

President's Budget for FY 2021

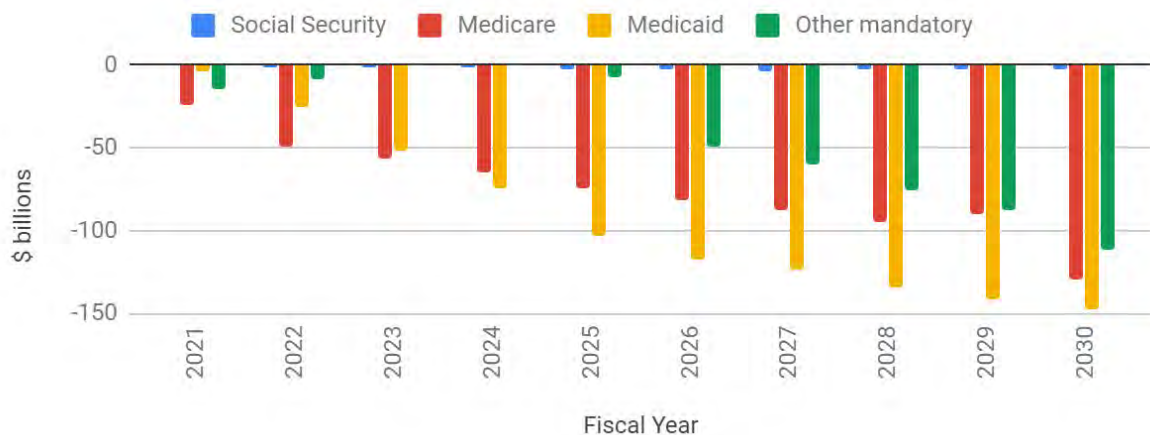
President Trump's FY 2021 budget proposal is a brutal insult to the American people. It features harsh cuts to social and environmental programs, while doubling down on the Trump tax cuts for the rich and giant corporations. The result is a blueprint that promises to increase inequality and threaten the well-being of our families and the planet.

This document presents a progressive movement-wide analysis of the moral and policy failures contained in the President's budget proposal. This analysis, with contributions from leading progressive organizations, highlights the human cost of this shortsighted proposal, and its disinvestment in our families and communities.

HIGHLIGHTS

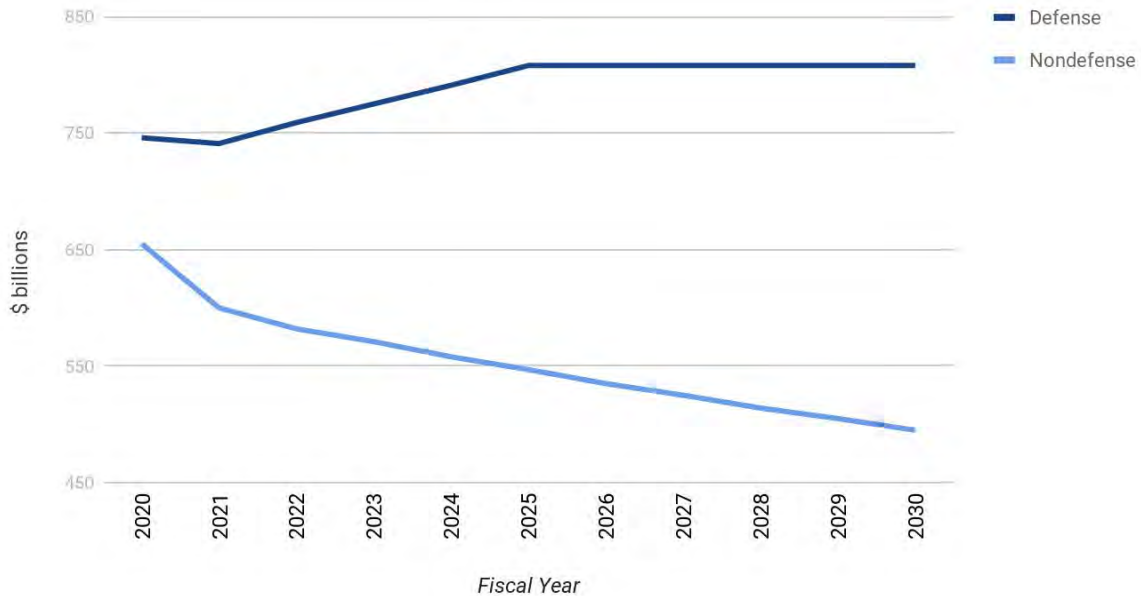
As shown in Figure 1, the President's budget proposal includes deep cuts to Medicare and Medicaid - programs that are a lifeline for seniors and low-income families - over the course of the next ten years. It also includes sharp cuts to SSDI and SSI, two Social Security programs that are a critical source of support for those unable to work due to disability. This is despite the President's repeated promises not to cut these programs.

