

AFL-CIO SELECTED HIGHLIGHTS OF THE FY 2018 TRUMP BUDGET

The President's budget proposal pays for about \$6 trillion (over 10 years) in tax cuts for the wealthy and big corporations by cutting \$1.7 trillion from Medicaid, benefits and pay for federal employees, Social Security, Medicare, food stamps, and other benefit programs and \$1.6 trillion from education, job training, worker safety and health, and other non-defense programs benefiting working families.

Phony Numbers

The budget assumes the President's proposed tax cuts will pay for themselves through accelerated growth, failing to account for their estimated cost of about \$6 trillion. The budget claims that the President's tax policies will stimulate economic growth, but tax cuts for the wealthy and big corporations have been shown to do very little to boost growth. Meanwhile, the spending cuts in this budget will cost an estimated 177,000 jobs in 2018, 357,000 jobs in 2019, and 1.4 million jobs in 2020. The budget claims \$2 trillion to \$3 trillion in phony deficit reduction over 10 years by assuming 3% annual economic growth, much higher than in recent decades, which is not remotely serious.

Tax Cuts

While the budget fails to fill in missing details about the President's proposed tax cuts, they will cost about \$6 trillion over 10 years and benefit overwhelmingly the wealthiest 1% of taxpayers. The President's proposal to eliminate U.S. taxes on offshore corporate profits will increase the tax incentive for global corporations to send jobs overseas. The President's proposal to slash the tax rate for pass-through businesses will benefit Wall Street investment managers and Trump businesses; will be an open invitation to tax dodging; and will undermine the finances of Medicare and Social Security.

Medicaid

This budget cuts Medicaid by as much as \$1.5 trillion over 10 years, including \$850 billion in cuts already included in the American Health Care Act (AHCA), recently approved by the House of Representatives, along with \$610 billion in additional cuts. The Congressional Budget Office (CBO) estimates that the Medicaid cuts already passed by the House will result in 14 million people losing Medicaid coverage in the next 10 years, and the additional Medicaid cuts in this budget will lead to millions more losing coverage. The budget effectively ends the Affordable Care Act's (ACA) expansion of the Medicaid program by greatly reducing federal funding for the expansion, which is likely to force states to terminate that coverage. The budget replaces guaranteed federal funding of a fixed share of actual Medicaid costs with per capita caps or block grants, which will slow the growth of payments to states to a rate that is even further below that included in the AHCA. The budget also cuts funding for the Children's Health Insurance Program (CHIP) by \$5.8 billion over 10 years.

Social Security

This budget cuts Social Security's earned benefits by up to \$64 billion over ten years. It targets benefits for people with severe long-term disabilities by forcing them to participate in test projects designed to keep workers from getting benefits; these projects are required to produce a 5% reduction in total Social Security disability benefit payments by 2027. The budget also makes direct cuts to Social Security benefits, including a 50% cut in the maximum retroactive benefit that a worker can receive after initial approval for disability benefits, for an average cut of up to \$7,000. As an integral part of the benefits working people pay for with every paycheck, Social Security insures more than 150 million working people in the event of a severe impairment expected to last 12 months or result in death. Even with Social Security's stringent criteria, a 20-year-old worker today has more than a one in four chance of having a severe disability and receiving Social Security disability benefits before reaching normal retirement age.

Medicare

The budget cuts Medicare by \$59 billion over ten years. This cut was included in the House-passed American Health Care Act (AHCA), which the President has endorsed and incorporated into his proposal. The budget cuts Medicare by repealing the ACA's additional Medicare tax on individuals earning more than \$200,000 a year and couples earning more than \$250,000 a year, which will deplete the Hospital Insurance (HI) Trust Fund two years sooner than expected and increase the Fund's long-run shortfall by more than 50 percent. The HI Trust Fund funds Medicare Part A, which pays for medical treatment for hospitalized seniors. The budget also cuts all \$52 million in funding for state-run Medicare information and counseling programs, known as the State Health Insurance Program (SHIP), which provide free local counseling and assistance to individuals regarding Medicare-related issues, such as questions about signing up for Medicare benefits, billing problems, and fraud and abuse.

