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Commentary: At 100 Days, an Emerging Agenda that Hurts Struggling Americans

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At nearly 100 days in office, President Trump has begun to define and implement an agenda that would harm the families he says he wants to help — those struggling in today's economy — often to help drive policies that would benefit very high-income households and corporations, including firms engaging in behavior that can place their employees or customers at risk.

While Congress has not adopted major legislation that implements the Administration's priorities, the winners and losers from the Administration's agenda are becoming increasingly clear as a result of the legislative proposals it has made or supports; the bills it has signed to overturn regulatory actions designed to protect the safety, health, and economic security of workers; and its executive orders and other administrative actions. The Administration is compiling a record of undermining policies that aid struggling workers, often to the benefit of well-heeled interests.

(While we focus on a set of health, labor, budget, and tax policies here, the Administration's harmful agenda extends far more broadly, including immigration policies that are hurting families and communities and environmental policies that will reduce broad environmental enforcement efforts and hinder progress on climate change.)

Health Care

The Administration has strongly supported the House "repeal and replace" bill that would cause an estimated 24 million Americans to lose health care coverage, and make coverage worse or less affordable for millions more, by cutting hundreds of billions from Medicaid and from subsidies that help moderate-income people afford private coverage offered through the Affordable Care Act (ACA) marketplaces.[1] The resulting budget savings would largely go to provide tax cuts for people with high incomes and corporations.

At the same time, the Administration has acted to undermine the ACA marketplaces — making it harder and more expensive to obtain adequate health insurance — and to weaken Medicaid by:

[1] Congressional Budget Office, "American Health Care Act," March 13, 2017, https://www.cbo.gov/publication/52486.

- Threatening to withhold billions of dollars in payments owed to insurers to reimburse them for providing coverage with lower deductibles and co-payments for lower-income consumers. State insurance commissioners of both parties, insurance companies, health care providers, and even the Chamber of Commerce all have warned that such threats — and the uncertainty that they create — may cause insurers to raise premiums and convince some to exit the marketplaces altogether. Carrying out the threats would have even graver consequences.[2]
- Suggesting that the Administration may refuse to enforce the mandate that individuals who go without health coverage pay a penalty. The mandate is key to ensuring a broad risk pool; without it, marketplace premiums would rise an estimated 20 percent, according to the Congressional Budget Office.
- Issuing new regulations earlier this month that will reduce the tax credits that many people receive to help them afford marketplace coverage; shorten the marketplace open enrollment period in 2018, which will likely cause fewer people to enroll; and make it harder for those who lose employer coverage during the year to then secure coverage through the ACA marketplace.[3]
- Encouraging states to seek waivers from federal Medicaid law that would make it harder for low-income individuals to obtain coverage and access care.

The President also signed legislation to overturn a regulation that would have prevented states from imposing ideological criteria on family planning providers that bar qualified providers from receiving federal Title X family planning funds — such as whether the provider also performs privately funded abortions (federal funds can't be used for abortion except in cases of danger to the life of the mother, rape, or incest).

Worker Protections

By signing legislation or through executive action, the Administration has overturned or delayed implementation of several important regulations that protect workers and those who are saving for retirement.[4] These Administration actions have benefitted businesses with unsafe workplaces and financial services firms that provide biased (i.e., self-serving) advice to retirement savers that can reduce savers' returns on their investments but pad the firms' profits.

- **Worker Safety:** The President has signed three bills that undermine worker safety by rescinding Occupational Safety and Health Administration (OSHA) regulations. These include regulations to: protect workers from crystalline silica, which causes cancer and other

[2] See Aviva Aron-Dine, "ACA Marketplaces Poised for Greater Price Stability and Competition, But Also Vulnerable to Sabotage," Center on Budget and Policy Priorities (CBPP), April 18, 2017, http://www.cbpp.org/research/health/aca-marketplaces-poised-for-greater-price-stability-and-competition-but-also.

[3] See Sarah Lueck, "Trump Administration Finalizes Rule that Will Raise Consumer Costs, Discourage Enrollment and Weaken Marketplaces," CBPP, April 13, 2017, http://www.cbpp.org/blog/trump-administration-finalizes-rule-that-will-raise-consumer-costs-discourage-enrollment-and.

