



The Emerging Threats to the Safety Net and Low-income People

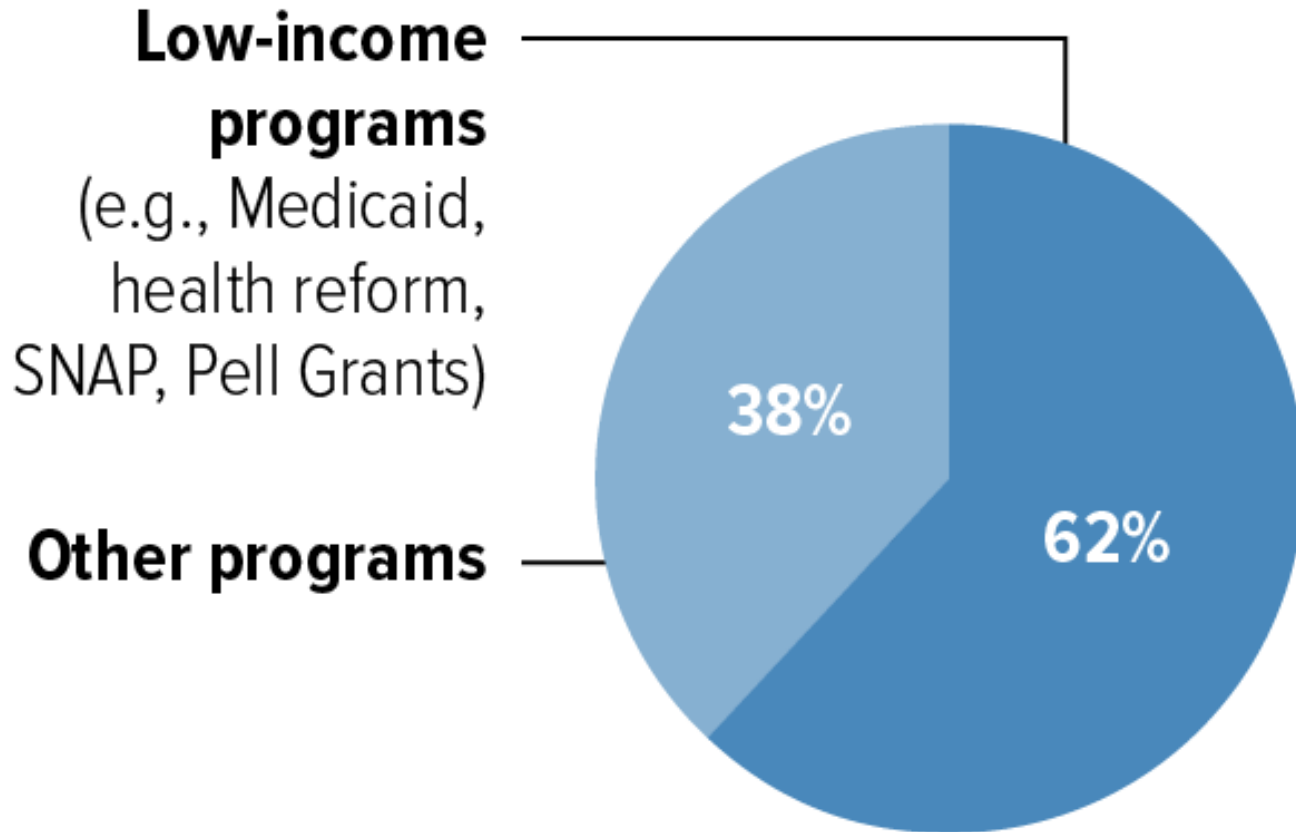
Bob Greenstein

President

Center on Budget and Policy Priorities

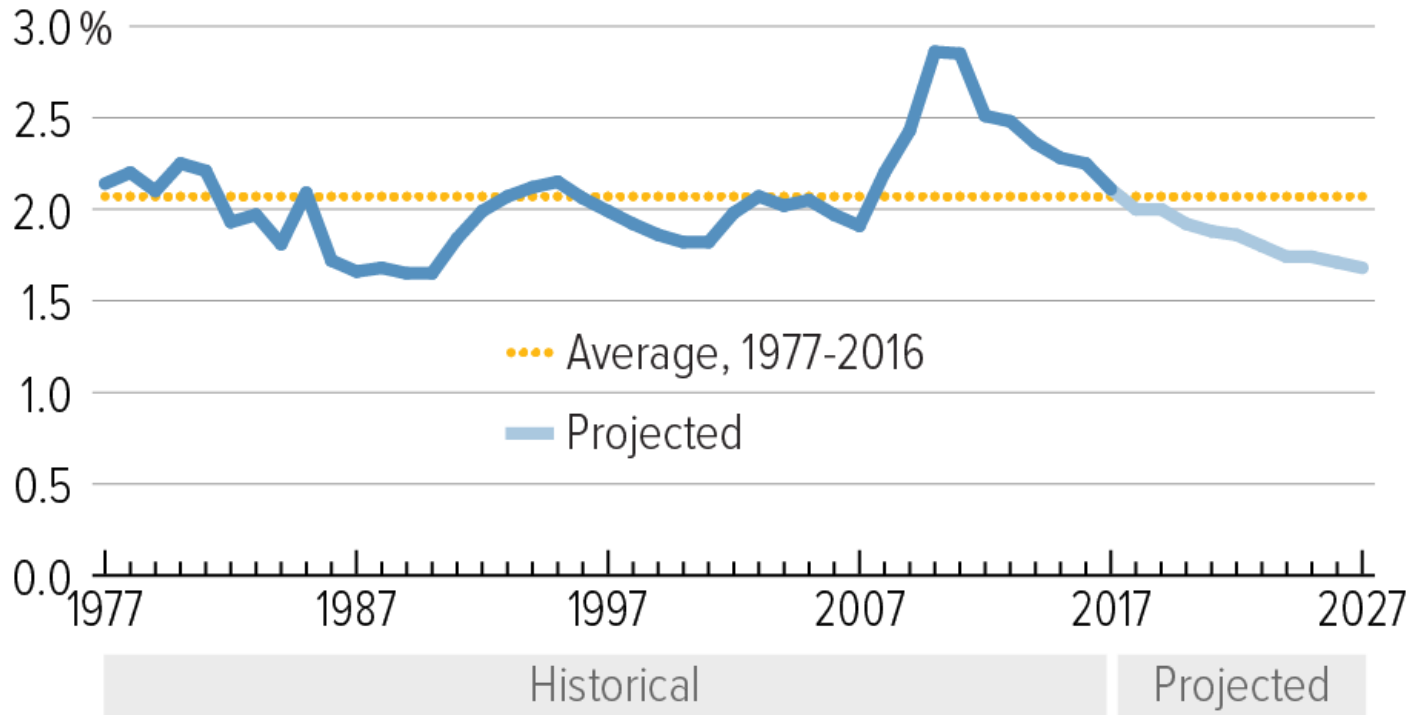
March 1, 2017

Last Spring's House Budget Plan Got 62% of Its \$6 Trillion in Non-Defense Cuts Over 10 Years from Programs for People with Low or Modest Incomes



