

The Senate Republican Budget: Cutting Medicare, Medicaid, and Education to Pay for Tax Breaks to the Top 1 Percent

The Senate Republican Budget is immoral and bad economic policy. In almost every instance this budget ignores the needs of ordinary Americans and what the American people want, while at the same time protecting the interests of the wealthiest and most powerful people in this country – many of whom are the largest GOP campaign contributors.

This is a budget that moves this country rapidly in the direction of oligarchy. It constitutes a massive transfer of wealth from the working class to the billionaire class.

Just like the Trump Budget, the Senate Republican Budget proposes to throw an estimated 32 million Americans off of health insurance, substantially increase premiums for older workers, and eliminate protections for pre-existing conditions by repealing the Affordable Care Act.

During the debate over the Trump Tax Cuts, many of us predicted that if the Republicans succeeded in giving over a trillion dollars in tax breaks to the top one percent and large, profitable corporations, they would try to pay for it by cutting Medicare, Medicaid, and other lifesaving programs that the American people desperately need.

The Senate Republican Budget cuts Medicare, Medicaid, and other health care programs by \$360 billion over the next five years.

Over and over again during his campaign for president, Donald Trump promised the American people that he would not cut Medicare, Medicaid, and Social Security.

On May 7, 2015, Trump tweeted: “I was the first & only potential GOP candidate to state there will be no cuts to Social Security, Medicare & Medicaid.”

On June 16, 2015, Trump said he would “save Medicare, Medicaid and Social Security without cuts – have to do it … People have been paying in for years, and now many of these candidates want to cut it.”

That’s what Trump said during the campaign. This budget – and the president’s budget which calls for even deeper cuts to Medicare, Medicaid, and Social Security – exposes Trump for the fraud that he is.

This is a budget that will make it harder for our children to get a decent education, harder for working families to get the health care they need, harder to protect the air that we breathe and water we drink, and harder for seniors to age with the dignity and respect they deserve.

Here are just a few examples of what the Senate Republican Budget could mean to the American people:

- If you are a working-class student trying to figure out how you could possibly afford college, your dream of a college education could evaporate along with more than 7 million other students because of more than \$55 billion in cuts to Pell Grants and other financial aid programs.¹
- If you are a low-income pregnant woman you may no longer receive the nutrition assistance that you and your newborn baby need because of \$4.6 billion in cuts to the Women, Infants, and Children (WIC) program.
- If you are a low-income senior, you may no longer be able to keep your home warm in the winter because of a \$3.2 billion cut to the Low-Income Home Energy Assistance Program.

Moreover, at a time when millions of Americans are paying 40 or 50 percent of their limited incomes on housing, this budget eliminates housing assistance for nearly 700,000 families by making a \$36 billion cut to the Section 8 rental assistance program and other housing programs.

Even though the cost of child care has skyrocketed, the Senate Republican Budget eliminates Head Start services for nearly 175,000 children by cutting this program by \$8.6 billion.

In total, the Senate Republican Budget would cut more than \$1.1 trillion from education, health care, affordable housing, child care, transportation, and other programs that working people desperately need over the next five years.

What follows is a summary of the Senate Republican Budget proposal:

1. The Senate Republican Budget Proposes to Repeal the Affordable Care Act

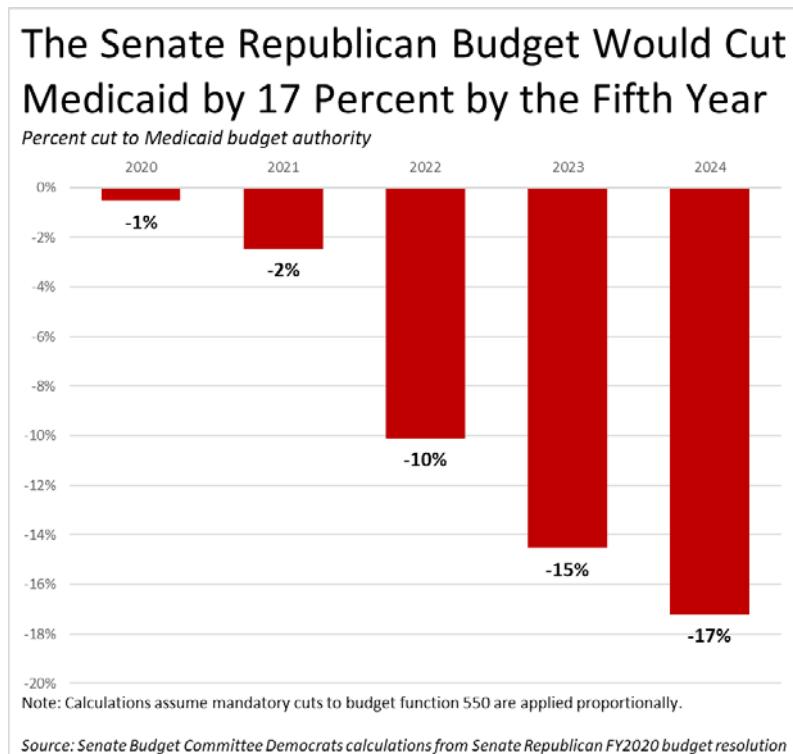
The Senate Republican Budget proposes “repealing and replacing” the **Affordable Care Act**.