[4] For a more comprehensive list of Administration and congressional actions on labor and employment issues, see the Economic Policy Institute's "Perkins Project on Worker Rights and Wages: Policy Watch," http://www.epi.org/policywatch/.

illnesses;[5] protect workers from beryllium, which also causes cancer and other serious illnesses;[6] and clarify that employers are required to keep accurate records of workplace injuries and illnesses and maintain them for five years, which helps OSHA identify bad actors.[7] Overturning these rules will benefit companies with hazardous workplaces and those that don't take steps needed to ensure their workers' safety.

- **Retirement Security:** The Administration has delayed the implementation of the so-called "conflict-of-interest" rule, designed to ensure that investment advisers give retirement savers advice that's in the saver's (rather than the adviser's) best interest.[8] Such conflicted advice costs savers an estimated $17 billion per year, according to President Obama's Council of Economic Advisers.[9] President Trump also signed legislation overturning a rule that would have let localities offer retirement savings plans to workers who lack access to employer-based plans (about half of workers don't have access to retirement savings plans at work[10]). Financial service firms were the main proponents of overturning this rule because they feared competition from publicly offered plans — and they also stand to benefit from a broader effort to undo Wall Street reform that the Trump Administration has attempted to set in motion.

- **Overtime:** The Obama Administration expanded the number of salaried workers who qualify for overtime pay by raising the salary threshold — from $23,660 to $47,476 — under which workers automatically qualify for such pay for extra hours they work. This threshold has only been adjusted once — in 2004 — since the 1970s.[11] Over time, it has eroded substantially due to inflation, causing fewer salaried workers to receive overtime pay when they work additional hours. The regulation hasn't taken effect yet due to legal challenges, and the Trump Administration has essentially sought further postponement by seeking several delays in the court case, effectively putting itself on the side of firms opposing this overdue adjustment in the threshold rather than on the side of workers.

Economic Opportunity

In the Administration's so-called "skinny" budget of March, the President proposed eliminating the sequestration budget cuts in defense spending and paying for that move by adding $54 billion in budget cuts to non-defense discretionary programs in 2018 — *on top of* the damaging sequestration cuts already slated to take full effect for the first time next year. The skinny budget doesn't delineate funding levels for every program, but the Administration has made clear that a host of areas

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[5] Occupational Safety and Health Administration, https://www.osha.gov/silica/index.html.

[6] Occupational Safety and Health Administration, https://www.osha.gov/berylliumrule/index.html.

[7] Occupational Safety and Health Administration, https://www.osha.gov/pls/oshaweb/owadisp.show_document?p_table=NEWS_RELEASES&p_id=33561.

[8] See Paul Van de Water, "Trump Move Harms Retirement Savers, Helps Wall Street," CBPP, February 8, 2017, http://www.cbpp.org/blog/trump-move-harms-retirement-savers-helps-wall-street.

[9] Council of Economic Advisers, "The Effects of Conflicted Investment Advice on Retirement Savings," February 2015, https://obamawhitehouse.archives.gov/sites/default/files/docs/cea_coi_report_final.pdf.

[10] Craig Copeland, *Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2013*, Employee Benefit Research Institute, Issue Brief No. 405, October 2014, https://www.ebri.org/pdf/EBRI_IB_405_Oct14.RetPart.pdf.

[11] For a summary of the rule, see: https://www.dol.gov/sites/default/files/overtime-overview.pdf.

important to struggling Americans and to our nation's future economic health would be hit hard, including aid to college students, job training, economic development, and basic scientific and medical research.

Student Loan Borrowers

Millions of students attend college with the help of student loans. When the time comes to start repaying those loans, a private company (a "student loan servicer") is supposed to help borrowers choose a repayment plan, process loan payments, and contact borrowers who fall behind on their payments to help them avoid default.