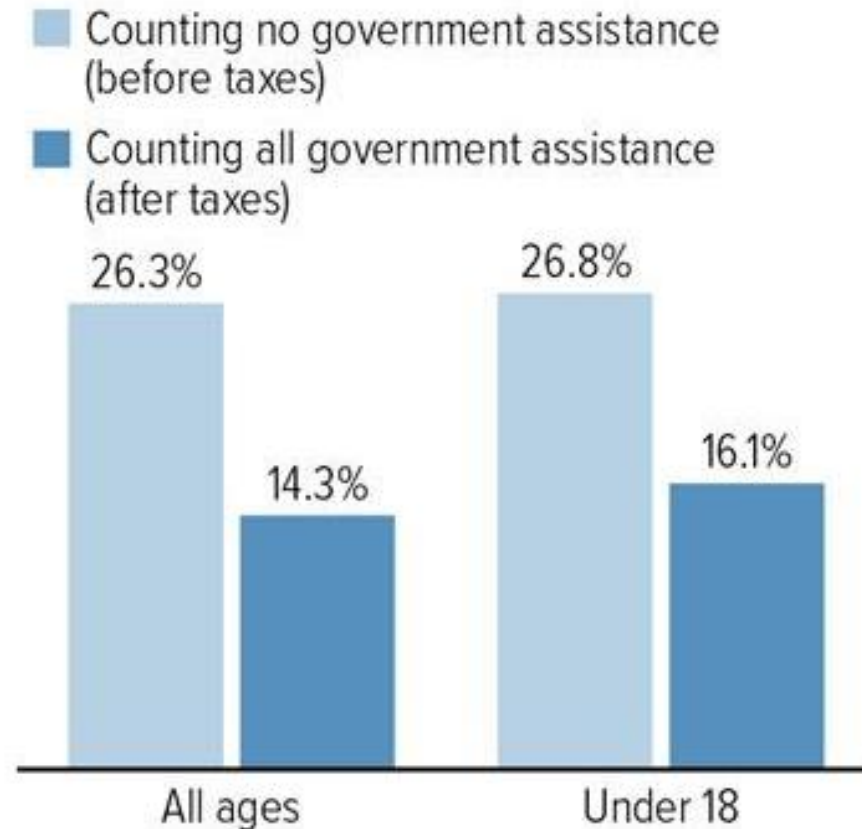
Spending for Low-Income Programs Outside Health Falling Below Prior 40-Year Average

Spending as a percent of gross domestic product



Source: Office of Management and Budget data through 2015 and Congressional Budget Office data thereafter

