

Republican Plans to Cut Taxes Now, Cut Programs Later Would Threaten Food Assistance Through SNAP

Congressional Republicans this fall are poised to launch step one of a likely two-step tax and budget agenda: enacting costly tax cuts now that are heavily skewed toward wealthy households and profitable corporations, then paying for them later through program cuts, including SNAP (formerly food stamps), mostly affecting low- and middle-income families. Most children and their families would lose more from the program cuts than they would gain from the tax cuts.

Congress appears headed toward crafting a tax-cut bill that would largely benefit the top 1 percent of households and profitable corporations, while increasing deficits by \$1.5 trillion over the next decade. (And the true cost, with no budget gimmicks, could be even higher.) Tax cuts will lead to larger deficits — claims that tax cuts pay for themselves fly in the face of decades of experience and credible, mainstream economic research.

When deficits rise, those who supported the tax cuts will likely label these deficits as unacceptable and point to *spending* as the culprit. They presumably will then call for the kinds of deep cuts they've already proposed in their long-range budget plans, including cuts to food assistance for struggling families, seniors, and people with disabilities. Those cuts could happen as soon as next year.

Congressional leaders could have chosen to write a single bill with both the tax cuts they favor and the program cuts or tax increases to pay for them. This would have enabled the public and policymakers to evaluate the tradeoffs and make an informed decision. Instead, they have chosen to obscure this tradeoff by splitting their agenda into two parts. But this doesn't change the reality: the wealthy would win large tax cuts while everyone else would pay the tab.

When Tax Cuts Are Ultimately Paid For, Food Benefits Through SNAP Are at Risk

President Trump and congressional leaders have been very clear on the areas they want to cut. The Trump and congressional budget plans, for example, propose deep SNAP cuts. Indeed, the Administration and congressional leaders have already pointed to *existing* projected deficits — even *before* \$1.5 trillion in deficit-increasing tax cuts are made — to justify these cuts. Once a tax bill becomes law and deficits grow, they will likely argue that the resulting higher deficits make cutting SNAP even more urgent.

- The Trump budget plan would cut SNAP by at least \$140 billion over ten years. The cuts would grow deeper over time, reaching about 30 percent in 2027. The congressional budget plan doesn't lay out specific program cuts, but its cuts in the budget area that funds SNAP are big enough to necessitate SNAP cuts similar to those in the Trump budget. SNAP provides basic food aid to 20 million children and benefits are already modest. Households receive just \$1.40 per person per meal, on average.
- To illustrate the effect of cuts of this size, we calculate that if they came solely from eliminating eligibility for certain groups, they would require cutting an average of 9 to 10 million people from the program, relative to SNAP enrollment without the cuts. If the cuts came solely from across-the-board benefit cuts, states would have to cut

The Republican Two-Step Fiscal Agenda

Step 1: Cut taxes for the high-income households now, driving up deficits

House and Senate tax bills would increase deficits by \$1.5 trillion and give largest tax cuts to the top-earning households and profitable corporations.

Step 2: Use higher deficits to justify cuts in critical programs for low- and moderate-income households, such as:

- Food assistance through SNAP
- Medicaid
- Income assistance for children with disabilities
- Education

about \$40 per person per month (in today's dollars), on average. This would require setting the maximum benefit at only about 80 percent of the Thrifty Food Plan, the Agriculture Department's estimate of the cost of a bare-bones, nutritionally adequate diet.

Outside of food assistance, the Trump and congressional budget plans would target other programs that help families meet basic needs:

- **Medicaid.** The Trump and congressional budget plans call for cutting Medicaid and subsidies to purchase coverage through the Affordable Care Act marketplaces by between \$1.3 trillion and \$1.9 trillion over the next decade, with most of the cuts coming from Medicaid. The cuts would grow over time. For example, under the Trump plan Medicaid alone would be cut by 47 percent in 2027. Some 34 million children receive health coverage through Medicaid; some could lose coverage entirely, while others could lose health services, including school-based services for children with disabilities. Millions of parents could also lose coverage, which would leave children at risk for serious economic hardship if an uninsured parent gets sick and medical bills mount. And, health care would be in jeopardy for millions of seniors and people with disabilities as well.
- **Income assistance for children with disabilities.** The Trump budget plan would cut basic assistance for many low-income children with disabilities who receive aid from Supplemental Security Income. The congressional budget plan includes cuts in the part of the budget that includes this program, but does not provide specifics.
- **Housing assistance.** The Trump and congressional budget plans would likely result in large cuts to rental assistance — including vouchers, aid tied to certain private developments, and public housing — with cuts growing over time. For example, by 2027, more than 300,000 families with children would lose rental aid under the congressional budget plan, if housing programs bear a proportional share of the budget's NDD cuts. Such cuts would increase homelessness and housing insecurity, which research links to children's health problems and diminishes their chances of succeeding in school.
- **Tax credits for working families.** The tax bill proposed by House Ways and Means Chairman Kevin Brady would deny the Child Tax Credit to 3 million children in immigrant families, 80 percent of whom are U.S. citizens. There is also a risk that Congress could cut the Earned Income Tax Credit in the future as part of budget-cutting legislation, as an earlier House budget proposal would have done.

By increasing hardship among low-income families, seniors, and people with disabilities, the proposed cuts would increase near-term deprivation.

The Bottom Line: High-End Tax Cuts Now Set Stage for Large SNAP Cuts Later

The GOP tax framework and the House Ways and Means tax plan would provide large tax cuts to the wealthiest Americans, while providing only modest or no help to millions of low- and moderate-income households. When Congress turns its attention to paying for those tax cuts, struggling families, seniors, and people with disabilities would likely lose far more in food assistance, as well as health care, housing assistance, and public services — including educational opportunities — than they would gain from the heavily skewed tax cuts.

SNAP Benefits Are Modest

Average monthly SNAP benefit by demographic group, 2015



Source: Department of Agriculture, "Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2015."

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