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Families and Seniors Foot the Bill for GOP Tax Cuts

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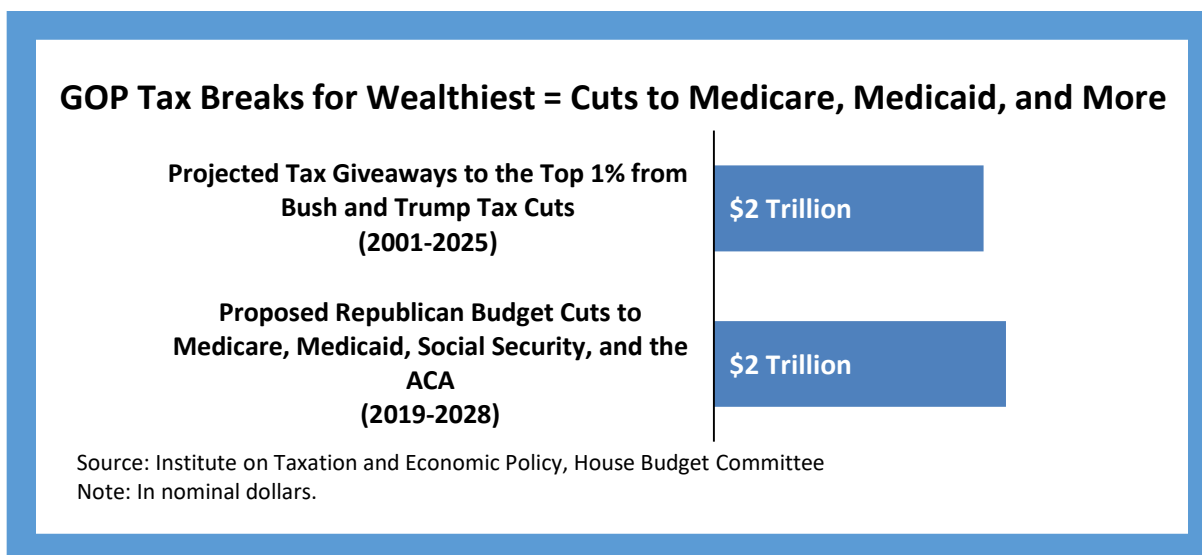
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JOINT ECONOMIC COMMITTEE
DEMOCRATS U.S. Senator Martin Heinrich
Ranking Member

Republicans have spent the last two decades driving up the debt in order to provide tax giveaways to the wealthiest among us. Now Republicans are telling Americans, including seniors, that we cannot afford the programs they rely on. New analysis shows that the Bush and Trump tax cuts are projected to run up a \$2 trillion bill in tax giveaways for the wealthiest by 2025, even as the Republican budget aims to slash the same amount from Medicare, Medicaid, Social Security, and the Affordable Care Act (ACA).¹

Nearly 40 percent of Americans—130 million—count on these programs to stay healthy, provide for themselves and their families, and achieve dignity at work and in retirement. Congress should be investing in families, not trying to stick working families and seniors with the bill to pay for Republicans’ tax giveaways.

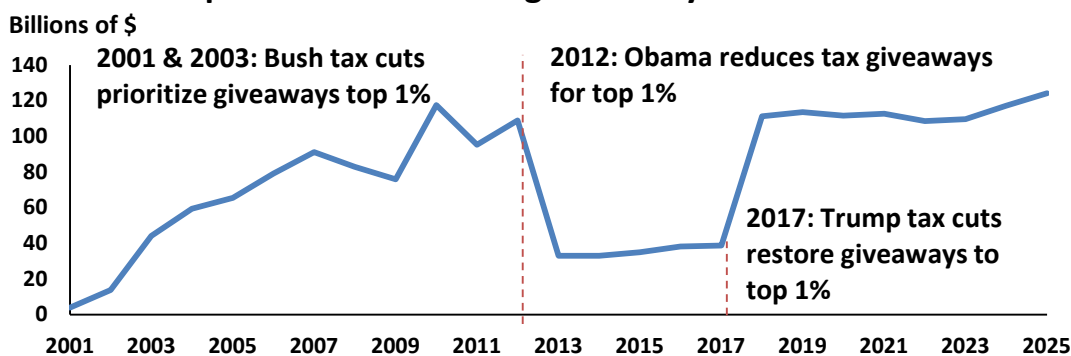


Driving Up Debt to Give Tax Cuts to Wealthiest

The recent Trump tax law passed in 2017 is the latest in two decades of Republican tax cuts focused on the wealthiest Americans. By 2007, the top 1 percent of households was receiving over \$90 billion from the Bush tax cuts in that year alone.²

By contrast, the Obama administration’s American Taxpayer Relief Act extended tax cuts for the middle class while making our tax code fairer. After rebalancing our tax policy and making important investments in American workers, families, and infrastructure, President Obama left office having mitigated the effects of the Great Recession and stabilized the growth of public debt as a share of the size of the economy.³

Trump Tax Cuts Restore Big Giveaways to the Wealthiest



Source: Institute on Taxation and Economic Policy

Note: In nominal dollars. Wealthiest refers to the top 1 percent of households.

