

Trump proposes \$163b budget cut, slashing education and housing

The administration says proposed budget would raise homeland security spending by nearly 65% from 2025 enacted levels.

US President Donald Trump's administration on Friday proposed a \$163 billion cut to the federal budget that would sharply reduce spending in areas including education and housing next year, while increasing outlays for defense and border security.

The administration said the proposed budget would raise homeland security spending by nearly 65% from 2025 enacted levels.

Non-defense discretionary spending — a slice of the budget that excludes the massive Social Security and Medicare programs as well as the rising cost of interest payments on the nation's debt — would be cut by 23% to the lowest level since 2017, the White House Office of Management and Budget said in a statement.

The proposed budget would cleave more than \$2 billion from the tax-collecting Internal Revenue Service.

Trump's first budget since reclaiming office seeks to make good on his promises to boost spending on border security while slashing the federal bureaucracy. Congressional Democrats blasted the cuts in domestic spending as too severe, and some Republicans called for boosting spending on defense and other areas.

"At this critical moment, we need a historic budget — one that ends the funding of our decline, puts Americans first, and delivers unprecedented support to our military and homeland security," OMB Director Russ Vought said in the statement.

The federal government has a growing \$36 trillion debt pile, and some fiscal conservatives and budget experts worry Trump's proposal to extend his 2017 tax cuts will add to it.

The so-called skinny budget is an outline of administration priorities that will give Republican appropriators in Congress a blueprint to begin crafting spending bills. Trump is also pushing the Republican-controlled Congress to extend the 2017 tax cuts enacted in his first term, which nonpartisan forecasters say could add \$5 trillion to the nation's debt.

Republican US Senator Susan Collins, the chamber's top appropriator, reacted coolly.

"This request has come to Congress late, and key details still remain outstanding. Based on my initial review, however, I have serious objections," Collins, of Maine, said. She cited concerns that defense spending was too low and worried about cuts to programs to help low-income Americans heat their homes.

"Ultimately, it is Congress that holds the power of the purse," Collins said.

State, education hit

The budget proposal calls for a \$50 billion cut at the State Department as it absorbs the US Agency for International Development.

The proposal calls for a \$2.49 billion cut to the IRS, which one White House budget official said would end former President Joe Biden's "weaponisation of IRS enforcement." Nonpartisan analysts say cuts to IRS can hurt tax collection and thus contribute to the nation's deficit.

OMB also called for sharp cuts at NASA's moon program.

The proposal furthers Trump's promise to shutter or greatly diminish the Department of Education. It would preserve funding for children from low-income families but slash about 15% of the department's total budget.

Funding for the Department of Housing and Urban Development, which oversees housing assistance programs, would be cut almost in half.

"Donald Trump's days of pretending to be a populist are over," said top US Senate Democrat Chuck Schumer of New York in a statement. "His policies are nothing short of an all-out assault on hardworking Americans. As he guts healthcare, slashes education, and hollows out programs families rely on — he's bankrolling tax breaks for billionaires and big corporations."

The administration says the budget would boost discretionary defense spending by 13%, but Republican Senator Roger Wicker of Mississippi, chairman of the Senate Armed Services Committee, said defense spending remains at levels set under Trump's Democratic predecessor Biden, which amounts to a cut due to inflation.

Officials said the White House believes Republicans in Congress will add more defense spending to the final budget.

Asked about Wicker's criticism, a senior OMB official said there was still work to do on Capitol Hill to ensure full Republican support for the plan.

The annual White House budget request includes economic forecasts and detailed proposals about spending levels for every agency for the fiscal year that starts on October 1. Outlays in fiscal 2024 amounted to \$6.8 trillion, according to the Congressional Budget Office.

Lawmakers often make substantial changes in the White House budget request, but Trump commands unusual sway over Republican lawmakers and may get much of what he seeks.

Republicans in Congress hope to enact the tax cut bill by July 4 and are working to bridge internal divisions over proposed cuts in federal spending to pay for it. They may have to factor in growing stress in the US economy from Trump's tariff hikes that are upending global trade.

The White House budget calls for an additional \$500 million in discretionary spending to bolster border security and aid Trump's push for mass deportations, as well as \$766 million to procure border security technology funding, and funding to maintain 22,000 border patrol agents and hire additional Customs and Border Protection officers.

The administration is still working to put together a separate rescission package to codify cuts already made by the Department of Government Efficiency, a budget official said.

Republican senators have been demanding this process — stipulated by law, because the administration is withholding funds previously approved by Congress.