Chairman Arrington, Ranking Member Boyle, members of this committee, thank you for the opportunity to be here.

Today, I'd like to make three main points.

First, the main culprit responsible for our nation's weakened fiscal situation is the series of repeated, large tax cuts that primarily benefited wealthy individuals and corporations. Put simply, over the past 25 years, Congress has spent many trillions of dollars on unpaid-for tax breaks, and that is the main reason why our national debt is on an upward trajectory.

Second, if you are interested in efficiency and cost savings, this Congress is looking in the wrong place. The federal tax code is rife with loopholes, special subsidies, and giveaways that benefit the very wealthy and giant corporations with little or no discernable benefit to the public.

And finally, cutting Medicaid, cutting food assistance, and raising the costs of everyday goods, all to partially offset yet another round of massive tax cuts for the wealthy, is both economically and fiscally reckless, as well as morally indefensible.

To begin with, the primary (if not sole) reason why current projections have the federal debt rising in perpetuity instead of falling is because of tax cuts. If not for the series of tax reductions enacted in 2001 and 2003, and then extended in 2010 and 2012 and added to in 2017, the debt as a percent of Gross Domestic Product would be on a permanent downward trajectory.[1] Let me repeat that, the debt, today, would be falling, instead of rising, if we hadn't spent trillions of dollars on tax cuts over the past quarter-century.

We always knew that costs would rise for programs, such as Social Security and health care, as my parents' generation entered retirement. And yet, even with these expected added costs, the fiscal situation was projected to be stable before all of those tax cuts were enacted. And, as it happens, since 2000, spending on Social Security, Medicare, and Medicaid has grown much more slowly than anticipated, not more quickly. Despite this, our fiscal situation has deteriorated. That's because, while the federal government is spending less today than expected on retirement and health care and on everything else, our tax code is generating much less revenue than it used to.[2]

Making matters worse, a disproportionate share of those tax cuts has gone to very high-income households. Across all of the tax cuts enacted since 2001, close to half of the total benefit has gone to the richest 5 percent of households.[3] For a household in the richest 1 percent, their combined tax cut from all the changes enacted since 2001 is roughly 45 times larger than the tax cut for a family in the middle of the income distribution.

That's why it is so surprising this Congress is seriously considering whether to enact yet another round of very expensive tax cuts that disproportionately benefit the wealthy. The first thing you should do if you want to get out of the hole that previous rounds of tax cuts have created is stop digging.

Instead, this Congress has passed a budget framework that would allow the federal government to spend as much as $5.5 trillion on more tax breaks for the wealthy. It is hard to take seriously anyone who claims to care about the fiscal state of our nation while simultaneously pushing a budget that would continue the pattern of reckless tax cuts for the rich that put us here in the first place.

Moreover, it is simply wrong to place the blame for our fiscal challenges on the everyday Americans who rely on Medicaid or food assistance for basic survival needs, instead of on the expensive tax cuts that have gone overwhelmingly to the rich and corporations. Federal health care spending, to take a pertinent example, has come in far lower—not higher—than what was predicted a dozen years ago. The Congressional Budget Office now expects that we will spend about $5 trillion less on health care over the next decade, compared to its 2012 projection, but those trillions of dollars in savings are dwarfed by the roughly $15 trillion that the previously enacted tax cuts will cost our nation. And this Congress is contemplating adding another $5 trillion to that already-staggering number.

Instead of cutting programs, such as Medicaid, that deliver real benefits to everyday people and are already fairly lean, this Congress should be focusing on the area of the federal budget that truly is bloated with wasteful costs, unnecessary subsidies, and counterproductive incentives for the wealthy and corporations: the tax code.

Consider the 40 percent reduction in the tax rate for massive corporations in 2017 under President Donald Trump during his first term. That single giveaway is estimated to have cost roughly $1 trillion already—and will cost trillions more over the next decade. These corporations didn't raise wages or create more jobs.[4] They enriched their shareholders and executives. That is the definition of wasteful spending.

Those who are quick to scrutinize the choices of a poor family receiving $6 a day in food benefits never get around to asking whether a giant corporation is doing what they promised to do with their billions in tax cuts—or whether they needed them in the first place.

The truth is that far too many Americans are struggling to make ends meet while those at the top get richer and richer. That's why most Americans support investing more—not less—in supporting the most vulnerable among us.[5]

But, right now, this Congress is crafting a budget plan that would do the opposite. It would take health care away from at least 10 million people and potentially millions more. It would mean more hungry children. And, at the same time, it would ask struggling families to make do with less while bestowing another tax giveaway for the ultra-wealthy.

One analysis of this Congress' budget framework finds that cutting Medicaid and food assistance, combined with renewing all of the expiring tax cuts, results in 70 percent of the benefits going to the richest 5 percent, while the bottom 40 percent pays more.[6] And it would do all of this while making our federal budget deficit worse. That is a terrible policy mix, and it is no surprise that the American people strongly oppose it.

It is perfectly reasonable to be concerned about the fiscal state of our nation. What is not reasonable—and is, in fact, totally backwards—is asking millions of struggling families to pay more while the rich and corporations pay less.

Endnotes

[1] Bobby Kogan, "Tax Cuts Are Primarily Responsible for the Increasing Debt Ratio" (Washington: Center for American Progress, 2023), available at https://www.americanprogress.org/article/tax-cuts-are-primarily-responsible-for-the-increasing-debt-ratio/.

[2] Congressional Budget Office, "June 2012 Long-Term Budget Outlook," available at https://www.cbo.gov/sites/default/files/recurringdata/51119-2012-06-longtermbudgetprojections.xls (last accessed May 2025). Note the Bureau of Economic Analysis has since updated its GDP concept, so the GDP that the Congressional Budget Office uses in its 2012 projection cannot be directly compared to current projections. The calculations in this testimony adjust the 2012 GDP numbers to account for this difference.

[3] Tax Policy Center, "The Combined Effect of the 2001–2006 Tax Cuts, Distribution of Federal Tax Change, by Cash Income Percentile, 2011" (Washington: Urban Institute and The Brookings Institution, 2006), available at https://taxpolicycenter.org/model-estimates/combined-effect-2001-2006-tax-cuts-distribution-tables-updated-february-2007-4.

[4] Patrick J. Kennedy and others, "The Efficiency-Equity Tradeoff of the Corporate Income Tax: Evidence from the Tax Cuts and Jobs Act." Working Paper (2024), available at https://patrick-kennedy.github.io/files/TCJA_KDLM_2024.pdf.

[5] Pew Research Center, "Americans' Views of Government's Role: Persistent Divisions and Areas of Agreement" (2024), available at www.pewresearch.org/wp-content/uploads/sites/20/2024/06/PP_2024.6.24_role-of-government_REPORT.pdf.

[6] Harris Epsteiner and John Ricco, "Illustrative Distributional Effects of Policies Consistent with the House Concurrent Budget Resolution for Fiscal Year 2025" (New Haven, CT: The Budget Lab at Yale University, 2025), available at https://budgetlab.yale.edu/news/250319/illustrative-distributional-effects-policies-consistent-house-concurrent-budget-resolution-fiscal.