Safety Net Cut Poverty Rate Nearly in Half in 2015



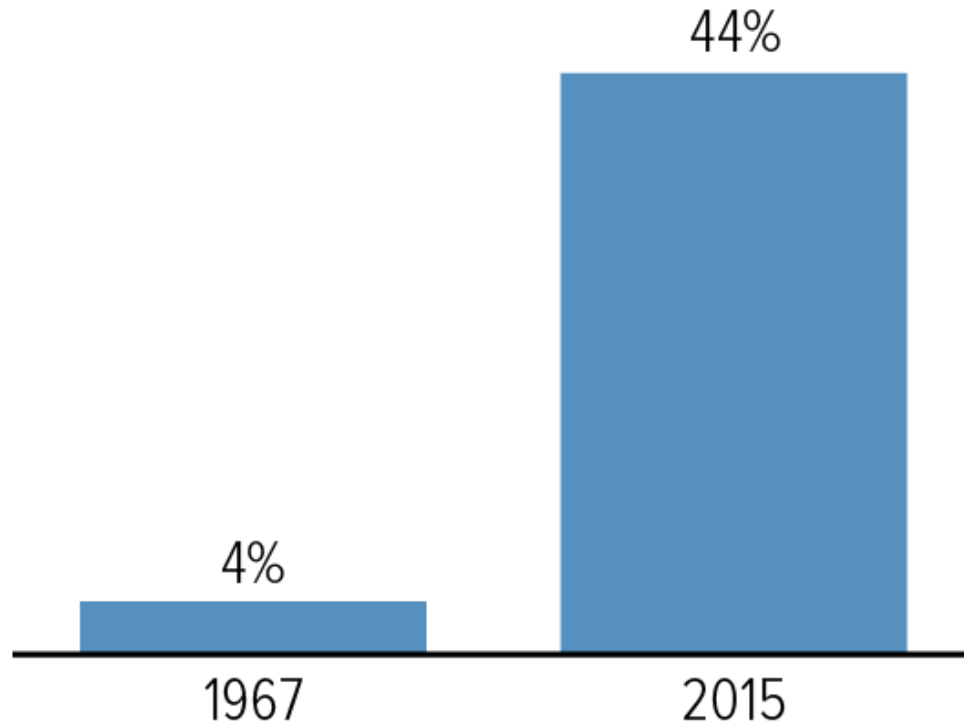
Note: Figures use the federal government's Supplemental Poverty Measure (SPM).

Source: CBPP analysis of Census Bureau data from the March 2016 Current Population Survey and 2015 SPM public use file.



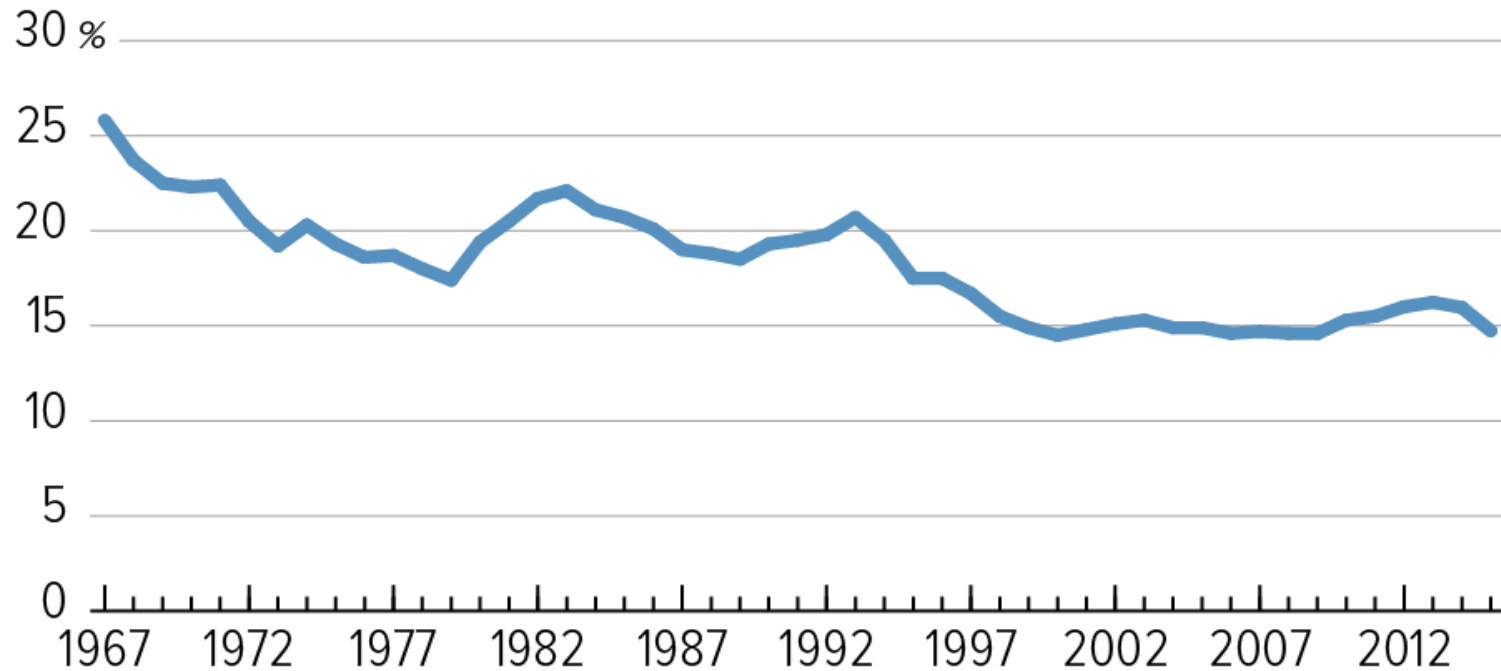
Safety Net's Effectiveness at Reducing Poverty Has Grown Ten-Fold Since 1967

Percent of otherwise poor lifted above the poverty line by the safety net



Poverty Has Fallen Significantly Since 1960s Under “Anchored” Supplemental Poverty Measure, 1967-2015

Percent of people living in poverty



Note: Counts cash income plus non-cash benefits, reflects the net impact of the tax system, subtracts certain expenses from income, and uses a 2012 poverty line adjusted for inflation.

