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Trump Budget Deeply Cuts Health, Housing, Other Assistance for Low- and Moderate-Income Families

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Less than two months after signing massive tax cuts that largely benefit those at the top of the economic ladder, President Trump has put forward a 2019 budget that cuts basic assistance that millions of families struggling to get by need to help pay the rent, put food on the table, and get health care. The cuts would affect a broad range of low- and moderate-income people, including parents, children, seniors, and people with disabilities. Taken together, the cuts are far deeper than any ever enacted and would deepen poverty and hardship and swell the ranks of the uninsured.

The budget also scales back efforts to promote opportunity and upward mobility, such as by cutting both job training and programs that make college more affordable. These cuts fly in the face of the Administration's rhetoric about expanding opportunity for those facing difficulties in today's economy and helping more people work.

This paper examines the budget's cuts in health care, food assistance through the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps), housing and home energy assistance, income assistance for people with disabilities, funding to states for other supports for low-income families, grants and loans to make college more affordable, and non-defense discretionary programs as a whole.

Health Care Cuts Would Leave Millions More Uninsured

Through 2017, the President pressed Congress to enact legislation repealing the Affordable Care Act (ACA) and deeply cutting Medicaid. Meanwhile, the Administration has used its administrative authority to implement — and to encourage states to implement — policies that make it harder for many eligible people to get and retain health coverage.

The budget doubles down in both areas. It cuts Medicaid and subsidies for private coverage in the marketplace by $763 billion over the next decade, with cuts reaching $172 billion annually by 2028.

Most significantly, it embraces the ACA repeal bill sponsored by Senators Bill Cassidy, Lindsey Graham, Dean Heller, and Ron Johnson (the "Cassidy-Graham" proposal), then cuts funding for health coverage programs well below the already shrunken levels in that bill. [1]

The Trump proposal eliminates the ACA's expansion of Medicaid to low-income adults and its subsidies that help low- and moderate-income people obtain marketplace coverage, replacing this funding with a block grant whose funding would fall further and further behind current-law funding each year. The proposal also imposes a per capita cap on federal Medicaid funding for seniors, people with disabilities, and families with children. Such a cap means that the federal government will only pay a certain amount for care per person, regardless of the actual cost of care. And, the proposal sets the per capita cap at a level that is below expected health care costs, with the shortfall growing each year. Finally, the Trump budget would weaken consumer protections for people with private coverage, such as by allowing states to eliminate key protections for people with pre-existing conditions.

The budget also includes other policies designed to make it harder for low- and moderate-income people to obtain Medicaid coverage and marketplace subsidies. For example, it allows states to consider assets such as bank accounts in determining Medicaid eligibility for children, parents, pregnant women, and other adults. The vast majority of low- and moderate-income families have minimal assets, but proving that their assets fall below a specified level can be complicated and time-consuming for both families and states. That's why, even before the ACA, many states dropped Medicaid asset tests; the tests were costly to implement, and few people were found to have assets over the limit.[2] By eliminating asset tests, the ACA made it simpler for people to access coverage and aligned eligibility rules for Medicaid and the Children's Health Insurance Program with those for the ACA's premium tax credits, which has made it easier for people to move between these programs as their incomes fluctuate.

Taken together, the budget's "repeal and replace" proposals and additional Medicaid cuts would cause millions of people to lose coverage and make coverage less adequate or less affordable for millions more.

Cuts in Nutrition Assistance Would Make It Harder for Families to Afford Food

The 2019 Trump budget cuts SNAP by more than $213 billion over the next ten years — or by nearly 30 percent. It imposes large benefit cuts on most households even though current benefits average just $1.40 per person per meal, and radically restructures how benefits are delivered. It also includes other benefit and eligibility cuts that would cause at least 4 million people to lose SNAP benefits altogether. The cuts would affect every category of SNAP participant, including the unemployed, the elderly, individuals with disabilities, and low-income working families with children.