- The most recent Republican bill to “repeal and replace” the ACA **would have left 32 million fewer Americans without health insurance within 10 years**. It would have also abolished federal protections for people with pre-existing conditions.
- That legislation would have also substantially increased premiums for older Americans: a 60-year-old making \$25,000 a year would have seen their health care premiums increase by more than \$10,500 a year – from \$1,608 to \$12,180 in 2020, almost half of their income.
- The Senate Republican Budget also uses **the same “budget reconciliation” maneuver that they attempted in 2017** to repeal the Affordable Care Act.

¹ Cuts are calculated from FY19’s funding level plus inflation. Cuts are over five years. Moreover, this analysis follows the Senate Republican budget resolution’s percent cuts by budget function and assumes that the cuts would be applied at an across-the-board manner to all programs within the budget functions.

2. The Senate Republican Budget Cuts Medicare, Medicaid and Other Health Programs

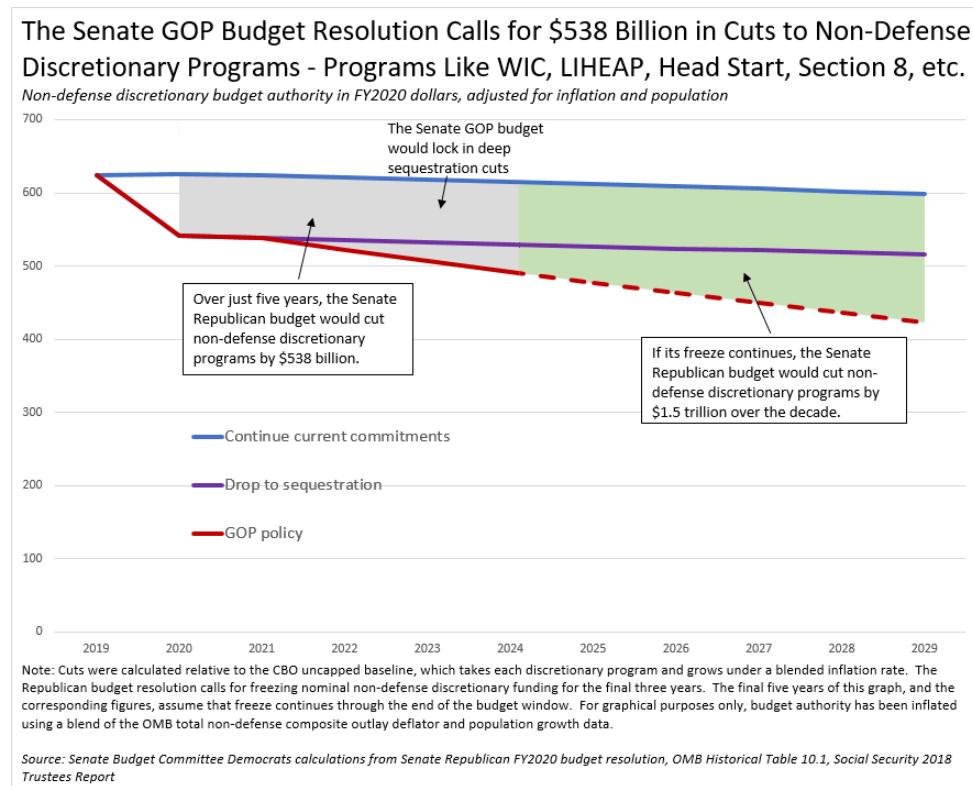
The Senate Republican Budget would cut health care programs by \$360 billion over the next five years – including a \$77 billion cut to Medicare and a \$223 billion cut to Medicaid. While [34 million](#) Americans are uninsured – and even more are underinsured – removing \$360 billion from our federal health care programs would make a bad situation even worse.



- The Senate Republican Budget proposes to implement **work requirements** for programs like Medicaid. Making such requirements mandatory could kick [1.7 million](#) people off their coverage every year.
- **Medicaid covers one in five Americans.**
- Medicaid [covers](#) nearly half of all births in a given state, 38 percent of all children, and 83 percent of poor children.
- It covers 48 percent of children with special needs and 45 percent of all non-elderly adults with disabilities.
- Medicaid covers 62 percent of nursing home residents and 61 percent of all non-elderly Americans who are living below the federal poverty line.
- About [875,000 non-elderly veterans](#) – nearly 1 in 10 veterans ages 19 to 64 – rely on Medicaid.
- **Medicaid is essential for fighting the opioid epidemic;** Medicaid covers [38 percent](#) of non-elderly adults with opioid addiction.
- Medicaid covers an estimated [40 percent](#) of people with HIV.

