



Trump's Budget Gets a Hearing on Capitol Hill

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Mick Mulvaney, the director of the Office of Management and Budget, will defend the White House's budget request in front of the respective congressional committees Wednesday and Thursday. The administration's goal on Capitol Hill this week, according to a White House source, is two-fold: to make a case for fiscal responsibility through spending cuts, and to set the table for its tax reform proposal.

Presidential budget proposals tend to be viewed by committee chairs as more like guidelines than actual dictations for what the government should be spending. Mulvaney should expect some tough questions about those spending cuts, chiefly from Democrats. A preview of those lines of inquiry came Tuesday in the OMB director's on-camera briefing, where reporters pressed Mulvaney on cuts to discretionary programs like food stamps and disability insurance. ("We are not kicking anybody off of any program who really needs it," Mulvaney said.) And there may be some objections among Republican hawks to certain cuts to the State Department and a lower-than-desired defense spending increase.

What remains to be seen is whether anyone in Congress will push the White House to explain why a budget proposal that claims to restore fiscal responsibility—according to Mulvaney, it balances in 10 years—does so without reforming the two largest entitlement programs, Medicare and Social Security. The most recent scores by the Congressional Budget Office predict the Social Security trust fund will be exhausted by 2030 and that by 2047, Medicare, Social Security, and Medicaid would make up for half of all federal noninterest spending, compared with today's proportion of about two-fifths of all such spending. Simply put, these mandatory entitlements are growing rapidly and will begin to crowd out other discretionary spending.

"You can't fix the long-term unless you address those two programs," says Michael Tanner, an expert on entitlements at the libertarian Cato Institute. "They are alone 40 percent of the budget."

But as Mulvaney said in an off-camera briefing with reporters on Monday, his own effort to encourage President Trump to prioritize reform of Medicare and Social Security fell on deaf

ears. Mulvaney was told to produce a balanced budget without those reforms—and with added defense spending, border-wall funding, \$2.6 trillion in new infrastructure and technology spending, and a federal paid-family-leave program. The result? Cuts or caps for discretionary spending and optimistic projections on economic growth.

"I was surprised we could balance the budget without changes to those [entitlement] programs," Mulvaney said Monday.

Tanner says the balance is illusory, noting that medical inflation alone, which drives the increasing cost of Medicare, is far outpacing the goal of 3 percent economic growth. "What happens in the out years? If they can push this off, they can buy some more time if they get the growth and if they get the spending cuts now. But then they've shot it all," Tanner says. "When these entitlements kick in in the out-years, what are you supposed to do? Whatever gains you're getting now you're going to lose."

It's an argument Mulvaney and his former colleagues in the House Republican conference are familiar with. Their leader, Speaker Paul Ryan, made it when he was chairman of the House Budget committee and developed an entitlement reform proposal to address what Ryan once called a coming "debt-fueled economic crisis." House Republicans got on board with Ryan's budget and, despite attacks from Democrats, have not relinquished control of the House since.

Trump's reason for not touching any reforms of Social Security or Medicare is that he promised not to on the campaign trail. Fair enough, though Trump also promised not to touch Medicaid, and the health-care bill he backs does exactly that. Mulvaney defended the American Health Care Act's Medicaid reforms on Tuesday.

"It makes [Medicaid] a lot better and a lot more able to deliver the necessary services to the people who need it," he said, noting that it gives "governors and the state legislatures a lot more control" over where and how to spend Medicaid money effectively. Doing so, AHCA supporters argue, can lower costs and reduce Medicaid spending. That, the Trump administration seems to have realized, is a more worthy goal than fulfilling a campaign-trail promise not to touch it at all.

Will any Republicans in Congress press Mulvaney and the administration to make the same consideration for Medicare and Social Security reform?