Center on Budget and Policy Priorities

1275 First Street NE, Suite 1200
Washington, DC 20002

Tel: 202-408-1080
Fax: 202-408-1056

center@cbpp.org

www.cbpp.org

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Cuts to Low-Income Assistance Programs in President Trump's 2020 Budget Are Wide-Ranging

By Richard Kogan, Hannah Katch, Dorothy Rosenbaum, Douglas Rice, Kathleen Romig, Ife Floyd, and Sharon Parrott

The Trump Administration's budget plan for fiscal year 2020 mirrors last year's in the massive cuts it proposes for core public services that help struggling individuals and families afford the basics and access health care. Although Congress has previously rejected many of these proposals, the budget merits attention, given the Administration's continued push for these priorities and the scope of the damage the budget would do.

The President's budget reflects the direction in which the Administration wants to take the country through both legislative and executive actions. Indeed, while the budget's call to repeal the Affordable Care Act (ACA) and cut Medicaid deeply likely won't be on the congressional agenda this year, the Administration has moved forward with administrative actions that advance some of the same goals on a more limited scale.

The budget's major themes are perhaps nowhere clearer than in its proposal to extend beyond 2025 the costly 2017 tax cuts that have given large windfalls to high-income individuals and highly profitable corporations — even as the budget calls for cutting $1 trillion over the next decade from entitlement (mandatory) programs that help low- and moderate-income households. And layered on top of these cuts are proposals for additional reductions in funding for non-defense discretionary (NDD) programs that would affect a broad set of programs, many of which assist low- and moderate-income people in making ends meet and having a chance at upward mobility. (This analysis uses figures prepared by the Administration's Office of Management and Budget.)

Among its many cuts, the budget:

- **Reaffirms the Administration's support for repealing the ACA,** which would cause millions of people to lose health coverage, increase health care costs for millions more, and end nationwide protections for people with pre-existing conditions. Many more would lose Medicaid coverage if the Administration were to successfully implement a nationwide policy of taking Medicaid coverage away from those who don't meet a work requirement.

- **Proposes to cut SNAP (formerly food stamps) by $220 billion, or about 30 percent, over the next ten years.** The budget would dramatically restructure how SNAP benefits are delivered, taking away food choices and posing new food access hurdles for almost 90 percent of SNAP participants. Other benefit and eligibility cuts 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.
- **Proposes to cut funding in 2020 for the Department of Housing and Urban Development (HUD) by $9.7 billion, or 18 percent, including significant cuts in rental assistance for low-income households.** That includes cutting funding to operate, maintain, and repair public housing by 60 percent and eliminating Housing Choice Vouchers for 140,000 households. It would also re-propose a policy that would raise rents by an average 44 percent on 4 million low-income households now receiving assistance and take benefits away from people judged not to have met a work requirement.
- **Calls for cutting funding for non-defense discretionary programs by $54 billion — or 9 percent (not accounting for inflation) — in 2020, relative to the 2019 level.** By 2029, funding for non-defense discretionary programs would be 40 percent below 2019 levels, after taking inflation into account. These cuts would affect a host of important programs, including job training and education. The budget also calls for eliminating the Low Income Home Energy Assistance Program (LHIEAP) entirely.

If enacted, these proposals and others in the budget would sharply increase the number of people who lack health coverage, while increasing poverty, widening income and racial disparities, and driving up the number of households that struggle to afford the basics.

Budget Prioritizes Tax Cuts While Slicing Basic Assistance, Health Care, and Non-Defense Discretionary Programs

Like his previous budget, the President's 2020 budget calls for making the 2017 tax cuts permanent while making deep cuts to entitlement programs that help low- and moderate-income families afford the basics and provide them with access to health care. It also calls for large reductions in non-defense discretionary (or annually appropriated) programs, which fund a broad set of public services and investments that promote opportunity and economic growth such as job training; early, K-12, and postsecondary education; and scientific and medical research.

