



U.S. HOUSE OF REPRESENTATIVES

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House Republican 2018 Budget Abandons American Families

The House Republican 2018 budget resolution released today vividly shows that Congressional Republicans, just like President Trump, are not working on behalf of everyday Americans. Like the President's budget, the Republican budget takes away hope and opportunity from millions of families while showering millionaires, billionaires, and wealthy corporations with irresponsible tax cuts. It undermines national security by narrowly focusing on boosting defense spending while severely undervaluing other sources of national security, such as diplomacy, economic opportunity, and safe and healthy communities. Ultimately, the House Republican budget cruelly betrays American families in favor of wealthy individuals and powerful corporations. It will make life much harder for millions of Americans struggling to get ahead or just to get by.

Puts the entire burden of deficit reduction on the middle class and struggling families — The budget does not achieve one penny of deficit reduction by closing tax loopholes that benefit billionaires and corporations. Instead, it drains resources from programs the American people need and strongly support, particularly those helping the most vulnerable Americans. The budget assumes \$5.4 trillion in spending cuts over ten years, including \$4.4 trillion in cuts to mandatory programs. Almost half of the mandatory cuts come from health care – half a trillion dollars in cuts to Medicare, and another \$1.5 trillion from dismantling the Affordable Care Act and cutting Medicaid and other health programs. Among other mandatory programs, the largest reduction – nearly a trillion dollars (\$892 billion) – hits the part of the budget that provides basic living standards for struggling families.

Guts investments critical to expanding economic opportunity — Non-defense discretionary (NDD) investments include homeland security, education, research, veterans' health care, transportation, environmental protection, and much more. However, NDD programs currently face austerity-level spending caps deliberately set at unreasonably low levels in the Budget Control Act of 2011 (BCA) to compel agreement on alternative deficit-reduction policies. The Republican budget fails to address these looming NDD cuts and instead lowers the already inadequate austerity-level NDD spending caps by an additional \$5 billion in 2018 and by much greater amounts in subsequent years. Under this budget, NDD funding will decline from \$511 billion in 2018 to \$424 billion in 2027. Relative to the size of the economy, NDD outlays for 2018 will be 3.1 percent of GDP under the existing cap, matching the lowest levels since this category has been tracked. The budget reduces these programs even further, jeopardizing the safety, health, and well-being of American families and undermining the nation's economic competitiveness.

Fast-tracks major tax cuts for millionaires, billionaires, and corporations – The Republican budget goes down the same path as the President’s budget: massive tax cuts for millionaires and wealthy corporations, while shifting the tax burden onto the middle class. It protects special-interest loopholes, but does nothing to make sure millionaires pay their fair share. The Republican claim that their tax plan will be revenue-neutral is a fallacy, as the tax plans put forward by House Republicans and President Trump lose trillions of dollars. This lost revenue will lead to rising deficits that in turn will increase Republicans’ demands for cuts to Medicare, Medicaid, education, and other areas. These massive tax cuts for millionaires and wealthy corporations are the same debunked trickle-down policy that Republicans have been peddling for years. It failed in the 1980s, it failed under President George W. Bush, it just failed spectacularly in Kansas, and it would fail again under the Republican budget.

Ends the Medicare guarantee and makes other cuts to Medicare — The budget calls for 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. It fails to address root problems and causes of health care cost growth, such as unjustified price spikes for prescription drugs. While traditional Medicare technically remains an option, in reality it would wither away. Private plans find ways to “cherry pick” the healthy. Sick and frail seniors remaining in traditional Medicare would face skyrocketing costs. If a similar plan were in effect in 2020, CBO estimates people in traditional Medicare would pay Part B premiums 25% higher than current law. In total, the budget cuts Medicare by \$487 billion over ten years. This figure includes the effects of converting Medicare from guaranteed benefits to fixed payments, charging higher premiums to higher-income individuals, savings from changes to malpractice law, and other unspecified policies.

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 \$203 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.

Undermines health care — The budget embraces Republican legislation to end health care protections for millions of people by dismantling the Affordable Care Act and gutting Medicaid, all while cutting taxes for the wealthy and corporations. The Congressional Budget Office has estimated that the Republican health plan would drastically raise costs for older and low-income adults, add more than 20 million

2018 Budget Resolution Reconciliation Instructions <i>(spending cuts in billions of dollars)</i>	
Committee	2018-2027
Agriculture	-10
Armed Services	-1
Education & Workforce	-20
Energy & Commerce	-20
Financial Services	-14
Homeland Security	-3
Judiciary	-45
Natural Resources	-5
Oversight & Govt Reform	-32
Veterans’ Affairs	-1
Ways & Means	-52
Total	-203

Americans to the ranks of the uninsured, and effectively take away protections for people with pre-existing conditions. But the Republican budget goes even further by imposing a mandatory work requirement in Medicaid on top of roughly \$1 trillion in Medicaid cuts in the Republican health care plan. These steep Medicaid cuts in the budget will fall ultimately 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.

Increases defense spending above President’s request while weakening other key components of national security — The budget includes \$622 billion for base national defense activities, \$19 billion above the President’s request and \$72 billion above the BCA cap. In addition, it includes \$75 billion of overseas contingency operations (OCO) funds for defense operations, a \$10 billion increase above the President’s request. The budget assumes those additional OCO funds will augment base budget activities at the Pentagon. According to military experts, diplomacy and foreign aid are critical components of our national security. Unfortunately, the budget ignores the experts and cuts funding for the State Department and foreign aid agencies by nearly 19 percent below the 2017 enacted level.

Pretends it achieves balance by relying on trillions of dollars in budget games and gimmicks — The Republican budget uses several devices to rig its numbers to make it seem like it reaches balance by 2027.

- It counts a dubious \$1.8 trillion “economic dividend” from cutting taxes and taking away consumer protections that is not backed up by any credible analysis. The budget assumes \$1.5 trillion of this “dividend” will go toward deficit reduction.
- It assumes tax reform will be revenue neutral, including the remaining \$300 billion in revenue from the “economic dividend,” but Republican tax plans are expected to lose between \$3 trillion and \$7 trillion.
- It includes roughly \$3 trillion in mandatory spending cuts (excluding the cuts related to the Republican health care repeal legislation) beyond the \$203 billion in cuts subject to the fast-track spending reconciliation process. This raises the question: are Republicans afraid to include all of their spending cuts in the reconciliation process because they know the American people will resoundingly reject such extreme and irresponsible cuts? After all, the purpose of reconciliation is to provide a fast-track process to “reconcile” policy with the numbers assumed in the budget.
- Within that \$3 trillion, the budget credits itself with \$0.7 trillion in savings from a plan to reduce improper payments that does not exist.
- The budget relies on unspecified NDD cuts totaling \$893 billion over ten years. The fact that Republicans declined to allocate these cuts to specific government activities such as veterans’ benefits and services, transportation, income security, health care, or any other important government functions shows how unrealistic these cuts actually are.