban communities; jeopardizes the safety and quality of our food, air, and water; hinders medical and scientific research; and means more crumbling roads and bridges.

Creates false tradeoff between national defense and everything else — The budget increases defense funding for 2018 by \$54 billion while cutting NDD by the same amount. The budget takes an exceedingly narrow view of security and sets up a false choice between the military and other important sources of national strength and security, such as economic opportunity,

vigorous diplomacy, and safe and healthy communities. To strengthen our national security we must to ensure that our military and American families both have the tools to be successful.

Harms the Middle Class and Families Struggling to Make Ends Meet

Guts Medicaid and undermines health care — The President’s budget betrays the nearly 90 million people who rely on Medicaid or the Affordable Care Act (ACA) marketplaces for health care coverage. The budget doubles down on the House Republican plan to repeal the ACA and drain roughly \$800 billion from Medicaid to pay for tax cuts that mostly benefit millionaires, billionaires and wealthy corporations. The budget takes an additional \$610 billion from Medicaid, which will fall on seniors in nursing homes, children with disabilities, and low-income families as cash-strapped states look to reduce services or drop people from coverage altogether. The plan endorsed by the President and House Republicans takes away health coverage from 24 million people and drastically increases costs and premiums for millions more — especially Americans in their 50s and early 60s who are living paycheck to paycheck, according to a Congressional Budget Office analysis. The plan also takes away protections for people with pre-existing conditions and weakens health insurance benefit standards. This plan does the exact opposite of everything the President promised with respect to Medicaid and health coverage.

Undermines basic living standards — The budget cuts \$272 billion over ten years from programs that safeguard basic living standards for working families and Americans struggling to get by. This includes a devastating cut to food assistance that currently keeps 4.6 million Americans, including 2 million children, out of poverty. The budget cuts \$193 billion from the Supplemental Nutrition Assistance Program by imposing harmful and unnecessary eligibility requirements that only serve as a barrier to getting help, all while relying on already strained state budgets to fill in the gaps in benefits. To fund new tax cuts for the wealthy, the budget also takes \$40.4 billion directly out of the pockets of hardworking, low-income Americans through changes to the Earned Income Tax Credit and the Child Tax Credit, two successful anti-poverty programs that both encourage work and make it easier to raise a family. In yet another attempt to balance the budget on the backs of the poor, the budget cuts 10 percent from the already strained Temporary Assistance for Needy Families base program, risking the economic security of millions of Americans looking for work, as well as the health and well-being of their children. More than 43 million Americans, including many children, currently live at or below the federal poverty level. They will be even worse off under this budget.

Attacks Social Security — The budget cuts Social Security disability benefits, clearly violating the President’s promise to protect Social Security benefits from cuts. The budget tries to have it both ways by claiming it does not cut “core” Social Security benefits. However, Social Security’s disability and retirement benefits share a funding source and are closely coordinated. They are truly one program. Under the President’s plan, Americans would continue to make the same payments into Social Security, but those who have to stop working because of disability would no longer receive the full benefits they earned and paid for. The Administration’s Orwellian attempt to exclude disability benefits from its newly revealed definition of “core” Social Security is an insult to disabled workers.

Shifts More Money to Millionaires, Billionaires, and Corporations

The budget says almost nothing about the President's tax plan, but we still know what he wants to do – give trillions of dollars in tax cuts to millionaires, billionaires, and wealthy corporations, at the expense of middle-class households throughout the country. Many working-class families may even see their taxes increase. It will create a massive new loophole for the wealthy and let corporations avoid more taxes, but does nothing to make sure the richest pay their fair share. And we know that the claim that their tax plan will be revenue-neutral is a fallacy. House Republicans are calling for tax reform that is deficit-neutral only *after* accounting for economic growth, using up the exaggerated revenue gains that the budget purports to reserve for deficit reduction. This deception seeks to hide the fact that their huge tax cuts for millionaires, corporations, and special interests will explode the debt. This is the same trickle-down nonsense Republicans have been peddling for decades. The only place these tax cuts pay for themselves is in fantasyland.

Uses Fake Economics and Other Gimmicks to Show Phony Balance

Relies on phony economic assumptions — The budget relies on extraordinarily optimistic economic assumptions. It assumes that the economy will grow at a 3.0 percent real annual rate beginning in 2021, compared with the Congressional Budget Office's 1.9 percent projection. CBO and other independent analysts assume that the economy will grow more slowly than it has in the past because the labor force is now growing more slowly as the baby boom generation retires and a smaller percentage of the population is in its prime working years. The Budget assumes that its policies will somehow overcome that drag and restore growth to its prior levels. The budget tables indicate that the Administration believes the economic impact of its policies will account for \$2.1 trillion in deficit reduction.

Includes a magic asterisk from reducing improper payments — The budget counts on saving \$142 billion over ten years from reducing improper payments, but only \$3 billion of these savings are linked to specific policies. The other \$139 billion represents a vague promise to “reduce improper payments government-wide” but the budget provides no information on how it will achieve that goal. At the same time, the budget appears to freeze or cut many agencies' operating budgets over time, casting doubt on whether agencies will have sufficient resources to go after improper payments.

Counts on massive amounts of unspecified NDD cuts — Over ten years, the budget includes \$775 billion – \$119 billion in 2027 alone – in unspecified savings in Function 920 (Allowances). While the cuts to individual NDD areas in 2027 are bad enough, the funding *totals* provided for each area are dwarfed by the huge undefined cut. For a sense of scale, \$119 billion is more than the entire discretionary budget of any non-defense agency for 2017. For example, the Department of Health and Human Services received \$78.6 billion for 2017; the Department of Veterans Affairs received \$74.5 billion – and these are the largest NDD agencies.

Infrastructure Initiative Is Less than Meets the Eye

The budget sets aside \$200 billion for an infrastructure initiative that it claims will leverage \$1 trillion in new infrastructure investment. It provides no specifics to evaluate whether the funds will actually lead to \$800 billion in new private-sector infrastructure investment. It is very likely that any incentives to support private infrastructure investments will mostly wind up subsidizing investments that would take place without the incentive. The budget also takes with one hand as it purports to give with another. It assumes a \$95 billion cut in Highway Trust Fund spending and eliminates several important transportation programs. The \$200 billion set aside in the budget for infrastructure investment is unlikely to make up for these cuts because it is intended for all areas of infrastructure, not just highway programs. Moreover, because the \$200 billion budget initiative purports to encourage private investment, it is likely to focus on privately owned infrastructure, rather than roads and bridges.