President Trump’s Proposed FY18 Budget: “Draconian,” “Reverse Robin H

Published: Thursday, 01 June 2017 22:25
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“It breaks campaign promises... It's fantasy-based... Fiscally and socially, the Trump proposal is a reverse Robin Hood. Draconian cuts in domestic programs to fund big military-spending hikes would disproportionately hit the poor. Tax cuts would primarily benefit the affluent.”

- Albert R. Hunt, Bloomberg News columnist and former Wall Street Journal Washington bureau chief, commenting on last week’s release of President Trump’s FY2018 budget proposal

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Indeed, the adjective missing from Mr. Hunt's description that could also fit well would be "Dickensian." President Trump’s proposed federal budget cuts are so devastating as to be considered utterly irresponsible and unimaginably heartless even by most members of Congress, which is why the majority of these cuts will likely be rejected. But even if only a fraction of them take place, the effect on the American standard of living, especially for children, will be painful and cruel.

In its very first year, the President’s Budget proposes to reduce total federal funding to Utah by $118 million compared to FY2017. Here are some of the specifics:

Medicaid: President Trump’s budget proposes to cut $610 billion over 10 years from Medicaid, which insures the poorest one-fifth of the US population, including two-fifths of children – ***about 200,000 here in Utah***. This would come on top of more than $800 billion in cuts to Medicaid sought in the AHCA (the disastrous ACA repeal-and-replace bill) passed by the US House of Representatives on May 4. The bottom line: Medicaid gets cut by up to 45% by 2026, meaning that even more low-income seniors, people with disabilities, and children and families would become uninsured or go without needed care, resulting in thousands more Americans dying needlessly every year and tens of thousands more suffering treatable health problems that will keep them out of the workforce, reducing America’s economic productivity and prosperity.

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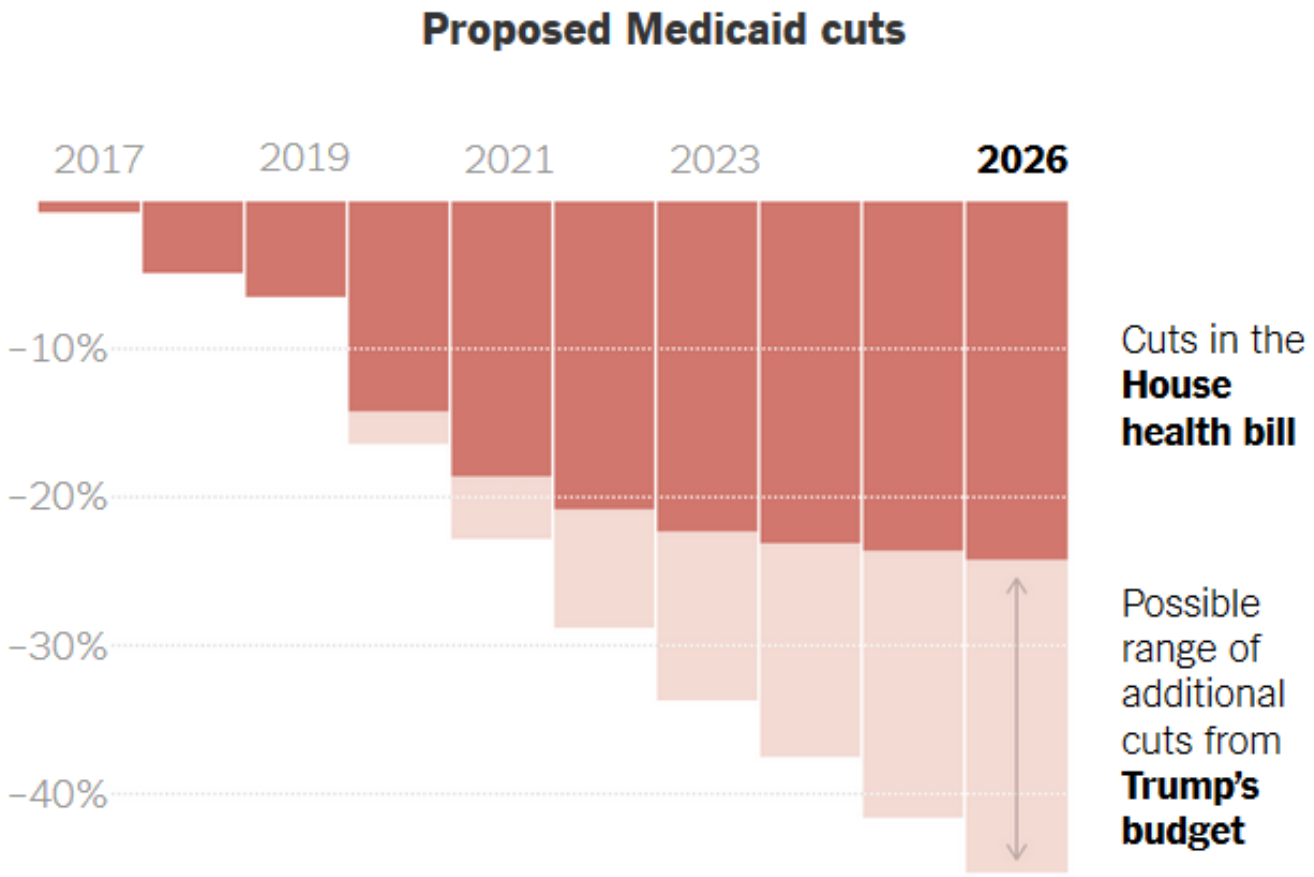


Chart credit: www.nytimes.com/interactive/2017/05/24/us/politics/trump-medicaid-budget-cuts.html

CHIP: Under the Trump budget, the highly effective and popular Children's Health Insurance Program (CHIP) is hit with a $5.8 billion or 21% cut through a series of policy changes including:

- ending the ACA provision that provided a 23-point increase in state CHIP matching rates, a $3.5 billion cut in federal financial support for state CHIP programs;
- ending the ACA's Maintenance of Effort provision that required states to maintain current Medicaid and CHIP eligibility levels and benefits for children;
- capping CHIP eligibility at 250% FPL;

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- and giving states the option to move children below 138% FPL who were moved into Medicaid after the ACA's passage back to CHIP.

