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## Tax Bill Would Trigger Cuts to Vital Programs

The Statutory Pay-As-You-Go Act of 2010 (SPAYGO) created a budgetary enforcement regime to offset net deficit increases that would otherwise result from new laws affecting direct spending or revenues. SPAYGO in essence keeps a running tab of the deficit effects of all such laws, including laws enacted through the budget reconciliation process. If, at the end of a session of Congress, the SPAYGO scorecard shows a net debit for the upcoming year, numerous direct spending programs will get hit with an across-the-board cut to “pay for” that debit.

The Republican tax bill released last week would increase deficits by \$1.5 trillion over ten years. If Congress does not enact offsetting budgetary savings or provide some other remedy, enactment of this bill will trigger massive automatic program cuts every year for the next ten years. The tax bill’s deficit effects would trigger SPAYGO cuts that would lead to outright elimination of many programs and still would not be enough to offset the tax bill’s costs in full.

Damaging SPAYGO cuts resulting from the tax bill would include:

- A 4 percent reduction in **Medicare** payments. Over ten years, this would add up to hundreds of billions of dollars. (SPAYGO caps the Medicare cut at 4 percent.)
- A doubling of loan origination fees for **federal student loans**, making college more expensive for millions of students.
- Elimination of funding for programs subject to uncapped SPAYGO across-the-board reductions. Some of the largest programs that would be zeroed out include:
  - **Social Services Block Grants**, which are flexible grants to states. They support a variety of initiatives serving low-income and vulnerable individuals such as adult protective services, special services to persons with disabilities, adoption services, case management, health-related services, transportation support, foster care, substance abuse services, home-delivered meals, independent and transitional living, and employment-related services.
  - **Vocational Rehabilitation State Grants**, which help states assist individuals with physical or mental impairments in developing new work skills and finding employment.
  - **Commodity Credit Corporation** farm price supports, which help stabilize and support farmer’s incomes.
  - **Crime Victims Fund**, which provides compensation to victims of crime and supports victims’ services.
  - **Prevention and Public Health Fund**, which expands investments in programs to improve health, primarily through the Centers for Disease Control and Prevention.
  - **Trade Adjustment Assistance**, which helps workers who have lost their jobs due to trade-related circumstances, such as an increase in imports.