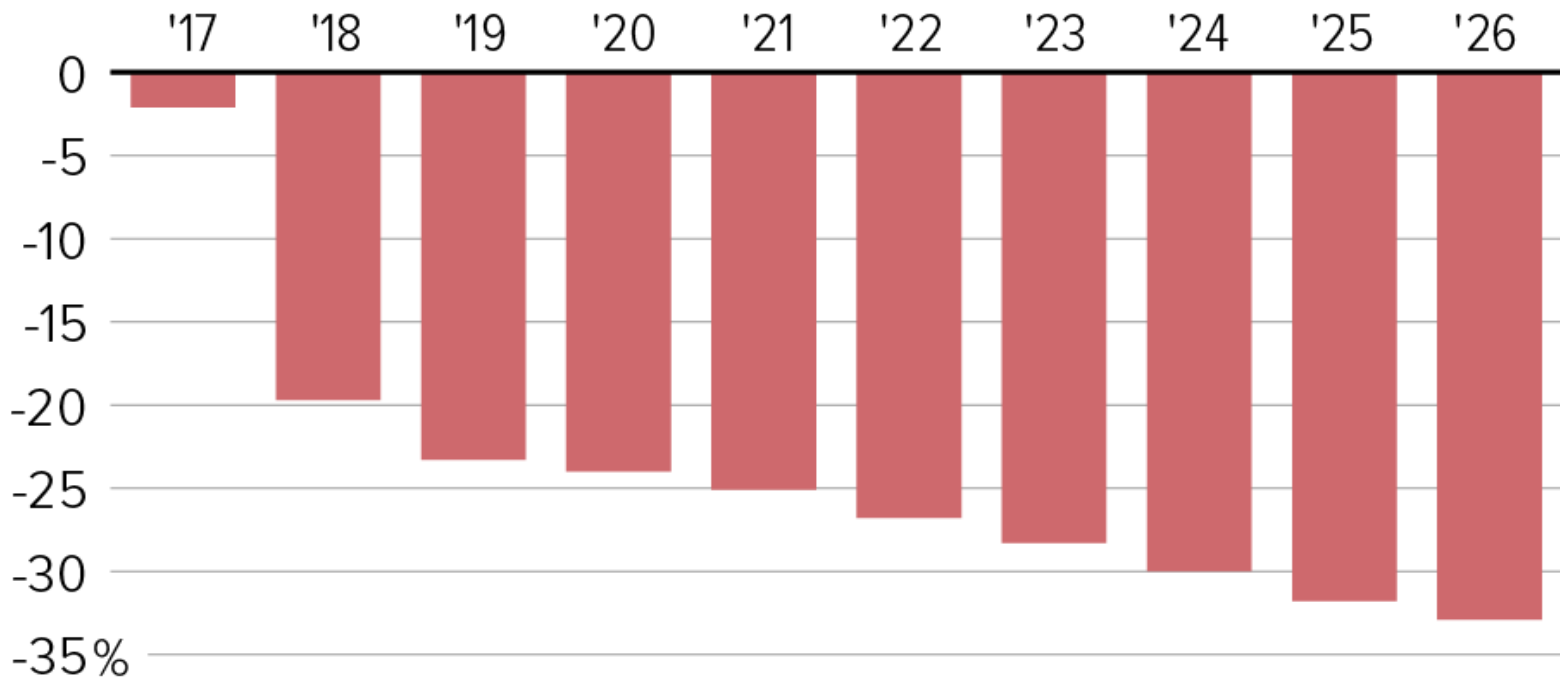
Source: Christopher Wimer *et al.*, 2013. Updated by CBPP.

The Serious Threats

- Repealing the Affordable Care Act (including the Medicaid expansion) with no real replacement, causing millions of people to become uninsured or underinsured
- Converting Medicaid & SNAP, and possibly the children's part of SSI, to block grants or otherwise capping the programs' funds, leading to increasingly deep cuts over time
- Deep budget cuts to *non*-entitlement programs serving people with low incomes
- Major tax cuts for the wealthy that would force deeper budget cuts down the road

Medicaid Cuts Would Grow Over Time under House Budget Committee Block Grant

Percent cut in federal Medicaid funds, relative to current law



Source: CBPP analysis using Jan. 2016 Congressional Budget Office Medicaid baseline and House Budget Committee documents.

Tentative Timeline: Next Four Months

March

- House acts on FY17 reconciliation bill to repeal ACA
- Trump to release budget “preview”
- Congress starts work on final FY17 appropriations

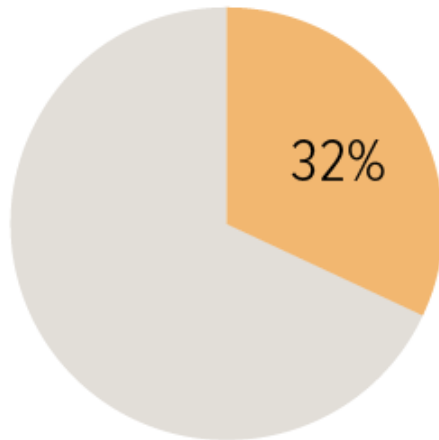
April to
June

- Senate may act on ACA repeal; House may begin tax cut bill
- Congress finishes FY17 appropriations
- Congress adopts FY18 budget resolution with new reconciliation instructions calling for big tax and potentially significant spending cuts

