202-408-1080
info@cbpp.org
www.cbpp.org

CBPP STATEMENT

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Contact:
Jacob Kaufman-Waldron,
202-408-1080,
jkaufmanwaldron@cbpp.org

Amid Rising Recession Risks and Tariff Price Hikes, House Republicans Advance Budget Plan That Would Raise Costs for Millions of Families

Statement of Sharon Parrott, CBPP President, on House passage of congressional budget resolution:

The budget plan that House Republicans passed today paves the way to take Medicaid health coverage and food assistance through SNAP away from millions of people, to partially pay for huge tax giveaways for wealthy households and businesses that will drive up deficits and fiscal risk.

Let's be clear: in this budget framework there is no way to cut $1.5 trillion in spending while protecting health coverage through Medicaid and food assistance through SNAP. The way to make a budget bill do less fiscal damage is to shrink the tax cuts and pay for them with responsible, targeted revenue raising measures that require corporations and the wealthy to pay their fair share. It's also important to consider the timing: This budget architecture was terrible a couple of months ago. It is a far worse plan at a moment when the President's tariffs, chaotically crafted and applied, have caused business uncertainty to soar and raised the risk of a recession, higher unemployment, and surging prices.

When the economy is weak, many people lose their jobs, which often means they lose health coverage and have a harder time affording groceries. A sagging economy would worsen the already harmful impacts of the budget's damaging cuts to Medicaid and SNAP. In addition, to help the economy recover from a recession, it's necessary to boost the spending power of low-income people and relieve state fiscal pressures. This budget plan does the opposite — taking away help from families and shifting costs to states whose already stretched revenues would fall in a recession.

Don't be fooled by claims that continuing all of the expiring 2017 tax cuts — including the substantial portion going to high income people — is important to stabilize the economy. The evidence is clear that tax cuts for high-income households do little to boost the economy. And be skeptical of the President's new "pause" on tariffs: even with the pause, tax rates on imported goods will be at their highest level since at least the 1930s. Indeed, the impact of the tariffs and cuts to Medicaid and SNAP will more than erase whatever modest tax cuts low- and moderate-income families would receive from the extension of the 2017 tax cuts.

In addition, in a stunning procedural move, today's vote restricts Congress's ability to end or amend the President's tariffs, which will make it harder for Congress to step in if whatever tariff regime the President ultimately lands on is wreaking havoc on the economy.

Add to the budget plan and constantly shifting tariff policy the Administration's chaotic and deeply harmful executive action agenda — which is wrecking Social Security and other core government functions, unlawfully stopping funding for public services and investments, hollowing out and politicizing the civil service, and undermining basic governance — and you have a triple threat agenda that will make millions of families far worse off.

Instead of intervening in the unfolding economic mess for the good of the country, congressional Republicans are moving full speed ahead on this misguided plan. They should look at what's happening to the country around them and change course.

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