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[1] For a detailed discussion of the Cassidy-Graham legislation, see Jacob Leibenluft, Aviva Aron-Dine, and Edwin Park, "Revised Version of Cassidy-Graham Proposal Is More of the Same," Center on Budget and Policy Priorities, September 25, 2017, https://www.cbpp.org/research/health/revised-version-of-cassidy-graham-proposal-is-more-of-the-same.

[2] Vernon Smith, "Eliminating the Medicaid Asset Test For Families: A Review of State Experiences," Kaiser Family Foundation, April 2001, https://kaiserfamilyfoundation.files.wordpress.com/2001/04/2239-eliminating-the-medicaid-asset-test.pdf.

The budget:

- **Shifts more than $260 billion in food purchasing from individual households to the government.** Under the proposal, the Agriculture Department (USDA) would hold back an estimated $24 to $29 billion per year in SNAP benefits (about 40 percent of the benefits issued to households) and use about half of these funds to give the households a box of non-perishable foods such as shelf-stable milk, ready-to-eat cereals, pasta, peanut butter, beans, and canned foods. This box of food would be in lieu of food that households would otherwise purchase with SNAP benefits at the grocery store. The other half of the held-back funds would be cut; households wouldn't receive these benefits in any form. (The Administration claims that the government can purchase, box, and distribute these food commodities at a substantially reduced cost.)

  These changes would affect an estimated 34 million people in 16 million households in 2019, or almost 90 percent of SNAP participants. The new structure would impose new costs on states, which would be expected to implement the change without adequate financial support. And it would likely force households to incur greater transportation costs (and time) to get food for their families because they may have to pick up the commodities at centralized locations while still traveling to grocery stories for the remainder of their food purchases.

- **Cuts SNAP benefits for a broad swath of SNAP households.** The budget also includes roughly another $85 billion in SNAP cuts over ten years. This includes requiring states to terminate food assistance to unemployed adults who aren't raising children after only three months, even if they live in areas with high unemployment. States would only be able to waive this requirement in areas with unemployment above 10 percent, an extremely high bar that will miss many locations where few jobs are available to lower-skilled workers. (Current law allows states to seek waivers from the three-month limit for areas where jobs are scarce.) The budget also extends this three-month time limit to adults ages 50 to 62, who aren't currently subject to it due to the unique labor-market challenges that many older workers face, including a higher incidence of poor health and outdated skills.

  The budget also cuts SNAP benefits for many working families by eliminating a state option that allows benefits to phase down more smoothly as earnings increase, thereby avoiding a benefit cliff. And on top of that, the budget contains further SNAP cuts that would reduce benefits to 2 million more individuals, largely low-income seniors and people with disabilities, and households with more than six members.

Cuts in Housing and Energy Assistance Would Make It Harder for Families to Pay Rent

As discussed below, the President's budget includes substantial cuts in non-defense programs — programs outside defense that are funded each year through the annual appropriations process. Among these are substantial cuts in low-income housing programs that would affect a broad swath of low-income households, including several million working families with children, seniors, and people with disabilities. The 2019 Trump budget proposes the largest retrenchment of federal housing aid since the U.S. Housing Act was enacted in 1937.

In 2019 the budget cuts Department of Housing and Urban Development (HUD) programs by $6.8 billion (or 14.2 percent) below the 2017 level, not counting losses due to inflation. (The figures here include adjustments in the Administration's budget "addendum," which requests modest additional funding in several program areas.) The cuts likely would grow after 2019, as explained below, because the budget proposes far deeper cuts in non-defense discretionary programs after that year.

A large share of the HUD cuts comes from the Section 8 rental assistance and public housing programs, which assist 4.4 million low-income households. More specifically, the budget:

- **Cancels Housing Choice Vouchers — which help low-income households afford private, modest apartments — for about 200,000 low-income households.** These cuts would hit extremely low-income seniors, people with disabilities, and working families with children hard, undercut community efforts to reduce homelessness, and weaken housing stability, which is critical to children's development and school attendance.
- **Raises rents on low-income families with HUD rental assistance.** Nearly all households receiving rental assistance that are headed by a person who is not 62 or older or disabled would have to spend 35 percent of their income on rent, up from 30 percent under current law. Working families would bear the bulk of such rent increases and be especially hard hit, because they also could no longer subtract child care expenses from their incomes in determining their rent payments (i.e., rents would be raised from 30 percent of income *after* deductions for costs like child care to 35 percent of *gross* income). The budget also raises the minimum monthly rent to $150, which means rents would triple or more for the poorest families; this change would largely hit households that live below *half* of the poverty line, and it would likely result in more evictions and homelessness.

