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Trump Budget Gets Three-Fifths of Its Cuts From Programs for Low- and Moderate-Income People Slashes These Programs by Unprecedented \$2.5 Trillion

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President Trump's 2018 budget contains the largest dollar cuts to programs for low- and moderate-income people proposed by any President's budget in the modern era, reflecting a strikingly imbalanced approach to reducing the deficit or offsetting the cost of its proposed tax cuts. The plan would cut these programs by an estimated \$2.5 trillion over the next decade. About three-fifths (59 percent) of the budget's cuts would come from these programs that help low- and moderate-income families afford the basics or improve their upward mobility.

Damaging and Disproportionate Cuts

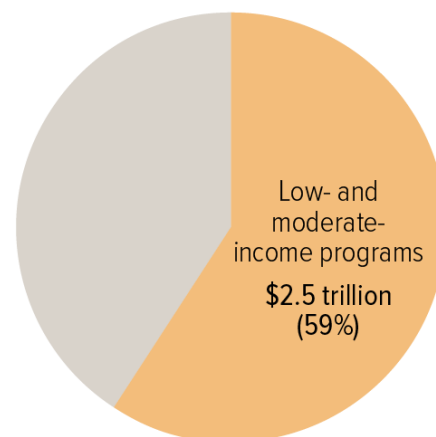
Altogether, the budget proposes \$4.3 trillion in non-defense cuts through 2027. This means its \$2.5 trillion in cuts to programs assisting low- and moderate-income people would constitute about 59 percent of the total non-defense cuts (see Figure 1), even though these programs account for just 29 percent of non-defense spending and just 24 percent of total program spending. No other modern President (including President Reagan when he proposed deep cuts to low-income programs in his first budget) has proposed a budget with cuts of this magnitude to programs assisting struggling families, even if the cuts are adjusted for inflation or measured as a percent of the economy.

The proposed reductions to low- and moderate-income programs would increase the number of uninsured by substantially more than 23 million; significantly undermine the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), which now provides basic food aid to

FIGURE 1

Three-Fifths of Cuts in Trump Budget Come From Low- and Moderate-Income Programs

Total cuts, 2018-2027



Source: CBPP based on Office of Management and Budget and Congressional Budget Office

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more than 40 million low-income Americans; and dramatically reduce job training and education aid, which are essential to helping people move out of poverty by securing decent jobs. Specifically, the budget includes:

- **\$1.9 trillion in health care cuts.** The budget embraces the House bill’s approach to “repeal and replace” the Affordable Care Act (ACA) that would take health insurance away from 23 million people of modest means, raise out-of-pocket health costs for millions more, and substantially weaken key protections for people with pre-existing conditions. It then proposes *additional* Medicaid cuts on top of that. In combination, the cuts would total \$1.9 trillion over the next decade, with the vast majority of these cuts occurring to Medicaid and the rest occurring to subsidies that help people with modest incomes afford insurance. Specifically, the House bill’s Medicaid cuts and the new Medicaid cuts added in the budget would reduce federal Medicaid spending by \$1.6 trillion from 2018 through 2027,¹ cutting Medicaid by *nearly half* (47 percent) in 2027.
- **\$400 billion in cuts to discretionary programs for low- and moderate-income people.** In 2018 alone, the budget would slice discretionary (annually appropriated) programs focused on people with limited means by 15 percent. It, for example, would cut major job training grants by 40 percent, even though many workers need to upgrade their skills to succeed in today’s rapidly changing economy; eliminate housing vouchers for more than 250,000 lower-income households, denying aid that helps them pay the rent and avoid homelessness; and end the Low Income Home Energy Assistance Program, which helps poor households pay their heating bills. The budget would then continue to cut overall funding for non-defense discretionary programs more deeply in each subsequent year, producing a cut of 41 percent by 2027 (relative to today’s levels), after adjusting for inflation. Funding cuts this severe would eviscerate this already hard-hit category of programs and reduce spending on discretionary programs that help struggling Americans by an estimated \$400 billion over the next decade.²
- **\$193 billion in SNAP cuts.** The budget would cut federal SNAP funding by more than one-quarter through a combination of eligibility and benefit cuts and a massive cost shift to states — both of which would affect millions of low-income households. It would require states to pay for 25 percent of SNAP benefits by 2023, a cost shift of approximately \$116 billion over ten years, and allow states to cut SNAP benefits to ease the new state costs. This approach runs contrary to the four decades of typically bipartisan support for SNAP, in which it has operated as a program with national eligibility and benefit standards to address the wide disparities in hunger and poverty — and fiscal capacity — across the states. Under the Trump

¹ For an explanation of this combined calculation, see <http://www.cbpp.org/blog/trump-budget-cuts-medicaid-even-more-than-house-health-bill-showing-danger-of-per-capita-cap>. That earlier CBPP analysis estimated the combined Medicaid cuts reflected in the Trump budget would total \$1.3 trillion from 2017-2026, examining those years to maintain consistency with the Congressional Budget Office analysis of the House health bill. The \$1.6 trillion figure used here is for 2018-2027, the ten-year window that is the focus of the budget.