Entitlement Cuts Target Low- and Moderate-Income Individuals and Families

The 2020 budget calls for $1.9 trillion in cuts over the next decade in programs considered entitlements — that is, programs such as Medicare, Medicaid, and SNAP whose funding is set in law and not determined by the annual appropriations process. More than half of these cuts, or some $1 trillion, are to programs that help low- and moderate-income people and families afford the basics and access health care. That figure includes deep cuts to Medicaid and premium tax credits that help individuals purchase coverage in the Affordable Care Act marketplaces, as well as cuts to programs such as SNAP, Temporary Assistance for Needy Families (TANF), the Social Services Block Grant, and Supplemental Security Income, which provides income assistance to low-income people with disabilities and low-income seniors.

The largest cuts — $777 billion — would come from Medicaid and premium tax credits. The next largest come in SNAP, which would be cut by $220 billion over the next decade, or by about one-quarter in 2020 and one-third in the years after that.

The share of cuts coming from these means-tested programs exceeds the overall share of entitlement spending on them. While low-income programs comprise just 29 percent of entitlement programs overall, they constitute 53 percent of the cuts to entitlements proposed in the Administration's budget. While the cuts are disproportionate, the bigger concern is their impact — they would increase poverty and hardship and swell the number of people without health insurance.

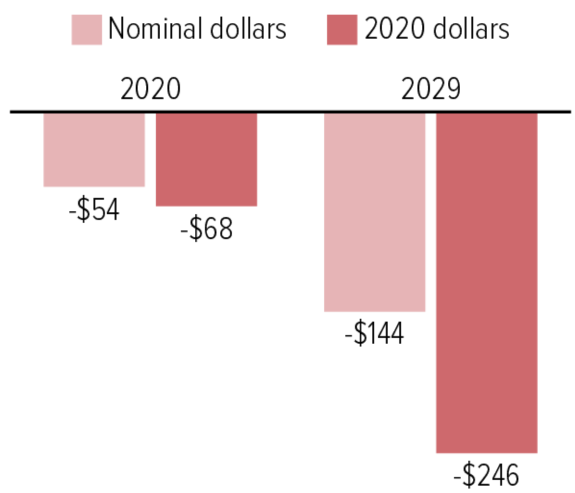
Cuts to Non-Defense Discretionary Programs

NDD programs, whose funding is determined by annual appropriations, range from education and veterans' medical care to environmental protection, low-income housing assistance, child care, national parks, and international affairs. The Trump budget proposes to set funding for NDD in 2020 at the very low sequestration level set by the 2011 Budget Control Act (BCA). That would mean NDD funding in 2020 would be reduced by $54 billion (or 9 percent) below the 2019 funding level — or by $68 billion (11 percent) after adjusting for inflation. (See Figure 1.)

FIGURE 1

Non-Defense Discretionary Funding Will Fall After 2019 Under 2020 Trump Budget

Cut from 2019 funding level ($597 billion), in billions



Note: All amounts exclude funding for disasters, emergencies, program integrity, and Overseas Contingency Operations.

Source: CBPP analysis of data from the Congressional Budget Office and Office of Management and Budget

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Funding levels for both defense and NDD programs are currently well above the BCA's austere sequestration levels because Congress and the President reached an agreement to raise funding significantly above those levels for 2018 and 2019. This agreement reflected a broad bipartisan consensus that the funding levels under the BCA's sequestration caps were substantially too low to meet key national needs. In fact, Congress and the President have adjusted the BCA funding levels upward for every year since 2013, the first year that the sequestration cuts were slated to take effect.

In contrast to the funding levels the President ultimately agreed to for 2018 and 2019, however, his 2020 budget would cut NDD sharply relative to those levels, with the cuts then deepening over time. In 2029, his budget would set overall NDD funding *40 percent* below the 2019 funding level, adjusted for inflation.[1]

[1] In this section, we have measured the President's proposed funding levels for NDD programs relative to the actual appropriations levels for 2019. An alternative way to measure finding cuts is to compare proposed funding levels with those required under current law (i.e., under the BCA's sequestration levels). The Congressional Budget Office and the Office of Management and Budget construct baselines that adhere to the austere BCA sequestration levels for 2020 and

The budget lays out funding levels for individual NDD programs only for its first year, 2020 (as is typical for administrative budgets), and proposes to cut or eliminate a number of important low-income programs. For example, it calls for deeply cutting rental assistance through cuts in both Housing Choice Vouchers and public housing, eliminating several community development programs and the Low Income Home Energy Assistance Program, and sharply cutting Job Corps, a Department of Labor job training program for disadvantaged young people. These cuts and ones elsewhere in the budget would grow deeper and likely affect a still broader set of programs in years after 2020.