3. The Senate Republican Budget Cuts Domestic Priorities by \$55 Billion Next Year – and \$538 Billion Over Five Years

Because the Senate Republican Budget leaves in place the statutory budget caps for Fiscal Year 2020, **funding for domestic discretionary priorities would fall from \$597 billion in 2019 to \$542 billion in 2020** – a \$55 billion or 9 percent cut,² even before factoring in inflation or population growth.



Moreover, the Senate Republican Budget makes no effort to plan for a future deal to raise the cap on domestic spending, even though it does just that for its proposed Pentagon budget. **Compared to our current commitments – that is, what we spent on domestic priorities in 2019, adjusted for inflation – the Senate Republican Budget calls for a five-year cut of \$538 billion, including a 20 percent cut in the fifth year alone.**

What would these cuts to domestic priorities look like for the people who rely on our essential federal programs? Here are some of the devastating effects the Senate Republican Budget proposes:

- **Section 8 Rental Assistance:** By the fifth year, almost 700,000 families could lose their homes by cutting Section 8 rental assistance and other housing programs by \$36 billion.

² This becomes a 13 percent cut – \$83 billion – if 2020’s level is compared to 2019’s level plus inflation, also accounting for scoring changes.

- **Special Supplemental Nutrition Program for Women, Infants, and Children (WIC):** Over the next five years, more than 5 million infants, toddlers, and pregnant mothers could be denied nutrition assistance due to a \$4.6 billion cut to WIC.
- **Low-Income Home Energy Assistance Program (LIHEAP):** By the fifth year, more than 1 million families would be denied the heating and cooling assistance they need, people would see their benefits cut 16 percent, or some combination of the two through a \$3.2 billion cut to LIHEAP.
- **Head Start:** By the fifth year, nearly 175,000 kids could be denied an early childhood education due to an \$8.6 billion cut to Head Start.

4. The Senate Republican Budget Calls for a Massive Increase to the Bloated Pentagon Budget

Even as the Senate Republican Budget assumes there will not be a bipartisan deal to lift the statutory budget cap on funding for discretionary priorities – as there has been every year since 2012 – the plan states that **their goal is to increase defense spending to \$750 billion in 2020, a \$34 billion, or 5 percent, increase from 2019.**

- In 2018, the United States spent more on the military than the [next 10 countries](#) combined. This includes Russia and China, as well as many of our top allies, like the United Kingdom, Japan, and France.
- According to the Government Accountability Office, **since 2013, the Department of Defense has [returned more than \\$80 billion](#) in appropriated funding back to the Treasury**, including more than \$16 billion in 2018 alone.
- Right now, the United States is [spending more on national defense](#) when adjusted for inflation than we spent at the height of the Cold War under President Ronald Reagan. And, we're spending more on our defense when adjusted for inflation than we did at the height of the wars in Korea and Vietnam.
- Further, almost three decades after the enactment of the Chief Financial Officers Act of 1990, the Pentagon remains the only federal department that is [unable to pass an audit](#).

5. The Senate Republican Budget Continues the Trump Tax Giveaway to the Top 1 Percent

In December of 2017, Trump signed into law a tax cut bill that will increase the deficit by [nearly \\$2 trillion](#). The Senate Republican Budget includes a provision to extend the portions of the Trump Tax Cuts that expire between now and 2029.

- If all of the expiring provisions of the Trump Tax cuts were extended, [71 percent](#) of the benefits would go to the top 20 percent of taxpayers in 2026. **In that year, the top 5 percent would receive 49 percent of the total tax cuts.**

- In 2026, the top 1 percent would receive an [average tax cut of \\$29,910](#) if the Trump Tax Cuts are extended. This represents a total tax cut of \$50 billion going to the top 1 percent in 2026 alone.
- After passing \$2 trillion in tax cuts over the next 10 years, the Trump Administration and Congressional Republicans want to pile on nearly \$1 trillion more in tax cuts that primarily benefit the wealthy by 2029.
- The proposed extension of the Trump Tax Cuts includes **\$49 billion in cuts to the estate tax that would exclusively benefit the wealthiest 0.2 percent of estates.**

6. The Senate Republican Budget Allows the Pensions of 1.5 Million Americans to be Cut up to 60 percent.

The Senate Republican Budget would make it harder to prevent the pensions of more than [1.5 million](#) American workers and retirees from being cut by [up to 60 percent](#).