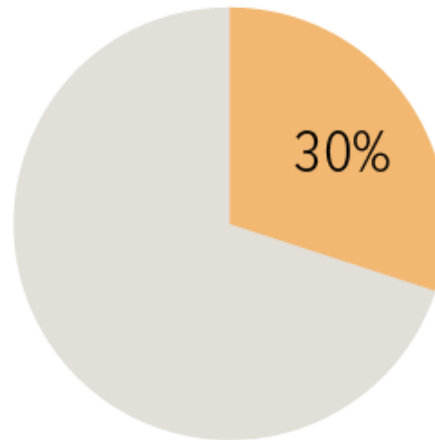
SNAP Helps Large Share of U.S. Children

Share of U.S. children who participate in SNAP in an average month

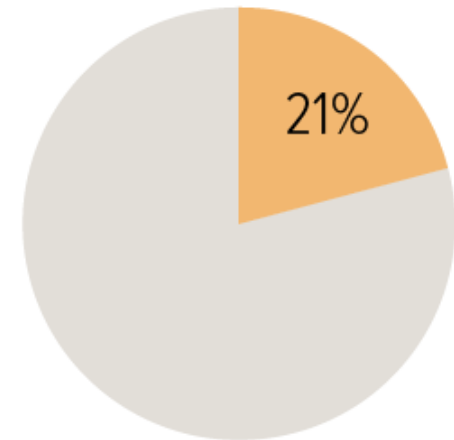
**Preschool children
ages 0-4**



Children ages 5-11



Children ages 12-17



Sources: U.S. Department of Agriculture, "Characteristics of SNAP Households, Fiscal Year 2014," and U.S. Census Bureau 2010 population estimates

Tentative Timeline

1. Summer/Fall 2017

- Work may continue on ACA replacement bills
- Consideration of FY18 appropriations bills
- Consideration of second reconciliation bill with big tax cuts — and possibly entitlement cuts to help pay for tax cuts
- Action on CHIP reauthorization

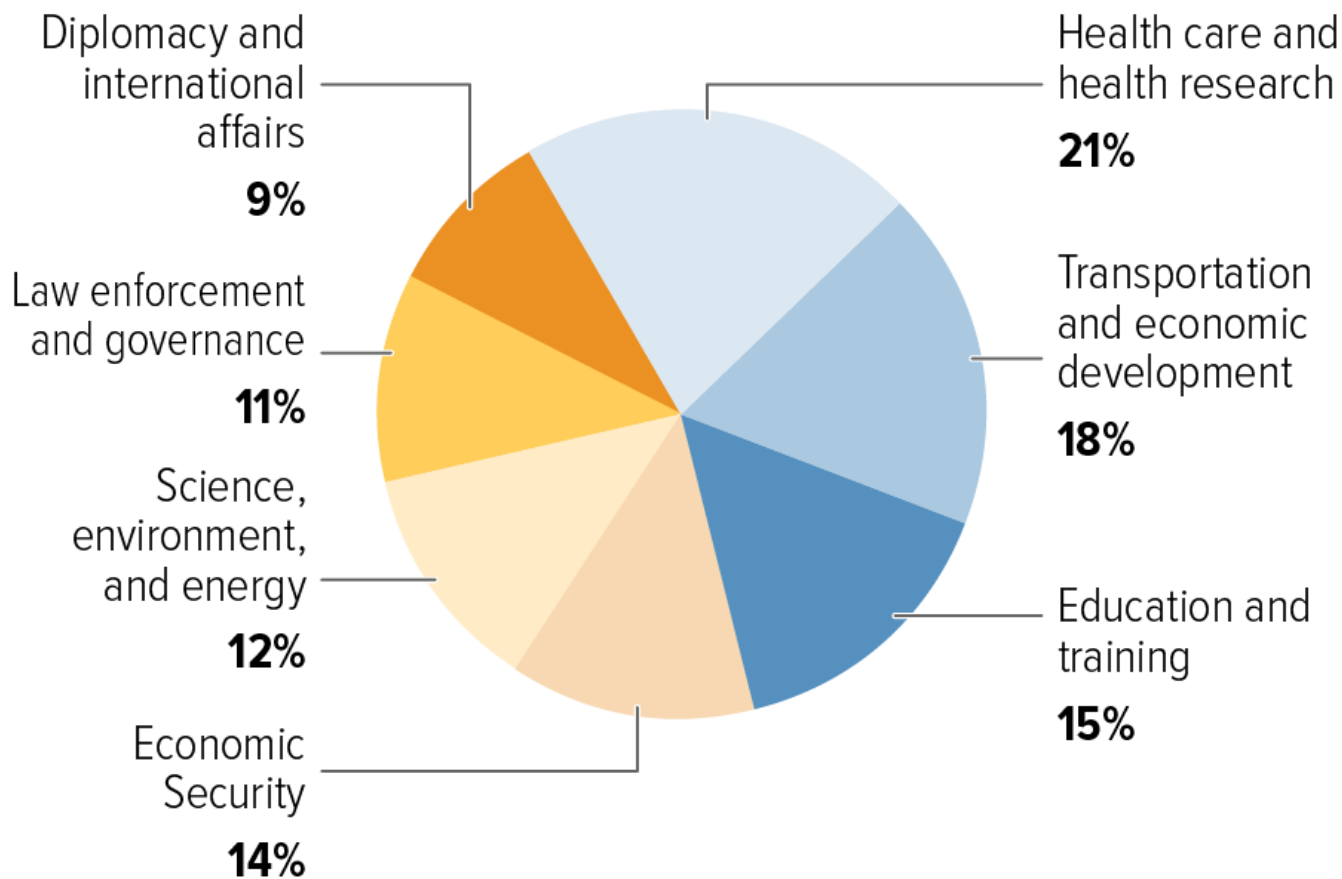
2. 2018

- Paul Ryan-style “welfare reform” to overhaul the low-income assistance system outside health care

