AMERICANS FOR TaxFairness

TRUMP-GOP TAX CUTS ROUND 2: A BAD DEAL FOR MISSOURI

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Last December, President Trump and the GOP majority in Congress pushed through massive tax cuts that will cost nearly $2 trillion over 10 years (2018-2027), and which mostly benefit the wealthy and big corporations.[1] Already, they are using the ballooning deficits caused by these tax cuts as an excuse to make deep cuts to Medicare, Medicaid, Social Security, education and other vital services for working families.

Weeks after the first tax cuts were enacted, President Trump's budget proposed cutting $1.3 trillion from Medicare, Medicaid and the Affordable Care Act to shrink the deficit.[2] Not long after that, House Republicans proposed slashing $5 trillion from critical services, including $2 trillion from Medicare, Medicaid and the Affordable Care Act.[3]

As if those first big tax cuts weren't damaging enough, House Speaker Paul Ryan plans for the U.S. House of Representatives to vote in late September on a new and even bigger round of tax cuts requested by President Trump.[4] This second round is estimated to cost about $3 trillion over 10 years (2026-2035).[5] Once again, these tax cuts will mostly benefit the richest Americans and pose further threats to vital public services working families rely on.

The table below shows how much of a tax break the richest 1% in Missouri are estimated to receive this year from the first round of tax cuts, the size of their average tax cut, and their average income. It does the same for 2026, the first year that the second round of tax cuts kicks in if this legislation now before Congress becomes law. All estimates are from the Institute on Taxation and Economic Policy.

COST OF TRUMP-GOP TAX CUTS BENEFITTING RICHEST 1% IN MISSOURI

	COST OF TAX CUTS	AVERAGE TAX CUT	AVERAGE INCOME OF TOP 1%
ROUND 1 TAX CUTS (in 2018)	$1.2 billion	$42,330	$1.4 million
ROUND 2 TAX CUTS (in 2026)	$882 million	$27,780	$1.7 million

Sources: Institute on Taxation and Economic Policy[6]

WHAT TAX CUTS FOR THE RICHEST 1% COULD PAY FOR IN MISSOURI

Below are ways that $882 million in tax cuts for the richest 1% in 2026 could be spent benefiting Missouri working families. All 2026 cost figures have been adjusted for inflation.

HEALTH CARE

- **Medicaid:** Pay the federal share in 2026 of Medicaid health coverage for 96,190 state enrollees. [Source: Kaiser Family Foundation[7]]
- **Medicare:** Provide each of the state's estimated 1.5 million Medicare beneficiaries in 2026 with $599 to assist with out-of-pocket healthcare costs. [Source: Centers for Medicare & Medicaid Services[8]] The average U.S. Medicare beneficiary pays over $3,000 annually in such costs.[9] Even beneficiaries who receive supplemental coverage through Medicaid spend over $2,500 a year on out-of-pocket costs.[10]

FOOD & NUTRITION

- **Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps):** Cover the costs in 2026 of nutrition assistance for 501,446 state residents in households that struggle to put food on the table. This is 67% of the 753,683 people currently receiving nutrition assistance. [Source: USDA Food & Nutrition Service[11]]

EDUCATION

- **Teacher Pay:** Give each of the state's 74,727 teachers a $11,804 raise. [Source: National Education Association[12]]
- **Hire More Teachers:** Hire 14,625 more teachers at the state's average salary of $60,316 (in 2026 dollars) to reduce class sizes, allowing for more individualized instruction. [Source: National Education Association[13]]

HOUSING

- **Rental Assistance:** Provide federal rental assistance for an additional 117,254 households, at an average cost of $7,523 (in 2026 dollars). Currently 96,000 households receive assistance, far fewer than need it to secure decent housing. [Source: Center on Budget and Policy Priorities[14]]
- Nationwide, only 23% of eligible renters receive federal rental assistance due to funding limitations.[15] In Missouri, there are 178,000 unassisted low-income households that pay more than half of their income in rent. [Source: Center on Budget and Policy Priorities[16]]

INCOME SUPPORT

- **Earned Income Tax Credits:** Increase federal EITCs for state residents by 55% from $1.6 billion to $2.5 billion in 2026. About 527,020 state households benefit from the EITC, which encourages work and lifts families out of poverty. [Source: Tax Policy Center[17]]