Child Tax Credit: President Trump's proposed cuts to the Child Tax Credit total about $3 billion annually and are intended to remove undocumented immigrant children from the CTC. But in fact 90% of the children harmed by the proposal are U.S. citizens -- over 4 million children -- and for nearly half of them, losing the CTC means pushing them into or deeper into poverty. ***Utah is estimated to have 34,000 US-citizen children of unauthorized immigrants, most of whom would be impacted by this proposal.***

Nutrition Assistance: SNAP, the Supplemental Nutrition Assistance Program, formerly known as Food Stamps, faces a cut of $193 billion or 25% over 10 years. And, in a cost shift that would further undermine food security for millions, states will be required to make up $116 billion of that $193 billion cut under a new 25% state match requirement. ***For Utah, this would amount to a new $75 million annual burden on state government***, assuming that we did not take the new proposed state options of reducing the current benefit level of $1.40 per person per meal or lowering the current eligibility cut-off of 130 percent of the poverty line ($2,200 per month for a family of three) so as to save money at the expense of nutrition standards. This fundamental change in SNAP's essential design would mean that low-income families, seniors, and people with disabilities would no longer be guaranteed access to a basic diet regardless of where they live. Instead, states' ability and willingness to contribute to the cost of SNAP would drive the level of assistance available to poor households in that state. But SNAP has proven its worth in its current configuration, demonstrating long-term benefit for children, including better health and education outcomes. Its overall enrollment and spending are already coming down as the economy improves, but it still provides vital assistance to over 40 million low-income Americans.

Moreover, the proposal would disproportionately harm Utah, because it would cap benefits at a household size of six, and we have the greatest share of large families in the nation. This new cap would cut $180 million in benefits each year to about 80,000 larger households. In effect, this proposal would eliminate assistance to the 175,000 "extra" people who live in households larger than six people.

Utahns with Disabilities: President Trump wants to cut disability programs by $72

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billion over the decade, including Social Security Disability Insurance, for workers with disabilities and their families, and Supplemental Security Income, which provides income assistance to poor individuals, including children, with disabilities – breaking the President's promise not to cut Social Security.

"Non-Defense Discretionary:" The proposed budget cuts this critically important portion of the federal budget by 40%, to its lowest level since the Hoover Administration as a share of GDP. It slashes investments that expand opportunity and spur long-term economic growth, from job training and education (including Pell Grants for higher education, Head Start pre-school, and special education funding for children with disabilities) to scientific and medical research.

Housing and Homelessness: The President's budget proposes to cut the federal Department of Housing and Urban Development (HUD) by 15%, from $48.1 to $40.7 billion. These cuts include:

- Eliminating Housing Choice Vouchers for 250,000 poor families, ***including 1,290 here in Utah***, most of them extremely low-income seniors, people with disabilities, and working families with children.
- Reducing public housing funding by $1.8 billion, or nearly 29 percent, compared to 2017, on top of the 21 percent cut that took place from 2010 to 2016. ***Here in Utah, this amounts to a $1.8 million budget cut each year.***
- Cutting $133 million from homeless assistance grants – just when Utah is beginning to take serious action to address our homelessness crisis.
- Eliminating entirely the Community Development Block Grant (CDBG), HOME, and Choice Neighborhoods programs that give flexible aid to poor rural and urban communities. This would save $4.1 billion each year at a ***cost to Utah of $26 million annually for community revitalization and affordable housing.***

Low-Income Home Energy Assistance Program (LIHEAP): The single largest immediate hit in the first year is the ***elimination of the entirety of Utah's $24 million federal LIHEAP grant***, which would inevitably mean more children dying in house fires in winter and seniors dying of extreme temperatures in summer and winter.

Ironically, the President's proposed budget would add literally trillions of dollars to

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the national debt over the next decade, taking it to unprecedented levels, because its budget cuts are more than matched by its tax cuts. The proposed tax reductions accrue primarily to upper-income households, worsening the national inequality trend that has already reached record levels, even here in Utah.

The Bottom Line: The President's Budget proposes a tremendous step backward in the American standard of living for the poor and middle class. This proposal is all the more puzzling coming at a time when America as a whole is wealthier than we have ever been. In fact, we are considerably wealthier than other OECD nations that achieve much lower rates of child poverty and higher middle class standards of living, thanks to their prudent upfront investments in education, infrastructure, public health, and other basic foundations of prosperity such as scientific and medical research. Most worrisome, the proposed budget is largely consistent with the overall direction of the budgets passed in recent years by the House of Representatives, indicating that large cuts to vital public investments are likely. In their eventual final form, the cuts that are approved may seem quite moderate relative to the President's extraordinarily short-sighted and hard-hearted budget proposal, but their effects will be no less devastating to those directly affected, who are likely to include a disproportionate share of children.

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