Figure 1. President's proposed cuts to mandatory spending, FY 2021-FY 2030



Note: Calculated from the difference between the proposed budget and baseline for mandatory programs (Tables S-3 and S-4) in the Budget of the U.S. Government for Fiscal Year 2021.

Figure 2. President's proposed discretionary spending levels, FY 2020-FY 2030



Note: Total, Defense and Total, Non-Defense with all Adjustments from Table S-7 in the Budget of the U.S. Government for Fiscal Year 2021.

At the same time, the President's budget request increases defense spending levels dramatically. As Figure 2 shows, there is a brief dip in annual defense spending that reflects the last year of the budget caps deal. After that, however, defense spending begins to rise through 2025 when it flattens out at \$808 billion a year. Meanwhile, annual nondefense discretionary spending plummets an astounding 24% over the same 10-year window. In FY 2021, the \$595 billion proposed for nondefense spending is \$40 billion below last year's budget caps agreement.

Table 1 breaks down the overall cuts in FY 2021 discretionary funding by department and agency. All but three departments/agencies (Treasury, Veterans Affairs, and NASA) see cuts to total discretionary funding. The Defense and Homeland Security have 0.5% and 3.4% increases, respectively, in their base budgets but see decreases in total funding because of FY 2020 emergency funding (including disaster relief) that is not repeated in the FY 2021 Budget.

Table 1. Discretionary funding (base and non-base) by department/agency, FY 2020 enacted level vs. President's FY 2021 request (\$ billions)

Department/agency	FY 2020 enacted	FY 2021 request	\$ change	% change
Agriculture	25.8	23.8	-2.0	-8%
Commerce	15.4	8.1	-7.3	-47%
Defense	712.6	705.4	-7.2	-1%
Education	72.2	66.6	-5.6	-8%
Energy	38.5	35.4	-3.1	-8%
Health & Human Services	106.4	96.9	-9.5	-9%
Homeland Security	66.7	55.3	-11.4	-17%
Housing & Urban Development	49.9	39.1	-10.8	-22%
Interior	15.0	13.0	-2.0	-13%
Justice	32.4	31.7	-0.7	-2%
Labor	12.5	11.1	-1.4	-11%
State & international programs	55.7	44.1	-11.6	-21%
Transportation	24.8	21.6	-3.2	-13%
Treasury	15.5	16.1	0.6	4%
Veterans Affairs (VA)	92.7	105.0	12.3	13%
Corps of Engineers	7.7	6.0	-1.7	-22%
Environmental Protection Agency	9.1	6.7	-2.4	-26%
NASA	22.6	25.2	2.7	12%
Small Business Administration	0.8	0.7	-0.1	-11%
Social Security Administration	10.7	10.3	-0.4	-4%
Total Defense Discretionary	746.0	740.5	-5.5	-1%
Total Nondefense Discretionary	655.7	595.3	-60.4	-9%
Total Discretionary	1401.7	1335.8	-65.9	-5%

Note: Calculated from Table S-8 in the Budget of the U.S. Government for Fiscal Year 2021. Department/agency funding includes both base funding and funding above base discretionary appropriations, including cap adjustments. HUD numbers are gross less receipts. Totals include \$0.8 billion for U.S.-Mexico-Canada Agreement implementation in FY 2020 and a \$4.8 billion cut to HUD and Energy in FY 2021 that are not yet allocated between departments/agencies as well as funding for unlisted agencies and changes in mandatory programs. Numbers may not add due to rounding.

TAXES AND REVENUE

The President's Budget attempts to reduce annual budget deficits with effectively no increase in total revenue over the next decade. Instead of scaling back tax cuts for those at the very top, the Budget asks working families to pay for its largesse through cuts to health care, education, and other public services.