While the budget plan would substantially reduce a number of NDD programs that provide supports or can build skills or otherwise improve prospects for low- and moderate-income people, those programs are cut slightly less deeply than NDD as a whole, at least in the first year. But the cuts are significant and would grow over time.

Budget Plan Would Leave Millions More Without Health Coverage

While the President is promising to enact health care legislation that would lower costs while protecting people with pre-existing conditions, his budget reaffirms his support for an ACA repeal plan that would cause millions of people to lose coverage, increase health care costs for millions more, end nationwide protections for people with pre-existing conditions, and cut Medicaid deeply.[2] The budget also includes proposals designed to make it harder for low- and moderate-income people to enroll in or maintain Medicaid coverage — including taking Medicaid coverage away from people nationwide who don't meet a work requirement — and proposals to shrink premium tax credits and make it more difficult for people to maintain coverage in the ACA marketplaces. In total, the budget would cut Medicaid and ACA financial assistance by $777 billion over ten years, with the cuts mounting over time.

The budget calls on Congress to enact legislation "modeled closely after" the ACA "repeal and replace" bill from Senators Bill Cassidy and Lindsey Graham, and on top of that, to then cut coverage programs by hundreds of billions of dollars over ten years *below* the levels specified in that legislation.[3] (See Figure 2.)

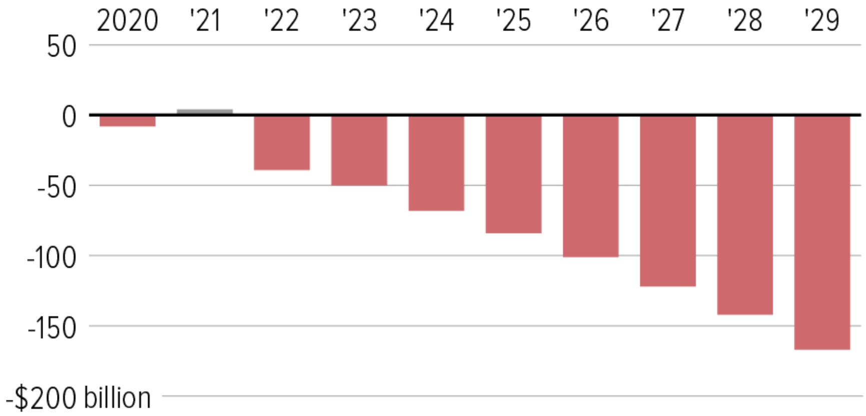
2021 and then project the low 2021 levels to grow only with inflation in subsequent years. In the President's budget, NDD funding is set at the sequestration level in 2020, and then falls *below* the austere sequestration-based baseline in the years after that. This means that the President's budget builds in sequestration's 11 percent cut (after adjusting for inflation) in 2020, relative to the 2019 funding level, and then cuts more severely in subsequent years.

[2] Hannah Katch *et al.*, "Health Proposals in President's 2020 Budget Would Reduce Health Insurance Coverage and Access to Care," Center on Budget and Policy Priorities, April 19, 2019, https://www.cbpp.org/research/health/health-proposals-in-presidents-2020-budget-would-reduce-health-insurance-coverage.

[3] For a 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.

FIGURE 2

Trump 2020 Budget Proposes Deep and Growing Cuts to Medicaid and ACA Marketplace Subsidies



Note: ACA = Affordable Care Act
Source: CBPP calculations based on President Trump's 2020 budget documents

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Like the 2017 Cassidy-Graham proposal, the Trump plan would eliminate the ACA's expansion of Medicaid to low-income adults, which has extended coverage to almost 13 million low-income people, as well as its marketplace subsidies that now help about 9 million low- and moderate-income people obtain marketplace coverage. Cassidy-Graham would replace this funding with a vastly inadequate block grant to states, the funding for which would fall further and further behind current-law levels with each passing year.