Education

The budget cuts education programs by \$9.2 billion in FY 2018 and cuts student loan funding by \$143 billion over 10 years. This budget would destroy public schools, eliminate much-needed training for teachers, and make it harder for young people to go to college. The budget zeroes out all current federal programs that keep millions of poor kids safe and well fed in after-school and summer programs; eliminates the loan forgiveness program that helps students pursue teaching careers; eliminates funding for teacher preparation and educator support; guts most other programs that alleviate student debt or make college more affordable; and slashes career and technical training; while at the same time spending \$1 billion on school choice, \$250 million on school choice research, and \$500 million on charter schools.

Worker Rights

This budget will increase economic inequality, not only by cutting programs that benefit working people to pay for massive tax cuts for the wealthy and big corporations, but also by making it harder for working people in the United States and other countries to join together to bargain

collectively for a share of the wealth we help create. The budget decimates the National Labor Relations Board (NLRB), the agency that protects workers' right to bargain collectively, by cutting \$16 million (-6%) in FY 2018 funding and cutting 276 positions, even though NLRB caseloads are projected to increase. NLRB staffing has already fallen from 1,993 positions in FY 2001 to 1,596 positions in FY 2017. At the same time, the budget increases funding for the office that audits unions by \$8 million (+20%) in FY 2018. The budget undermines workers' pension plans by imposing a \$21 billion increase (over 10 years) in premiums owed by multiemployer plans to the Pension Benefit Guaranty Corporation (PBGC), including introduction of a variable rate premium based on plan underfunding and an exit premium for employers that stop contributing, threatening the continued viability of many plans by encouraging employers to end their participation sooner and discouraging the participation of additional employers. The budget also guts the Bureau of International Labor Affairs (ILAB), which defends worker rights in other countries, by cutting \$67 million (-79%) in FY 2018. Similarly, the budget eliminates State Department funding that helps protect workers and collective bargaining in other countries.

Federal Employees

The budget slashes take home pay, benefits, and jobs for federal employees. Federal workers will be forced to pay more towards their retirement—amounting to a 6% pay cut—and will see their retirement benefits shrink through a change in how benefits are calculated and the elimination of annual COLAs. Retirement cuts total \$117 billion over 10 years, on top of \$182 billion in cuts to federal employee pay and benefits since 2010. Federal employees earn 6.5% less today, adjusted for inflation, than they did at the start of the decade. The federal government has roughly the same number of workers today as it did when Dwight Eisenhower was president, while the U.S. population has doubled in size. With regard to the Postal Service, the budget calls for \$46 billion in vaguely defined cuts, including job-killing delivery service cuts, over a decade.

Worker Safety and Health

The budget proposes major cuts to worker safety and health, eliminating the Occupational Safety and Health Administration's (OSHA) worker safety and health training program, gutting job safety research, and wiping out investigations of chemical accidents. The budget slashes funding for the National Institute on Occupational Safety and Health (NIOSH), the federal job safety research agency, by \$135 million (-40%) in FY 2018; closes down the Chemical Safety Board; and cuts safety enforcement in coal mines by \$3 million in FY 2018, on top of cuts already made in FY 2017. Funding for OSHA enforcement is stagnant, forcing cutbacks in inspectors and workplace inspections. This budget will weaken even further OSHA's ability to inspect workplaces – which is currently once every 159 years. The cuts in this budget will make workplaces more dangerous and cost workers their lives.

Working Women

This budget does significant harm to working women, especially working mothers. Cuts to Medicaid will disproportionately affect women, who make up a majority of Medicaid beneficiaries and are much more likely to use long-term care services and family planning and maternity care benefits. The budget cuts food stamps (Supplemental Nutrition Assistance

Program), which disproportionately benefits women, by \$193 billion (-29%) over 10 years. It cuts Temporary Assistance for Needy Families (TANF) by \$21 billion over 10 years – even though a quarter of its funding goes to childcare assistance, Head Start, and pre-kindergarten. Cuts to the Children’s Health Insurance Program (CHIP) will especially harm children of color. The budget cuts the Office of Federal Contract Compliance Program (OFCCP), which ensures that federal contractors proactively hire qualified employees from underrepresented groups, by \$16.5 million (-16%) in FY 2018 and transfers OFCCP functions to the Equal Employment Opportunity Commission (EEOC), without any additional funding for the EEOC. It cuts the Labor Department’s Women’s Bureau, the only federal agency mandated to represent the needs of wage-earning women, by \$9.5 million (-76%) in FY 2018. The budget also restricts funding for Planned Parenthood and other family planning clinics that serve low-income women in particular. Its parental leave proposal provides insufficient coverage for working families and overburdens the already weakened unemployment insurance (UI) system.