- **Tax Cuts and Jobs Act (TCJA):** *Trump's Budget continues the lopsided tax cuts he signed into law in 2017, which benefit wealthy individuals and corporations. He proposes the extension of these tax cuts, currently set to expire in 2025. This would boost the cost of his tax giveaway from \$1.9 trillion over 10 years (2018-2027) to \$3.1 trillion over 13 years (2018-2030).*
- **Earned Income Tax Credit (EITC) and Child Tax Credit (CTC):** *The Budget makes it more difficult for low-income immigrant families to claim tax credits like the EITC and CTC.*
- **Internal Revenue Service (IRS):** *The Budget proposes \$12 billion in funding for tax collection in FY 2021. However, staffing at the agency has remained below optimal levels since the 2010 budget caps agreement. The Administration's proposal would still leave the IRS woefully understaffed. This is especially problematic given the incentives for tax avoidance inherent in the TCJA.*

SOCIAL SECURITY

Despite repeated promises not to cut Social Security, the President cuts the Social Security Disability Insurance (SSDI) program and the related Supplemental Security Income (SSI), both of which help ensure basic income security for people who are no longer able to work due to severe disabilities.

The cuts to SSDI and SSI total \$76 billion over the next ten years. Most of these cuts (about \$46 billion) would come from unspecified efforts to "increase labor force participation." This would likely mean imposing new administrative burdens on disabled people who are seeking and receiving assistance. Other large cuts include paying only six months, rather than the current 12 months, of back SSDI benefits owed to disabled beneficiaries and further capping the amount of SSI benefits that can go to families with more than one disabled person.

HEALTH CARE

The largest and most extreme cuts in the Budget are to health care programs, including Medicare, Medicaid, and the Affordable Care Act's Premium Tax Credit. Under the Budget, uninsurance would increase among the working class, and Americans would spend even more out of pocket on health care than they do right now.

- **Medicare:** *Despite promising not to touch Medicare, the President would cut over \$750 billion over 10 years. We should be improving Medicare and*

expanding it to everyone in the U.S. through Medicare for All, not cutting the program and undermining the health and wellbeing of America's seniors.

- **Medicaid, Children's Health Insurance Program (CHIP), and the Affordable Care Act (ACA):** Medicaid, CHIP, and the ACA's Premium Tax Credit are cut by over \$1 trillion in the next decade. The cuts to Medicaid alone total \$920 billion over the next decade. They include large cuts in the matching funding available to states that expanded Medicaid under the ACA and a new federal mandate that would require states to impose work requirements on Medicaid beneficiaries.
- **Drug pricing:** The President's Budget vaguely references bipartisan drug pricing proposals and claims they would save \$135 billion over 10 years. If President Trump was serious about lowering drug prices, he would (in his own words) "negotiate like crazy" and break drug corporation monopolies when they price gouge patients. Bipartisan proposals like inflation-based rebates for Medicare would provide patients some relief, but he is too afraid of Big Pharma to even mention them by name.
- **Opioids:** The Budget would give states an option to continue Medicaid coverage for pregnant women with substance use disorders for up to 12 months postpartum. This coverage expansion (costing about \$20 million per year) is extremely modest. Many more people with substance use disorders would lose coverage as a result of the Medicaid and ACA cuts elsewhere in the Budget.
- **Reproductive health:** The Budget prohibits Title X Family Planning and Medicaid funding "for certain entities that provide abortion services." It would further undermine patient access to health care, including reproductive health care, pushing refusal of care policies that allow health care entities, including hospitals and insurance companies, to use personal beliefs to dictate the care a patient receives.

EDUCATION AND CHILD CARE

The Administration's education budget is a bait and switch. In the name of "education freedom" for states, school districts, and students, it slashes funding for schools. The Budget shreds investment in human capital throughout. The budget for the Department of Education alone shrinks by \$5.6 billion (7.8%) in FY 2021.

- **Child care:** Trump's Budget claimed investment in child care is a hoax. The Budget includes a proposal – first included in last year's Budget – to offer states \$1 billion in one-time funding to build the supply of care in underserved areas and to incentivize employers to provide care - but only if the states reduce regulatory requirements. This is dangerous because it incentivizes states to roll back health/safety protections and other rules that are critical for quality care in exchange for temporary funding.

