

May 17, 2016

87 Percent of Cuts in House “Sidecar” Package Come from Low- and Moderate-Income Programs Cuts Raise Questions About House GOP’s Stated Interest in Reducing Poverty

By Isaac Shapiro and Richard Kogan

The vast majority (87 percent) of the cuts in the House “sidecar” package — a series of cuts in entitlement programs that House Republican leaders are promoting as a package they could attach to the budget resolution if it’s brought to the House floor — would come from programs for people with low or modest incomes (see Figure 1). In fact, the sidecar’s cuts to low-income programs would be even more disproportionate than the cuts in the fiscal year 2017 budget resolution that the House Budget Committee approved in March. Some 62 percent of the cuts in the budget resolution would come from programs for low- and moderate-income people.¹

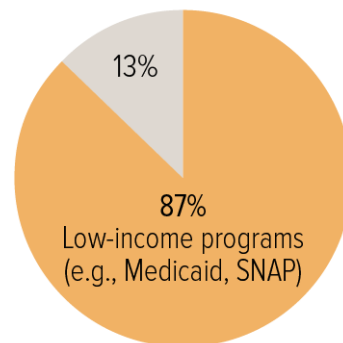
The sidecar’s \$151 billion in cuts to low-income programs over the next decade would dwarf the estimated \$3 billion in sequestration relief that low-income programs may receive in 2017 from last fall’s budget agreement. With the sidecar package, low-income Americans thus would end up big net losers.

Like the House budget resolution, the sidecar package contrasts sharply with House GOP rhetoric around its forthcoming poverty plan, which House leaders have said they intend to unveil

FIGURE 1

“Sidecar” Package Gets Most Cuts from Programs for People with Low or Modest Incomes

10-year cut of \$172 billion



Source: CBPP calculations based on Congressional Budget Office cost estimates and CQ News

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¹ Richard Kogan and Isaac Shapiro, “House GOP Budget Gets 62 Percent of Budget Cuts From Low- and Moderate-Income Programs,” Center on Budget and Policy Priorities, March 28, 2016, <http://www.cbpp.org/research/federal-budget/house-gop-budget-gets-62-percent-of-budget-cuts-from-low-and-moderate-income>.

before the presidential conventions. House leaders have stated that they seek to strengthen efforts to combat poverty, and Speaker Paul Ryan has said their poverty proposal won't be a "budget-cutting exercise." Yet their budget plans consistently cut core anti-poverty programs, and by highly disproportionate amounts.

Sidecar Targets Low-Income Programs

The sidecar package has emerged as a mechanism to facilitate House passage of the budget resolution, although such passage remains highly uncertain. Most of the sidecar package consists of provisions that several House committees approved in March, largely on party-line votes, though several additional provisions of the sidecar — which would cut the SNAP program (food stamps) — leaked last week and were reported in the media.²

The sidecar's ostensible purpose is to offset the cost of the \$30 billion in sequestration relief in fiscal year 2017 that last fall's bipartisan budget agreement provided. But as CBPP analyses have explained, that rationale is weak, as the 2015 Bipartisan Budget Act itself contained provisions roughly offsetting the increases it provided for discretionary appropriations.³

Moreover, although House leaders have sought to portray the sidecar as primarily reducing duplication, curbing abuse, and the like, the principal effects of most of its provisions would be to expand the number of people without health insurance, significantly shrink funding for preventive health measures, reduce child care and other services, and push more people into poverty.⁴

The sidecar mostly consists of cuts to entitlement programs that provide health care for low-income people, basic food assistance, and key services to low-income families such as child care assistance — along with cuts to the low-income component of the Child Tax Credit (see Appendix table). Only two provisions, related to the Federal Deposit Insurance Corporation and Consumer Financial Protection Bureau, are not aimed at low-income programs.

The sidecar cuts total \$33 billion over two years and \$172 billion over the next decade.⁵ Of these:

- 91 percent of the cuts over the next two years (or \$30 billion in cuts) would be to programs for low- and moderate-income people.
- 87 percent of the cuts over the next decade (\$151 billion in cuts) would be to low-income programs.

² Information on the current sidecar package, including the provisions that have not passed out of committee, was reported in Paul M. Krawzak, "Exclusive: Food Stamp Cuts Blended Into House GOP Budget Plan," CQ News, May 12, 2016.

³ Joel Friedman, "Budget Deal Already Paid for the 2017 Sequestration Relief," Center on Budget and Policy Priorities, February 25, 2016, <http://www.cbpp.org/blog/budget-deal-already-paid-for-the-2017-sequestration-relief>.

