



## **A Look at Trump's Budget**

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The Trump blueprint for fiscal year 2018, “A New Foundation for American Greatness,” relies on “the biggest tax cut in U.S. history” to revitalize the economy, while slashing the so-called “safety net.”

“This is, I think, the first time in a long time that an administration has written a budget through the eyes of the people who are actually paying the taxes,” said Budget Director Mick Mulvaney.

Liberals such as Robert Greenstein, president of the Center on Budget and Policy Priorities, called it “Robin-Hood-in-reverse policies on an unprecedented scale.”

For it to work, U.S. gross domestic product — the total value of all goods and services — must average 3 percent annual growth. It averaged 3.2 percent from 1970 to 2000, but only 1.8 percent annually since. The Congressional Budget Office estimates annual growth at 1.9 percent over the next 10 years. The Federal Reserve pegs “sustainable” growth at 1.8 percent.

Mulvaney said the CBO projection “assumes a pessimism about America, about the economy, about its people, about its culture that we refuse to accept.”

Falling short of 3 percent growth, though, could send the economy into a tailspin, particularly amid an ever-growing \$19.8 trillion debt. Meanwhile, this purported balanced budget had \$2 trillion in savings factored in twice — not a confidence builder.

The proposal includes a 10-year plan to boost defense expenditures by \$469 billion and \$2.6 billion more for border security, including a \$1.6 billion down payment on a southern border wall.

The budget calls for a \$200 billion public-private infrastructure plan with public facilities, including airports, sold to private investors. Local and state governments could use the new money to fund other projects or improvements. Its feasibility is unclear.

The \$3.6 trillion in cuts over the next 10 years would include “safety net” programs for the poor and disabled, health, education and agriculture.

The budget invariably will prompt another House GOP confrontation between the Freedom Caucus and moderates recalling health-care reform, before going to the Senate where Republicans prevail only 52-48.

Trump, of course, gets the final word.

The proposed \$610 billion cut in the Medicaid low-income health program — decreased federal allocations and passing along more costs to states — and reductions in the Children’s Health Insurance Program are likely flashpoints.

“It’s a problem — it’s a big problem,” Rep. Hal Rogers, R-Ky. “I’ve got one of the poorest districts in the country with lots of Medicaid recipients as well as other programs. ... The cuts are draconian.”

Elimination of Meals on Wheels and severe cuts to the National Institutes of Health and Centers for Disease Control and Prevention will cause widespread concern, as will these reductions (program dollars are for 10 years):

The Environmental Protection Agency, 31 percent; State Department, 29 percent; Agriculture Department, 20 percent; and National Science Foundation, 11 percent.

Supplemental Nutritional Assistance Program (food stamps for 44 million), \$190 billion.

Temporary Assistance for Needy Families block grants, \$15.6 billion.

Educational assistance to states, \$14 billion.

Cuts in loans for low-income college students, while ending federally subsidized student loans and the public service forgiveness program for nurses, police officers and teachers, saving \$143 billion.

A cap on crop insurance premium subsidies, ending that and commodity payments for farmers with incomes over \$500,000, saving \$38 billion.

A \$46 billion hit for the U.S. Postal Service.

The budget envisions saving \$31 billion on medical expenses with limits on malpractice suits so doctors would practice less defensive medicine; \$72 billion with “new approaches to increase labor force participation” in the Social Security disability program; and \$142 billion in government efficiencies overseen by presidential son-in-law Jared Kushner.

It foresees saving \$311 billion in interest payments on the federal debt as deficits decrease.

The CBO warned last year the federal budget would implode in 10 years without drastic changes. It projected \$620 billion had to be generated in new revenue in 2018 to begin righting things.

Trump, though, would cut corporate taxes from 35 percent to 15 percent. Some reduction or streamlining of the tax code may be order to help capture corporate tax money lost overseas.

As an economic stimulus, it's problematic with unemployment at 4.4 percent, and many companies bemoaning the lack of workers with necessary skills. How it would improve income disparity needs to be addressed.

Government spending does need to be reined in.

The libertarian Cato Institute estimates the federal government spends between \$680 billion and \$800 billion on anti-poverty programs without getting its money's worth.

A 2015 Pentagon advisory board study found 1 million contractors, civilians and uniformed personnel occupied "back-office jobs," serving 1.3 million frontline troops, the fewest since 1940. Manpower efficiencies were estimated at saving \$125 billion annually.

Meanwhile, real reform of the mandatory entitlement programs (including Social Security and Medicare), which eat up more than half of the budget, continues to be ignored.