



U.S. HOUSE OF REPRESENTATIVES

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The Republican Budget for 2019 Continues the Destructive Scam

Overview

To budget is to choose, and the Republican 2019 House budget resolution presented by Chairman Womack chooses a dark and destructive path for our country. The values embodied in this budget are clear: give more to those who are already wealthy, at the expense of everyone and everything else. If you are not wealthy and powerful – if you are just a person trying to earn a living, send your children to college, or take care of your aging parents – this budget makes your life much harder. It embodies a radical vision that the vast majority of Americans oppose. If this budget were to become reality, Congressional Republicans and the Administration would inflict severe damage on our country, threatening our most vulnerable citizens and jeopardizing America's economic and national security.

House Republicans congratulate themselves for writing a budget that supposedly reaches balance within 10 years. They have said the same thing for the past five years, but have only added to nation's fiscal challenges. The basic package is always the same, with minor variations from year to year: tax cuts that largely benefit corporations and the wealthiest in our society, and deep, damaging cuts to services that tens of millions of American families rely on. The 2014 House Republican budget supposedly would have reached balance in 2023 by cutting \$5 trillion in spending over 10 years. The 2018 budget supposedly would have reached balance in 2027, while cutting revenues by more than \$1 trillion and cutting spending by \$5.5 trillion. The 2019 Republican budget supposedly reaches balance in 2027 while cutting spending by \$5.8 trillion, plus \$1.7 trillion in deficit reduction from conveniently rosy economic assumptions. The budget also supports extending expiring tax provisions enacted in the 2017 Republican tax scam without paying for them, **and** excludes those costs – more than \$0.6 trillion – from its numbers. The budget makes deep cuts in health care, nutrition assistance and other supports for working families, education, transportation and other infrastructure, veterans' benefits, and investments that are vital to America's economic competitiveness and the safety and well-being of American families and communities.

Late last year, President Trump and the GOP Congress finally pushed their tax scam into law, adding \$1.9 trillion to federal budget deficits over 10 years while insisting – with no credible evidence – that the tax cuts would pay for themselves. Congressional Republicans have since used the resulting deficit spikes to amplify their demands for the next step in the scam: massive spending cuts. That is what this budget reflects.

Lowlights of the Republican Budget

Destroys health care for millions of people — The Republican budget continues the GOP obsession with ending health care protections for millions of working families by dismantling the Affordable Care Act (ACA) and gutting Medicaid, carving \$1.5 trillion from these and other health programs in the process. The Congressional Budget Office (CBO) estimated last year that the various Republican health plans would drastically raise costs for older and low-income adults, cause millions of Americans to become uninsured, and effectively take away protections for people with pre-existing conditions. Instead of supporting bipartisan efforts to make the law work better for the American people, Congressional Republicans have tried to destroy the ACA since it became law in 2010. The current Administration has outright sabotaged the law through numerous actions that have caused premium spikes, created uncertainty, and prevented the ACA marketplaces from working as well as they could – hurting American families in the process. CBO projects that in 2019, ACA marketplace average premiums will increase by 15 percent, and 3 million more people will be uninsured, largely as a result of the GOP tax scam’s elimination of the penalty for going without coverage. It gets worse: the Administration now says this aspect of the tax scam nullifies key ACA protections for people with pre-existing conditions. In Medicaid, the budget also imposes wasteful work requirements that will function primarily as a barrier to care. Ultimately, the steep Medicaid cuts in the budget will fall on seniors needing long-term care services, children with disabilities, and low-income families as cash-strapped states look to reduce services or drop people from coverage altogether.

