



Trump to propose deep cuts to Medicaid in new budget proposal

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WASHINGTON - President Donald Trump's first major budget proposal on Tuesday will include massive cuts to Medicaid and call for changes to anti-poverty programs that would give states new power to limit a range of benefits, people familiar with the planning said, despite growing unease in Congress about cutting the safety net.

For Medicaid, the state-federal program that provides health care to low-income Americans, Trump's budget plan would follow through on a bill passed by House Republicans to cut more than \$800 billion over 10 years. The Congressional Budget Office has estimated that this could cut off Medicaid benefits for about 10 million people over the next decade.

The White House also will call for giving states more flexibility to impose work requirements for people in different kinds of anti-poverty programs, people familiar with the budget plan said, potentially leading to a flood of changes in states led by conservative governors. Many anti-poverty programs have elements that are run by both the states and federal government, and a federal order allowing states to stiffen work requirements "for able-bodied Americans" could have a broad impact in terms of limiting who can access anti-poverty payments - and for how long.

Numerous social-welfare programs grew after the financial crisis, leading to complaints from many Republicans that more should be done to shift people out of these programs and back into the workforce. Shortly after he was sworn in, Trump said, "We want to get our people off welfare and back to work. ... It's out of control."

Trump's decision to include the Medicaid cuts is significant because it shows he is rejecting calls from a number of Senate Republicans not to reverse the expansion of Medicaid that President Barack Obama achieved as part of the Affordable Care Act. The House has voted to cut the Medicaid funding, but Senate Republicans have signaled they are likely to start from scratch.

The proposed changes will be a central feature of Trump's first comprehensive budget plan, which will be the most detailed look at how he aims to change government spending and taxes over his presidency. Although Trump and his aides have discussed their vision in broad brushes, this will be the first time they attempt to put specific numbers on many aspects of those plans, shedding light on which proposals they see making the biggest difference in reshaping government. Congress must approve of most changes in the plan before it is enacted into law.

Trump offered a streamlined version of the budget plan in March, but it dealt only with the 30 percent of government spending that is appropriated each year. In that budget, he sought a big increase in military and border spending combined with major cuts to housing, environmental protection, foreign aid, research and development.

But Tuesday's budget will be more significant, because it will seek changes to entitlements - programs that are essentially on autopilot and don't need annual authorization from Congress. The people describing the proposals spoke on the condition of anonymity because the budget had not been released publicly and the White House is closely guarding details.

The proposed changes include the big cuts to Medicaid. The White House also is expected to propose changes to the Supplemental Nutrition Assistance Program, though precise details couldn't be learned. SNAP is the modern version of food stamps, and it swelled following the financial crisis as the Obama administration eased policies to make it easier for people to qualify for benefits. As the economy has improved, enrollment in the program hasn't changed as much as many had forecast.

An average of 44 million people received SNAP benefits in 2016, down from a peak of 47 million in 2013. Just 28 million people received the benefits in 2008.

SNAP could be one of numerous programs impacted by changes in work requirements.

Josh Archambault, a senior fellow at the Foundation for Government Accountability, a conservative think tank, said that giving states the flexibility to impose work requirements could lead to a raft of changes to programs ranging from Medicaid to public housing assistance.

"One of the encouraging things about putting this in the budget is that states will see if it works," he said. "States will try it."

SNAP already has a work requirement, which typically cuts benefits for most able-bodied adults who don't have children. But states were given more flexibility during the recent economic downturn to extend the benefits for a longer period, something that split conservatives at the time.

Michael Tanner, a welfare expert at the libertarian Cato Institute, said the U.S. government spends between \$680 billion and \$800 billion a year on anti-poverty programs, and considering wholesale changes to many of these initiatives is worthwhile, given questions about the effectiveness of how the money is spent.

"We're not seeing the type of gains we should be seeing for all that spending, and that would suggest its time to reform the system," he said.

Many critics have said work requirements can include blanket ultimatums that don't take into account someone's age, physical or cognitive ability, or limitations put in place by the local economy. Benefits from these programs are often low, and hardly replace the income someone would earn from a job. And critics of stricter work requirements also believe it could pave the way for states to pursue even stricter restrictions, such as drug tests, that courts have often rejected.