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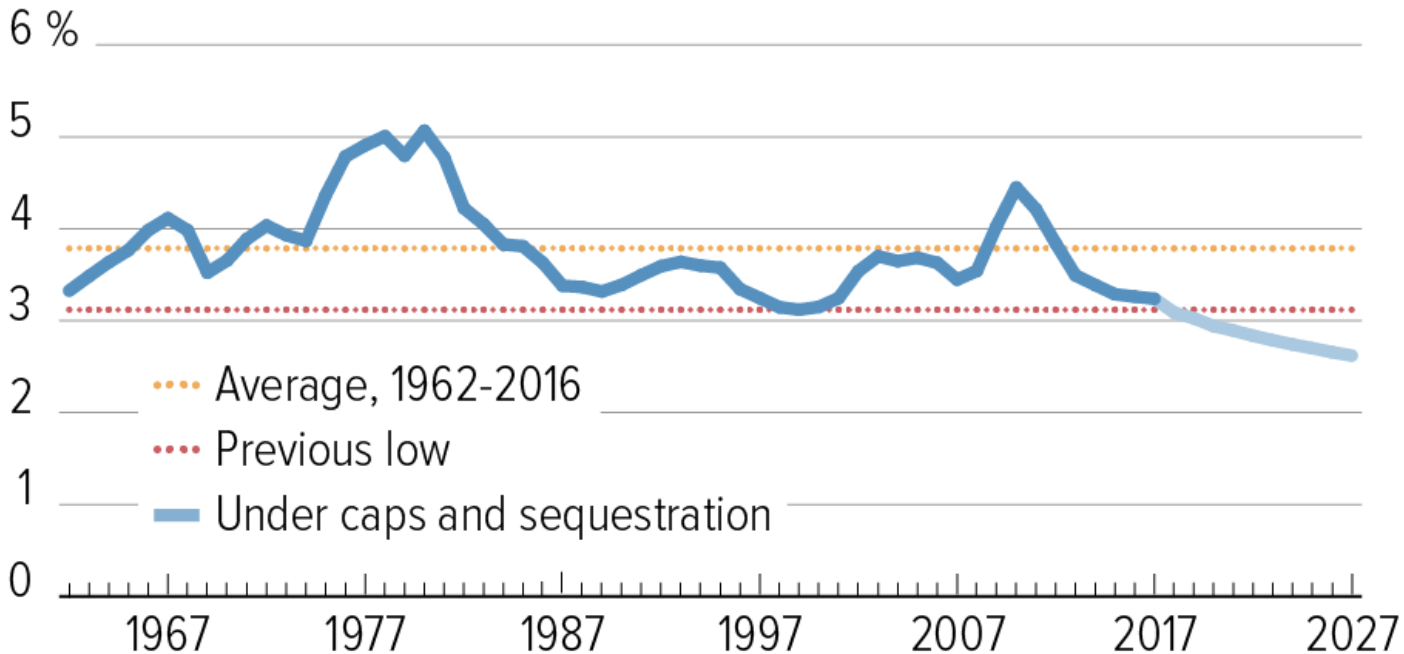
Non-defense Discretionary Spending, FY 2015



Source: CBPP calculations using Office of Management and Budget data

Non-Defense Discretionary Spending Set to Fall to Historically Low Levels

Spending as a percent of gross domestic product

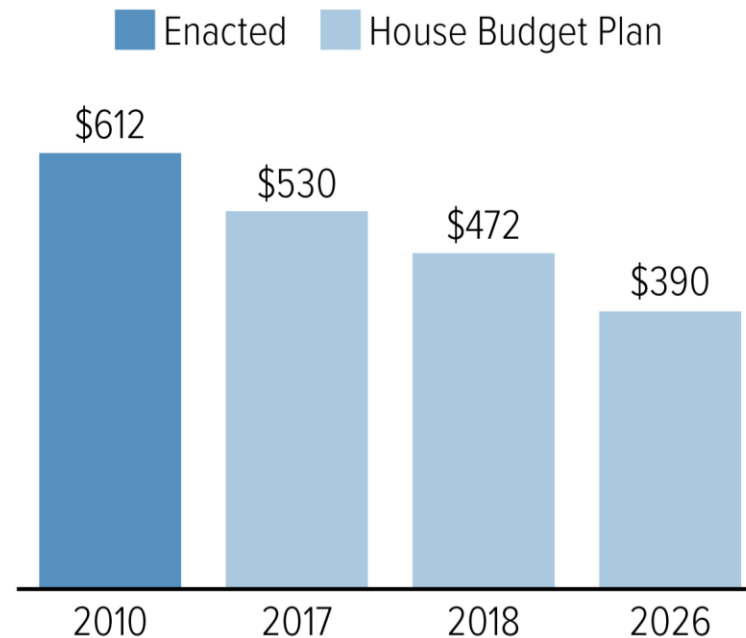


Note: Data available only back to 1962. Sequestration refers to budget cuts required under the 2011 Budget Control Act, and includes modifications made in the Bipartisan Budget Acts of 2013 and 2015.