The Consumer Financial Protection Bureau (CFPB) has documented widespread concerns related to student loan servicers, which has helped lead to a broad recognition that borrowers deserve better quality loan servicing — particularly important for borrowers who are struggling to repay their loans and could benefit from federal "income-driven repayment plans," which set loan payments based on borrowers' incomes.[12]

To help address these concerns, the Obama Administration issued three policy memos that established new student loan servicing standards for the next round of student loan servicing contracts. They called for a single student loan online platform that would give borrowers a central place to get basic information about their loans and to conduct business online, such as making loan payments. The standards also called for servicers to do more to help struggling borrowers and ensure that all borrowers receive quality customer service and understand their repayment options.

But the Trump Administration withdrew these memos, and with them, the new standards, creating significant uncertainty both about whether new loan servicing contracts can be awarded in a timely way before the current contracts expire and whether the Administration is dropping the commitment to improve loan servicing and help struggling borrowers manage their student loan debt effectively.[13] If so, certain loan servicers — including those with a history of providing poor service — may come out ahead, while borrowers' problems grow.

Tax Policy

In his inaugural address, the President said that, when it comes to taxes, he would make every decision "to benefit American workers and American families." His proposals and actions to date belie that standard.

This week, the Administration reiterated costly and regressive elements of the President's campaign tax proposal, including: cutting the corporate tax rate to 15 percent; a rate cut for "pass-

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[12] CFPB periodically publishes information about the complaints related to student loans and student loan servicing. See https://www.consumerfinance.gov/about-us/newsroom/cfpb-monthly-snapshot-spotlights-student-loan-complaints/. In October 2015, CFPB issued a comprehensive report, "Annual report of the CFPB student loan ombudsman 2015," https://www.consumerfinance.gov/data-research/research-reports/annual-report-of-the-cfpb-student-loan-ombudsman-2015/.

[13] Danielle Douglas-Gabriel, "DeVos dials back consumer protections for student loan borrowers," *Washington Post*, April 11, 2017, https://www.washingtonpost.com/news/grade-point/wp/2017/04/11/devos-dials-back-consumer-protections-for-student-loan-borrowers/?utm_term=.ecf2afceee38.

through" businesses that would go primarily to wealthy investors and tax avoiders; and repealing the estate tax, which would prove a windfall for the heirs of the nation's richest 0.2 percent of estates.[14] Due to these and the President's other announced tax policies, the 1 percent highest-income Americans would receive tax windfalls that would easily exceed $250,000 a year on average (and more than 10 percent of their after-tax income).

At the same time, the proposal is vague when it comes to policies that are meant to help working families. Its flagship proposal to help working families — raising the standard deduction — provides no help to millions of working families because they have incomes that are too low to benefit from an increase to the standard deduction. Indeed, the Administration provides so little detail about rate brackets and personal exemptions in its tax proposal that it's impossible to tell whether it actually *raises* taxes on millions of low- and moderate-income families, as his campaign plan did.[15]

The top-tilted tax proposals in Trump's announcement would cost more than $5 trillion over ten years, adding to deficits and debt and creating pressure for cuts in programs benefiting middle- and low-income people.

The Administration has indicated that it also plans to use its administrative authority to make it easier for high-income people and corporations to avoid taxes. An executive order of late last week appears to pave the way for an eventual roll back of regulations aimed at preventing profitable multinational corporations from avoiding U.S. taxes by relocating their tax residence offshore. Doing so would cost the federal government about $400 to $600 million each year.[16]

Conclusion

We're barely 100 days into the Trump presidency but, for struggling Americans, the early signs are far from reassuring.

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[14] "The 1-page White House handout on Trump's tax proposal," April 26, 2017, http://www.cnn.com/2017/04/26/politics/white-house-donald-trump-tax-proposal/.

[15] Lily Batchelder, "Families Facing Tax Increases Under Trump's Tax Plan," Tax Policy Center, October 28, 2016, http://www.taxpolicycenter.org/publications/families-facing-tax-increases-under-trumps-tax-plan-0.

[16] Chye-Ching Huang, "New Trump Executive Action Could Make it Easier for Profitable Corporations to Avoid U.S. Taxes," CBPP, April 21, 2017, http://www.cbpp.org/blog/new-trump-executive-action-could-make-it-easier-for-profitable-corporations-to-avoid-us-taxes.