After The Washington Post reported some of the cuts Sunday evening, Senate Minority Leader Charles Schumer, D-N.Y., said Trump was pulling "the rug out from so many who need help."

"This budget continues to reveal President Trump's true colors: His populist campaign rhetoric was just a Trojan horse to execute long-held, hard-right policies that benefit the ultra wealthy at the expense of the middle class," he said.

The proposed changes to Medicaid and SNAP will be just some of several anti-poverty programs that the White House will look to change. In March, the White House signaled that it wanted to eliminate money for a range of other programs that are funded each year by Congress. This included federal funding for Habitat for Humanity, subsidized school lunches and the U.S. Interagency Council on Homelessness, which coordinates the federal response to homelessness across 19 federal agencies.

Leaked budget documents, obtained by the think tank Third Way, suggested other ways the White House plans to change anti-poverty funding. These documents show a change in the funding for Social Security's Supplemental Security Income program, which provide cash benefits for the poor and disabled. It's unclear, though, what those changes might look like. A White House official said the Third Way document was out-of-date and would not comment on specifics in their files.

Medicaid, SNAP, and the SSI program are now classified as "mandatory" spending because they are funded each year without congressional approval.

Trump has instructed his budget director, former South Carolina congressman Mick Mulvaney, that he does not want cuts to Medicare and Social Security's retirement program in this budget, Mulvaney recently said, but the plan may call for changes to Social Security Disability Insurance, seeking ideas for ways to move people who are able out of this program and back into the workforce.

A key element of the budget plan will be the assumption that huge tax cuts will result in an unprecedented level of economic growth. Trump recently unveiled the broad principles of what he has said will be the biggest in U.S. history, and Treasury Secretary Steven Mnuchin told a Senate panel last week that these tax cuts would end up creating trillions of dollars in new revenue, something budget experts from both parties have disputed.

The tax cuts would particularly benefit the wealthiest Americans, as Trump has proposing cutting the estate tax, capital gains and business tax rates.

"The indications are strong this budget will feature Robin-Hood-in-reverse policies in an unprecedented scale," said Robert Greenstein, president of the Center on Budget and Policy Priorities, a left-leaning think tank.

The White House will use its presumed new revenue from the tax cuts combined with broad spending cuts to claim that its changes would eliminate the budget deficit over 10 years. The budget deficit is the gap between government spending and tax revenue, and there has been a deficit in the United States every year since the end of the Clinton administration.

But the Trump administration on Tuesday will say its plan to cut spending, roll back regulations and cut taxes will bring the United States back to economic growth levels that represent about 3 percent of gross domestic product.

Mulvaney told the Federalist Society last week that the economic growth is needed to balance the budget, because spending cuts alone would be seen as too draconian.

"I think we've trained people to be immune to the true costs of government," Mulvaney said. "People think government is cheaper than it is because we've allowed ourselves to borrow money for a long period of time and not worry about paying it back."

Combined, the tax cuts and spending cuts on anti-poverty programs would signal a sharp reversal of Obama's legacy by pursuing big tax cuts for the wealthiest Americans, a large increase in military spending and major changes to anti-poverty programs.

Its premise is that the creation of more wealth will help all Americans succeed, and the Trump administration believes that some anti-poverty programs have created a culture of dependency that prevents people from re-entering the workforce.

White House budget proposals are a way for an administration to spell out its priorities and goals, setting benchmarks for Congress to work with as they decide how much spending to authorize. Trump has an advantage working with two chambers of Congress controlled by his own party, but even many Republicans have said they won't back the severity of some of the cuts he has proposed, particularly in the areas of foreign aid.

Ron Haskins, a senior fellow at the Brookings Institution, who played a lead role in drafting the 1997 welfare changes in Congress, said Trump will need to find new support from Republicans in Congress if he is going to achieve the welfare-related overhauls he's seeking.

"I don't think the Republicans on the Hill are going to feel a strong compulsion to follow the president," Haskins said. "They are not afraid of him."

In addition to the myriad cuts, the budget will include some new spending.

Beyond an increase in the military budget and new money for border security, the White House is expected to call for \$200 billion for infrastructure projects and an additional \$25 billion over 10 years for a new program designed by Ivanka Trump that would create six weeks of parental leave benefits.