The proposal also would impose a "per capita cap" on federal Medicaid funding for all of the rest of the Medicaid program, which covers seniors, people with disabilities, pregnant women, and families with children. Such a cap would limit federal spending on Medicaid to a set amount per person, regardless of the actual cost of health care. In addition, the proposal sets the growth rate allowed in the per capita cap from one year to the next below the rate of expected health-care cost growth, with the shortfall widening 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.

It's unlikely that ACA repeal and a Medicaid per capita cap will be on the congressional agenda during 2019. However, the Administration has moved forward with administrative actions that advance some of the same goals on a smaller scale — for example, through Medicaid waivers that make it harder for low-income adults to obtain and maintain health coverage and actions that discourage marketplace enrollment and make marketplace plans more expensive.[4] Separate from its proposals to repeal the ACA, the budget puts forward a number of Medicaid and marketplace policies in that same spirit, including proposals that would:

[4] See Center on Budget and Policy Priorities, "Sabotage Watch: Tracking Efforts to Undermine the ACA," https://www.cbpp.org/sabotage-watch-tracking-efforts-to-undermine-the-aca.

- **Take Medicaid away from people who don't meet a work requirement.** Expanding on the Trump Administration's unprecedented approval of state work requirement policies in Medicaid, the President's budget proposes to take coverage away from adults nationwide if they don't meet a work requirement. In Arkansas, the first state to implement such a policy, almost 1 in 4 people subject to the work requirement lost their Medicaid coverage in the first seven months that it was in effect. (While a federal district court struck down state waivers with work requirements in Arkansas and Kentucky, the Trump Administration continues to approve these policies in additional states.5)

  This one budget proposal alone is projected to cut Medicaid by $130 billion over the next decade. That translates into about 1.7 million people losing Medicaid coverage starting in 2021, based on the average level of federal Medicaid spending for an adult enrolled through the ACA's Medicaid expansion. Other estimates suggest that the losses could be even higher: imposing Medicaid work requirements nationwide would cause 1.4 million to 4.0 million people to lose coverage, according to researchers at the Kaiser Family Foundation.[6]

- **Increase red tape for Medicaid beneficiaries.** The President's budget indicates that the Administration intends to undertake rulemaking to allow states to more frequently redetermine Medicaid beneficiaries' eligibility. It estimates nearly $50 billion in savings over ten years from the intended regulatory change, suggesting that it anticipates large coverage losses. States are currently required to redetermine eligibility for most Medicaid beneficiaries at the end of a 12-month enrollment period. However, beneficiaries are required to report changes that may impact eligibility throughout the time they are covered under Medicaid, and states have the option to create systems and processes to check data sources periodically to see if beneficiaries remain eligible. If states find data that suggest beneficiaries may no longer meet the eligibility requirements, they can request information from beneficiaries and terminate coverage if they find a person no longer meets the eligibility requirements. Since redeterminations entail work for both the state staff and beneficiaries, requiring all beneficiaries to renew more than once a year would be burdensome and significantly increase the chances that some beneficiaries would miss a step, resulting in the loss of health coverage despite continuing to meet all of the program's eligibility criteria.

- **Requiring documentation of immigration status before coverage takes effect.** All immigrants with undocumented status, as well as many who are lawfully present, are ineligible for Medicaid, based on their immigration status. States are required to verify that applicants are either citizens or have an *eligible* immigration status, as part of determining eligibility for the program.

  States have tools to verify the citizenship or immigration status of the vast majority of applicants by quickly using data-matching with other government agencies, but in some cases the process takes longer. In these cases, current law requires states to temporarily issue

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[5] National Health Law Program, "Federal Court Rules Against Trump Administration's Kentucky and Arkansas Medicaid Waiver Projects That Include Work Requirements," March 27, 2019, https://healthlaw.org/news/federal-court-rules-against-trump-administrations-kentucky-and-arkansas-medicaid-waiver-projects-that-include-work-requirements/.

[6] Rachel Garfield, Robin Rudowitz, and MaryBeth Musumeci, "Implications of a Medicaid Work Requirement: National Estimates of Potential Coverage Losses," Kaiser Family Foundation, June 27, 2018, https://www.kff.org/medicaid/issue-brief/implications-of-a-medicaid-work-requirement-national-estimates-of-potential-coverage-losses/.

