Inside the Trump Administration's Chaotic Dismantling of the Federal Land Agency

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Early this month, workers at the Washington headquarters of the Bureau of Land Management gathered to discuss a Trump administration plan that would force some 200 people to uproot their lives or find other jobs.

With a vague plan that keeps changing as officials describe it — and no guarantees that Congress would fully fund their relocations — the employees were being detailed to distant locations in the West like Grand Junction, Colorado, and Reno, Nevada. Many career staff saw the move as part of a wider Trump administration effort to drive federal employees out of their jobs. Acting White House chief of staff Mick Mulvaney has described that approach as a "wonderful way to streamline government."

The hemorrhaging has already begun. After an hour of exasperated questions from employees, Steve Tryon, a deputy assistant director, told the room he had taken an assignment elsewhere in the Interior Department, the BLM’s parent agency. The post, he explained, had a chance of leading to a permanent placement in Washington.

“I hope you can forgive me,” he said to the crowd. “I have two kids in high school. One’s a senior and one’s a sophomore. If I don’t get another job, I’m moving to Grand Junction or Denver without them. And that’s that. That’s my Plan B. Move to Denver without my family.”

“It’s not fun to be without your family,” a colleague replied.

It was just one painful choice of many that will be made in coming months, as anticipated departures hollow out the agency that protects nearly 250 million acres of public lands and stands between oil and gas companies and the natural resources that can enrich them. The top BLM official, acting director William Perry Pendley, has offered contradictory accounts of who will be forced to move and how these changes will affect the agency’s accountability to Congress and the public.

ProPublica reviewed internal memos and an accounting of which Washington jobs are being transferred to existing BLM offices in places like Reno, Salt Lake City, Utah, and the proposed new headquarters in Grand Junction. Employees, who formally learned of the plan two months ago, received assignment letters this week, detailing specific locations in the West, where most BLM properties are located.

Internal documents and recordings of staff meetings obtained by ProPublica, as well as interviews with 10 current BLM employees, show top officials expect the mandatory reassignments to lead to an exodus similar to one at the Department of Agriculture during the summer, when a forced relocation prompted more than 250 researchers in Washington to quit. It was the USDA move that prompted Mulvaney's comment on streamlining.

"Chaos is probably an understatement," said Elena Daly, a former assistant director at the bureau, who told ProPublica the BLM shakeup is "absolutely" designed to hobble an important federal function.

"If you're going to be relocated in Reno and part or all of your job is coordinating with Congress, how do you do that?," said Daly, who worked at the agency 25 years.

Pendley and other supporters of the relocation effort, including Colorado Republican Sen. Cory Gardner, say it's needed because staffers in Washington aren't connected to the far-flung lands they oversee. In response to a series of detailed questions, BLM referred ProPublica to Pendley's testimony, which states that the agency "will ensure that every affected employee receives necessary information before being required to make any decision." It went on to say that "nearly every western state will realize significant benefits from this reorganization."

Pendley told a congressional committee last week that key positions, including those providing information to Congress and the public, would remain in Washington. But according to internal records, many of the transplanted positions play important roles in assisting with congressional oversight, civil rights issues and assessing potential environmental impacts when the BLM leases federal land to private businesses.

Between mid-July, when staff received their first briefing about the move after two years of rumors, and September, before anyone received relocation assignments, 11 employees quit their jobs. A document circulated this week among top BLM officials said, “We anticipate additional employees will depart.”

In private, senior officials have said that the so-called “realignment” is charging forward even though a Republican-controlled Congress only approved enough money to cover the initial stage of the move — less than $6 million. The total amount needed to make the transition remains uncertain. Still, in meetings and written communications, leaders have told staff that future funding is all but guaranteed, pressuring employees to swiftly make major life decisions, such as selling homes or uprooting families. In a list of answers compiled in mid-July to address “likely employee questions,” it says, “We anticipate the Congress will provide the FY 2020 funds for us to improve the efficiency and effectiveness of the BLM through this relocation.”

Recordings suggest that, should lawmakers oppose additional funding toward the realignment in 2020, there is no backup plan. Still, about 60 of the bureau’s top officials expect to move into Interior’s building, vacating the BLM’s Washington headquarters in late 2020.

The few details being shared with staff or congressional committees are often contradictory, incomplete or unsupported, fueling skepticism from career staff and members of Congress.