- **K-12 education:** *The Administration advances its plan to privatize K-12 education through the establishment of the Education Freedom Scholarship program and introduces the promotion of “education freedom” as the Department of Education’s top priority. The voucher program receives \$1 billion in the FY 2021 Budget and up to \$5 billion in the coming years. Another \$4.7 billion funding reduction in FY 2021 would come from the consolidation of existing programs into a \$19.4 billion block grant for disadvantaged students.*
- **Higher education:** *The Trump Budget reduces federal student financial support by \$170 billion over the next decade. Cuts include capping Parent PLUS loans for undergraduates (\$26,500 and \$57,500), a freeze on the maximum Pell Grant award over the next ten years, the elimination of Stafford Loans, and cutting work-study programs by more than half. This contrasts proposals by House Democrats to increase the Pell Grant maximum and make community colleges free. The Budget further threatens college quality after rescinding the Gainful Employment Rule by loosening accreditation standards.*
- **Public service:** *The Budget proposes eliminating the Corporation for National and Community Service, which funds AmeriCorps, and ending the Public Service Loan Forgiveness Program.*
- **Arts and humanities:** *The Budget proposes eliminating the National Endowment for the Arts, National Endowment for the Humanities, Corporation for Public Broadcasting, and Institute of Museum and Library Services.*

LABOR

The FY 2021 Budget is a broken promise to workers. Overall, it cuts the Department of Labor by 11%. It leaves behind those who need to care for a sick family member or who lose their job through no fault of their own. It also weakens worker safety and continues this Administration’s attack on the public servants who keep our government running.

- **Family and medical leave:** *Instead of proposing a real paid family and medical leave plan, the President’s paid leave plan for new parents fails to meet the needs of working people by excluding the nearly 75% of workers who need paid leave for their own serious health issues, to care for ill or injured family members, or to deal with a military family member’s deployment. It strains already fragile unemployment insurance programs and exacerbates state-based disparities.*
- **Unemployment Insurance (UI):** *The Budget has an extreme emphasis on “program integrity” for the UI program, which is code for accusing more workers of fraudulently receiving benefits despite negligible levels of actual fraud. There is a miniscule increase in UI administrative funding but not*

nearly enough to make up for the decades of level or reduced funding. In reality, this will only increase administrative barriers for unemployed workers.

- **Workforce training:** *The President's Budget pursues more of the same by proposing an apprenticeship system (\$200 million) that benefits industry and undercuts current standards and eliminating targeted strategies it claims are duplicative. It also diminishes the role of unions, which have played a critically important role in successful apprenticeship programs. Without meaningful legislative reform to close equity gaps, the proposal to level-fund skills training only exacerbates inequality as the Administration continues to chip away at other economic security programs that help low- and moderate-income families.*
- **Worker safety:** *The Administration again proposes to slash the budget for the Occupational Safety and Health Administration (OSHA), primarily by eliminating the Harwood training grants which go to organizations throughout the country that strive to protect workplace health and safety. At the same time, the Administration proposes to end training programs for doctors and health professionals through the National Institute for Occupational Safety and Health (NIOSH).*
- **Trade:** *President Trump's trade policy has been a disaster for working people, small business owners, farmers, and manufacturers. Smart trade policy can lift the global floor for workers' rights and environmental protections, increase demand for American products, and provide a check on multinational corporate power. The Budget's blunt 30% increase in tariffs isn't going to get us there. Furthermore, it cuts the Trade Adjustment Assistance program for workers displaced by international trade by \$378 million over 10 years.*
- **Federal workers:** *The Trump budget proposal increases the employee contribution to the Federal Employee Retirement System to 50%, increases the federal employee contribution to health care premiums from 25% to 50% and only raises pay for federal workers by 1%. It also proposes pay, health, and retirement cuts for the Postal Service while shifting some postal functions to the private sector.*

ECONOMIC SECURITY

In addition to the cuts to health care and disability programs discussed above, Trump's Budget makes massive cuts to other economic-security programs that provide assistance and services to disadvantaged working-class people. The cuts to the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) amount to more than \$20 billion a year on average over the next decade. Moreover, a long list of economic security and social services programs are zeroed out altogether. These cuts will mean more poverty, more inequality, and more hardship, particularly for children and parents.

