

# AFL-CIO

## LEGISLATIVE ALERT

June 28, 2025

Dear Senator:

I am writing on behalf of the AFL-CIO to express our strong opposition to the Senate's budget reconciliation bill expected to head to the floor this weekend. This bill demands that millions of working Americans give up health care, food, income, and jobs so that the wealthiest households and large corporations can reap the greatest tax benefits. It fails to address concerns that working people have been raising repeatedly, to both chambers, over the past several months. The midnight release of this bill and the planned rush to the floor are unsurprising because the more people learn about this bill, the less they support it. According to a Pew Research Center survey conducted earlier this month, nearly twice as many Americans oppose the budget reconciliation package as favor it, and those numbers promise to only worsen as more of the public becomes aware of what this bill does and what it fails to do. We are confident that the Senate, working together, listening to the voices of working people, can produce a better product than this package. The current Senate bill should be rejected for the following reasons.

### **The Bill's Tax Policy: Robin Hood in Reverse**

Though the Senate version differs from the House bill in some ways, it has essentially the same effects. The bill redistributes money from the lowest income households to the highest income households. Recent analysis of tax provisions in the Senate bill from the Institute on Taxation and Economic Policy (ITEP) finds that 69 percent of the net tax cuts would go to the richest fifth of Americans in 2026, only 11 percent would go to the middle fifth of Americans, and less than 1 percent would go to the poorest fifth. The richest 5 percent alone would receive 45 percent of the net tax cuts in 2026 while the richest 1 percent of Americans would receive an average net tax cut of \$61,000, many times more than the average tax cut received by other income groups. The richest 1 percent of Americans would also receive a total of \$107 billion in net tax cuts in 2026. The middle 20 percent of taxpayers on the income scale, a group that has 20 times the number of taxpayers as the richest 1 percent, would receive less than half that much. The \$107 billion in net tax cuts going to the richest 1 percent next year would exceed the amount going to the entire bottom 60 percent of taxpayers.

The regressive nature of the bill is perhaps best exemplified by its approach to the Child Tax Credit. It denies full Child Tax Credit benefits to as many as 17 million children in working families simply because their parents earn too little. Meanwhile, a married couple with two children earning \$400,000 would see their credit rise to \$4,400, while a single mother with two children earning \$16,000 working as a home health aide would get nothing from the expansion, ending up with a Child Tax Credit less than half the size of the higher-income family. To make matters worse, it denies over 2 million children any Child Tax Credit benefits at all because of their working parents' immigration status – and most of those children are US citizens.

### **The Bill's Health Care Policy: Less Health Care, Fewer Jobs, and Higher Prices**

The bill results in health care funding cuts of more than \$1 trillion by cutting hundreds of billions of dollars from Medicaid and allowing \$385 billion in Affordable Care Act enhanced premium tax credits to expire. Estimates from the Congressional Budget Office (CBO) and other independent analysts show that cuts of this scale will cause nearly 16 million people to become uninsured. Between 4.6 and 5.2 million Medicaid enrollees could lose their coverage in the very first year of the bill's work reporting requirements. Currently, 92% of affected enrollees already work or would qualify for exemptions in many states, yet many will lose coverage due to the burdensome and frequent paperwork this bill imposes. Millions more will face increased copays and deductibles.

The bill does not only harm the health care of those receiving Medicaid or ACA subsidies. As people lose coverage, the cost of uncompensated care will rise, and the system will begin shifting costs. Our own analysis has found that, for the 179 million workers who use employer-based health insurance, the bill's ripple effects are expected to spike their premiums by up to \$485 per person per year.

Health care cuts mean job cuts. George Washington University studies show that more than 600,000 health care workers will lose their jobs as hospitals and nursing homes downsize or close. People in underserved areas will lose access to care, particularly in the 29 states where at least 40% of hospitals (rural and urban) have negative operating margins. By forcing facility closures and layoffs, the bill needlessly puts lives at risk by increasing the driving time to the nearest emergency room and the waiting times at the remaining, overcrowded, and understaffed ones. A late recognition of this problem has produced a new provision with a \$25 billion relief fund for hospitals – but only for rural ones and only amounting to a fraction of what they would need to deal with the revenue loss that the bill causes.

Taken as a whole, the bill makes health care less affordable and less accessible, the opposite of what working people need.