“We’re going to be fragmented in different states,” said Michael Byrd, a middle-level contract manager who’s worked at the BLM for nine years. “This whole plan is designed for us to be a failure.”

Byrd, 56, told ProPublica he has no intention of moving to Colorado, where he was told his position is being moved. He’s going to find another job.

Critics of the plan, including 30 former senior BLM staffers who signed a Sept. 5 letter to Interior Secretary David Bernhardt opposing the move, point out that 97 percent of the bureau’s 10,000 employees are already dispersed throughout the West. The remaining 3 percent, they say, need to be near Congress and other federal branches they work closely with, such as the National Park and Fish and Wildlife services.

BLM employees have been repeatedly told the realignment will save money, but it is unclear how. An internal staff website that provides information about the move at one point asserted “the Department” has conducted a cost-benefit analysis “using the generally accepted form of financial analysis.” It concludes, “The analysis demonstrates the benefits of moving the BLM West exceed the cost.”

But elsewhere on the same page, the website says, “The total cost of the move is unknown at this time.”

Department officials have not made the analysis public, despite staff entreaties, recordings show. ProPublica requested the analysis through the Freedom of Information Act in early September, but the bureau indicated it could take months to release it.

A lack of transparency and contradictory statements about the relocations have generated widespread distrust among BLM staff. Several times, exasperated employees grasped for answers that sympathetic career supervisors could not answer, according to recordings reviewed by ProPublica.

“People may be leaving their jobs, moving to places they don’t want to go, selling their homes for things that might not ultimately result,” said a female employee, who anonymously raised her voice at a recent meeting of 100 people. “And it leaves the agency and us in a really precarious spot, and so I want to know what authority does the department have to put their employees on the spot to make life choices right now when we see on the news that they haven’t gotten clear discreet non-negotiable authorization to move forward?”

Leah Baker, the acting assistant director of resources and planning, struggled to respond. “I share that concern,” she said. “I feel it personally. I think everybody in the room feels it personally.” She added, “It’s also been phrased as what about plan B? What happens if we get blocked somehow? What’s our contingency for that? People are aware of that concern, but I don’t know that there is a plan B.”

While employees sought answers, Pendley privately acknowledged in a Sept. 9 letter to Bernhardt that many staffers will get pay cuts, based on a lower cost of living, and the BLM will “likely have difficulty hiring a similar group of experienced individuals” if employees quit.

In the same letter, Pendley recommended employees be offered a relocation incentive that could cost more than $4 million—lump-sum payments in exchange for a two-year commitment to stay in their jobs. Pendley provided a list of reasons for Bernhardt to approve the request, such as, “Maintains consistent messaging that the Department of the Interior wants to work with employees.” The request was approved three days later, emails show.

Pendley, a lawyer, became acting head of the BLM in late July. Before that, he spent much of his career arguing against the concept of public land. In a 2016 National Review article, he wrote that the “Founding Fathers intended all lands owned by the federal government to be sold.”

Before a House committee last week, Pendley testified that BLM staff who work with Congress and process Freedom of Information Act requests — two critical windows into the bureau’s work — would remain in Washington.

“I want to assure Congress that we will continue to do our core headquarters’ functions, and by that I mean our Congressional affairs, our regulatory affairs, our public affairs, our budget function and our Freedom of Information Act requests,” Pendley said.

“They’re going to be in main Interior,” he said, “a hallway away from the secretary of the Interior, the department secretary and other decision makers, and they’ll be able to be responsive to the requests of Congress."

But records show that since at least July, the plan has called for scattering many of those positions across three time zones, thousands of miles from Washington.

ProPublica reviewed hundreds of job descriptions included in a roster of which positions will stay and which will go. About seven spots in the bureau's equal employment opportunity division will be moved to offices in Phoenix, Denver, or Grand Junction, records show. Four legislative affairs specialists are being asked to move to Reno.

Five people who process FOIA requests, and another who processes external data requests, are slated to be moved to various western cities.

At least seven senior positions whose descriptions include "interfaces significantly with Capitol Hill" are being moved to four western locales, records show.

The employee angst has spilled over into meetings, social media posts and email threads. Last week, dozens of employees met with organizers of a federal employee union to discuss fighting back against management.

Several staffers told ProPublica they could not move west because they have children in high schools, own their homes or are caring for ailing relatives.

In a mid-July meeting, one staffer, who did not identify herself, said, “A lot of us have two-family incomes. You’re talking about the cost of living is less out West, but what about a job for your spouse or significant other? Are there jobs available for them as well?”

