



Newport Beach Women's Democratic Club

Serving Newport Beach and Neighboring Communities

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NBWDC INDIVISIBLE TASK FORCE

Week of December 4, 2017



This week, we are deviating a bit from our standard Call to Action format. Many of our members have reached out to ask what steps they can take to help ensure defeat of the Tax Plan when it makes its way to the House for debate.

Our Communications Chair Saboohi Currim and active NBWDC Member Martha Peyton penned a preamble to **this week's Indivisible Call to Action steps.**

We hope you find this helpful and informative, and encourage more of our members to write, as Saboohi and Martha have, about the many and varied challenges to our democracy.

The Hidden Agenda Buried in Tax Cuts

by NBWDC Members Martha Peyton and Saboohi Currim

The content of the tax bills passed separately by the Senate and House over the last few weeks clearly favors the haves. Using the Senate bill for illustration, taxpayers earning less than \$30,000 will have higher taxes in 2027, those earning \$30,000 to \$50,000 will see a small decline of less than 1%, while those earning \$200,000 and more will enjoy upwards of a 1.5% reduction. For the top category of those earning at least \$500,000 that is a savings of more than \$35,000. These tax cuts for the wealthy will add an estimated \$1.5 trillion to the \$20+ trillion federal debt over the next ten years.

Republicans are dismissing the projected run-up in the debt by focusing on their hope that the tax changes will boost economic growth enough to prevent the debt explosion. Few reputable economists support this hope using the past thirty years of economic history to belie it. These issues have received a flood of attention in the press.

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Margaret Mead



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Much less attention is focused on the implications of the debt run-up that are hidden in plain sight. A federal law passed in 2010, called PAYGO, requires that Congress not pass legislation over a term that increases the deficit over five and ten year horizons. If Congress violates this requirement, the law directs the Office of **Management and Budget to enforce a "sequestration"**. **In other words, the run-up in the debt associated with the tax bills will need to be covered by cuts in federal spending...not at some abstract point in the future but NOW.**

PAYGO will require a cut in spending for the current 2018 fiscal year of \$136 billion. The law limits cuts to Medicare to \$25 billion and protects Social Security and safety-net programs for the poor. But, those constraints mean that the required cuts are larger than the spending categories eligible for cutting. Congress could avoid the cuts altogether by changing the PAYGO law but that will require some votes from Democratic Senators. Even if Democratic votes could be found, dismantling PAYGO is appears unlikely because it is such a powerful tool for achieving the Republican holy grail of shrinking government.

Cuts in spending will need to focus on programs with big price tags. Insights into likely targets are contained in the most recent House budget document. Health care is front and center. Medicare would be changed to a **"premium support" system where seniors would purchase medical insurance paid for by the government.** Traditional Medicare and private plans would be offered side-by-side. By capping premium support, the plan expects to generate significant savings while shifting the risk of rising costs to seniors. Medicaid changes involve risk-shifting as well by instituting block grants to states and capping their growth. Changes such as these significantly change the nature of the federal safety net.

Democrats need to pay heed.

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