- **Supplemental Nutrition Assistance Program (SNAP):** Trump's budget enshrines his relentless attacks on SNAP, cutting \$182 billion over 10 years from our nation's bedrock antihunger program. That's a 28% cut to a program that keeps food on the table for 34 million Americans. It expands the administration's cruel work reporting requirements – all while lavishing millionaires and corporations with tax giveaways.
- **Temporary Assistance for Needy Families (TANF):** The Budget slashes the TANF program by \$21.3 billion over ten years. Currently, only about one in four low-income people who are eligible for TANF income assistance actually receive it. TANF's dismal performance is due to both inadequate funding, which the budget exacerbates, and its deeply flawed design, which the proposal does little to fix.
- **Low Income Home Energy Assistance Program (LIHEAP):** Trump's proposal to eliminate LIHEAP would leave roughly six million low-income people literally out in the cold this winter, forcing many to choose between paying for food or keeping the heat on.

CONSUMER PROTECTION

Enforcement actions by Wall Street regulators have collapsed under this Administration. The Securities and Exchange Commission (SEC) is not completing statutorily mandated rules, such as banker pay reform. Trump also aims to cut staffing at the Consumer Financial Protection Bureau (CFPB) by 11%, defying Congressional efforts to insulate the CFPB from presidential attacks.

HOUSING AND COMMUNITY DEVELOPMENT

Trump's Budget makes dramatic cuts to the housing and community development programs that serve people most in need in the midst of a historic housing affordability crisis. It proposes a 15% cut in gross funding excluding receipts for the Department of Housing and Urban Development (HUD). Even without these cuts, less than one in four families who qualify for housing assistance actually receive it. These cuts would disproportionately harm low-income seniors, women, people of color, families with children, and people with disabilities.

- **Rental assistance:** The Budget would cut \$5 billion in tenant-based rental assistance in FY 2021. It would impose significantly higher rents on families with high child care and medical expenses and take housing away from families who cannot obtain and document sufficient hours of work despite an employment system plagued with discrimination and unpredictable schedules.
- **Affordable housing:** The Budget entirely eliminates the National Housing Trust Fund, HOME Investment Partnerships Program, Community Development Block Grant (CDBG) program, and Self-Help and Assisted

Homeownership Opportunity Program (SHOP) - a \$5 billion annual reduction in programs to invest in affordable housing and community development.

- **Fair Housing Initiatives Program (FHIP):** *The proposal reduces FHIP funding by 12%. Over two-thirds of reported housing discrimination complaints are investigated by private, nonprofit, fair housing groups that apply for competitive FHIP grants.*
- **Small businesses:** *The Budget proposes to eliminate the Economic Development Administration and Manufacturing Extension Partnership within the Department of Commerce. It also cuts funding for the Small Business Administration by 11%.*

TRANSPORTATION AND INFRASTRUCTURE

President Trump is half as ambitious as House Democrats when it comes to infrastructure. He proposes \$1 trillion in direct federal investment over 10 years while House Democrats' are pushing for \$2 trillion. The President's Budget plans "to divest infrastructure that can be more efficiently maintained by private sector or local partnerships," in other words, sell off public assets so private corporations can make a profit off of our transportation and infrastructure systems. It also goes after environmental permitting and review processes.

- **Highways:** *The President's proposal for highways comes in 6% lower than the level proposed by the House Transportation and Infrastructure Committee.*
- **Rail, transit, and transportation alternatives:** *The Budget massively underfunds transit, providing 25% less than the Transportation and Infrastructure Committee proposes. It also slashes Amtrak by \$1.1 billion next year and eliminates the Transportation Alternatives Program for bikeways and walkways.*
- **Public lands infrastructure:** *The Budget proposes a Public Lands Infrastructure Fund that relies on proceeds from offshore drilling and other energy leases to address the maintenance backlog across national parks, tribal schools, and public lands.*
- **Water resources:** *The Budget cuts the Army Corps of Engineers' budget by 22% and sells off publicly owned water infrastructure.*
- **Disaster preparedness:** *The Budget eliminates \$535 million of Federal Emergency Management Agency (FEMA) training and grants for state and local government.*

CLIMATE AND ENVIRONMENTAL JUSTICE

The President's Budget turns a blind eye to the climate crisis, doubled down on dirty fuels by cutting investment in green energy and guts programs that clean up toxic pollution and keep our air, water and soil safe for everyone. The proposal is a green light for big corporations that harm the environment for the sake of greater profits.