A senior official responded, “That’s a consideration we’ll have to make through the process.”

No other federal agencies are based in Grand Junction, a town of about 65,00 people more than 250 miles from Denver and Salt Lake City.

Grand Junction is surrounded by federal land, but critics say while it’s technically closer to BLM offices, it will be harder, not easier, to coordinate. For instance, there are currently no direct flights to other BLM offices in California, Nevada, Oklahoma, Oregon and Montana.

Employees have until July 1, 2020, to accept, according to a recent implementation plan shared with BLM leadership. Anyone who does not comply by that date, or receive approval to delay relocating for personal reasons, “may be removed from Federal service for failing to accept a directed reassignment.”

Do you have access to information about turmoil at the Bureau of Land Management or the Dept. of the Interior that should be public? Email mike.spies@propublica.org and david.mcswane@propublica.org. Here’s how tosend tips and documentsto ProPublica securely.

Filed under:

- [Trump Administration]
- [Politics]
- [Environment]

The Trump Administration Cracked Down on Medicaid. Kids Lost Insurance.

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In early August, Elizabeth Petersen was home-schooling her children in the kitchen of their northern Idaho home when she got a call from Providence Sacred Heart Medical Center, where her 4-year-old son, Paul, was set to have surgery a few weeks later.

Since having a stroke around his first birthday, Paul had been under treatment to restore use of the right side of his body. He had recently graduated from a feeding tube and needed surgery to close a hole in his stomach.

The hospital’s surgery department reached out to alert the family that Paul was no longer covered by Medicaid. Petersen broke down in tears, knowing she could not afford the surgery without the government health insurance.

“I was shocked to hear it,” Petersen said.

Petersen’s anxiety grew after she called the state Medicaid agency to find out why Paul was abruptly cut from coverage before her son was due for his reevaluation. The agency employee insisted Petersen had failed to meet an annual deadline for reporting detailed financial information — which Petersen contends she knew nothing about.

Families like the Petersens are wrestling with administrative burdens that are one reason more than 1 million children across the country are no longer covered by Medicaid and the Children’s Health Insurance Program, two government-run programs for low-income children. It is the first enrollment decline in a decade.

States across the country have implemented updated paperwork requirements, but Idaho is the first to attribute its new administrative burdens to direct instructions from the Centers for Medicare and Medicaid Services under the Trump administration.

CMS said in a statement it determined Idaho was not complying with verification rules established under the Obama administration’s Affordable Care Act. “CMS provided Idaho technical assistance on the issue, and the state plans to revise their process.” the statement said.

CMS has promoted safeguards to help catch improper payments to ineligible recipients. In Idaho, this meant a major change to procedures that it established in the Obama years. Idaho led the nation in allowing Medicaid recipients to renew coverage automatically, without requiring additional documentation, but CMS has deemed some of the state’s procedures inadequate.

Idaho’s changed requirements have ensnared in red tape many recipients who have no income or are self-employed. They have also pulled in some residents who receive Katie Beckett coverage, a type of Medicaid for families that have special-needs children but that have too high an income to qualify for traditional Medicaid. Parents were accustomed to reevaluating their child’s diagnosis every three years to keep Katie Beckett coverage, but their annual financial information was usually reviewed by the state internally.

As of January 2019, Idaho’s Katie Beckett program covers about 2700 children, who are among the nation’s most vulnerable, with complex medical needs or long-term disabilities. They typically need more costly care and more frequent treatment than the average child on Medicaid.

ProPublica spoke with six Katie Beckett families in Idaho that lost coverage and interviewed providers, advocates and Department of Health and Welfare employees who worked with a few dozen additional recipients. Some Katie Beckett families waited weeks before their coverage was restored, leaving parents to gamble their finances and their children’s health. In severe cases like Petersen’s, she skipped her son’s routine therapy sessions and pushed back his surgery several weeks until the department restored Katie Beckett coverage.

The Affordable Care Act, the Obama administration’s landmark health care policy overhaul, required states to modernize eligibility procedures, and state Medicaid agencies began developing IT systems that could automatically verify recipients’ income. New technology allowed states to avoid asking recipients for new annual paperwork by comparing their reported incomes with state and federal income data.

If the eligibility system found contradictions, the state could then ask for more information. When the data confirmed that recipients’ income fell below the cut off, the systems could automatically renew their coverage without paperwork hassles. This is also called an “ex parte” renewal.

