

Protecting Our Kids & Communities: Impacts of the Trump Tax Cuts

Congress

As part of the reconciliation process, Congress will take center stage as it reveals whether our government is working for billionaires and big corporations or for the rest of us. Americans don't think President Donald Trump has done enough to lower the cost of everyday essentials, and his allies in the House of Representatives and the Senate are proposing measures that will make life even harder for working people.

Congress has now passed a budget resolution which will require the House Committee on Energy and Commerce to cut \$880 billion—all to pay for tax cuts that primarily benefit the highest earners and corporations. To reach this figure, analysts believe that most of the cuts will come from Medicaid, the program that provides health insurance for people with disabilities, veterans, new mothers, retirees, students, low-wage workers and other Americans lacking significant resources.

In addition to the Medicaid cuts, the budget resolution also includes massive cuts to food assistance, college affordability, and other programs families and communities need – all to pay for Trump's tax cuts for the wealthy.

Medicaid

More than 70 million Americans receive healthcare through Medicaid, and with these cuts many could lose coverage. Medicaid helps provide basic healthcare for children and adults; without it, the only healthcare they will have available is the emergency room of a hospital, which will stress an already burdened system. Without this coverage, many cancer patients won't be able to continue treatment, people could lose access to mental health services, and seniors and people with disabilities could lose coverage for long-term care services, either at home or in nursing facilities.

The impending Medicaid cuts will have a huge impact on AFT members and the communities they serve:

- For nurses and healthcare professionals, cutting Medicaid will mean jobs lost and worse staffing levels and workplace violence.
- Medicaid accounted for 19 percent of all payments to hospitals in 2022. Cutting Medicaid will force more hospitals to close or reduce services.
- Medicaid currently pays for 2 in 5 births in the U.S. and is the nation's largest payer for both behavioral health services (mental health and substance use disorder treatment) and long-term care services (either at home or in nursing facilities). Cutting Medicaid will put even more pressure on an already fragile system and may result in lives being lost. Medicaid spending is the largest source of federal revenue for state budgets. If federal Medicaid funding is reduced, states will be forced to cut other public services or raise taxes.
- A 2023 [Congressional Budget Office](#) analysis found that just one extra year of Medicaid coverage during childhood leads to higher earnings and better productivity as an adult, boosting the nation's economy.

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PreK-12 Education

Medicaid is also crucial to schools. It provides \$7.5 billion annually, the fourth-largest amount of federal funding to K-12 schools.

Medicaid dollars support:

- Equipment, including wheelchairs, lifts and therapeutic bicycles.
- High-quality physical and mental health services, such as targeted case management, health education, cognitive behavioral therapy, catheterization, audiology and physical therapy.
- Medical transportation for select students with Individualized Education Programs.
- Salaries for health professionals, such as speech pathologists, occupational therapists and school nurses.

SNAP

- More than [40 million](#) people could receive less help from SNAP to buy groceries, millions of them potentially losing their food assistance altogether. Without SNAP, children, seniors, veterans and working parents will go hungry. SNAP currently allows schools to automatically provide free meals to students if at least 40 percent of their students are eligible, so free school meals also may be on the chopping block.

Student Loans

- About 5 million undergraduate students a year would lose federal student loans to pay for college. Millions of current and future college students and their families will face higher costs to go to college and steeper student loan payments.

State and Local Taxes

- Adding to the loss of revenue from the cap on the state and local tax deduction, these budget plans would shift enormous costs to state and local governments. Medicaid represents the largest portion of federal revenues for state budgets, so the Republican plan to slash Medicaid would require state and local governments to raise taxes or cut spending to maintain current services. Most states are required to pass balanced budgets—at the same time state revenue is declining. This could mean states would be forced to eliminate coverage for children, parents, working adults or those who need long-term care; limit benefits; or cut payment rates for health plans or providers.

Key Medicaid Talking Points

Why Medicaid cuts are so destructive:

- Congressional Republicans have discussed multiple ways of cutting Medicaid funding, but the bottom line is that “savings” come from taking away people’s healthcare or forcing states to pay more.
- The work requirement discussion is a distraction. Most Medicaid recipients are employed or in school. Implementing work requirements would save approximately \$140 billion, far below the amount congressional Republicans are seeking.
- Medicaid is important to both urban communities (e.g., Brooklyn, served by SUNY Downstate) and rural communities (as non-elderly adults and children in small towns and rural areas are more likely than those living in metro areas to rely on Medicaid and the Children’s Health Insurance Program for their health insurance).