⁴ For a discussion of the provisions of the sidecar legislation that were adopted by the House Energy and Committee and Ways and Means Committees, see Robert Greenstein, "House Committees Considering Damaging Cuts," Center on Budget and Policy Priorities, March 14, 2016, http://www.cbpp.org/sites/default/files/atoms/files/3-14-16budoverview_0.pdf.

⁵ These figures largely reflect Congressional Budget Office estimates. While CBO estimates for two provisions affecting the SNAP program have not been released publicly, the CQ News account disclosed those estimates, totaling \$23.6 billion over the decade. See Krawzak, *op. cit.*

These cuts hit low-income programs — which account for roughly one of every four dollars in federal spending — far harder than any other part of the budget. The cuts are even more disproportionate than those in the lopsided House budget plan; as noted, an estimated 62 percent of the cuts in that plan would come from programs assisting low- and moderate-income people.

Low-Income Programs Would Lose Much More from Sidecar Than They Gain from Sequestration Relief

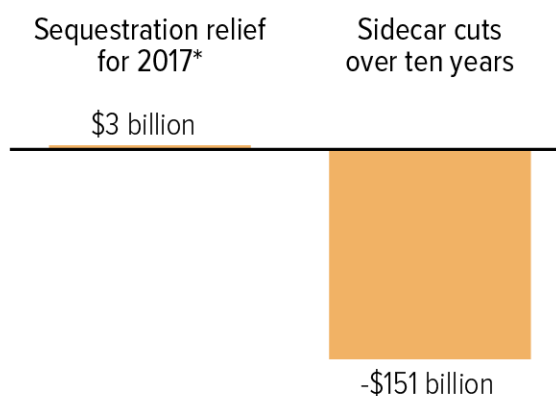
House Republicans are advancing the sidecar package to address concerns in their caucus about the discretionary spending levels for 2017 in the Bipartisan Budget Act of 2015. That Act provided \$30 billion of sequestration relief for 2017, divided equally between defense and non-defense spending.

Under the relatively optimistic assumption that low-income discretionary programs will receive a proportionate share of the sequestration relief, their funding will be about \$3 billion higher in 2017 than it would have been without the 2015 agreement.⁶ This increase pales in comparison to the sidecar’s cuts to low-income programs of \$30 billion over two years and \$151 billion over the decade.

In other words, the net effect of the sequestration relief in the 2015 agreement and the cuts in the sidecar package would be significant cuts to programs assisting low- and moderate-income people, by \$26 billion over two years and \$147 billion over the decade.

FIGURE 2

Impact on Low-Income Programs: “Sidecar” Cuts Overwhelm Estimated Sequestration Relief



*Estimated amount under last year’s budget agreement.

Source: CBPP calculations based on data from Congressional Budget Office and CQ News

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⁶ Low-income discretionary programs constitute 22 percent of non-defense discretionary spending. Assuming that low-income programs receive a proportionate share of the \$15 billion increase that the 2015 budget agreement provided for non-defense discretionary programs in 2017, their funding would increase by \$3.3 billion. This assumption could be optimistic; low-income programs received considerably *less* than their proportionate share of the budget agreement’s increase in discretionary spending in 2016. See David Reich and Douglas Rice, “2016 Appropriations Placed Low Priority on Low-Income Programs; Better Priorities Needed for 2017,” Center on Budget and Policy Priorities, January 27, 2016, <http://www.cbpp.org/research/federal-budget/2016-appropriations-placed-low-priority-on-low-income-programs-better>.

Low-Income Share of “Sidecar” Cuts

(cuts in billions of dollars)

	2017-2026
Low-income programs	
Eliminate caps on repayment of advance marketplace subsidy payments due to changes in mid-year income	\$61.6
Require Social Security number for refundable Child Tax Credit	19.9
Eliminate Social Services Block Grant	16.6
Repeal Prevention and Public Health Fund	14.5
Impose SNAP time limit in high-unemployment areas	14.2
End Low Income Home Energy Assistance Program – SNAP simplification option	9.4
Cut federal match for Children’s Health Insurance Program (CHIP)	7.4
Restrict states’ ability to use provider taxes to help fund Medicaid	4.6
Reduce federal Medicaid reimbursement for hospital care for prisoners	2.0
Change treatment of certain lump-sum payments in determining Medicaid eligibility	0.5
Other programs	
Repeal authority of Federal Deposit Insurance Corporation to liquidate certain firms	15.2
Repeal mandatory funding of Consumer Financial Protection Bureau	6.6
Total cuts, all programs	172.5
Total, low-income programs	150.7
Low-income program cuts as a share of all cuts	87%

Source: Congressional Budget Office and CQ News