Jennifer Wagner, a senior policy analyst at the Center on Budget and Policy Priorities in Washington, said the shift to verifying income electronically removes many bureaucratic hoops that can penalize qualified recipients unfairly if “they didn’t receive a document, they didn’t send in the right information or the state is overwhelmed and failed to process that renewal timely.”

Wagner, who tracks Medicaid eligibility policies and procedures, considered Idaho as the gold standard of streamlined renewals. The state approved at least three of every four recipients without requiring updated documentation in the last few years, according to the Kaiser Family Foundation’s annual 50-state surveys.

Idaho’s long-standing procedures were questioned after a CMS audit flagged possible payment errors that, if not corrected, could imperil federal funding. After further review, CMS instructed the state for the first time to change its automatic renewal process that looked for discrepancies. The federal agency said the state needed additional documentation.

“CMS said, no, that is not right,” said Lori Wolff, Idaho’s deputy director of health, welfare and family services. “What you have to do is go check those interfaces and prove that what those interfaces have matched the information that the client has told you.”

The Division of Welfare’s administrator, Julie Hammon, created a list of Medicaid recipients in different financial circumstances, some of whom would now likely be required to go through the manual renewal process as a result of the change. This included those who report having no income and those who are self-employed, circumstances that could not be verified through available databases.

“Anytime some people have to complete a reevaluation instead of being auto reviewed, I worry about the impact, and I did share that with CMS,” Hammon said.

Another Idaho resident affected by the abrupt change was Casey McNabb, who walked out of her son’s biweekly occupational and speech therapy appointments at Synergy Healthcare in northern Idaho as a front desk worker was taping a sign to the check-in window. The notice urged families with Katie Beckett coverage to call the state health and welfare agency to verify coverage.

McNabb wasn’t expecting a medical reevaluation for another year. Her 5-year-old son, Trayden, who has autism, had been approved for Katie Beckett coverage two years earlier after a lengthy application process that included financial information and medical evaluation.

Once approved, the health agency said Trayden’s diagnosis would need reevaluation every three years. Until then, McNabb only received a notice asking if her family’s financial circumstances had changed. If not, the notice said there was no need to return the form.

When McNabb called the agency, she was told she, too, had been dropped for failing to return financial paperwork. McNabb appealed to department officials, saying that it wasn’t time for her son’s reevaluation and that she didn’t receive any updated notices.

“I am having to fight for something I shouldn’t have to fight for and something I’m clearly already qualified for,” McNabb said.

Many parents learned from their child’s medical provider that they had been dropped from coverage. Others received a final notice informing them they’d been dropped, though they said they never received the initial paperwork.

Many who did receive notices were confused, since the new forms did not clearly explain the changed requirements.

Even advocates who help families navigate Idaho's complex health care system, like leaders in a Boise-based organization called Idaho Parents Unlimited, struggled to make this distinction. Two parents who work for the group lost their own Katie Beckett coverage.

State administrators did not flag the procedural change to their own staff members who work directly with Medicaid recipients, according to three department staff members. Case managers could only instruct clients to check with "Self Reliance," the agency department that handles eligibility for Idaho's public programs.

Hammon said she saw no need to inform department employees who work directly with recipients.

"Our staff out in the field don't have a need to know why somebody has to do a manual reevaluation," Hammon said. "Our system automatically determines that and sends the notices out. We don't make them worry about things like this. They just do their job."

Parents grew frustrated with unclear agency answers and turned to outside advocates. Liz Woodruff, the assistant director of Idaho Voices for Children, a statewide organization that advocates for families, was already tracking the decline in Idaho's Medicaid enrollment when she learned about the Katie Beckett complications. The uptick in calls was unusual for the organization, which usually has to reach out to community members.

“There was a real sense of frustration that something had changed in the process that they had become so expert in, that they had not been aware of it and the consequences could be so severe for them,” Woodruff explained.

Idaho’s Katie Beckett challenges illustrate one small example of how administrative burdens can keep eligible recipients from coverage. New paperwork requirements are only one factor driving more extentensive enrollment declines within the state and nationwide.

About 8% of Idaho’s Medicaid and CHIP population, mostly children, has disappeared from the state-run programs since the decline began in December of 2017.

Many state and federal administrators chalked up the trend to an improved economy, which may have helped boost residents’ income so they no longer qualified for Medicaid or led them to jobs with private insurance.

