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CBPP STATEMENT

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House Budget Would Increase Costs and Hardship for Many While Providing Huge Tax Breaks for a Wealthy Few

Statement of Sharon Parrott, CBPP President, on passage of the House budget resolution:

The House Republican budget passed today calls for massive cuts in health coverage, food assistance, and help paying for college, among some other areas, to pay for huge tax giveaways for wealthy households and businesses. This betrays President Trump's campaign promises to protect families who struggle financially, as well as his specific pledge to not cut Medicaid, which provides health coverage for 72 million people. While raising costs for families and increasing both poverty and the number of people without health coverage, the budget would swell deficits — all to further Republicans' expensive and skewed tax agenda.

Both the House and Senate budgets significantly miss the mark on what should be their basic goals: lowering costs, increasing opportunity, and responsibly addressing our nation's long-term priorities, including reducing future economic risks associated with high deficits. But the enormity of program cuts called for by the House budget stands as a singular threat to the well-being of people in every state, city, and rural community, threatening to take away their health coverage, make health care more expensive, and make it harder to afford food and college.

The Senate should reject the House cuts both now and if Congress ultimately moves ahead with a second budget plan and reconciliation bill this year.

The quick math on the House budget shows a stark equation: the cost of extending tax cuts for households with incomes in the top 1 percent — $1.1 trillion through 2034 — equals roughly the same amount as the proposed potential cuts for health coverage under Medicaid and food assistance under the Supplemental Nutrition Assistance Program (SNAP).

Under what set of values does a budget target those who struggle to pay their bills for severe cuts, while giving an annual tax cut averaging $62,000 for those who make $743,000 or more a year? The tax cut for these wealthy households is greater than the annual family *incomes* for most of the 72 million people — 1 in 5 people in the U.S. — who have health coverage through Medicaid. And the $62,000 figure doesn't account for the likelihood that this budget would shower large corporations with more tax breaks, given that it allocates $900 billion more than extending the existing tax cuts would cost.

The enormous cuts this budget calls for would increase costs, hardship, and poverty for individuals and families across the country. To be clear, the specific proposals that House

Republicans have been considering for weeks to make these program cuts are largely *not* about curbing fraud and abuse, as some claim. For example, proposals to cap federal funding, shift costs to states, or impose harsh work requirements that trip people up with red tape are aimed at cutting health coverage and food assistance for honest people who need help, not reducing fraud.

And the impact of these cuts could be grave: think of a person who loses health coverage through Medicaid and can't get cancer treatment, an older and frail adult who loses the home-based care they need to stay out of an institution, a young adult who can't get insulin to control their diabetes, a parent who skips meals so their children can eat, or an older worker who loses their job and has no way to buy groceries. Make no mistake, these cuts would affect people in every state and of all races and ethnicities. At the same time, the impacts would often be especially severe in poorer states with less ability to fill in for federal cuts and among Black, Latino, and Indigenous people and people in rural communities, who have lower incomes and thus are more likely to qualify for food assistance and health coverage.

The House budget would require the Energy and Commerce Committee to cut at least $880 billion; the Agriculture Committee to cut at least $230 billion; the Education and Workforce Committee to cut at least $330 billion; and other committees to also cut programs to reach a cumulative target of at least $1.5 trillion in cuts through 2034. The magnitude of these reductions would force congressional committees to make enormous cuts in Medicaid, SNAP, student loan assistance and other vital sources of support when they develop the "reconciliation" spending and tax bill that follows the budget resolution.

But as massive as these cuts are, they don't show the full picture of the overall program cuts that the House budget may generate. The committee targets are minimums or "floors" — meaning the committees must cut at least that amount and may cut more. And a provision included by the House Budget Committee during its consideration of the resolution pushes the committees to cut more, by requiring the overall level of program cuts to reach $2 trillion to retain the full $4.5 trillion in tax cuts.

Beyond this budget's basic effects of taking away health, food, and other vital assistance from people who struggle to afford the basics and making student loans more expensive to partially offset tax cuts for the wealthy, it would have at least three other harmful impacts.

First, the House budget resolution and the proposals House Republicans are considering could result in enormous cost shifts to state, local, territorial, and tribal governments, which are already facing tougher fiscal conditions than in recent years. For example, some of the proposed cuts in Medicaid and SNAP would force states to pick up a much larger share of the programs' costs or leave people without needed help. In reality, states will not make up for all or even most of the federal cuts, and families will lose health coverage and food assistance.

Second, while this budget aims to extend all of the tax cuts skewed to the top, it fails to call for extending a tax cut that is well targeted to people who need it: the improved premium tax credits under the Affordable Care Act. Failure to extend this tax cut would raise health care premiums for more than 20 million people, including at least 3 million small business owners and self-employed workers.

And third, even with the budget's huge cuts in assistance, and the suffering those cuts would inflict on individuals and families, it would still increase our nation's debt because of the enormous cost of its tax cuts. When you strip away this budget's fuzzy math with its $2.6 trillion macroeconomic gimmick — which is far beyond expert organizations' estimates (including estimates of conservative organizations) of possible economic effects from extending the tax cuts from President Trump's first term and enacting potential new tax cuts — the federal debt under the House budget would *increase* over the next ten years compared to Congressional Budget Office projections of current law.

Even with the budget calling for a $4 trillion increase in the statutory debt limit, we calculate this limit would be reached in November 2026, only 21 months from now, under the policies assumed under this budget.

The House Republican budget's path of higher costs for families, more people without health coverage, increased poverty and hardship, and higher debt — all in service to tax cuts for the wealthy and profitable business interests — is the wrong direction for our nation. It is also directly at odds with the recent election in which so many people expressed concern about their ability to afford food, housing, health care, and other necessities — and at odds with the promises made to them by President Trump.

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