



## U.S. House of Representatives Ways and Means Subcommittee on Tax

July 26, 2025 | Los Angeles, CA

### Written Testimony from John Kim, President and CEO of Catalyst California

Good morning. My name is John Kim. I'm the President and CEO of Catalyst California.

Catalyst California is a nonprofit organization, based here in Los Angeles, founded to improve our public systems for more just and equitable access to opportunity so that ALL Californians can thrive.

I appreciate this opportunity to join this important conversation around the implications of HR 1. While the intention of this hearing is to highlight the tax provisions of HR 1 - I hardly think we can talk through such an unprecedented shift in our country's tax policy without understanding the human impacts of the deeply harmful, cruel, and unprecedented cuts to vital public supports for Americans and Californians – most notably including health care and food assistance. At the same time, we are here in Southern California and must acknowledge that this is the site of both a devastating climate-driven natural disaster (with the wildfires) AND human-made humanitarian disaster in the form of masked men roving our streets and disappearing law-abiding, hard-working Angelenos throughout the region.

I appreciate the opportunity to highlight how HR 1 impacts Americans across the country and right here in California. Notably:

- It's the **most costly in history**, adding \$3.4 trillion to the federal deficit according to the Congressional Budget Office, at a time when inflation and prices for basic goods remain high and are threatened by further uncertainty due to tariffs and other federal policies.
- It imposes the **largest cuts in history on Medicaid and SNAP, in addition to other federal program cuts** – eliminating access to health care and taking food and groceries off the table for millions of Americans and Californians.

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- It significantly **expands investments in a detention and deportation machine** that has already destabilized Los Angeles communities and threatens local economic health, and threatens to do so for communities across the country.
- And makes all of these changes in order to justify and offset the costs of giving **large tax cuts, that overwhelmingly go to large corporations and high-income households** – an unprecedented transfer of wealth from the people in this country that are the most vulnerable to the people who have the most concentration of wealth.

My remarks over the next few minutes will lift up three key points:

- **Harmful impacts**, particularly on people with lower income.
- **Impacts of immigration raids** on people and local economies.
- **Implications for state and local governments**, including here in the Los Angeles region.

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## Human Impacts

Let's start by highlighting the human impacts of the bill in terms of health coverage, food assistance, and tax relief for millions of Americans and Californians who struggle to make ends meet.

- **Health Care:** The Republican reconciliation bill - and the Republicans' health care agenda - will leave about 15 million people uninsured.
  - **Medicaid (Medi-Cal):** The bill makes nearly \$1 trillion in cuts to Medicaid and will put *more than* 3.5 million Californians at risk of losing coverage by adding red tape and bureaucracy, and restricting eligibility for previously eligible households.
  - **ACA Marketplaces (Covered CA):** Failure to extend the premium tax credits for ACA marketplaces will result in 660,000 Californians losing health coverage according to Covered CA (our state ACA marketplace).
  - The myriad cuts to health care eligibility also threaten the financial viability of **hospitals and health clinics** in rural areas and in low-income communities in urban areas – facilities that rely on Medicaid and federal assistance to be viable. As a result, all Californians who live in these communities, including those with private insurance, will see their access to health care reduced or even eliminated by this legislation.

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- **SNAP:** The Republican reconciliation bill will dramatically raise costs and reduce food assistance benefits for millions of Americans and Californians due to SNAP cuts of more than \$180 billion — about 20% — through 2034, the largest cut in the program’s history. These cuts will lead to increased poverty, food insecurity, and hunger among children, older adults, people with disabilities, and many others. Over [3 million California families](#) are poised to lose some or all of their benefits in a typical month once all of the provisions are in effect. These cuts will also harm small businesses like grocers and local retailers, as well as farmers, whose customers rely upon SNAP to purchase groceries.
- **Immigration:** Across these and other cuts in the bill, I also want to highlight that people who are immigrants **with lawful immigration statuses**, including many with humanitarian protections including refugees, have been cut off from receiving federal funding for Medicaid, CHIP, Medicare, ACA premium tax credits and SNAP. These restrictions will leave California and other states with extraordinary challenges in filling the gaps that are created or forced to see people go without coverage and enough food to sustain them during tough times.
- **Taxes:** The Republican reconciliation bill robs struggling families to give tax cuts to high-income households and corporations. The bill fails to avoid significant tax increases for millions of struggling working families who President Trump promised to help — many of the same households who will bear the brunt of cuts to Medicaid and SNAP. Specifically, it fails to deliver critical support to working families by:
  - Refusing to extend health care premium tax credits that help 22 million Americans, and nearly 2 million Californians, with low and middle incomes afford ACA marketplace coverage, which means millions of people and small business owners will see their health care costs skyrocket or will lose coverage altogether. Critically, while many of this bill’s worst provisions will take a year or more to come into effect, families will see these higher premiums once our state’s marketplace (Covered California) begins open enrollment in November.
  - Blocking up to 17 million kids, including more than 2 million kids in California, from getting the full expanded Child Tax Credit. The bill also strips 2 million children who are U.S. citizens or lawful permanent residents of eligibility for the Child Tax Credit — money families can ill afford to lose when the cost of essentials like food, diapers, and clothes for school are already so high.