However, the latest census insurance data released in September made clear that a healthier economy was not a blanket reason for declines. As the number of recipients enrolled in Medicaid and CHIP dipped, the number of uninsured residents rose. Meanwhile, those with private insurance coverage remained virtually the same.

Advocates have pointed to a number of Trump administration policies that have driven former recipients away from Medicaid and CHIP. One of the most commonly discussed proposals is the “public charge” rule, which would count immigrants’ reliance on public programs against them if they apply for a green card.

State-driven processes have also contributed. Minnesota’s Medicaid agency recently sent recipients a new form asking for permission to verify their assets, giving them a few weeks to respond before coverage was suspended. The majority of the 70,000 recipients who lost coverage in Missouri in 2018 were removed after failing to return the mailed renewal form.

The Affordable Care Act instructs states to officially renew recipients once a year unless there is a change in circumstances. Under the Trump administration, CMS has encouraged Medicaid agencies to look for those changes more frequently.

Tricia Brooks, a research professor at Georgetown University’s Center for Children and Families, has tracked children’s enrollment and eligibility policies for a decade. After working with CMS under both the Obama and Trump administrations, Brooks sees shifting priorities.

“It comes down to the philosophical approach,” Brooks said. “With the ACA, we really were wanting to embrace coverage for everyone and to find a way to fit them into the options that match their circumstances, but still with the goal of reducing the number of uninsured eligible people. I don’t know that we have that goal any longer.”

Regaining Katie Beckett coverage after disqualification depended on each families’ circumstances, according to Wolff.

Some recipients were reinstated the same day they provided the requested financial information. Others had to completely reapply, forcing families to wait up to a month without coverage.

Petersen was an unlucky one. She reached out to the state agency the day after her coverage was cut off. Petersen spoke with an agency employee who insisted she reapply, starting with submitting her updated financial information then later reevaluating Paul’s diagnosis.

Petersen panicked. She didn’t know how long it would take to regain insurance, if she did at all. She canceled Paul’s surgery, hoping he would have no complications.

“I was worried about the long term, not being able to get him on insurance again and not being able to pay for his weekly therapy,” Petersen said.

Over the next three weeks, Petersen called Paul’s therapy provider every Monday to see if coverage had been restored. Each time there was bad news. She canceled Paul’s speech, occupational and physical therapy sessions during those weeks to save money.

“Without these medications, without those therapeutic services, without being able to see specialists that sometimes are booked up for months, that can result in major lapses in children’s progress towards having that higher quality of life that is so important,” Woodruff said.

Petersen was finally informed she had regained coverage and was able to reschedule Paul’s surgery for early September. The procedure was successful.

Meanwhile, the Department of Health and Welfare appealed to CMS to reconsider its new requirements after Woodruff, with help from the governor’s office and a state senator, made the case.

CMS officials took another look at the list of those affected by the change and told Idaho officials if it was “reasonable” to believe income remained the same, they could still be automatically renewed.

“Well, what’s reasonable?” Hammon said. “That was difficult for them to clearly define.”

Early this month, Idaho shifted the eligibility system from checking parental income to the child’s income, which should allow a higher percentage of families to be renewed without sending in additional paperwork.

For the remaining recipients affected by the change, often the state’s poorest residents who report having no income and the self-employed, CMS does not yet see any reasonable way to confirm their eligibility without requiring additional paperwork.

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- [Trump Administration]
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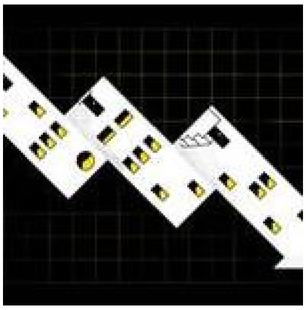

Trump’s Trillion-Dollar Hit to Homeowners

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In recent weeks, President Donald Trump has been talking about plans for, as he put it, a “very substantial tax cut for middle income folks who work so hard.” But before Congress embarks on a new tax measure, people should consider one of the largely unexamined effects of the last tax bill, which Trump promised would help the middle class: Would you believe it has inflicted a trillion dollars of damage on homeowners — many of them middle class — throughout the country?

That massive number is the reduction in home values caused by the 2017 tax law that capped federal deductions for state and local real estate and income taxes at $10,000 a year and also eliminated some mortgage interest deductions. The impact varies widely across different areas. Counties with high home prices and high real estate taxes and where homeowners have big mortgages are suffering the biggest hit, as you'd expect, given the larger value of the lost tax deductions. But as we'll see, homeowners all over the country are feeling the effects.