- **EPA funding:** *The Trump budget would cut the EPA by a massive 26%. Total employees would be capped at 12,500, the lowest levels since the 1980s. It would reduce Superfund, the program that cleans up dangerous toxic dump sites, by 9.5%, a substantial decrease in funding for an agency that is already suffering from one of its largest backlogs in toxic site cleanup in decades.*
- **Clean energy:** *Energy research and development is nearly cut in half under the President's proposal, from \$5.3 billion to \$2.8 billion.*

JUSTICE

Despite President Trump's continued emphasis on his signing of the bipartisan FIRST STEP Act in 2018, his Administration underfunded it in its FY 2020 budget proposal and argued against sentence reductions in court. In FY 2021, his budget goes after state medical marijuana programs. It also reduces access to justice and economic security by zeroing out funding for the Legal Services Corporation (LSC), the single largest source of funding for civil legal aid programs in the United States. LSC's local grantees help address the basic civil legal needs of low-income people, addressing matters involving safety, subsistence, housing, and family stability.

IMMIGRATION AND BORDER ENFORCEMENT

The FY 2021 Budget continues the funding of the xenophobic and racist border and immigration enforcement policies. The FY 2021 Budget requests \$49.7 billion in base funding for the Department of Homeland Security, a 3.4% increase. The Budget continues to prioritize the persecution of undocumented immigrants of color and the militarization of the border.

- **Border wall:** *The Budget includes \$2 billion to construct an additional 82 miles of wall on the U.S.-Mexico border.*
- **Immigration and Customs Enforcement (ICE):** *It requests a \$3.1 billion increase to ICE for a total of 60,000 detention beds plus an additional 2,844 law enforcement officers and 1,792 support personnel.*
- **Customs and Border Protection (CBP):** *The Budget proposes \$182 million to hire 750 additional Border Patrol Agents and 300 processing coordinators; \$28 million for 30 additional Autonomous Surveillance Towers; and \$43.5 million for surveillance aircraft and technology.*

DEFENSE AND FOREIGN POLICY

President Trump has presided over ever-expanding Pentagon budgets with our military spending higher than at the height of the Vietnam War. Meanwhile, he has proposed drastic cuts to foreign aid and diplomacy. The President's FY 2021 Budget for defense spending and international programs once again favors corporate interests and the expansion of the military industrial complex over the basic needs of the people of our country. The result is a far more dangerous world.

- **Military spending:** *President Trump proposes to increase annual defense spending an additional \$62 billion (8%) between FY 2020 and FY 2030 while cutting annual nondefense spending by \$160 billion (24%). Far from ending endless wars, this budget puts us at risk for new ones.*
- **Nuclear weapons:** *The Administration's request for \$3.1 billion, an 18% increase, in military nuclear activities is consistent with the Administration's dangerously cavalier attitude about nuclear weapons, as evidenced by withdrawal from the Intermediate-Range Nuclear Forces (INF) Treaty. These choices threaten to undo decades of progress toward limiting nuclear proliferation.*
- **International programs:** *The Budget requests increased funding for U.S. security assistance – whose beneficiaries include repressive governments like those of Honduras and Egypt – while making deep cuts to humanitarian assistance.*
- **Multilateral organizations:** *The Budget calls for “reducing or eliminating funding” for multilateral organizations that don’t advance U.S. national security interests and demands that multilateral development banks align with U.S. foreign policy goals. Once again, aggressive unilateralism is Trump’s guiding principle in foreign policy.*

VETERANS

The Department of Veterans Affairs (VA) is one of the only departments seeing an increase in Trump’s proposed FY 2021 budget. Its total budget would increase by \$23 billion (13%) to \$243 billion, becoming the second largest department budget behind the Department of Defense. Given our endless wars, the high survival rate among wounded veterans, the increasing number of traumatic brain injuries (TBI), and the belated discovery of the diseases caused by Agent Orange in Vietnam, the VA budget should continue to grow.

Trump proposes slashing discretionary funding from non-defense agencies and cutting Medicare and Social Security - all of which will impact veterans - to fund his budget. A better way would be to raise revenue. This will ensure that the women and men who have volunteered to protect us will receive the VA benefits they have earned without damaging the other services that they and the rest of the country rely on.

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