Worker Training

This budget does serious damage to federal workforce development. It cuts job training for low-income adults, youth, and dislocated workers by \$1.1 billion (-40%) in FY 2018; eliminates the Migrant and Seasonal Farmworker Program; eliminates the Senior Community Services Employment Program; and cuts the Wagner-Peyser Employment Service Program by \$255 million in FY 2018. Because of these cuts, job training will not be available to over 2.4 million adults; over 211,000 displaced workers; over 64,000 seniors; almost 63,000 young people; and almost 48,000 farmworkers in FY 2018, and over 4.9 million people will be denied employment services. In total, almost 7.7 million people will be denied these training and employment services. The budget also cuts Job Corps by \$250 million in FY 2018 and eliminates health professional and nurses’ training programs.

Infrastructure

While the budget includes a \$200 billion federal financial commitment to support infrastructure, it simultaneously cuts \$206 billion in existing federal infrastructure programs over the same period. This includes across-the-board cuts to Amtrak, rail, transit, superfund cleanup, public housing repair, water, and other programs. Notably, it ends the multi-modal TIGER grant program and the transit Capital Investment Grant program, which support transit construction projects, and it shifts responsibility for the Highway Trust Fund’s future financial needs to state and local governments.

Immigrant Workers

This budget increases funding for programs to arrest, detain, and deport immigrant members of our communities and our unions, while drastically reducing humanitarian commitments. It calls for billions of additional spending to increase deportation capacity and detain more immigrant families, many of whom are seeking asylum. At the same time, it slashes funding for refugee resettlement, trafficking victims, and unaccompanied children and seeks to block jurisdictions that limit cooperation with Immigration and Customs Enforcement (ICE) from receiving grants from the Department of Justice and the Department of Homeland Security. The budget also

eliminates the childcare tax credit and earned-income tax credit for immigrants who file taxes using ITIN numbers, a large portion of whom are low-wage workers and have U.S. citizen children.

Department of Labor: Overall cut of \$2.4 billion (-19.8%)

- Job training: Cuts training for low-income adults, youth, and dislocated workers by \$1.1 billion (-40%) in FY 2018
- Wagner Peysen Employment Service Program: cuts over \$255 million in FY 2018
- Reemployment Services and Eligibility Assessments (RESEA): increase of \$15 million in FY 2018
- Women’s Bureau: cuts \$9.5 million in FY 2018 (-76%)
- Senior Community Service Employment Program: eliminated
- Pension Benefit Guaranty Corporation: increases premiums paid by multiemployer pension plans and creates a new exit premium on employers that leave the system to raise \$21 billion over 10 years
- Job Corps: cuts \$250 million in FY 2018
- OSHA: cuts \$10 million in FY 2018, including elimination of the Worker Safety and Health Training Program
- OFCCP: cuts \$16.5 million (-16%) in FY 2018 and transfers OFCCP functions to the Equal Employment Opportunity Commission by the end of FY 2018
- BLS: cuts \$1 million (-1%) in FY 2018
- Bureau of International Labor Affairs (ILAB): cuts \$67 million (-79%) in FY 2018
- Migrant and Seasonal Farmworker Training: eliminated
- Paid parental leave program: at cost of \$19 billion over 10 years, paid for by UI funding
- Employee Benefits Security Administration (EBSA): increase of \$3 million in FY 2018
- Wage and Hour Division (WHD): increase of \$3 million in FY 2018 for compliance assistance
- Mine Safety and Health Administration (MSHA): increases overall funding by \$1.3 million in FY 2018, but cuts Coal Mine Enforcement by \$3 million
- Office of Labor Management Standards (OLMS): increase of \$8.5 million (+20%) in FY 2018 to audit unions

Department of Education: Overall cut of \$9.2 billion (-13.5%)

- School choice research: increase of \$250 million in FY 2018
- Student loans: cuts \$143 billion over 10 years by eliminating the Public Service Loan Forgiveness program; eliminating existing income-driven repayment programs and replacing them with a single program that is less affordable for many borrowers; and ending the subsidization of student loans while the borrower is in school
- Rescinds \$3.9 billion in “surplus” Pell Grant funding
- Dedicates \$1 billion of Title I money to “school choice” while maintaining current inadequate funding for IDEA and other programs to serve high-needs children
- Provides \$500 million for the establishment of private/charter schools, more than doubling FY 2017 charter school grants