I'm basing my analysis on numbers from two well-respected people: Mark Zandi, the chief economist of Moody's Analytics; and Hugh Lamle, the retired president of M.D. Sass, a Wall Street investment management company.

Zandi's numbers are broad – macro-math, as it were. Lamle (pronounced LAM-lee) is a master of micro-math. It was Lamle who first got me thinking about home value losses by sending me an economic model that he created to show the damage inflicted on high-end, high-bracket taxpayers in high-tax areas who paid seven digits or more for their homes.

Lamle starts with the premise that homebuyers have typically figured out how much house they can afford by calculating how much they can spend on a down payment and monthly mortgage payment, adjusting the latter by the amount they'd save via the tax deduction for mortgage interest and real estate taxes. His model figures out how much prices would have to drop for the same monthly payment to cover a given house now that this notional buyer can't take advantage of the real estate tax deduction and might not be able to take full advantage of the mortgage interest deduction.

After I showed Lamle’s model to my ProPublica research partner, Doris Burke, she steered me to Zandi’s research, which I realized could be used to calculate national value-loss numbers.

Ready? Here we go. The broad picture first, then the specific. This gets a little complicated, so please bear with me.

Zandi says that because of the 2017 tax law, U.S. house prices overall are about 4% lower than they’d otherwise be. The next question is how many dollars of lost home value that 4% translates into. That isn’t so hard to figure out if you get your hands on the right numbers.

Let me show you.

The Federal Reserve Board says that as of March 31, U.S. home values totaled about $26.1 trillion. Apply Zandi’s 4% number to that, and you end up with a $1.04 trillion setback for the nation’s home owners. That’s right — a trillion, with a T.

Please note that Zandi isn’t saying that house prices have fallen by an average of 4%. That hasn’t happened. What he’s saying is that on average, house prices are about 4% lower than they’d otherwise be.

Given that the Fed statistics show that homeowners’ equity was $15.76 trillion as of March 31, Zandi’s numbers imply that homeowners’ equity is down about 6.6% from where it would otherwise be. (That’s the $1.04 trillion value loss divided by the $15.76 trillion of equity.)

This is a very big deal to families whose biggest financial asset is the equity they have in their homes. And there are untold millions of families in that situation.

While Zandi and I were having the first of several phone conversations, he sent me a county-by-county list of the estimated home-price damage done to about 3,000 counties throughout the country. I was fascinated — and appalled — to see that the biggest estimated value loss in percentage terms, 11.3%, was in Essex County, New Jersey, the New York City suburb where I live.

In case you're interested — or just snoopy — the four other counties that make up the five biggest-losers list are: Westchester County, New York, suburban New York City, 11.1%; Union County, New Jersey, which is adjacent to Essex County, 11.0%; New York County, the New York City borough of Manhattan, 10.4%; and Lake County, Illinois, suburban Chicago, 9.9%.

You can find Zandi's county-by-county list in our Data Store. Eyeball the list, and you'll see that counties throughout the country have home values lower than they would otherwise be.

Here's how it works. Zandi took what financial techies call the "present value" of the property tax and mortgage interest deductions that homeowners will lose over seven years (the average duration of a mortgage) because of changes in the tax law and subtracted it from the value of the typical house. That results in a 3% decline in national home values below what they would otherwise be.

The remaining one percentage point of value shrinkage, Zandi says, comes from the higher interest rates that he says will result from the higher federal budget deficits caused by the tax bill. He estimates that rates on 10-year Treasury notes, a key benchmark for mortgage rates, will be 0.2% higher than they would otherwise be, which in turn will make mortgage rates 0.2% higher.

Even though interest rates on 10-year Treasury notes are at or near record lows as I write this, they would be even lower if the Treasury were borrowing less than it's currently borrowing to cover the higher federal budget deficits caused by Trump's tax bill.

If Zandi's interest-rate take is correct – it's true by definition, if you believe in the law of supply and demand – even homeowners who aren't affected by the inability to deduct all their real estate taxes and mortgage interest costs are affected by the tax bill.

How so? Because higher interest rates for buyers translate into lower prices for sellers and therefore produce lower values for owners.

You can argue, as some people do, that real estate taxes should never have been deductible because allowing that deduction is bad economic policy that inflated home prices and favored higher-income people over lower-income people.