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

Last Spring's House Budget Plan Cut NDD Funding Sharply After 2017

In billions of 2018 dollars

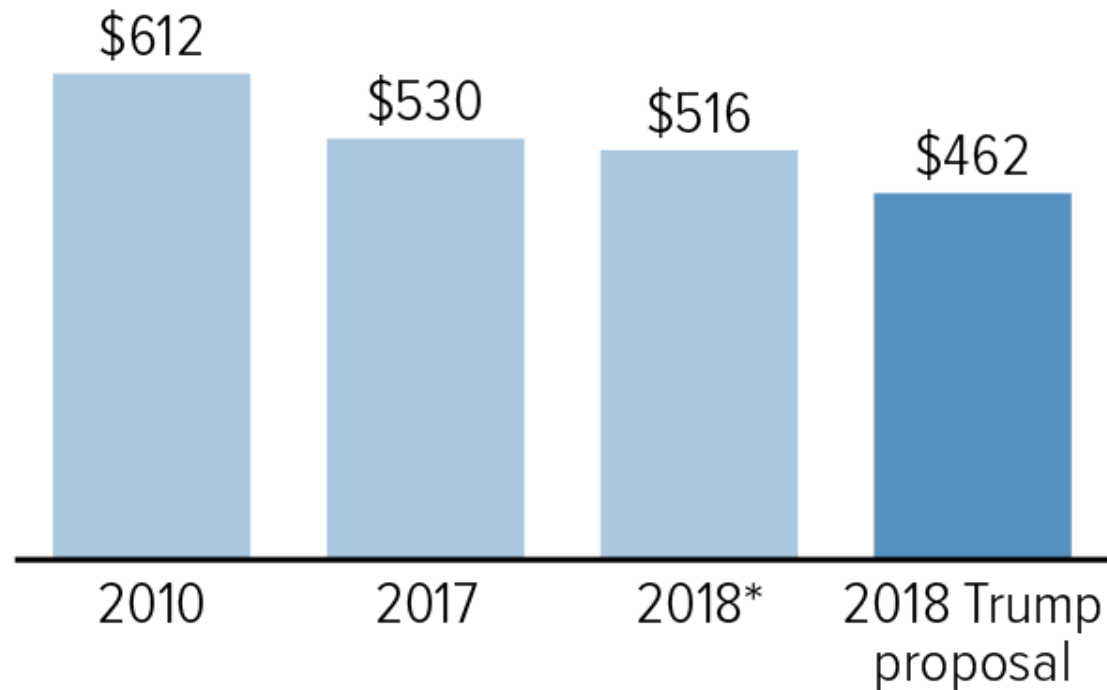


Notes: House Budget Plan refers to the FY 2017 budget plan approved by the House Budget Committee in March, 2016. All amounts exclude Overseas Contingency Operations (OCO). Enacted amount for 2010 excludes funding for disasters, emergencies, and program integrity.

Source: CBPP calculations based on data from Office of Management and Budget and House Budget Committee

Non-Defense Appropriations Would Fall Sharply Under Trump Proposal Unveiled This Week

(In billions of 2018 dollars)

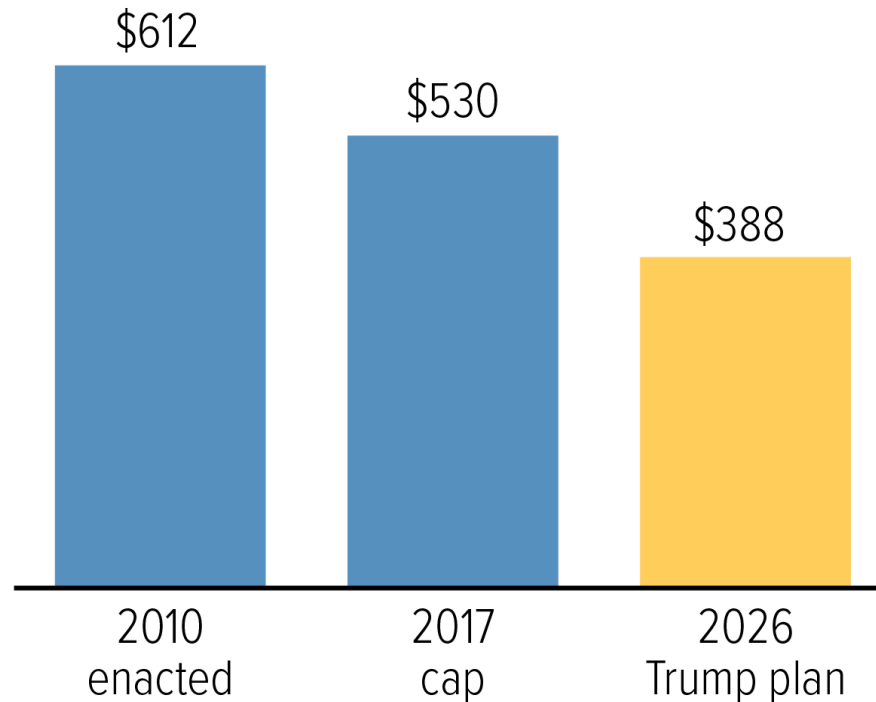


*Funding level set in 2011 Budget Control Act, which establishes sequestration cuts.