Medicaid benefits to people who have attested under penalty of perjury that they are citizens or have an eligible immigration status and who meet all of the other eligibility factors (such as having income below the applicable Medicaid income limit). This policy helps avoid what could otherwise be long delays while people obtain the documents they need and the state Medicaid agency processes them.

The budget proposes, however, to eliminate this "reasonable opportunity" period and to bar federal funding for an individual's Medicaid coverage until citizenship or immigration status has been verified. For some eligible people — including children, pregnant women, people with disabilities, and elderly individuals — this may result in significant delays in obtaining needed health care.

- **Increasing premiums for many low- and moderate-income marketplace enrollees.** The Administration's budget proposal would require all marketplace enrollees to pay out of pocket toward the cost of their health plans, even if they otherwise could enroll in a plan with a premium fully covered by their premium tax credit. The Administration argues that denying consumers the choice of the plan with the lowest premiums in these cases somehow promotes "personal responsibility" — effectively, that health care is currently too affordable for many low- and moderate-income consumers and they should pay more. But a zero-premium plan doesn't mean that coverage is free. Instead, it's paid for by an advance premium tax credit, which the enrollee is responsible for reconciling on his or her tax return (and which he or she may need to repay in part after the end of the year if the enrollee's income for the year ends up higher than had been anticipated). Moreover, zero-premium plans often have high deductibles and other significant out-of-pocket costs, although they still protect people against catastrophic costs and offer access to preventive care without cost sharing (and often to primary care and generic drugs with no or low cost sharing, as well). Based on other estimates from the Administration, this would mean reducing tax credits and increasing premiums for about 1.6 million low- and moderate-income consumers.

The budget also includes other policies that would make it harder for low- and moderate-income people to obtain Medicaid coverage and marketplace subsidies. For example, it would allow states to consider assets such as retirement savings accounts in determining Medicaid eligibility for children, parents, pregnant women, and other adults, undoing a major simplification achieved through the ACA, which eliminated those tests. Asset tests generally had little impact on Medicaid eligibility: most people with incomes below the Medicaid limit don't have significant assets, so few people were found ineligible for Medicaid based on assets. But asset tests have a number of serious downsides. Having to document assets increases paperwork, can deter some eligible people from applying for Medicaid, and leads to delays or even denials of coverage for some eligible people — not because they have substantial assets, but because they don't succeed in providing all of the paperwork proving that they don't have such assets.

The budget also would make it harder for some seniors and people with disabilities to qualify for Medicaid without selling their homes, would expand states' ability to impose significant cost-sharing changes on Medicaid beneficiaries that likely would deter some from seeking needed care, and would allow states to end coverage of non-emergency medical transportation.

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

Would Make It Harder for Struggling Families to Put Food on the Table

The 2020 budget would cut SNAP by $220 billion, or about 30 percent, over the next ten years. It would impose large benefit cuts on most households even though current benefits average just $1.40 per person per meal, and would dramatically restructure how benefits are delivered. It includes other benefit and eligibility cuts, as well, that would cause at least 4 million people to lose SNAP benefits altogether. The cuts would affect every category of SNAP participants, including the unemployed, the elderly, individuals with disabilities, and low-income working families with children.

In this area, the budget would:

- **Shift more than $260 billion in food purchasing from individual households to the government.** As it did last year, the Trump budget calls for the Agriculture Department (USDA) to hold back an estimated $25 to $30 billion per year in SNAP benefits (about 40 percent of the benefits issued to households) and use about half of these funds to give 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 eliminated (resulting in about $130 billion in federal SNAP cuts over ten years); households wouldn't receive these benefits in any form. (The Administration claims that the government can purchase, box, and distribute food commodities at a substantially reduced cost.) These changes would take away food choices and pose new food access hurdles to an estimated 33 million people in 15 million households in 2021, or almost 90 percent of SNAP participants. It also would create significant new administrative costs and burdens for states, as they would have to build a redundant food distribution system. The proposal had little or no support from either party last year when the farm bill that reauthorized SNAP was debated.[7]
- **Cut SNAP benefits for a broad swath of SNAP households.** The budget also includes roughly another $90 billion in SNAP cuts over ten years. This includes a harsh, unworkable work requirement almost identical to a House farm bill proposal that Congress rejected last year. This proposal would take SNAP benefits away from adults up to age 65, including many with children, who are temporarily unemployed or working fewer than 20 hours a week, despite evidence that such requirements do little to improve employment. The budget attributes $45 billion over ten years in SNAP cuts to this change.