But even if you believe that, there's no question that eliminating the deduction for millions of homeowners inflicted serious financial damage on homeowners who had no warning that a major tax deduction that they were used to getting would be wiped out.

As a result, homebuyers who had taken the value of the real estate tax deduction into account when buying their homes had their home values and finances whacked without warning. Interest deductions on mortgage borrowings exceeding $750,000 were cut back, compared with interest deductions on up to $1 million under the old law — but that doesn't affect anywhere near as many people as the cap on real estate tax deductions does.

(A brief aside: Among the modest winners here are first-time buyers who purchased their homes after the tax law took effect and benefited by paying less than they would have paid under the old tax rules.)

Now, to the micro-math.

Lamle's model isn't applicable to most people because it works only for taxpayers with a household income of at least $200,000 a year who paid at least $1 million for their homes. But the principle underlying Lamle's model applies to everyone who owns a home or is interested in owning one. To wit: You calculate the tax-law-caused loss of value by figuring out how much a house's price needs to fall for buyers' or owners' after-tax costs to be the same now as they were before the tax law changed.

"People buying large-ticket items typically focus on after-tax costs of ownership," Lamle told me. "The amount that many buyers can afford is affected by limits on their financial resources. Therefore, as their tax costs increase substantially because of the loss of tax deductions, they have less money available to pay for homes and to take on mortgage debt.”

At the suggestion of one of my editors, I asked Lamle to use a modified version of his economic model to estimate the tax law’s impact on the value of a theoretical house in the New York City suburb of West Orange, New Jersey, purchased for $800,000 in 2017 by a theoretical family with a $250,000 annual income. Those home value and income numbers are very high by national standards — but middle class by the standards of large parts of suburban Essex County.

Real estate tax on that theoretical house would run about $28,900 a year, according to statistics from the New Jersey state treasurer’s office. That tax used to be fully deductible for federal tax purposes. Now, it’s not deductible at all if you assume that the house’s owners are taking the standard deduction on their federal returns. Or that even if they’re itemizing deductions, they’re paying at least $10,000 of state income taxes, which means they don’t get any benefit from deducting property taxes.

According to Lamle’s calculations, this inability to deduct real estate tax has reduced the home’s value by $138,720, assuming a 5% mortgage rate. At a 4% rate, the value loss is $173,400. (For the math and assumptions underlying these numbers, see his methodology below.) So if the family put up $200,000 — 25% of the purchase price — to buy the house, more than half of that investment has been wiped out.

Obviously, it’s impossible to prove that Zandi and Lamle are right about the impact they say the tax law is having (and will continue to have) on home prices, because there’s no way to gauge the accuracy of their numbers. But the logic is compelling.

The loss in home values is crucial because it turns out that lots more people have bigger financial stakes in their houses than in their stock portfolios, which have thrived as the Trump tax law turbocharged corporate earnings and stock prices.

In fact, 73.5% of households that own homes, stocks or both had bigger stakes in the home market than in the stock market, according to David Rosnick, an economist at the Center for Economic and Policy Research, who parsed Federal Reserve data at my request.

Now, let’s put things in perspective, set aside home value losses for a minute and talk about the cash that people are getting from Trump’s 2017 tax law. It isn’t all that much for most families. Households’ average federal income tax has fallen by $1,260 a year, according to the Tax Policy Center. That average is skewed by big savings realized by people with big incomes; the median family’s tax cut is only about half as much as the average cut, by the Tax Policy Center’s math.

This means that — for taxpayers of higher income and more modest income — the income tax savings are likely small beer compared with the hidden loss inflicted on many of them by lower house values.

Back to the main event. And some final — but important —

numbers.

According to the Tax Policy Center, the Treasury will get $620 billion of additional revenue over a 10-year period because people can’t deduct their full state and local taxes.

That, in turn, covers most of the 10-year, $680 billion cost of the income tax break that corporations are getting. So you can make a case that my friends and neighbors and co-workers in New York and New Jersey — and many of you all over the country — are paying more federal income tax in order to help corporations pay less federal income tax.

That, my friends, is the bottom line.

Prosecutors Investigating the Trump Organization Zero In on Trump CFO Allen Weisselberg

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Over 200 Allegations of Abuse of Migrant Children; 1 Case of Homeland Security Disciplining Someone

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Former Trump Officials Are Supposed to Avoid Lobbying. Except 33 Haven’t.

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