Source: CBPP analysis of data from the Congressional Budget Office and the Office of Management and Budget

Trump Campaign Proposal Would Cut Non-Defense Appropriations Even More Deeply Over Time

(In billions of 2018 dollars)



Source: CBPP calculations based on Congressional Budget Office data and Trump campaign fact sheet

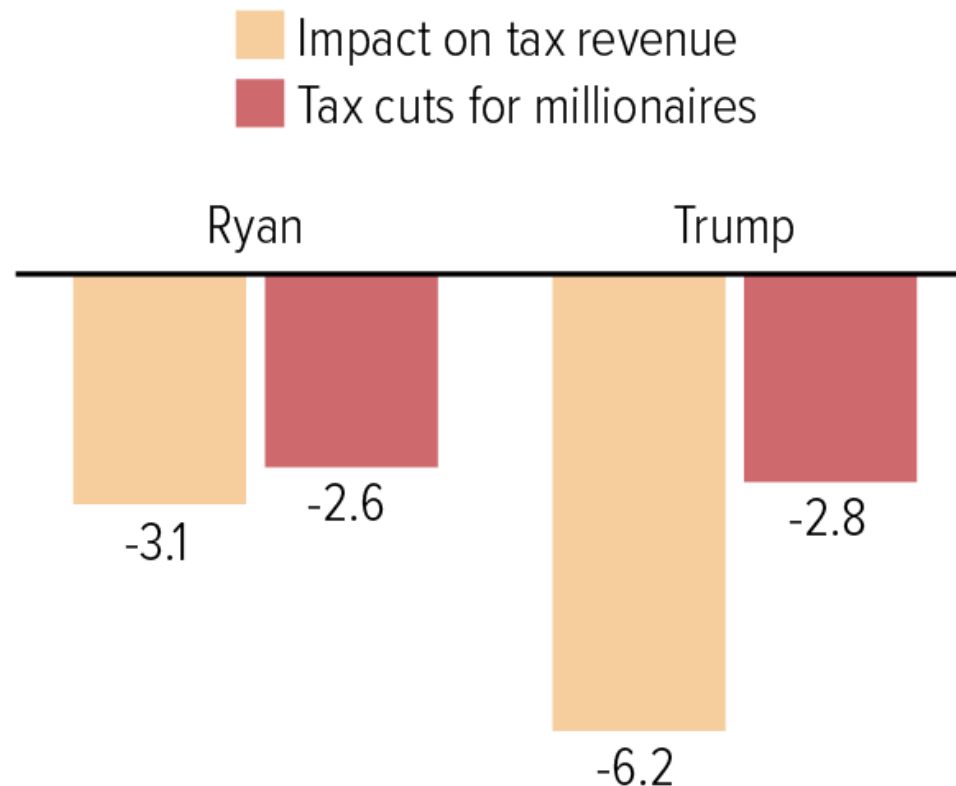
Mnuchin Standard

“Any reductions we have in upper-income taxes will be offset by less deductions so that there will be **no absolute tax cut for the upper class.**”

— Treasury Secretary Steven Mnuchin

House GOP and Trump Tax Plans Cost Trillions in Revenue and Tax Cuts for Millionaires

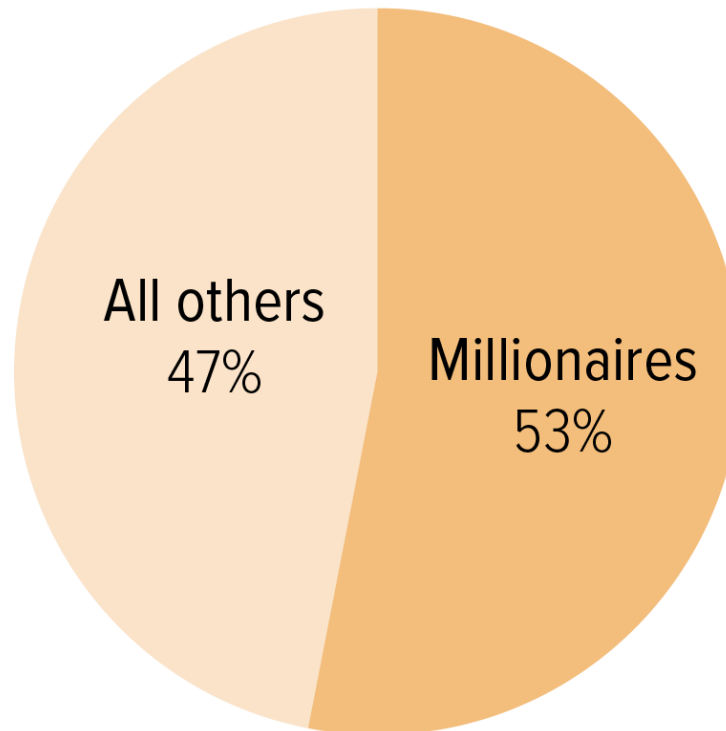
In trillions of dollars, 2016-2026



Source: CBPP based on TPC estimates

Millionaires Get Most of the Tax Benefit From Repealing the Affordable Care Act

Share of total tax cut, 2025



Source: Tax Policy Center Table T16-0287