



HOUSE BUDGET RESOLUTION & RECONCILIATION HIGHLIGHTS

10-YEAR CUTS TO SERVICES

- \$4.4 trillion from entitlement programs
 - \$487 billion from Medicare
 - \$1.5 trillion from Medicaid and other health programs (includes House-passed American Health Care Act cuts plus additional cuts)
 - \$4 billion from Social Security disability insurance (SSDI)
 - Almost \$2.5 trillion from other mandatory programs like SNAP (food stamps) and income security programs
- Non-defense discretionary funding is cut \$1.3 trillion below current cap, while defense is \$929 billion above cap

TAX REFORM & RECONCILIATION INSTRUCTIONS

- **Provides “reconciliation instructions” that would fast-track a package of spending cuts and tax cuts.**
 - Directs 11 committees to find a minimum of \$203 billion in mandatory spending cuts (over 10 years), with \$52 billion of that under Ways & Means Committee jurisdiction.
 - Directs the Ways & Means Committee to achieve *deficit-neutral* tax reform. Nonbinding policy statement calls for tax reform that simplifies the code, lowers individual rates and consolidates tax brackets, lowers the tax rate on “pass-through” businesses, repeals the Alternative Minimum Tax, lowers the corporate tax rate, and institutes a territorial tax system in which corporations would owe no U.S. taxes on their foreign profits.
 - Since the instructions specify *deficit-neutral* rather than *revenue-neutral* tax reform, the Ways & Means Committee will be permitted to offset the costs of tax cuts with cuts to mandatory spending in its jurisdiction, such as Medicaid and Medicare (which would be on top of the \$52 billion in cuts the Committee is required to produce). If the instruction had been for revenue-neutral reform, the Committee would have been required to find revenue increases to offset the tax cuts.
 - The House Budget also requires “dynamic scoring” for major legislation, which could allow a portion of any tax cut package not to be paid for.

MAJOR STRUCTURAL CHANGES TO MANDATORY PROGRAMS

- Imposes work requirements for Medicaid and stricter work requirements for SNAP and TANF.
- Moves Medicare to an “optional premium support system” – Seniors would receive capped amounts of funding to purchase either traditional Medicare or private insurance.
- Prevents people receiving unemployment insurance from also receiving SSDI.

ECONOMIC ASSUMPTIONS

- Assumes the tax reform, regulatory rollbacks, and other changes will result in a 2.6% growth rate (in contrast to CBO's 1.9% assumed average rate), which will produce \$1.8 trillion in dynamic effects – they apply \$1.5 trillion of this to reduce the deficit and estimate that dynamic scoring will contribute about \$300 billion toward making tax reform deficit-neutral.
- Relies on these growth numbers and other questionable assumptions to claim that their budget results in a \$9 billion surplus by 2027, as opposed to CBO's current estimate of a \$693 billion deficit for 2017.

ANTICIPATED TAX CUTS

The budget resolution does not provide details about specific tax cuts. Congressional Republicans are currently developing a tax cutting plan with President Trump to be released in September 2017. It is likely to have many similar features to the tax plan proposed by House Republicans in 2016, which would do the following according to a [Tax Policy Center analysis](#) summarized by Americans for Tax Fairness:

- Gives huge tax breaks to the rich and corporations and loses \$3.1 trillion over 10 years.
 - Nearly half (47%) of the tax cuts will go to the top 0.1% of households. Average tax cut: \$1.3 million a year.
 - 99% of the tax breaks go to the top 1% of households when fully phased in. Average tax cut: \$213,000 a year.
- Slashes corporate tax rates by more than 40%—from 35% to 20%—losing \$1.8 trillion over 10 years.
- Gives multinational corporations with profits stashed offshore a tax cut of \$600 billion. Big U.S. corporations hold \$2.6 trillion in earnings offshore on which they [owe more than \\$750 billion in U.S. taxes](#).
- Slashes the top tax rate on hedge funds and other “pass-through” businesses from nearly 40% to 25%, losing \$413 billion.
- Slashes in half the effective tax rate on income from investments, which is mostly received by the wealthy, losing nearly \$500 billion.
- Eliminates estate and gift taxes to boost the inheritances of millionaires and billionaires, losing \$187 billion.

RESOURCES

- <https://budget.house.gov/wp-content/uploads/2017/07/Building-a-Better-America-PDF-1.pdf>
- <https://www.cbpp.org/press/statements/greenstein-harsh-house-gop-budget-resolution-asks-most-from-those-who-have-least>
- <https://www.americanprogress.org/issues/economy/news/2017/07/18/435981/8-ways-house-republicans-budget-will-harm-working-families-pay-millionaire-tax-cuts/>
- <http://americansfortaxfairness.org/the-seven-worst-features-of-paul-ryans-tax-plan/>