Republicans again prioritized tax breaks for the top 1 percent last year with the passage of Trump’s tax law. The Bush and Trump tax cuts combined hand 18 percent of the benefits to the top 1 percent, which is more than the benefits for the entire bottom 60 percent. Altogether, the top 1 percent is projected to receive a total of nearly \$2 trillion from the start of the Bush tax cuts through 2025.⁴

Republicans Now Asking Working Americans and Seniors to Pay More

For as long as Republicans have been trying to cut taxes for the wealthy, they have also tried to cut key benefits for working Americans and retirees. Since 2010, budgets proposed by now-Speaker Ryan have consistently cut Medicare, Medicaid, and the Affordable Care Act.⁵ This year, the FY2019 House Republican budget resolution cuts Medicare, Medicaid, Social Security, and the ACA by \$2 trillion.

The new Republican budget advances the same failed ideas. It moves Medicare towards privatization, ending the program as we know it. It cuts Medicaid by imposing arbitrary, draconian caps and proposes burdensome work requirements for Americans who need health care, not more red tape. It includes ACA repeal provisions, which could strip away tax credits that help Americans afford insurance and increase premiums and out-of-pocket costs.⁶

Nationwide, 130 million people depend on Medicaid, Medicare, Social Security, and the ACA’s tax credits. Republicans continue to place the burden of balancing the budget on the backs of working Americans to pay for their giveaways to the wealthiest.⁷

Real Impacts for Americans

There are 130 million people in the United States that are beneficiaries of Medicare, Medicaid, Social Security, or the ACA's tax credits, totaling 40 percent of all Americans. These beneficiaries are part of 67 million households—or over half of all households—across the nation.

The average beneficiary would lose over an average of \$1,500 per year in services or tax credits.⁸ That translates to 3.6 weeks of pay for retail salespersons earning \$23,210, the most common job in America.⁹

The Average Beneficiary Stands to Lose Over \$1,500 a Year from Republican Cuts

That's equal to...

3.6

weeks of pay for Retail Salespersons earning \$23,210

4.2

weeks of pay for Food Preparation and Serving Workers earning \$20,180

4.0

weeks of pay for Cashiers earning \$21,030

Source: JEC Democratic Staff calculations based upon data from the Institute on Taxation and Economic Policy, American Community Survey, and Bureau of Labor Statistics

The average beneficiary household would lose over \$3,000 in services and tax credits per year.¹⁰ Seniors living on fixed incomes may be forced onto health plans that do not cover the services they need at a cost they can afford, placing greater financial and time burdens on family caregivers. Parents may have to choose between shouldering greater costs to take their child to the doctor, or forgoing care altogether. If families are forced to pay more out-of-pocket for needed health care, they will have to make tough decisions elsewhere.

The Average Beneficiary Household Stands to Lose Over \$3,000 from Republican Cuts

That's equal to...

4.4

months of child care

or

7.5

months of health premiums

or

27

months of electric bills

Source: JEC Democratic Staff calculations based upon data from the Institute on Taxation and Economic Policy, American Community Survey, Child Care Aware of America, Kaiser Family Foundation, and Energy Information Administration

Moving Our Country Forward

Taxing and spending decisions are about priorities and it is clear that Republicans have failed to prioritize working Americans and seniors. To pay for tax giveaways for the wealthiest, Republicans have chosen to endanger the health and financial security of 130 million Americans.

It is time to move our country forward, not backward. Democrats stand ready to build on these successful programs while tackling the issues Americans care about, such as stagnant wages, skyrocketing health care premiums, and the rising cost of prescription drugs.

Estimates of Beneficiaries by State

People and Households Receiving Medicare, Medicaid, Social Security, or the Affordable Care Act's Tax Credits