  The budget also would cut 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 for several million more individuals, largely low-income seniors and people with disabilities and households with more than six members.[8]

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[7] For a detailed description of the proposal from last year to substitute commodity boxes for SNAP benefits, which is the same as this year's proposal, see Dorothy Rosenbaum *et al.*, "President's Budget Would Cut Food Assistance for Millions and Radically Restructure SNAP," Center on Budget and Policy Priorities, February 15, 2018, https://www.cbpp.org/research/food-assistance/presidents-budget-would-cut-food-assistance-for-millions-and-radically.

[8] This year's budget includes several additional proposals for SNAP benefit cuts that were also included in last year's budget. Descriptions of those provisions can be found at Rosenbaum *et al.*

Would Make It Harder for Millions of Households to Afford Rent and Utilities

The President's 2020 budget calls for deep cuts in housing programs. Not counting losses due to inflation, HUD-administered programs would receive $9.7 billion, or 18 percent, less than in 2019. The budget would also eliminate the Low Income Home Energy Assistance Program, which helps more than 5 million low-income households pay their utilities.

These deep cuts would raise rents on millions of low-income households. The budget would:

- **Eliminate funding for 140,000 Housing Choice Vouchers that low-income households are using to afford decent homes.**[9] The budget requests $20.1 billion to renew vouchers that families are currently using, but that's $206 million less than policymakers provided for 2019, and $1.3 billion (or 6 percent) less than the $21.4 billion that will likely be needed to renew all vouchers in 2020, due to rent inflation and other factors. The cuts would especially hit extremely low-income seniors, people with disabilities, and working families with children, and would undercut communities' efforts to reduce homelessness.
- **Cut funding to operate, maintain, and repair public housing by $4.6 billion (more than 60 percent) compared to 2019.** Public housing is an important source of affordable housing in the country, providing decent homes to nearly 1 million low-income households, most of which consist of seniors or people with disabilities. Chronic underfunding is already pushing portions of the public housing stock toward a breaking point. A 2010 HUD-sponsored study estimated that public housing faced $26 billion in repair needs, such as leaky roofs or outdated heating or electrical systems; and that amount has likely increased since then.[10] Residents in some public housing developments live with conditions that adversely affect their quality of life and in some cases their health and safety, such as unreliable heating systems, faulty elevators, and unaddressed lead-paint hazards, and thousands of units are lost every year as a result. Instead of directly addressing this challenge, the President's proposed funding cuts would cause more housing developments to deteriorate to the point where housing agencies have little choice but to demolish or sell them, squandering decades of federal and local investment and sharply accelerating the loss of public housing, which would put hundreds of thousands of affordable homes at risk in coming years.[11]

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[9] For background on the voucher program, see Center on Budget and Policy Priorities, "Policy Basics: The Housing Choice Voucher Program," https://www.cbpp.org/research/housing/policy-basics-the-housing-choice-voucher-program.

[10] Abt Associates, "Capital Needs in the Public Housing Program" November 2010, https://www.hud.gov/sites/documents/PH_CAPITAL_NEEDS.PDF. For background on public housing, see Center on Budget and Policy Priorities, "Policy Basics: Public Housing," https://www.cbpp.org/research/policy-basics-public-housing.

[11] The President's budget proposes to expand the Rental Assistance Demonstration (RAD), which lets housing agencies convert their traditional public housing funding streams to a rental assistance contract platform that they can leverage more easily to obtain private financing to help rehabilitate developments. A RAD expansion is worth considering. But it's entirely unworkable when *combined with* deep cuts in public housing funding that provides the initial resources needed for the new rental assistance contracts created under RAD. Thus, the RAD expansion proposal is essentially a fig leaf for policies that would jeopardize the health and safety of many of public housing's 2.2 million residents and generate the loss of hundreds of thousands of affordable homes in coming years.