² The budget does not propose specific funding levels for individual non-defense discretionary programs after 2018. To estimate future cuts in low-income programs, we assumed that each of these programs would receive the same proportion of non-defense discretionary funding every year throughout the decade as it would receive in 2018 under the Trump budget.

proposal, low-income children, families, seniors, and people with disabilities would no longer be guaranteed access to a basic diet regardless of where they live.

As Table 1 indicates, over the next decade the Trump budget also proposes: \$22 billion in cuts to the Temporary Assistance for Needy Families program (TANF), which already has lost more than one-third of its value since the mid-1990s due to inflation; \$17 billion in cuts by eliminating the Social Services Block Grant, which provides states with funding for services for people with modest incomes, such as child care and adult day care programs; and \$40 billion in cuts³ to the Child Tax Credit and Earned Income Tax Credit. Further, the budget would eliminate subsidized student loans for low- and moderate-income families, forcing them instead to take out the more expensive unsubsidized loans that accrue interest while the student is in school. This will raise the cost of college for students with demonstrated financial need.⁴

Taking From Those Who are Struggling, Giving to Millionaires

While severely cutting basic health, food, housing, job training, and other supports and services for Americans of lesser means by \$2.5 trillion over the next decade, the budget also embraces both the explicit tax-cut proposals that the Administration has made to date and the tax cuts in the House bill to repeal and replace the ACA; these tax cuts combined appear to cost roughly \$6 trillion over this period, based on our analysis of Tax Policy Center estimates. The tax cuts are heavily tilted toward the top of the income spectrum. Millionaires alone would receive tax cuts that could total more than \$2 trillion over the decade.

The budget claims that its eventual tax plan will be revenue neutral, but it provides little information regarding any tax increases or loophole-closers to support this assertion. The details now reflected in the budget would effectively shift an extraordinary amount of income from struggling families to the highest-income families — from the poor to the rich — amounting to “reverse Robin Hood” policies of a magnitude that no modern President’s budget has ever proposed.

³ The cuts to these tax credits includes \$28 billion in spending (or outlay) cuts and \$12.5 billion in tax increases, for a total cut of more than \$40 billion over ten years.

⁴ This cut — of \$39 billion — is not included in the \$2.5 trillion total, since the overall student loan program, unlike the other programs discussed in this report, is not targeted on low- and moderate-income families; it also serves families with larger incomes.

TABLE 1

Trump Plan Gets 59 Percent of Non-Defense Cuts from Low- and Moderate-Income Programs

Program/Proposal	Ten-year cuts ¹ (in billions of dollars)
Affordable Care Act (ACA) repeal	-\$1,250.0
Additional Medicaid cut	-610.0
Supplemental Nutrition Assistance Program (SNAP)	-193.2
Temporary Assistance for Needy Families (TANF)	-21.8
Eliminate the Social Services Block Grant (SSBG) and shift some of its expenditures to Foster Care and Permanency	-16.5
Supplemental Security Income (SSI)	-9.0
Child Tax Credit (CTC) and Earned Income Tax Credit (EITC) ²	-28.0
Other mandatory	-6.8
Estimated cut in discretionary low-income programs	-400.5
<i>Eliminate subsidized student loans³</i>	-38.9
Total low-income cuts³	-\$2.5 trillion
As a share of total non-defense programmatic cuts	59%

¹ Net impact on spending, including small increases for some programs and excluding effects on tax receipts.

² The total CTC and EITC cut equals \$40 billion, consisting of \$28 billion in outlay reductions and \$12.5 billion in tax increases.

³ Total low-income cuts do not reflect the elimination of subsidized student loans. Unlike the other programs in this table, the overall student loan program is not targeted on low- and moderate-income families by CBPP's long-standing definition.

Source: CBPP based on Office of Management and Budget and Congressional Budget Office