- Supporting Effective Instruction State Grants: eliminated (-\$2.1 billion)
- Eliminates the Teacher Quality Partnership program, as well as the Supporting Effective Instruction State Grants and Student Support and Academic Enrichment Grants, which provided teacher-training funds
- Federal Supplemental Educational Opportunity Grant Program (grants for college students with greatest need): eliminated
- Eliminates 21st Century Community Learning Centers, which provide federal funding for before-school and after-school and summer-school programs, serving over 1.8 million students in the 2014-2015 school year (-\$1.2 billion)
- Comprehensive Literacy Development Grants and Adult Education and Family Literacy Grants: eliminated
- TRIO and GEAR UP, programs that help low-income students get accepted to and complete college: cuts TRIO by 15% and GEAR UP by 36%
- Eliminates federal funding for arts in education (-\$27 million)

Department of Energy: Overall cut of \$1.7 billion (-5.6%)

The budget will significantly cut or eliminate programs that support the development of new technologies critical to our international competitiveness.

- Advanced Research Projects Agency: eliminated
- Advanced Technology Vehicle Manufacturing Loan Program: eliminated
- Title 17 Innovative Technology Loan Guarantee Program: eliminated
- Manufacturing USA Technology Hubs: eliminated
- Advanced Manufacturing Office: cuts \$146 million (-64%)
- Weatherization Assistance for Needy Families: eliminated (-\$214 million)
- Advanced Vehicle Research Program: cuts \$228 million (-73%)
- Research for Advanced Coal: cuts \$315 million (-73%)

Environmental Protection Agency: Overall cut of \$2.6 billion (-31.4%)

- Claims to maintain funding for drinking water and wastewater infrastructure
- Eliminates 46 EPA programs
- Cuts enforcement programs by -19%
- Superfund: cuts \$330 million (-30%)
- Environmental Justice Program: eliminated
- Program to restore Great Lakes, Chesapeake Bay, Puget Sound and others: eliminated
- Agency-wide Clean Air Programs: cuts \$129 million (-47%)
- Water Quality Research: eliminated
- Brownfields Program: cuts \$9.5 million (-37%)
- Lead Risk Reduction Program: eliminated

Infrastructure and Transportation Programs: Over all cut of \$206 billion

- Highway and Transit Trust Fund: cuts \$96 billion
- TIGER grant program: zeroed out

- Capital Investment Grants (New Starts, etc.): zeroed out
- Discretionary FAA Essential Air Service funding: zeroed out
- Cuts to Amtrak and rail grant programs
- Cuts to Army Corp of Engineers
- Cuts to water infrastructure programs
- Cuts to Superfund and Brownfields programs

Other Programs and Agencies Eliminated

- Agency for Health Care Research and Quality (merged with NIH)
- Community Development Block Grants
- Community Services Block Grants
- Corporation for National and Community Service
- Corporation for Public Broadcasting
- Economic Development Administration
- HOME Investment Partnership Program
- Legal Services Corporation
- Low Income Home Energy Assistance Program (LIHEAP)
- Manufacturing Extension Partnership
- Minority Business Development Agency
- National Endowment for the Arts
- National Endowment for the Humanities
- National Infrastructure Investments (TIGER)
- National Oceanic and Atmospheric Administration Grants and Education
- Overseas Private Investment Corporation (OPIC)
- Rural Water and Waste Disposal Program
- Single Family Housing Direct Loans
- State Department Development Assistance
- U.S. Trade and Development Agency

Tax Cuts: About \$6 trillion

- \$2.4 trillion over 10 years to reduce the corporate tax rate from 35% to 15%
- \$1.5 trillion over 10 years to cut the tax rate for pass through businesses to 15%
- \$413 billion over 10 years to eliminate the Alternative Minimum Tax (AMT)
- \$205 billion over 10 years to eliminate U.S. taxation of the foreign profits of global corporations
- \$174 billion over 10 years to eliminate the estate tax on the wealthiest estates
- \$172 billion over 10 years to repeal ACA tax on investment income for high earners
- \$59 billion over 10 years to repeal ACA additional Medicare tax on high earners
- Significant additional revenue from repealing the deduction for state and local taxes

Prepared by: AFL-CIO Legislation and Policy Hub, May 2017