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Last week the House passed their version of the fiscal year 2018 budget plan. The Senate is expected to vote during this week (of Oct. 16). Although the broad impact of each budget is the same, there are some expected differences in state and local tax deduction (SALT) and child tax credit etc. Below the House and Senate budget plans are outlined.

The key points of the House budget are:

- Plans to repeal and replace the ACA;
- Cuts to programs which benefit low-income families;
- Cuts to non-defense discretionary programs;
- Cuts on taxes on the wealthy;
- Fast-track budget reconciliation (expected to help entitlement cuts & additional tax cuts pass).

The strong similarities to the tried, and failed, Kansas budget experiment of 2012 suggest that, if enacted, the budget cuts would result in sluggish economic growth and drastically lowered revenues.

Although the proposed budgets are presented as benefiting the middle class, the 20% of Americans making the median household income would see tax increases. Expansions to the EITC, which would help the middle class, are improbable.

The Senate budget plan, like the House plan, leaves room for the GOP to change the ACA or Medicaid and Medicare (expected \$1 trillion cut to Medicaid, \$500 to Medicare). Although the plan still is vague we may expect massive tax cuts primarily to the wealthy and profitable corporations—paid for by immediate cuts to critical programs. In sum, the CBPP estimates the total amount of budget cuts at \$5.8 trillion over the next decade, \$4.1 trillion of which is in entitlement programs.

The Institute on Taxation and Economic Policy calculated the impact of President Trump's (and the GOP's) proposed budget plan. The impact, in average dollars, for Michigan resembles the national pattern of strong positive skew toward the richest 1%. In Michigan this group saves an average of \$76,560 (annually) while the poorest 20% saves only \$70.

If the House and Senate can reach a resolution and agree on an identical budget proposal the result will leave millions of Americans worse off. The middle class, the largest benefactor according to the narratives surrounding the budget proposals, would see an income increase only of 0.8%, though it is possible that this may be lower.