AFL-CIO

LEGISLATIVE ALERT

October 5, 2017

The Honorable Michael Enzi, Chairman
The Honorable Bernard Sanders, Ranking Member
U.S. Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Enzi and Ranking Member Sanders:

On behalf of the AFL-CIO, I am writing to express our strong opposition to the Republican FY 2018 budget resolution introduced by Budget Committee Chairman Enzi, scheduled for markup this week. The Enzi budget would cut more than $5 trillion from non-defense programs over the next decade to pay for trillions of dollars in tax giveaways for millionaires and big corporations.

The Republican FY 2018 budget resolution would cut entitlement programs by $4.1 trillion over 10 years. These cuts include $473 billion from Medicare and more than $1 trillion from Medicaid, causing 15 million people to lose health coverage. It would slash funding for income security programs, such as food stamps, Supplemental Security Income (SSI), and Temporary Assistance for Needy Families (TANF), by $653 billion.

The Republican FY 2018 budget resolution would cut non-defense discretionary spending, including funding for education, infrastructure repair, job training, housing assistance, and financial aid for college students, by $800 billion over the next decade. By 2027, non-defense discretionary spending as a share of the economy would be the lowest it has been since the Hoover Administration.

Most notably, the FY 2018 budget resolution includes fast-track reconciliation instructions to the Finance Committee for *at least* $1.5 trillion in tax cuts. The resolution allows the Finance Committee to use cuts to Medicare, Medicaid, and basic assistance for poor seniors and people with disabilities to pay for tax cuts totaling more than $1.5 trillion.

Although the budget resolution does not dictate the details of subsequent tax legislation, Republican leaders recently unveiled a $2.4 trillion tax plan that overwhelmingly benefits millionaires and big corporations. When fully phased in, 80% of its benefits would go to the top 1%, and the top 0.1% would get an average annual tax cut of over $1 million. Yet nearly one third of households earning between $50,000 and $150,000 would see a tax increase due to the repealing of personal exemptions and the deductions of state and local exemptions.

The Republican tax plan includes a proposal that would allow multinational corporations to pay little to nothing in taxes on their offshore profits. This "territorial tax system," would end taxation of offshore profits and would give corporations a tax incentive to send jobs overseas, lowering U.S. wages. It would also be a giant loophole for corporations to use accounting gimmicks to move their profits to offshore tax havens, resulting in the loss of billions of dollars in tax revenue.

In short, this budget would make working people pay the price for tax giveaways to millionaires and big corporations. We have seen this movie before. First comes the claim that tax cuts are targeted to the middle class. Then comes the promise that tax giveaways for millionaires and big corporations will "trickle down" to the rest of us. Then comes the promise that tax cuts will pay for themselves. Then it turns out, once again, that none of these things is true. Then the same people responsible for wasting trillions of dollars on tax giveaways for people who do not need them tell us that we have no choice but to cut Medicaid, Medicare, Social Security, education, job training, and infrastructure because the deficit is too high. There always seems to be plenty of money for millionaires and big corporations, but never enough to do anything for working people.

Working people must not be stuck with the bill for trillions of dollars in tax giveaways for millionaires and big corporations. We urge you to oppose Chairman Enzi's FY 2018 budget resolution and instead craft a budget that works for working people.

Sincerely,

William Samuel, Director
Government Affairs Department

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cc: Senate Budget Committee Members