Charges seniors more for their health care and ends Medicare as we know it — The Republican budget cuts \$537 billion from Medicare, a large portion of which likely comes from imposing higher out-of-pocket costs on seniors. As in past years, the budget assumes replacing Medicare’s guaranteed benefits for future retirees with fixed payments toward the purchase of a private health plan or traditional Medicare. This is a cynical plan to reduce federal spending by unloading costs and financial risks onto seniors and disabled workers. The plan does nothing to address the root causes of high health care costs, such as price-gouging by pharmaceutical companies. While traditional Medicare technically remains an option, in reality it would wither away. Private plans would find ways to “cherry pick” the healthy. Sick and frail seniors in traditional Medicare would face skyrocketing costs. If a similar plan were in effect in 2024, the Congressional Budget Office estimates traditional Medicare Part B premiums would be 57 percent higher than current law. The budget’s Medicare cut also includes \$59 billion from requiring beneficiaries in the Part D coverage gap to pay more out-of-pocket for their prescription drugs before their catastrophic coverage kicks in, by excluding manufacturer rebates from the calculation of Part D beneficiaries’ out-of-pocket costs. Past Republican budgets have assumed policies to restructure deductibles and coinsurance in a way that will mean most Medicare beneficiaries will pay more each year or skip care; and to increase the Medicare eligibility age to 67, while at the same time tearing down the ACA – leaving millions of

older Americans with no access to affordable health care. This budget does not specifically mention these policies, but it is likely they are reflected in the numbers.

Cuts Social Security benefits —The budget cuts \$4 billion from Social Security disability benefits, which it describes as “a first step” to Social Security reform. It also calls for a special expedited process to fast-track additional cuts.

Guts non-defense investments — The Republican budget adheres to February’s bipartisan budget agreement on discretionary spending levels for 2019. After 2019, however, the budget guts funding for non-defense discretionary (NDD) programs – a category that includes homeland security, education, research, veterans’ health care, environmental protection, enforcement of worker and consumer protections, transportation, and much more. Under this budget, NDD funding will decline from \$597 billion in 2019 to \$542 billion in 2020, then flatten out at \$555 billion a year through 2028. In terms of purchasing power, the 2028 figure represents a 29 percent cut from the 2018 level. The completely inadequate future funding levels for these programs will jeopardize the safety, health, and well-being of American families and communities, while undermining the nation’s economic competitiveness. The budget does not clearly spell out where all of these cuts would come from, so every NDD function is at risk. Such recklessly extreme spending cuts would leave the government unable to carry out basic functions that the American people expect and rely on, such as protecting food safety, supporting medical and scientific research, ensuring clean air and water, maintaining roads and bridges, and fighting crime.

Severely slashes programs that protect basic living standards — The Republican budget cuts \$923 billion from mandatory income security programs, a category that includes nutrition assistance, basic cash assistance, unemployment compensation, the Earned Income Tax Credit and Child Tax Credit, and federal civilian and military retirement. Cuts of this magnitude will weaken important financial protections and undermine basic living standards for struggling families, low-income seniors, and persons with disabilities. Providing these basic supports ensures stability for those looking for work and maintains a firm foundation for working Americans fighting every day to strive, thrive, and succeed. As in past years, the budget supports imposing duplicative and unnecessary work requirements on people receiving Supplemental Nutrition Assistance Program (SNAP) benefits. Achieving the level of savings assumed in the Republican budget will likely require much deeper cuts to SNAP. As in previous budgets, this is likely to be hidden in policies to “restore power to the states,” which usually translates as a plan to turn SNAP into a block grant, cutting off funding for eligible individuals and requiring cash-strapped states to either fill in the gap or take away food assistance from millions of working families, children, and seniors. Converting SNAP into a block grant would prevent the program from meeting increased needs during future economic downturns.

Makes higher education more expensive — The budget cuts \$231 billion from student financial aid programs, primarily through changes to student loans that will make it difficult for students, particularly low-income students, to afford college.

Cuts veterans’ benefits — The budget cuts \$59 billion in mandatory spending on veterans’ benefits over the next ten years. Approximately 86 percent of mandatory spending for veterans is for compensation benefits to 4.9 million veterans and more than 400,000 survivors, and pension benefits for almost 470,000 veterans and their survivors. The rest is for readjustment benefits to veterans and their dependents, including education benefits, vocational rehabilitation assistance, and specially adapted housing grants.

Fast-tracks harmful cuts to programs millions of Americans count on — The budget includes fast-track reconciliation procedures to push through cuts in mandatory spending programs totaling \$302 billion across 11 House committees. These cuts are likely to fall heavily on programs serving low-income families, students struggling to afford college, and seniors and persons with disabilities. The budget does not specifically call for using reconciliation to repeal the ACA, but it also does not rule it out.

