

Republican Plans to Cut Taxes Now, Cut Programs Later Would Leave Most Women Worse Off

Congressional Republicans this fall are poised to launch step one of a likely two-step tax and budget agenda: enacting costly tax cuts now that are heavily skewed toward wealthy households and profitable corporations, then paying for them later through program cuts mostly affecting low- and middle-income families. Most women and their families would lose more from the program cuts than they would gain from the tax cuts.

Congress appears headed toward crafting a tax-cut bill that would largely benefit the top 1 percent of households and profitable corporations, while increasing deficits by \$1.5 trillion over the next decade. (And the true cost, with no budget gimmicks, could be even higher.) Tax cuts will lead to larger deficits — claims that tax cuts pay for themselves fly in the face of decades of experience and credible, mainstream economic research.

When deficits rise, those who supported the tax cuts will likely label these deficits as unacceptable and point to *spending* as the culprit. When that happens, they presumably will call for the kinds of deep cuts they've already proposed in their long-range budget plans, which would hit basic assistance for struggling families, health care and education, and other key investments. Those cuts could happen as soon as next year.

Congressional Republicans could have chosen to write a single bill with both the tax cuts they favor and the program cuts or tax increases to pay for them. This would have enabled the public and policymakers to evaluate the tradeoffs and make an informed decision. Instead, they have chosen to obscure this tradeoff by splitting their agenda into two parts. But this doesn't change the reality: the wealthy would win large tax cuts while everyone else would pay the tab.

When Tax Cuts Are Ultimately Paid For, Women Likely to Bear Significant Burden

President Trump and Republican congressional leaders have been very clear on the areas they want to cut. The Trump and congressional budget plans would cut basic assistance and health care for millions of low- and moderate-income women and families, making it harder for them to afford the basics and get health care. They also would cut key investments in areas such as education, job training, and child care. Indeed, the Administration and congressional leaders have already pointed to *current* deficit projections — even *without* \$1.5 trillion in new, deficit-increasing tax cuts — to justify these cuts. Once a tax bill is law and deficits grow, they will likely argue that the resulting higher deficits make such cuts even more urgent.

- **Health care.** The Trump and congressional budget plans would cut Medicaid and subsidies to purchase coverage through the Affordable Care Act marketplaces by \$1.3 trillion to \$1.9 trillion over the next decade, with most of the cuts in Medicaid. The cuts would grow over time. For example, the Trump plan would cut Medicaid by 47 percent in 2027.

Medicaid covered 13 million women ages 15-44 in 2015 — 20 percent of all women in this age group, and 48 percent of women in this age group with incomes below the poverty line. Women are more likely than men to be covered by Medicaid, and large cuts in the program would threaten their care. Faced with sweeping cuts in their federal Medicaid funding, states would likely have to make cuts that seriously harm beneficiaries, like restricting eligibility, reducing services, cutting payments to providers, or a combination of all three approaches to rationing care. Some women would lose coverage entirely. Others could see cuts in the health services they need, such as home- and community-based services that help many older women and women with disabilities stay independent.

- **Food assistance.** The Trump budget would cut SNAP (formerly food stamps) by at least \$140 billion over the decade; the cuts would reach about 30 percent in 2027. The congressional budget deeply cuts the budget area that funds SNAP but provides fewer specifics. In a typical month, SNAP provides basic food aid to about 16 million women and 20 million children. Benefits are already modest; households with children receive just \$91 per week through SNAP, on average.

The Republican Two-Step Fiscal Agenda

Step 1: Cut taxes for the high-income households now, driving up deficits

House and Senate tax bills would increase deficits by \$1.5 trillion and give largest tax cuts to the top-earning households and profitable corporations.