METHODOLOGY & ENDNOTES

Medicaid spending per enrollee (including full-benefit enrollees and partial-benefit enrollees) is from Fiscal Year 2014 and is inflated to 2026 based on the 10-year average annual Medicaid spending growth rate of 5.5% estimated by CBO in its April 2018 Medicaid baseline.[18] We find the federal portion of spending per enrollee by multiplying the total spending per enrollee by the Fiscal Year 2014 Federal Medical Assistance Percentage (FMAP).[19]

Projected **Medicare** enrollment in 2026 is based on July 2018 enrollment in original Medicare and Medicare Advantage plans from the Medicare Enrollment Dashboard and adjusted based on the projected growth in Medicare Part A enrollment from CBO's April 2018 Medicare Baseline.[20] Between 2018 and 2026, average monthly Part A enrollment is projected to grow from 60 million to 77 million, or by 23%.

Average **teachers' salary** and spending on **housing rental assistance** and **food and nutrition assistance** are from 2016-2018 and are inflated to 2026 dollars using the Bureau of Labor Statistics historical CPI-U data and Congressional Budget Office (CBO) future CPI-U estimates from the August 2018 10-Year Economic Projection.[21]

EITC amounts are from tax year 2015 and are first inflated to 2017 using historical CPI-U data from the Bureau of Labor Statistics and then are inflated to 2026 using CBO's future estimate for Chained CPI-U (as Round 1 of the tax cuts changed the way inflation is measured for the purposes of adjusting EITC and other tax parameters).

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[2] Center on Budget and Policy Priorities (CBPP), "Health Proposals in President's Budget Would Reduce Health Insurance Coverage and Access to Care," Feb. 16, 2018. https://www.cbpp.org/research/health/health-proposals-in-presidents-budget-would-reduce-health-insurance-coverage-and

[3] CBPP, "House GOP Budget Retains Tax Cuts for the Wealthy, Proposes Deep Program Cuts for Millions of Americans," June 28, 2018. https://www.cbpp.org/research/federal-budget/house-gop-budget-retains-tax-cuts-for-the-wealthy-proposes-deep-program-cuts

[4] The Hill, "House panel advances key bill in new round of GOP tax cuts," Sept. 13, 2018. http://thehill.com/policy/finance/406570-house-panel-advances-second-round-of-gop-tax-cuts

[5] CBPP estimates the revenue loss at $2.8 trillion from 2026-2037 (Sept. 13, 2018). https://www.cbpp.org/research/federal-tax/new-house-republican-tax-proposal-fails-fiscal-responsibility-test-while
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[6] Institute on Taxation and Economic Policy, "Extensions of the New Tax Law's Temporary Provisions Would Mainly Benefit the Wealthy, April 10, 2018. https://itep.org/tcja20182026/

[7] Kaiser Family Foundation, "Medicaid Spending per Enrollee (Full or Partial Benefit)" (Timeframe: FY2014). https://www.kff.org/medicaid/state-indicator/medicaid-spending-per-enrollee

[8] Centers for Medicare & Medicaid Services, "Medicare Enrollment Dashboard." https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Dashboard/Medicare-Enrollment/Enrollment%20Dashboard.html

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[10] *Ibid.*

[11] USDA Food and Nutrition Service, "SNAP Monthly State Participation and Benefit Summary - Public Data" (Fiscal Year 2018). https://www.fns.usda.gov/sites/default/files/pd/SNAPZip69throughCurrent.zip

[12] National Education Association (NEA), "Rankings of the States 2017 and Estimates of School Statistics 2018," April 2018, Table E-5. http://www.nea.org/assets/docs/180413-Rankings_And_Estimates_Report_2018.pdf

[13] NEA, Table B-6.

[14] CBPP, "National and State Housing Fact Sheets & Data," Aug. 9, 2017. https://www.cbpp.org/research/housing/national-and-state-housing-fact-sheets-data#map

[15] CBPP, "Three Out of Four Low-Income At-Risk Renters Do Not Receive Federal Rental Assistance," Aug. 2017. https://www.cbpp.org/three-out-of-four-low-income-at-risk-renters-do-not-receive-federal-rental-assistance

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