- **Re-propose policies that would sharply raise the rents of more than 4 million households receiving HUD rental assistance and take housing assistance away from those who don't meet a work requirement.** The budget indicates that the Administration intends to re-introduce legislation it proposed last year that would have raised rents on more than 4 million households by an average of 44 percent, shifting $3.2 billion in housing costs from HUD to vulnerable seniors, people with disabilities, working families with children, and others. The poorest households, which include nearly 1 million children, would be hit hardest, placing many at risk of becoming homeless.[12] The budget also proposes to end assistance for non-elderly, non-disabled households that don't meet rigid work requirements, which would push some families into hardship and likely into homelessness.[13]
- **Eliminate HOME Investment Partnerships, the Community Development Block Grant, Choice Neighborhoods programs, and the National Housing Trust Fund,** which all provide flexible aid to low-income rural and urban communities. In total, communities would lose more than $4.9 billion a year to improve basic infrastructure like streets and water and sewer lines, provide services such as after-school programs for youth and meals to seniors, build and rehabilitate affordable housing for low-income residents, and promote economic development.
- **Eliminate funding for the Low Income Home Energy Assistance Program (LIHEAP),** which provided more than 5 million low-income households with help paying for heating and cooling in 2017, based on preliminary federal data.[14] Heating assistance averaged $383 in 2017, an amount of aid that was modest in size but helped millions of families keep the heat on in their homes.

Budget's Disability Benefit Cuts Would Increase Hardship

The Trump budget would reduce disability programs by $84 billion over ten years, including reductions to Social Security Disability Insurance (SSDI) as well as Supplemental Security Income (SSI), which provides aid to low-income individuals who have disabilities or are elderly.

The budget calls for tens of billions of dollars in cuts to SSDI benefits, which are funded out of workers' payroll taxes and protect workers and their families if a disability cuts their careers short. One Administration budget proposal would cut 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.

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[12] Will Fischer, "Trump Plan Would Raise Rents on Working Families, Elderly, People With Disabilities," Center on Budget and Policy Priorities, April 27, 2018, https://www.cbpp.org/blog/trump-plan-would-raise-rents-on-working-families-elderly-people-with-disabilities.

[13] Will Fischer, "Housing Work Requirements Would Harm Families, Including Many Workers," Center on Budget and Policy Priorities, May 3, 2018, https://www.cbpp.org/research/housing/housing-work-requirements-would-harm-families-including-many-workers.

[14] Preliminary data on LIHEAP participants for 2017 can be found here: https://liheappm.acf.hhs.gov/data_warehouse/index.php?report=homepage. Counts of LIHEAP recipients of different types of assistance, such as heating assistance, cooling assistance, and year-round assistance, are not unduplicated. In 2017, the data show just under 5 million households receiving heating assistance, 721,000 receiving cooling assistance, and 1.12 million receiving year-round or crisis assistance. Thus, the total number of assisted households is likely to be well above 5 million, since some recipients receive only one type of LIHEAP aid.

This change could mean the loss of thousands of dollars for workers who become disabled, try to return to work, and find they are unable to do so and need SSDI. Under current law, such a worker — someone who is in an accident, for example, and hopes to recover but ultimately does not — can receive up to 12 months of retroactive benefits, which can be 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.

The policy is also shortsighted, since reducing the period of retroactive benefits would likely encourage people to apply *earlier* for SSDI instead of first testing whether they can return to work, potentially reducing the number of people who try to rehabilitate and reenter the workforce.

The budget's largest SSDI cuts 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 low, given evidence from past efforts in this area and the extremely poor health status of most SSDI beneficiaries.

The budget also calls for cuts to SSI, which goes primarily to low-income people with severe disabilities. For example, 1.1 million children receive SSI for conditions such as Down syndrome, cerebral palsy, autism, intellectual disability, and blindness. The budget would cut nearly $9 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.[15] In addition, under the guise of "simplification," the budget would cut 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.

Its Cuts to Temporary Assistance for Needy Families (TANF) and Social Services Block Grants Would Hurt Families and States

The 2020 budget would cut the TANF block grant and eliminate the related TANF Contingency Fund, a cut of $22 billion in funding over the next decade. TANF provides funds to states for short-term income assistance, work 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 would eliminate altogether 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 would cut flexible human services funding by $38 billion over the coming decade.[16]

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[15] 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.