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We're throwing around a lot of big numbers in the trillions, billions, and millions here. But, I want to give you a sense of what these changes mean for households trying to provide for their families and put food on their tables on a day to day basis.

While some of in these hearings are highlighting a tax cut of less than \$100 *a year* to the lowest income households, here are just a couple of examples from here in California of what the parallel cuts in Medicaid and SNAP mean for those same households:

- A low-income family with a child with asthma that loses access to health care would face costs of \$175 *every six months* just for the costs of inhalers for their child.
- For families in California, losing basic food assistance benefits would mean losing \$190 *a month* in food, which includes more than 5 cartons of eggs, 7 boxes of pasta, 5 gallons of milk, 8 loaves of bread, 9 cans of beans, and 3 bags of vegetables.

The bottom line is that the human impacts will be real, cruel, and harmful to the well-being of our communities and our economy.

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## Impacts of Immigration Raids – Detention and Deportation

California is home to the largest share of immigrants in the US and immigrants are an integral part of California's social fabric, paying taxes and contributing to our economic success. [Over half](#) of all California workers are immigrants or children of immigrants, and the more than 2 million Californians who are undocumented make significant contributions to state and federal revenues, [contributing \\$8.5 billion](#) in state and local taxes in 2022 in addition to a significant amount of federal taxes, despite their exclusion from most public benefits.

The federal budget act **increases fear and danger for millions of Californians who are immigrants and their children**, as over \$170 billion in unrestricted funds are directed to immigration enforcement, with [detrimental effects on families, communities, and the state's entire economy](#). Restrictive and harsh immigration policies negatively impact [how immigrants interact with public services](#) and institutions through a "chilling effect," result in [negative health and financial outcomes](#), and harm key industries like [housing, farming and food production](#), and [caregiving](#).

Here in Los Angeles, over the past month we have seen a preview of what stepped-up "immigration enforcement" looks like. ICE's assault on our communities has indiscriminately targeted immigrants and citizens alike, and already led to one death. Their reign of terror has also

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harmed our local economy – resulting in [workforce reductions](#), business closures, and impeding efforts to recover and rebuild from the wildfires that ravaged our community just six months ago.

Our very real experience here in Los Angeles undermines any argument that deporting immigrants will help American-born workers. Immigrants generate jobs for US-born workers directly as [entrepreneurs](#) and small business owners and indirectly, as [research has shown](#), that for every 13 foreign-born workers who leave the labor force because of direct removals and the chilling effect of deportations, 10 US-born workers lose their jobs. Our economy, our businesses, and our community rely on immigrants, regardless of status, to grow and create opportunities for all of us.

Bottom line – “we” (citizens and non-citizens) grow together – and this bill takes us down the opposite path, trying to choke off California’s prosperity with militarized raids in our streets.

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## Implications for State and Local Governments

I want to also stress that the implications of HR 1 will extend to the fiscal stability of state and local governments across the country, and not just California.

**Medicaid:** California stands to lose between \$112 billion and \$187 billion in federal health care funding over the next decade, according to the [Kaiser Family Foundation](#). This means that CA state leaders could have to replace billions of dollars a year over the next decade to backfill lost federal Medicaid funds and ensure that people still have access to health care, or those leaders will have to make even more dramatic cuts to who is eligible to access health care. These cuts will inevitably result in dramatic reductions in the health care and public health workforces that are already operating below capacity, undermining health access for all Californians.

**SNAP (CalFresh):** The unprecedented cost shifts to states means California will have to add approximately \$2.5 billion a year to the state budget to cover the former federal share and administrative costs.

And while these numbers might seem large because it’s California, similar impacts will be felt in states across the country. The impacts will not be confined to “blue states.” Every state – and their residents – will feel the impacts of these cuts.

Here in Los Angeles, combined with Republicans’ budget priorities, [the bill is projected to drain a billion dollars out of our County's health system](#); this has already led to a hiring freeze in the Department of Health Services, and clinics across the county are contemplating reducing services or closing their doors.

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## To sum up:

- The human impacts of these cuts are real, significant, and expansive and will dramatically and negatively impact the health and well-being of millions of Americans and Californians.
- The human and economic impacts of the raids, militarization, and occupation of Los Angeles and other communities around the country will exacerbate the economic and social instability created by the bill.
- The cuts in funding and support for state and local governments - not just in California – will destabilize their fiscal health, and mean state and local leaders will have to make decisions about who is eligible and able to access vital public supports.

In closing, I ask you to consider the massive unfairness and unprecedented wealth transfer of this bill. This bill gives a \$66,000 per year tax cut to millionaires, with significantly greater sums going to billionaires like Mark Zuckerberg and Jeff Bezos and billions of dollars in additional tax breaks for companies like Facebook, Apple, Google, and Nvidia. Yet, to justify the costs of those tax breaks, the bill also willingly undermines the stability and well-being of millions of American and Californians who work hard every day to meet their basic needs and rely on federal assistance.

Let's be clear – from an economic and human perspective, this bill is tragic, cruel, and harmful. People, small businesses, and communities – here in California and also in your home states – will suffer. The scale of the expansion of the federal deficit, tax cuts for the rich and corporations, and cuts directed purposefully at the most vulnerable in our society can only have one result – a decline in the well-being of millions of Americans and in our national and local economic conditions.

Thank you for the opportunity to share our perspective today.

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