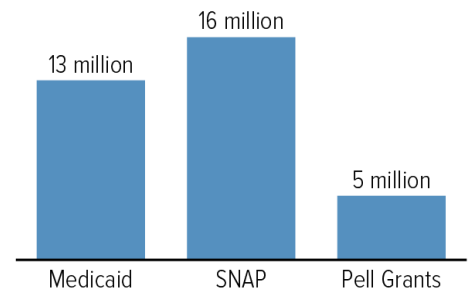
Step 2: Use higher deficits to justify cuts in critical programs for women, such as:

- Medicaid
- Job training
- Food assistance through SNAP
- Child care

- **College aid.** The Trump and congressional budget plans would cut Pell Grants and student loans, which help low- and middle-income students attend college. In 2017, an estimated 4.6 million women received Pell Grants. Women are far more likely than men to receive Pell Grants, accounting for 61 percent of Pell recipients in the 2011-2012 school year.
- **Tax credits for working families.** The tax bill proposed by House Ways and Means Chairman Kevin Brady would deny the Child Tax Credit to 3 million children in immigrant families, 80 percent of whom are U.S. citizens. Congress might also cut the Earned Income Tax Credit as part of future budget-cutting legislation, as an earlier House proposal would have done.
- **Other key investments.** The Trump and congressional budget plans would deeply cut non-defense discretionary (NDD) funding, the budget area that supports a broad set of investments important to women and families such as housing assistance, early learning and child care, domestic violence services, and job training. These cuts would come on top of NDD cuts imposed since 2010, largely by the caps imposed by the 2011 Budget Control Act. By 2027, under the congressional plan, overall NDD funding would be 18 percent below its 2017 level and 29 percent below its 2010 level, after adjusting for inflation. The cuts under the Trump plan are even deeper.

Cuts to Medicaid, SNAP, and College Aid Could Hurt Millions of Women

Female program participants



Note: Figures are rounded. Medicaid and SNAP (food stamps) figures are for 2015, Pell Grant figure is for 2017.
Source: Guttmacher Institute, Department of Agriculture, and National Center for Education Statistics (NCES)

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The Trump and congressional plans don't specify where these cuts would come from after 2018, but with cuts this large, many areas would be hard hit:

- **Housing assistance.** Housing assistance plays an essential role in helping low-income families pay the rent, yet only 1 in 4 eligible families receive rental assistance due to inadequate funding. The Trump and congressional budget plans would likely result in large cuts to rental assistance — including vouchers, aid tied to certain private developments, and public housing — with the cuts growing over time. For example, by 2027, an estimated 900,000 low-income households would lose rental assistance under the congressional plan, if housing programs bear a proportional share of the budget's NDD cuts. Such cuts would increase homelessness and housing insecurity. Women would be disproportionately affected, as they constitute 71 percent of adults receiving rental assistance.
- **Child care and Head Start.** Today, just 1 in 6 children eligible for child care assistance receive it, and Head Start serves only a small fraction of eligible infants and toddlers (and about half of 3- and 4-year-olds) due to inadequate funding. Despite this, the House and Senate funding bills for 2018 provide little or no increase for these programs. Since the cost of hiring teachers and buying materials rises each year with inflation, both plans would likely lead to a *decline* in the number of children that child care and Head Start serve. Cuts in NDD funding after 2018 would make the situation worse. Under the congressional budget plan, by 2027 roughly 80,000 fewer children would receive child care assistance than in 2017, if child care were cut by the same percentage as overall NDD funding.
- **Job training.** This area has already seen very large cuts, and these would deepen. In 2017, funding for the basic job training formula grants under the Workforce Investment Opportunity Act was 19 percent below the 2010 level and 40 percent below the 2001 level, adjusted for inflation. Under the congressional budget plan, if job training is cut by the same percentage as overall NDD funding, by 2027 it would be 33 percent below the 2010 level and 50 percent below the 2001 level. These programs assist roughly 7 million people each year, with services ranging from job search assistance and counseling to intensive training.

The Bottom Line: Program Cuts Would Outweigh Most Families' Tax Cuts

The GOP tax framework released in late September and the House Ways and Means proposal would provide very large tax cuts to the wealthiest Americans and profitable corporations, while providing only modest or no help to millions of low- and moderate-income households. Indeed, under the House plan, 10 million children in low-income working families would not benefit at all from the proposed expansion in the Child Tax Credit and 13 million additional children would receive less than the full \$600-per-child increase available to higher-income families. When Congress turns its attention to paying for those tax cuts, most women would likely lose more from cuts in areas such as health care, child care assistance, college aid and job training, food assistance, and refundable tax credits — that is, from programs that provide them with needed support or promote their upward mobility — than they would gain from the heavily skewed tax cuts.