[16] 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 such assistance.

In addition to cutting funding in these areas, the budget includes a set of TANF policy proposals that would weaken some areas while strengthening others.

Specifically, the budget would require states to spend at least 30 percent of federal and state TANF dollars on work activities, such as education, training, and subsidized employment; work supports, such as transportation assistance; child care; and assessment and provision of services such as case management. Half of that required spending (or 15 percent of the total) would have to be in work and training. But the budget doesn't make any changes that would encourage states to serve the very families that could benefit from most those resources.

While targeting more TANF funding to key program areas makes sense, the proposal is seriously flawed. Basic assistance (cash income support to needy families) is not included in the list of areas that would receive minimum targeted funding. The combination of less overall funding and new requirements for spending on work programs — without any requirement that state TANF programs fulfill the key mission of ensuring that very poor families with children can meet their most basic needs — could lead states to shift funds away from basic income assistance. That likely would push more families into severe hardship.

A handful of other policy proposals in the budget, however, would improve the TANF program. These proposals would require federal and state TANF spending to be for families at or below 200 percent of the poverty line, ending the practice in some states of using TANF resources for programs that serve families higher on the income scale. The budget also would make some modest improvements in the work-participation requirements on states, though it would not make the kind of more fundamental reforms that could lead states to restructure their employment programs to make them substantially more effective.

Opportunity and Economic Mobility Demonstration Would Unravel Low-Income Program Protections

The budget also proposes a demonstration that could have negative consequences for low-income individuals and families receiving basic assistance through key programs. The proposed Opportunity and Economic Mobility Demonstration would provide $500 million over five years for five to seven states to experiment with merging funding streams for multiple programs, including SNAP, the Child Care Development Fund, Housing Choice Vouchers, Workforce Innovation and Opportunity Act programs, and TANF. Under this initiative, states would be permitted to weaken or undermine federal policies and protections that Congress has established for low-income programs. For example, the demonstrations could subject more public-benefit recipients to policies that take away assistance for those who do not meet work requirements. And like similar proposals in the past, they could allow states to redirect substantial resources away from basic assistance for families and shift them to services that, while useful, can't replace the help that families need in order to afford a place to live and adequate food.

Cuts in Grants and Loans Would Make College More Expensive

The 2020 Trump budget would also eliminate the $840 million Supplemental Educational Opportunity Grant (SEOG), which supplements Pell Grants for some of the neediest students. The budget's justification is that SEOG funds duplicate Pell and that the program "does not effectively deliver need-based aid to the neediest students." But the Administration fails to propose redirecting these funds to better serve needy students and to address the significant affordability issues that many low-income students face. In fact, the budget freezes Pell Grants and cuts $1.4 billion from its rainy day fund, even though the current maximum Pell Grant covers just 28 percent of the cost of attending an in-state public four-year college, compared to 79 percent in 1975.[17] Rather than addressing concerns about SEOG or protecting and strengthening Pell Grants, the Administration proposes to eliminate a program that makes college more affordable for 1.5 million of the neediest students, with no replacement. In addition, the budget's freezing of Pell Grants, which help 7.5 million low- and moderate-income students pay for college, guarantees that these grants will erode even further once the effects of inflation are taken into account.

The budget also deeply cuts the work study program. The Administration justifies that cut by saying it wants to change the type of work opportunities available to students and target the resources to lower-income students. But while proposals that alter funding formulas and sharpen the targeting may be worth considering, college remains too costly for many students, and work study programs can help fill part of the affordability gap for struggling students by providing jobs more likely to be aligned with the students' school schedules and responsibilities. Instead, the Administration proposes to slash work-study funding, leaving many fewer students with job opportunities to help pay for college.

Finally, the budget proposes 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, automatically enrolling struggling borrowers in income-driven repayment options, and automating the program's annual income recertification process. But overall, the proposed changes to the loan program would make college less, not more, affordable. The budget would cut student loan benefits by more than $200 billion over the next decade, while failing to invest those savings into expanding college affordability meaningfully for those who need it most.

[17] The calculation is based on college pricing data from the College Board, and it assumes that college costs in 2019-2020 rise at the same annual rate as in 2018-2019.