  The budget documents indicate that the Administration plans to propose legislation that will both make these rent policy changes and allow local housing agencies and private owners of HUD-assisted housing to terminate housing assistance to working-age tenants without disabilities who don't work at least 32 hours per week or participate in certain education or training programs, whether jobs, training, or dependent care are available or not.
- **Cuts funding for public housing repairs by $3.0 billion or 47 percent, compared to 2017, virtually assuring a loss of affordable housing stock in communities facing massive shortages of such housing.** Public housing already faces more than $26 billion in repair needs; but rather than proposing a realistic strategy for preserving this critical source of affordable housing, the Administration simply assumes states and localities will fill the gap.
- **Eliminates the Low Income Home Energy Assistance Program (LIHEAP).** A program in the Department of Health and Human Services, LIHEAP helps low-income households pay for heat and other utilities.

These cuts, together with the Trump budget's proposed elimination of several flexible grant programs that support the development of affordable housing, would cause many households to lose access to affordable housing and raise rent and utility costs for families that still have it. The net result would be more homelessness and housing instability.

Cuts in Disability Benefits Would Increase Hardship

The 2019 Trump budget reduces disability programs by $72 billion, including reductions to Social Security Disability Insurance (SSDI) as well as Supplemental Security Income (SSI), which provides aid to low-income individuals with disabilities (as well as low-income seniors).

The budget cuts tens of billions of dollars in SSDI benefits, which are funded out of workers' payroll taxes and which protect workers and their families if a disability cuts their careers short. One budget proposal cuts in half the retroactive benefits that disabled workers may receive. These are benefits provided to new SSDI recipients to reflect the loss of earnings when they became disabled, even if they delayed applying for benefits because they were hoping to get better and go back to work.

For example, consider a worker whose career is cut short by a car crash, but who hopes she can overcome her injuries and return to work. Under current law, she can receive up to 12 months of retroactive benefits — a critical lifeline that can prevent bankruptcy or homelessness. The Trump proposal would cut that payment in half. A beneficiary who would have qualified for 12 months of retroactive benefits would lose an average of about $7,000 in earned Social Security benefits. Moreover, shortening the period of retroactive benefits can encourage people to apply earlier for SSDI instead of first testing whether they can return to work, since such a test could cost them thousands of dollars in benefits their families may need if they aren't successful in going back to work.

The budget's largest SSDI savings stem from a proposal to test new approaches to increase labor force participation of people with disabilities. The likelihood that such tests would result in large savings from increased employment is very low, given evidence from past efforts in this area and the extremely poor health status of most SSDI beneficiaries.

The budget also cuts SSI, which goes primarily to low-income people with severe disabilities; for example, 1.2 million children receive SSI for conditions such as Down syndrome, cerebral palsy, autism, intellectual disability, and blindness. The budget cuts nearly $7 billion over ten years from benefits for children and parents if another family member also receives SSI — hurting, for example, a family with children who share a genetic disorder. Some 70 percent of poor families that care for more than one child with disabilities already struggle to afford basic needs like food, rent, and heat.[3] Under the guise of "simplification," the budget also cuts more than half a billion dollars over the next decade from SSI recipients who live with others outside their immediate family to make ends meet.

