

AFL-CIO

LEGISLATIVE ALERT

October 4, 2017

Dear Representative:

On behalf of the AFL-CIO, I am writing to express our strong opposition to the FY 2018 budget resolution (H.Con. Res. 71), which is scheduled for floor consideration this week. H.Con. Res. 71 assumes \$5.4 trillion in spending cuts over 10 years to pay for trillions of dollars in wasteful tax cuts for millionaires and big corporations.

The FY 2018 budget resolution would result in devastating cuts to Medicaid, Medicare, education, job training, federal employee pensions, nutritional assistance, and unemployment compensation, as well as repeal of the Dodd-Frank Wall Street reform law. It cuts \$1.5 trillion from Medicaid and incorporates legislation to repeal the Affordable Care Act (ACA), which would cause 23 million people to lose health coverage by 2026 and result in inferior or more expensive health coverage for millions more people. It assumes \$500 billion in cuts to Medicare and passage of legislation that ends Medicare's guarantee of health coverage and raises the Medicare eligibility age to 67. H. Con. Res. 71 includes fast-track procedures to enact *at least* \$203 billion in mandatory spending cuts likely to fall on low-income families, students struggling to afford college, seniors, and persons with disabilities.

The Republican FY 2018 budget resolution cuts non-defense spending by a total of \$1.3 trillion over 10 years, threatening funding for education, job training, and other programs benefiting working people. These cuts would leave non-defense spending as a smaller share of the economy than at any time since before the Great Depression. Yet H. Con. Res. 71 provides for increasing defense spending by \$72 billion in FY 2018 and \$929 billion over 10 years, exceeding current law sequestration caps and setting up a budget showdown that leaves state and local governments in the lurch with considerable uncertainty over their funding.

The FY 2018 budget resolution also includes fast-track reconciliation instructions that allow Republicans to push tax legislation through Congress without Democratic votes. Although a 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.


The Republican tax plan includes a proposal that would allow multinational corporations to pay little to nothing in taxes on their offshore profits. This is called a "territorial tax system," and it is an incredibly bad idea. Ending taxation of offshore profits 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, over and over 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 should not be stuck with the bill for trillions of dollars in tax giveaways for millionaires and big corporations. We urge you to oppose H. Con. Res. 71 and consider instead more balanced and fair budget plans offered by Ranking Member Yarmuth, the Congressional Black Caucus, and the Progressive Caucus. At the same time, we urge Congress to reach a bipartisan agreement to lift sequestration caps and ensure parity between increases in non-defense and defense spending.

Sincerely,



William Samuel, Director
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WS/GJ/lkr

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