2019 Budget Resolution Reconciliation Instructions <i>(billions of dollars)</i>	
Committee	2019-2028
Agriculture	1
Armed Services	1
Education & Workforce	20
Energy & Commerce	20
Financial Services	24
Homeland Security	3
Judiciary	45
Natural Resources	5
Oversight & Govt Reform	32
Veterans’ Affairs	1
Ways & Means	150
Total	302

Undermines national security by taking an extremely narrow view — The budget provides \$647 billion for base national defense activities for 2019, consistent with the President’s request. In addition, it includes \$77 billion of overseas contingency operations (OCO) funds for defense operations, \$8 billion above the President’s request. Unfortunately, the budget’s non-defense funding reductions over ten years would weaken many aspects of national security. According to military experts, diplomacy and foreign aid programs funded through the non-defense side of the budget are critical components of our national power. Homeland security programs complement military operations to keep us safe. Addressing climate change is critical to reducing instability around the world. More fundamentally, the foundation of America’s national security is its strong economy. This budget undermines the important non-defense investments that keep the nation’s economy strong.

Puts U.S. transportation network on the road to ruin — The Republican budget sharply reduces transportation spending, with a cut of \$317 billion over ten years, or 28 percent below current estimates. Total spending on transportation programs would drop from \$92 billion in

2019 to \$77 billion in 2025 and fall slightly further thereafter. This is woefully inadequate to address the needs of our nation's crumbling infrastructure.

Conclusion

The Republican budget lays out what Congressional Republicans stand for. Their goals are simple: cut taxes for the wealthy and corporations, and leave middle-class Americans and struggling families to pay the price. This vision is deeply unpopular with the American people, which is why Congressional Republicans will not try to translate every spending cut assumed in this budget into law – at least not this year. Their profoundly antigovernment vision will nonetheless do real damage to American families, because it obstructs any possibility of this Congress addressing the biggest problems facing American society in a meaningful way. Our challenges are many: stagnant wages, rising income inequality, growing concentration of wealth in the hands of a small number of ultra-rich families, lack of economic opportunity in large swaths of rural America, a highly competitive global economy that demands an increasingly well-educated U.S. workforce, the high cost of health care in this country, and more. This budget utterly fails to make constructive progress in any of these areas.

A GOP budget that cuts \$231 billion from federal spending on higher education, for example, leaves no space to consider investments to make college more affordable or to significantly expand access to high-quality job training programs or apprenticeships.

A GOP budget that cuts \$2 trillion from Medicare, Medicaid, and other health care programs while eliminating protections for people with pre-existing conditions leaves no room to consider ways to make quality health care more affordable for everyone – from families scrambling to afford coverage to seniors and persons with disabilities trying to get by on fixed incomes.

A GOP budget that cuts nearly \$1 trillion from programs that provide economic security to families struggling to make ends meet does not allow a framework for legislation that would actually improve the resources and supports – such as a major investment in child care – that these families need to succeed.

A GOP budget that effectively freezes non-defense discretionary program funding at austerity levels in 2020 and beyond suffocates any possibility of making major new investments in communities across the country that are struggling to adapt in the modern global economy.

This is the great tragedy of this Republican budget, and of every Republican budget in recent years. Their single-minded focus on shrinking overall spending while cutting taxes for those at the top has effectively strangled any possibility of major new investments to address this country's significant and growing challenges and to make meaningful improvements in the American people's lives. Instead, we get a rerun in which Republicans push for tax cuts,

complain about rising deficits and debt, and then push for gigantic spending cuts. It is all highly predictable, deeply dishonest, and a complete disservice to the American people who expect their government to work for them, not for billionaires and powerful corporations.

Republicans can ignore the real-world consequences of the policies assumed in the budget resolution, because for the most part they do not actually intend to push legislation this year that would translate the budget into reality. It is an opportunity for Republicans to cast a show vote to pretend that they are fiscally responsible, despite their recent successful efforts to increase deficits and debt. However, Republicans have managed to enact parts of their vision into law, such as when they used the tax scam to undermine a key component of the ACA. Last year, they came close to destroying health care for millions of people, despite massive opposition from the American public. Therefore, it is worth taking the Republican budget seriously, if not literally, to understand where Congressional Republicans want to take the country.