Cuts to TANF and Social Services Block Grant Would Hurt Families and States

The 2019 Trump budget cuts the Temporary Assistance for Needy Families (TANF) block grant and eliminates altogether the related TANF Contingency Fund — a cut of $21 billion in funding over the next decade. TANF provides funds to states for short-term income assistance, work

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[3] Subharati Gosh and Susan Lurie, "Material Hardships and Income Poverty in U.S. Families Raising Multiple Children with Disabilities," Brandeis University, June 2014, http://www.academia.edu/7436571/Material_hardship_among_families_raising_multiple_children_with_disabilities.

programs, and other crucial supports for poor families with children. Such cuts conflict sharply with the budget's rhetoric on promoting work opportunities for poor families.

The budget also eliminates the Social Services Block Grant (SSBG), which provides $1.7 billion in flexible funding to states each year for services such as child care, day programs for seniors and people with disabilities, services for homeless individuals and families, and others. Taken together, these two proposals cut flexible human services funding by $37.8 billion over the coming decade.

In addition, the budget includes a proposal to require states to focus a larger share of their TANF funding on work programs, education and training, and child care. While focusing a larger share of TANF on certain core activities is a good idea, this proposal is problematic because it fails to recognize that providing income assistance to very poor families is also a core component of TANF. Many children live in deep poverty because TANF programs provide income assistance to so few poor families that need help to make ends meet. Moreover, the budget's cuts in TANF and SSBG would undermine the goal of directing more resources to core activities within TANF.[4]

Cuts in Grants and Loans Would Make College More Expensive

The 2019 Trump budget eliminates the Supplemental Educational Opportunity Grant (SEOG), which supplements Pell Grants for some of the neediest students. The justification is that SEOG funds are not optimally distributed across schools. But rather than change the funding allocation, the Administration wants to eliminate a program that makes college more affordable for 1.5 million of the neediest students — with no replacement.

The budget also deeply cuts the work-study program (even after considering the Administration's budget addendum that calls for increased funding in 2019 in some specific areas). It justifies the cut by saying that the Administration wants to change the type of work opportunities available to students, but slashing funding would leave fewer students with job opportunities to help pay for college.

Finally, the budget includes a series of changes in the student loan program that would raise students' borrowing costs. Some of the reforms have merit, such as consolidating loan repayment options. But these changes overall would make college less, not more, affordable. The budget cuts student loans by *more than $200 billion* over the next decade and fails to invest these funds into expanding college affordability meaningfully. Indeed, the budget *freezes* Pell Grants, which means their value would erode with inflation and they would do less each year to help low- and moderate-income students afford college.

Cuts in Non-Defense Programs Would Affect Wide Range of Services

Non-defense discretionary (annually appropriated) programs include a broad set of public services, including those that help low- and moderate-income households, such as housing and energy assistance, and those that promote opportunity, such as college aid and job training.

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[4] The budget includes a very modest funding increase for child care — just $300 million per year — to account for its elimination of SSBG and its policy and funding changes in TANF. Currently, just 1 in 6 children eligible for child care assistance receives any help.

Last week, Congress passed and the President signed into law a budget agreement that raised funding for both defense and non-defense appropriated programs, but the 2019 Trump budget violates the spirit of this bipartisan deal by dropping most of its added funding in 2019 for non-defense discretionary (NDD) programs, while maintaining its defense increases.

Even with the additional funding in its addendum, the budget sets overall NDD funding for 2019 some *$57 billion below* the level in the bipartisan agreement. That deep cut produces the large cuts discussed above in areas such as housing assistance and college aid.

And in years *after* 2019, the budget calls for cuts of unprecedented depth in NDD programs even though this part of the budget contains most of the federal investments that can help boost long-term economic growth. In 2020, NDD funding would fall $141 billion below the 2019 level agreed to in the budget deal. By 2028, NDD funding would fall *42 percent below* the 2017 level, after adjusting for inflation. This would almost certainly necessitate cuts in job training and deeper cuts in college aid, K-12 education, and other areas designed to promote upward mobility.

Conclusion

President Trump's new budget would severely damage an array of investments that help many of the very people he has said would be his priority — people who have been left behind by today's economy or live in distressed urban or rural communities. Coming on the heels of a costly tax cut that's heavily tilted to the nation's wealthiest households and corporations, the budget highlights the vast gulf between President Trump's promises and his actual policies.