State	Beneficiaries	Beneficiary Share of Population	Households	Beneficiary Household Share of All Households
AK	233,100	31.4%	115,000	41.6%
AL	2,034,900	41.8%	1,095,600	55.6%
AR	1,426,300	47.7%	744,900	60.7%
AZ	3,029,500	43.7%	1,492,600	55.8%
CA	16,955,600	43.2%	7,769,600	56.5%
CO	2,039,600	36.8%	1,075,000	48.3%
CT	1,379,000	38.6%	757,200	51.4%
DC	273,200	40.1%	142,000	44.2%
DE	382,400	40.2%	196,900	52.3%
FL	9,135,400	44.3%	4,673,000	58.4%
GA	3,698,500	35.9%	1,922,800	48.8%
HI	507,900	35.6%	263,900	52.8%
IA	1,258,700	40.2%	716,200	53.1%
ID	661,600	39.3%	339,500	53.0%
IL	4,978,600	38.9%	2,662,400	52.0%
IN	2,507,000	37.8%	1,383,900	50.9%
KS	1,010,600	34.8%	581,200	48.9%
KY	2,083,700	47.0%	1,084,100	58.6%
LA	2,054,200	43.9%	1,037,400	56.1%
MA	2,742,200	40.3%	1,478,700	52.2%
ME	558,900	42.0%	311,400	54.9%
MD	2,099,900	34.9%	1,126,200	48.2%
MI	4,301,900	43.3%	2,305,400	56.0%
MO	2,275,200	37.3%	1,314,100	51.6%
MN	2,067,400	37.5%	1,143,600	50.1%
MS	1,301,900	43.6%	682,700	57.6%
MT	464,600	44.6%	253,100	56.9%
NC	4,089,400	40.3%	2,226,100	53.8%
ND	242,000	31.9%	149,700	43.9%
NE	646,700	33.9%	386,200	48.3%
NH	459,000	34.4%	277,500	49.3%
NJ	3,151,500	35.2%	1,701,900	50.3%
NM	1,069,100	51.4%	498,600	62.2%
NV	1,121,400	38.1%	571,200	52.3%
NY	8,617,900	43.6%	4,380,300	56.3%
OH	4,809,000	41.4%	2,634,800	53.4%
OK	1,518,200	38.7%	822,500	52.1%
OR	1,812,800	44.3%	955,500	57.5%
PA	5,292,600	41.4%	2,923,700	54.5%
RI	441,900	41.8%	247,000	54.8%
SC	2,078,700	41.9%	1,102,600	54.7%
SD	305,600	35.3%	177,300	48.2%
TN	2,784,400	41.9%	1,459,700	53.9%
TX	9,288,500	33.3%	4,762,900	47.0%
UT	866,700	28.4%	418,300	42.3%
VA	2,620,600	31.2%	1,507,500	44.8%
VT	289,300	46.3%	163,200	58.3%
WA	2,876,100	39.5%	1,523,200	52.3%
WI	2,173,400	37.6%	1,244,700	50.3%
WV	944,000	51.6%	487,400	63.3%
WY	199,000	34.0%	111,800	47.0%
Total	129,159,800	40.0%	67,401,900	53.1%

Source: JEC Democratic Staff calculations based on the 2016 American Community Survey, 1-year estimates.

Note: Beneficiaries are defined as people who meet any of the following criteria: enrolled in Medicare and/or Medicaid, receiving Social Security benefits, and/or covered through directly purchased insurance and within 400 percent of the federal poverty level, which is the maximum threshold for eligibility for premium tax credits under the ACA. Numbers may not sum up due to rounding.

¹ Institute on Taxation and Economic Policy estimates on the tax cuts for the top 1 percent are from 2001 to 2025. <https://itep.org/federal-tax-cuts-in-the-bush-obama-and-trump-years/>; Estimates from the House Republican Budget Resolution on cuts for Medicaid and Other Health, Medicare, and Social Security are from 2019-2028.

https://budget.house.gov/wp-content/uploads/2018/06/FY19_Budget-Blueprint-Final.pdf

² Ibid.

³ <https://www.cbo.gov/system/files?file=115th-congress-2017-2018/reports/53651-outlook.pdf>

⁴ JEC Democratic Staff calculations based on data from the Institute on Taxation and Economic Policy.

<https://itep.org/federal-tax-cuts-in-the-bush-obama-and-trump-years/>

⁵ <https://www.cbpp.org/research/chairman-ryan-gets-66-percent-of-his-budget-cuts-from-programs-for-people-with-low-or>

⁶ https://budget.house.gov/wp-content/uploads/2018/06/FY19_Budget-Blueprint-Final.pdf

⁷ JEC Democratic Staff calculations based on the 2016 American Community Survey, 1-year estimates. Beneficiaries are defined as people who meet any of the following criteria: enrolled in Medicare and/or Medicaid, receiving Social Security benefits, and/or covered through directly purchased insurance and within 400 percent of the federal poverty level, which is the maximum threshold for eligibility for premium tax credits under the ACA.

⁸ See endnote 7.

⁹ JEC Democratic Staff calculations based on data from the Institute on Taxation and Economy Policy and data from the 2016 ACS, 1-year estimates and the Bureau of Labor Statistics.

¹⁰ See endnote 7. Beneficiary households are defined as households including at least one beneficiary.