### **The Bill's Food Policy: Skip Some Meals**

The bill slashes the Supplemental Nutrition Assistance Program (SNAP) in order to raise \$186 billion to pay for the richest people's tax cuts over the next ten years. According to the CBO, these cuts would end SNAP food assistance for 2.9 million Americans. To achieve this level of cuts, the bill had to, among other things, build new hurdles and paperwork requirements for eligibility and even redefine what a dependent child is. The damage from this bill will not only be felt by the families relying on food assistance. SNAP creates and supports jobs along the food supply chain. Union members are on meat-cutting floors, delivering and preparing food for school meals, processing SNAP benefits, serving meals to school children, and checking out your constituents at the grocery store. Taken together, the Medicaid and SNAP cuts threaten to destroy over one million jobs in short order, according to an analysis by the Commonwealth Fund.

Beyond working moms and dads losing their jobs, it should be noted that the SNAP and Medicaid cuts hit working class children hard. Half of all children with working parents who never got a college degree are served by these programs. The bill's purported "work requirements" are in essence "paperwork requirements," needlessly complicating the process so that eligible people have a harder time obtaining benefits and simply give up. In other words, savings comes from using red tape to frustrate working people's attempts to access the programs. Arkansas' work requirements for

Medicaid famously did not increase employment – but thousands lost benefits after being snagged on one technicality or another. Additionally, the bill strips important benefits from lawfully present immigrants, including refugees, asylees, and victims of violence. Their children, many of whom are U.S. citizens, would be unfairly penalized by these measures.

### **The Bill's Tech Policy: Let Big Tech Reign and Leave Workers Unprotected**

Tucked into this bill is a provision that would preempt state and local laws governing artificial intelligence (AI). As AI systems increasingly mold critical aspects of Americans' lives in areas such as hiring, housing, healthcare, policing, and financial services, states have taken important steps to protect their citizens from the risks posed by unregulated or inadequately governed AI technologies. This dangerous provision would strip states of their ability to enact critical safeguards against AI-related harms or enforce existing ones for the next decade. Workers in wide-ranging industries are counting on states to continue to act. This bill would tie the states' hands.

### **The Bill's Energy Policy: Cut Investments at Home and Send Jobs Overseas**

The bill's steep cuts to the Inflation Reduction Act tax credits undermine job creation and growth across energy and industrial sectors. The IRA tax credits boost domestic manufacturing, energy production, innovation, and job creation. They have already created hundreds of thousands of jobs across the country. These cuts will put Americans out of work, hobble innovation, reduce domestic energy production, and weaken our supply chains, making us more reliant on foreign competitors. At risk are 1.75 million construction jobs alone, over three billion construction hours, and \$148 billion in annual wages and benefits for construction trades workers, not to mention jobs and wages in manufacturing and production.

When it comes to ensuring jobs remain in America, the bill doubles down on and even expands glaring loopholes in the tax code. The 2017 Trump tax law created a special, half-off tax rate for offshore profits compared to domestic profits, and an even bigger break for building plants and equipment overseas, resulting in more investments overseas and less investments here at home. By permanently awarding \$216 billion worth of special breaks for foreign income, the bill encourages companies to send jobs overseas.

### **The Bill's Worksite Enforcement Policy: Immigration Raids and Arresting Workers**

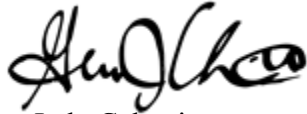
The Reverse Robin Hood nature of this bill's taxing policy is matched by its spending policy. Both paint stark anti-worker pictures. On the taxing side, the bill favors the rich over the poor. Its few nods to workers' tax bills – on tips or overtime – are immediately neutralized by the costs imposed on those households in lost health care coverage, higher health care prices, lost food assistance, fewer jobs, and higher energy prices. On the spending side, the bill cuts one lifeline after another for families living paycheck to paycheck. But it is not all cuts. The bill would increase the funding to carry out the mass deportation agenda to the tune of \$185 billion, while doing nothing to improve labor standards enforcement. Spending 80 times more on federal immigration enforcement than on the enforcement of our federal labor and employment laws underscores how this bill treats the workers of this country, regardless of where they were born. It disregards the safety of their workplaces, the completeness of their paycheck, and their rights at work while amping up efforts to divide them, all of which fosters an environment where abusive bosses can violate worker rights with impunity. These dramatic funding increases will come at a huge human and economic cost, fueling more militarized raids in our workplaces and communities, more immigrant workers and union

members in detention without due process, more families separated, and more needless disruption across countless industries.

### **Oppose This Bill**

For all the reasons above and more, the AFL-CIO strongly urges you to vote no on this reconciliation bill. Congress can and must do better by working people. We need policies that lower costs, strengthen our safety net, invest in jobs and working families, and ensure that the wealthiest among us contribute their fair share to the well-being of our nation.

Sincerely,

A handwritten signature in black ink, appearing to read "Jody Calemine". The signature is fluid and cursive, with the first name "Jody" being more prominent and the last name "Calemine" following in a similar style.

Jody Calemine  
Director, Government Affairs